



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended June 30, 2021

SCHOOL DISTRICT OF LANCASTER
Lancaster, Pennsylvania

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**SCHOOL DISTRICT OF LANCASTER
LANCASTER COUNTY
LANCASTER, PENNSYLVANIA**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY:

BUSINESS OFFICE STAFF

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SCHOOL DISTRICT OF LANCASTER

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SCHOOL DISTRICT OF LANCASTER INTRODUCTORY SECTION



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Letter of Transmittal

December 15, 2021



To the Members of the Board of School Directors and Citizens of the School District of Lancaster:

In order to be awarded a Certificate of Excellence and/or a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report whose contents conform to each of the programs' standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Both the Certificate of Excellence and the Certificate of Achievement are valid for a period of one year only. We believe our current report conforms to both programs' requirements, and we are submitting it to ASBO and GFOA to determine its eligibility for another Certificate for the year ended June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The financial statements in this report have been audited by BBD, LLP, an independent firm of certified public accountants. BBD, LLP has provided an unmodified opinion on the District's financial statements for the year ending June 30, 2021.

Management's Discussion and Analysis ("**MD&A**") provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Our MD&A can be found immediately following the report of our independent auditors.



This ACFR includes all funds of the District, consistent with the guidance contained in GASB 14, *The Financial Reporting Entity*, GASB 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The criteria used by the School District to evaluate whether additional entities should be included as component units include whether the School District can impose its will on these entities and whether these entities bring the School District financial benefit or burden.

Reporting Entity

School Districts were established by the Public School Code of 1949 to assist the General Assembly in its constitutionally mandated duty to provide for the maintenance and support of a thorough and efficient system of public education in the Commonwealth of Pennsylvania. As established by the School Code, the School District of Lancaster is a legally autonomous and fiscally independent political subdivision of the third class. The laws of Pennsylvania give the District corporate powers that distinguish it as a legally separate entity from the Commonwealth of Pennsylvania and any of its subdivision. The District has the power to determine its budget; to approve and modify that budget; to levy taxes; set rates and establish charges; and to issue bonded debt. The powers may be exercised without substantive approval by another government.

Profile of the School District

The School District of Lancaster (the "**District**" or "**SDoL**") is located in the center of Lancaster County in the southeastern corner of Pennsylvania. It encompasses an area of 13.5 square miles covering the City of Lancaster and Lancaster Township. The School District's boundaries are coterminous with Lancaster Township and the City of Lancaster. According to the United States Census Bureau, Lancaster County is the sixth most populous county in Pennsylvania, and the City of Lancaster is the eighth most populous of Pennsylvania's cities. Established in 1836, it is the second oldest school district in Pennsylvania. The District employs approximately 1,600 Administrative, Professional and Support Staff. Our student population averages 10,400 students of whom 62% are Hispanic, 16% are African American, 12% are Caucasian and nearly 10% are Asian and other ethnicities.

The District is governed by a nine member Board of School Directors ("**Board**"), elected for four-year terms. The Superintendent is the Chief Administrative Officer of the District and has responsibility for all aspects of operations, including education and finance. The Chief of Finance and Operations is responsible for budgets, financials and non-instructional school operations. Both officials are selected by the Board in accordance with Pennsylvania School Law and relevant legislation. A Cabinet level of administrators that includes the Assistant Superintendent for Curriculum and Instruction, Directors of Schools, Director of Student Services, among others, provides oversight of various departments in the District.

Our student population includes more than 1,900 English Learners who speak thirty-eight different languages peppered with a variety of dialects. About five hundred of these students are refugees from countries like the Democratic Republic of the Congo, Syria, Poland, Ukraine, Burma, Cuba, India, Kenya, Iran, Iraq and many others. Additionally, about 2,000 students receive Special Education services and supports. Afterschool and summer programs, school-based health care clinics, on-site therapy and counseling services were implemented to provide extra supports for these and other students as necessary.



District Facilities

Our Mission Statement is "To ensure every child receives an excellent education." The District provides a comprehensive educational program for grades pre-kindergarten through twelve.

There are twenty-one educational facilities in the District that host classes from PreK-12th grade. The elementary schools provide full day pre-kindergarten and kindergarten programs and educate students through fifth grade. Four middle schools serve students in sixth through eighth grades. The District also has one Pre-K through 8th grade school to serve the far western area of the District.

J.P McCaskey High School Campus is two buildings – J.P. McCaskey and McCaskey East – serving 9th through 12th grade students. Two alternative programs at Buerhle School and Phoenix Academy offer options for students who are in need of credit recovery, are overage for their grade, or have a need for an alternate setting for their educational success.

Joint Ventures

The School District of Lancaster has several joint ventures with organizations located within Lancaster County. The Lancaster County Career and Technology Center of Lancaster-Lebanon County ("**CTC**") is one such venture with a joint board consisting of school directors from each member district to provide governance. Each member district pays a share of the operating costs and debt service, and approves the CTC's budget.

The District also serves as a member of the Lancaster County Career and Technology Center Authority ("**Authority**"). In 1968, the Authority entered into an agreement with the member school districts and the Career and Technology Center Board to acquire land and construct buildings to provide the facilities for the operation of the Career and Technology Center. Forty-six SDoL students were enrolled at the CTC in the 2020-2021 school year.

The District is a member of the Lancaster-Lebanon Joint Authority ("**Joint Authority**"). The Joint Authority conducts bids and Requests for Proposals to procure materials and services related to the operations, maintenance and improvement of the facilities that it owns or leases for the use of the Lancaster-Lebanon Intermediate Unit No. 13 ("**IU 13**") and the twenty-two school districts located in Lancaster and Lebanon counties. The school districts established the Joint Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of IU 13.

The District participates with the sixteen other Lancaster County school districts and all the local municipalities for the collection of earned income taxes through the Lancaster County Tax Collection Bureau ("**Bureau**"). Each public school district and municipality appoints one member to serve on the joint operating committee.

Charter Schools/Cyber School

The Cyber Pathways Academy is a full-time cyber school with single course options wherein students can learn on-site or by remote classes. Now in its 10th year, the program seeks to change the life altering consequences for students who may drop out of school.

Designed with a variety of options which meet the required state and district standards for cyber schools, it is a successful program. The Cyber School offers unique Science, Technology, Engineering and Math ("**STEM**") classes, English Language Arts, foreign language courses, credit recovery, summer school, distance learning, advanced placement courses and half-day vocational or technical school inclusion. The program does provide adaptations and support to meet the needs of students with Individualized Education Plans and English Learners through online learning if necessary.

The School District of Lancaster is a partner with La Academia Partnership Charter School located within the District's boundaries. La Academia is a "brick and mortar" public charter school and tuition-free in Lancaster. It was founded in 1998 with support from local organizations such as the Spanish American Civic Association, Crispus Attucks, the Urban League, Neighborhood Services and the Community Action Program. La Academia is comprised of sixth through twelfth grades and served 205 students last year.

Local Economy

Lancaster County's economy has been performing comparatively well over the past two decades. From 2002 to 2020, total jobs in Lancaster County increased 21%, slightly below the U.S. rate (23%), but above Pennsylvania's overall rate (14%). The COVID pandemic has clearly had a dramatic impact on the national, state and local economies, but the impact isn't yet measured by available data. Health Care and Social Assistance, one of Lancaster's largest employment sectors, may not be too negatively affected by the pandemic, while other sectors, such as Professional and Business Services, will likely show more of an impact.

The County's Unemployment Rate is 5.1% as of June 30, 2021 and continues to trend downward into the last 6 months of the year. This is slightly below the overall U.S. Unemployment Rate of 5.4% as of the same time period as reported by the U.S. Bureau of Labor Statistics.

The City of Lancaster, located in the center of the School District is the county seat and is located approximately forty-five miles south of Pennsylvania's Capital City of Harrisburg and seventy miles west of Philadelphia. The City provides the largest portion of economic commerce for the District as well as the location of many government and not-for profit organizations. With a relatively flat local real estate tax base of which 23% of the properties are non-taxable, the District is heavily reliant on predictable funding streams from the State and Federal Government in order to fund our instructional priorities.

The 2020-2021 fiscal year brought many challenges in the wake of the COVID pandemic. The District was forced to plan, prepare and deliver multiple options in learning for students with no increase in State funding for our basic needs. Coupled with that was the unknown with the local economy in terms of Earned Income and Real Estate tax collections. Our budget plan heavily relied on over \$7MM of our fund reserves for the economic challenges and to offset our continued structural deficit.

The District started the year with virtual instruction, which eventually led to student choice to return in person in January of 2021. COVID brought a significant decrease in enrollment, with a 4% loss of students, unfinished learning loss and challenges with maintaining our labor force. The District rebranded and expanded our internal virtual option to what is now the Cyber Pathways Academy. This has assisted with maintaining enrollment while offsetting additional Charter School tuitions which has been an increasing cost driver on our operating budget annually. We continue to monitor and adjust these challenges as we move into the next school year.

Major Initiatives and Vision for the Future

The District is challenged with low performance on standardized tests as well as variable changes in the needs of our students. As a result, the District is embarking on our Theory of Action through 2021-2025, with the core beliefs that **IF** we implement standards-aligned instruction, early and ongoing interventions, and systemic approach to social emotional learning, **THEN** we will raise the academic growth and achievement for all students, **SO THAT** every child receives an excellent education and is academically and emotionally prepared to successfully enter college or the workforce.



The three Big Ideas are; improve student literacy, improve student math, and ensure equitable opportunities for all students to meet or exceed academic standards. These goals have a deadline of June 30, 2025, and are measured by action teams focusing on action steps and key results.

In alignment with the District's goal of ensuring that all students have equitable opportunities, the School District of Lancaster is engaged in a comprehensive School Boundary and Transportation Study. This study was originally completed in the spring of 2020, prior to the COVID pandemic and is now in the process of being refreshed based on significant changes in enrollment due to these challenges. We have commissioned WXY Studio of New York City to assist us in analyzing our data and developing scenarios that meet the needs of the district and align to community priorities.

The District is nearing the end of its \$90MM third phase of construction and renovation projects, which consists of two middle schools and two elementary schools. Three of these buildings were completed during the 2020-2021 fiscal year (Reynolds Middle School, Lincoln Middle School and a new Smith-Wade-El Elementary School). These facilities have been designed to accommodate growth not only for expanded enrollment, but for expanded programming based on the unique needs of our students within the District. The District has completed renovation of over 13 buildings over the past 14 years and still has seven buildings to complete after the current construction/renovation phase.

The District also went through a year-long process to evaluate the names of our schools. Through a diverse committee of key stakeholders, the District formally adopted two new names of schools within the District. The former Southeast (Hand) Middle School and Buchanan Elementary School became Hazel I. Jackson Middle School and Rita Smith-Wade-El Elementary, respectively.

Hazel I. Jackson was an English teacher at then Edward Hand Middle School From 1961-1970, the first female African American teacher in the School District of Lancaster. She then became the first African American professor at Millersville University, where she taught for another quarter-century.

Dr. Rita Smith-Wade-El was a renowned advocate for social justice in the Lancaster community, and a lifelong professor of psychology and African American studies at Millersville University. Called a "fierce advocate for civil rights," she was education chair for the NAACP and received the prestigious Essence of Humanity Award from the Crispus Attucks Community Center in 2015.

Instructional Programs

The School District’s Instructional Program is divided into Elementary Education: grades Prek-5 at twelve sites; PreK-8 at one site; Middle Schools: grades 6-8 at four sites; and High School: grades 9-12 at four sites, two being alternative program sites that also host middle school programs for overage and credit recovery instructional programs.

SDoL is committed to supporting students as we prepare them to be College and/or Career Ready. No student should graduate high school without a plan for their future. We prioritize that students not only graduate with a plan, but that they have taken steps to make that plan a reality. In support of our student readiness plan, we have partnerships with local colleges allowing students to earn college credits while still in high school. What makes the district unique is that SDoL will pay for one dual enrollment course per semester. This enables you to earn college credits before graduating high school and minimize the time and cost of college. Students may take additional courses as well although these courses are billed to the student at the college dual enrollment rate.

All curricula were developed and written by teams of staff members to meet the needs of today’s learners. Curricula have been adopted based on State Academic Standards and have been implemented in Mathematics, Reading, Science, Fine Arts, Communication/Language Arts and Health, Physical Education and Wellness.

The instructional program subject areas are:

Art	Health, Physical Education & Wellness	Science
Business Education	Language Arts/English	Social Studies
Communications-Reading & Language Arts	Library	Technology Education
Computer Applications	Mathematics	World Languages
Family/Consumer Science	Music	

Instruction is grounded in curriculum and instruction guides. Content specific tools align standards with curricular resources and provide examples of differentiation for both enrichment and remediation. Additionally, Multi-tiered Systems of Support are in place to assist our students with social-emotional development. All students are provided basic or Tier I level supports, such as school-wide bullying prevention programs. The Tier II and III levels increase in intensity and frequency for students requiring more assistance than is received in the traditional classroom. Push-in and pull-out options, family counseling, and individualized therapies are available and are determined based upon each learner’s specific needs. School-based behavioral support services are offered in every school to decrease the wait time in providing students the assistance they require.

"Whole Student" Approach

Prevention, intervention, transition, and follow-up support services provide comprehensive assistance to students and families in need. School-based student support professionals provide direct services for all children and youth, especially those who are experiencing problems that create barriers to learning.

Direct services are provided through counseling, consultation, therapy, and individual assessments. In addition, student support services personnel provide in-service training, parent education and communication collaboration. The overarching goal for Student Services is that all learners come to school happy and healthy, stay in school, engage in learning, persist to graduation and increase their chances for success both in school and later in life.

District Technology Program

The School Board of Directors approved a Technology Master Plan through 2023. The District's primary goal in developing a comprehensive technology plan is to define the strategies and methods for effectively integrating technology into the Pennsylvania Core Academic Standards. Technology inspires higher-level learning, problem solving, critical thinking, creativity, and collaboration. Technology advances opportunities for students to apply their learning in creative ways, ignites lifelong learning, and prepares students for the world of college and work. Equitable access to the Internet and to technology is a priority for the District. Established goals are for students to meet 21st Century technology standards, for teachers and administrators to create a digital age learning culture, and for the District to maintain financial responsibility focused on equity.

Special Education Services

Special education services in the District assist students with disabilities and offer learning support, emotional support, deaf and hard of hearing support, speech and language support, life skills support, vision support, autistic support and support for multiple disabilities. A variety of programs and interventions are customized to fit the individual needs of these students through IEPs (Individualized Education Plans) that are written in collaboration with the students' teachers and parents.



As for the Gifted Students, the District appreciates the diverse talents of its students and recognizes its responsibility to foster the potential of properly identified gifted and talented students. A Gifted Individualized Education Plan (GIEP) is developed to provide specially designed instruction to meet the advanced learning needs of these students.

Vocational/Technical Support

Career and Technical Education courses are offered for students in grades 10-12. These courses are divided into concentrated programs centered on careers that have been identified as high priority and/or high wage occupations and considered "Hot Jobs" in Lancaster County. A student attains technical skills and certifications in their chosen program that will help them in the job market or at a two-year or four-year post-secondary institution.

Our current programs of study are:

Accounting
Administrative Assisting
Building Trades and Maintenance
Computer Aided Drafting & Design (CADD)
Cosmetology

Early Childhood Education
Electronics
Engineering
Health/Medical Assisting

Students also have the option of attending the Lancaster County Career and Technology Center which offers other technical programs in either half-day or full-day programs. More than 40 students attended the LCCTC.

Co-Curricular

The District offers a broad range of co-curricular activities for all students in grades kindergarten through twelve. Various after-school clubs provide a wide variety of options and offer students extra learning opportunities in music, dance, theater, art, computers, gardens, robotics, chess, poetry, debate, Model UN, Mock Trial, Skills USA and many more. Athletics and sports are also very popular. Sports offered include football, soccer, baseball, softball, basketball, field hockey, wrestling, tennis, track and field and more. At the High School, 49 teams compete in 19 different sports, and the Middle Schools support 19 teams in 5 sports.

Extended Day/Year Programs

Due to the ongoing COVID pandemic, this summer was important because it provided students with opportunities to benefit from additional in person onsite instruction. It also allowed teachers and students to reconnect and reestablish new and supportive relationships as they readjusted to learning in a school building.

Programs focus included building foundational skills and academic growth in English Language Arts and Mathematics, course and credit recovery, English language acquisition, Kindergarten readiness, Extended School Year, physical activity and healthy eating, improving instrument playing posture and technique in an ensemble setting, social and emotional wellness, environmental education and outdoor learning, bike safety, youth theater, and hands on STEM exploration and problem solving.

Accounting System and Budgetary Control

All governmental funds utilize the modified accrual basis of accounting with revenue being recorded when susceptible to both accrual, both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are generally recognized when the related fund liability is incurred except for: (1) disbursements for inventory type items, which are expenditures at the time of purchase and (2) principal and interest on general long-term debt which is recognized when due. Financial statements for the Proprietary Fund are maintained on the accrual basis of accounting, with maintained on the accrual basis of accounting, with revenue recognized when earned and expenses recorded when incurred.

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements; and (3) maintaining accountability for assets. The concept of reasonable assurance recognizes the cost and benefits require estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe the School District's internal accounting controls: (1) adequately safeguard assets; (2) provide reasonable assurance of proper recording of financial transactions; and (3) maintain accountability for assets.

An annual budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for all capital. The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function / sub-object level without School Board approval. Appropriations lapse at the end of the fiscal period.

Financial Policies with Significant Impact on This Year's Financial Statements

Several measures were taken to maintain the District's financial health as reductions and fluctuations in state and federal funding continue. While many of the rising costs are beyond our control, we can guarantee budgetary decisions were made in the best interests of our students.

Long Term Financial Planning

The rising cost of pensions, healthcare, charter school tuitions and unfunded mandates continue to squeeze annual budgets as many of these costs either are out of the district's control or tied to collective bargaining agreements. These are the greatest issues affecting the districts need to increase millage in the near future. The district evaluates the use of fund balance on a yearly basis to ensure adequate reserves are available to continue improving our buildings, meeting our current debt service expenditures, and ultimately funding a quality educational program for our students.

Certificates of Achievement

The ***Certificate of Achievement for Excellence in Financial Reporting*** has been awarded to the School District of Lancaster by the Government Finance Officers Association of the United States and Canada (GFOA) for its annual comprehensive financial report (ACFR). Its attainment represents a significant accomplishment by a government and its management. This was the **12th year** the district has received an award for its ACFR.

The ***Certificate of Excellence in Financial Reporting*** (COE) has been awarded to the district by the Association of School Business Officials (ASBO) International for having met or exceeded the program's high standards for financial reporting and accountability. This was the **10th year** the COE is awarded to the District.

Acknowledgments

The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Office of Business and Operations. Every staff member has our sincere appreciation for their tireless efforts and valuable contributions that were given in the preparation of this report. Further, without the leadership and support of the School Board of Directors of the School District of Lancaster, preparation of this report would not have been possible.



Matthew Przywara, CPA, PRSBA
Chief of Finance & Operations



Dr. Damaris Rau, Superintendent

SCHOOL DISTRICT OF LANCASTER

PRINCIPAL OFFICIALS

Board of School Directors

Dr. Edith Gallagher	President
Mara Creswell McGrann	Vice-President
Salina Almanzar	Member
Ramon Escudero	Member
Robin Goodson	Member
Luis Morales	Member
Dr. David Parry	Member
Kareena Rios	Member
Lois Strause	Member
Matthew Przywara	Treasurer *
Mary E. Cunningham	Secretary *

* Non-Member

Cabinet

Dr. Damaris Rau	Superintendent
Dr. Carol Powell	Assistant Superintendent
Matthew Przywara	Chief of Finance & Operations
Dr. Abie Benitez	Director of Schools
Dr. Josiah Keene	Director of Schools
Christopher Lopez	Director of Student Services
Estevanny Jimenez Turns	Chief of Talent & Employee Engagement
Adam Aurand	Director of Strategic Communications

Solicitor / Bond Counsel

Kegel Kelin Litts & Lord, LLP Lancaster, Pennsylvania

Financial Underwriter

RBC Capital Markets Corporation Lancaster, Pennsylvania

Auditor

BBD, LLP Philadelphia, Pennsylvania

School District of Lancaster
Central Office Organizational Chart

School Board

Superintendent
(Rau)

Executive Assistant
(Marshall)

**Assistant
Superintendent of
Curriculum &
Instruction
(Powell)**

Art, Music, Humanities
& 21st Century Skills

Career &
Technology Education

College & Career
Readiness

Dual Language

Early Childhood

English Language Arts

English Learners

Extended Day/Year
Programs

Federal Entitlement
Programs

Instructional
Technology

International
Baccalaureate &
Middle Years Program

Math

Professional Learning
& Development

Science

Social Studies

Testing/Research &
Data Analysis

**Director of Schools
(Lopez, Interim)**

Principals

Alternative Education

Burrowes ES

Hamilton ES

Lafayette ES

Lincoln MS

Reynolds MS

Wheatland MS

**Director of Schools
(Benitez)**

Principals

Athletics

Buchanan ES

Carter & MacRae ES

Fulton ES

King ES

Martin K-8

McCaskey Campus

Price ES

Ross ES

Southeast MS

Washington ES

Wharton ES

Wickersham ES

Youth Intervention
Center

**Director of Student
Services
(Lopez)**

Community Schools &
Partnerships

Continuations &
Transfers

Families in Transition

Health Services

Parent Concerns /
District Hearings

Parent Involvement
& Relations

School Based
Behavioral Health

School Counseling/
Social Emotional
Learning

School Safety

Special & Gifted
Education

Student Assistance
Program

**Director of
Strategic
Communications
(Aurand)**

Community & Media
Relations

District
Publications

Marketing &
Branding

Social Media

Website
Content

**Chief of Finance
& Operations
(Przywara)**

Business & Finance

Capital Projects

Child Accounting

Facilities & Building
Operations

Food Services

Grant Development

Information
Technology

Payroll

Talent & Employee
Engagement

Transportation

**Chief of Talent
& Employee
Engagement
(Turns)**

Benefits

Certifications

Compensation &
Classification

Labor & Employee
Relations

On-Boarding

Professional
Development

Talent
Acquisition

Students and Educators

Social & Emotional
Support

Infrastructure and Support

Effective 9/6/19



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**School District of Lancaster
Pennsylvania**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

School District of Lancaster

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

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SCHOOL DISTRICT OF LANCASTER FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

**Board of School Directors
School District of Lancaster
Lancaster, Pennsylvania**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of School District of Lancaster, Lancaster, Pennsylvania as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise School District of Lancaster's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of School District of Lancaster, Lancaster, Pennsylvania as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the School District of Lancaster's 2020 financial statements, and our report dated December 15, 2020, expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single employer plan, and the schedules of the District's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS on pages 15 through 24 and 66 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Lancaster's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and certain state grants is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and certain state grants are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards and certain state grants are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of School District of Lancaster's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District of Lancaster's internal control over financial reporting and compliance.

BBD, LLP

**Philadelphia, Pennsylvania
December 15, 2021**

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

As management of the School District of Lancaster (the "**District**"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the School District of Lancaster for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and related footnotes.

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2020-2021 fiscal year of \$229.0 million. During the 2020-2021 fiscal year, the District had a decrease in total net position of \$16.2 million. The net position of governmental activities decreased by \$15.8 million, and the net position of the business-type activities decreased by \$336 thousand.
- General revenues and transfers related to governmental activities accounted for \$161.8 million, or 69 percent of all governmental activities revenues for fiscal year 2021. Program-specific revenues in the form of charges for services, grants and contributions accounted for \$74.4 million, or the remaining 31 percent of governmental activities.
- Program revenues related to business-type activities accounted for \$4.1 million, or almost 100 percent of all business-type activity revenues for fiscal year 2021.
- The District had approximately \$252.0 million in expenses related to governmental activities, of which \$74.4 million is directly funded by program revenues in the form of grants, charges for services and contributions. The remaining expenses related to governmental activities are financed primarily through tax revenues and the State Basic Education Subsidy.
- The General Fund reported a decrease in fund balance of \$5.5 million bringing the cumulative balance to \$25.4 million at the conclusion of the 2020-2021 fiscal year, which represents a cumulative increase of \$54.4 million in General Fund fund balance since its deficit balance at the conclusion of the 2003-2004 fiscal year of \$29.0 million.
- At June 30, 2021, the General Fund fund balance includes \$7.9 million committed or assigned by the School Board or Management for the following purposes:
 - ♦ \$5.0 million committed for fiscal stabilization
 - ♦ \$2.8 million assigned for repairs and maintenance contingency
 - ♦ \$198 thousand assigned for student activities
- Actual revenues and other financing sources were \$18.4 million more than budgeted amounts and actual expenditures and other financing uses were \$16.0 million more than budgeted amounts resulting in a net positive variance of \$2.4 million. The District utilized \$7.9 million of fund balance to balance the 2020-2021 budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis ("**MD&A**") is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to Financial Statements

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. There are two government-wide statements presented in this report.

- The *Statement of Net Position (Deficit)* presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.
- The *Statement of Activities* presents information showing how the District's net position (deficit) changed during the most recent fiscal year. All changes in net position (deficit) are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental Activities

Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

Business-Type Activities

The District charges fees to cover the costs of certain services it provides, such as the food service program.

The government-wide financial statements can be found on pages 25 and 26 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the District's basic services are included in governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Project Fund and Debt Service Fund which are all considered to be major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 27 through 31 of this report.

Proprietary Funds

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses an internal service fund to account for the District's self-funded healthcare insurance program. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 32 through 34 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of the student activity and homeless funds. The District is responsible for ensuring that the assets reported in this fund are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The basic fiduciary fund financial statement can be found on page 35 and 36 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to financial statements can be found on pages 37 through 65 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS, as well as additional analysis which consists of combining and individual fund financial statements.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The required supplementary information and additional analysis can be found on pages 66 through 74 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$229.0 million at the close of the most recent fiscal year. The table below summarizes the *Statement of Net Position (Deficit)* of the District at June 30, 2021 and 2020 (expressed in thousands).

Changes in the net position (deficit) of the District are highlighted in the following table (expressed in thousands):

	Governmental Activities		Business-Type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
ASSETS						
Current assets	\$ 112,411	\$ 116,101	\$6,404	\$6,365	\$ 118,816	\$ 122,466
Capital assets	<u>208,213</u>	<u>194,572</u>	<u>289</u>	<u>352</u>	<u>208,502</u>	<u>194,924</u>
Total assets	<u>320,625</u>	<u>310,672</u>	<u>6,693</u>	<u>6,717</u>	<u>327,318</u>	<u>317,390</u>
DEFERRED OUTFLOWS						
Deferred charges OPEB and proportionate share of PSERS	63,851	52,121	812	862	64,663	52,983
Deferred charges on debt refunding	<u>757</u>	<u>884</u>	<u>-</u>	<u>-</u>	<u>757</u>	<u>884</u>
	<u>64,608</u>	<u>53,005</u>	<u>812</u>	<u>862</u>	<u>65,421</u>	<u>53,867</u>
LIABILITIES						
Current liabilities	41,206	43,593	600	536	41,806	44,130
Long-term liabilities	<u>560,058</u>	<u>516,564</u>	<u>5,585</u>	<u>5,347</u>	<u>565,643</u>	<u>521,911</u>
Total liabilities	<u>601,264</u>	<u>560,157</u>	<u>6,185</u>	<u>5,884</u>	<u>607,449</u>	<u>566,041</u>
DEFERRED INFLOWS						
Deferred credits OPEB and proportionate share of PSERS	<u>14,188</u>	<u>17,921</u>	<u>141</u>	<u>180</u>	<u>14,329</u>	<u>18,101</u>
NET POSITION (DEFICIT)						
Net investment in capital assets	28,255	26,460	289	353	28,544	26,813
Restricted	30,670	28,217	-	-	30,670	28,217
Unrestricted (deficit)	<u>(289,144)</u>	<u>(269,079)</u>	<u>891</u>	<u>1,163</u>	<u>(288,254)</u>	<u>(267,916)</u>
Total net position (deficit)	<u>\$(230,219)</u>	<u>\$(214,401)</u>	<u>\$1,180</u>	<u>\$1,516</u>	<u>\$(229,040)</u>	<u>\$(212,886)</u>

Overall, the District's financial position has been improving, but challenges such as increased medical costs, pension contributions, charter school tuitions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District is consistently implementing cost-cutting and revenue-generating strategies to combat these factors. The District's financial position is a product of many factors. In the governmental activities, the District's tax base drives the majority of the revenue generated. The District consists of two municipalities: the City of Lancaster and Lancaster Township. The assessed values of both municipalities remain relatively flat over time and have been stretched thin because of the urban setting that the District encompasses. In the business-type activities (food service), the operation continues to be a very efficiently run operation due to the streamlined food production system that utilizes pre-packaged items. These implementations are less labor-intense.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

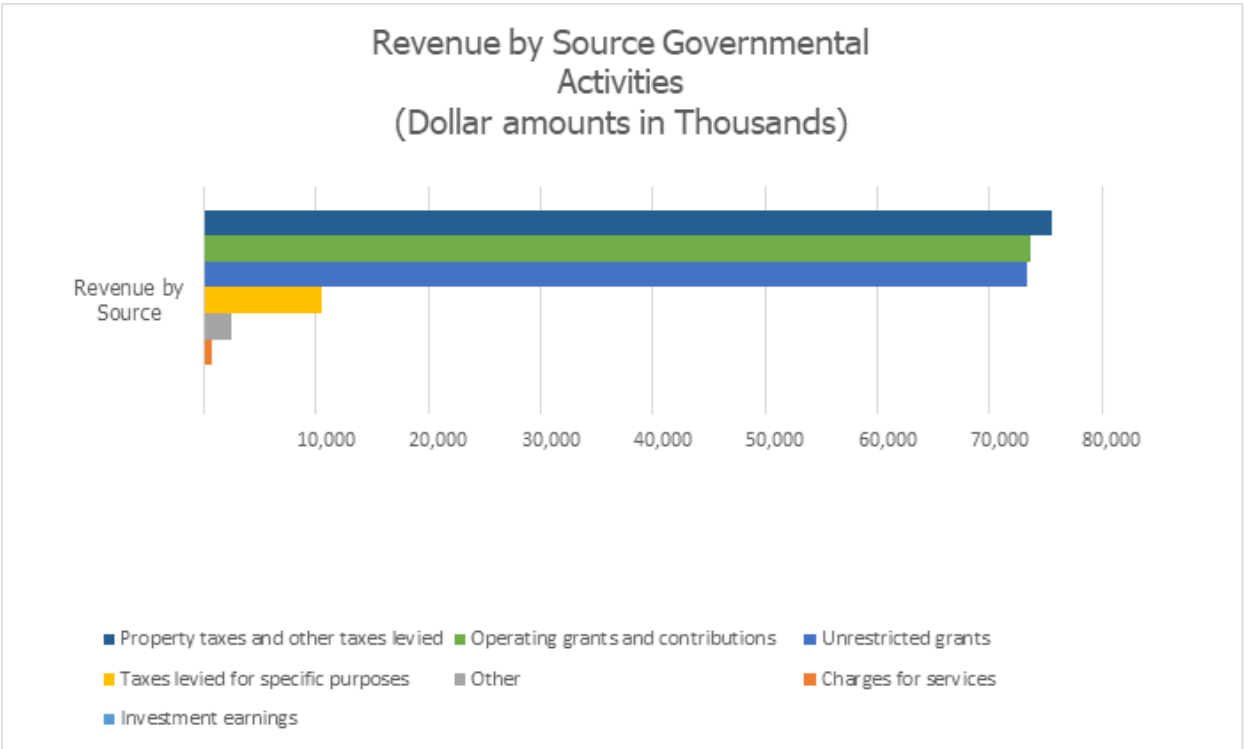
	Governmental Activities		Business-Type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
Program revenues						
Charges for services	\$ 698	\$ 2,538	\$ 81	\$ 550	\$ 779	\$ 3,088
Operating grants and contributions	73,673	71,247	4,039	6,319	77,712	77,566
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes and other taxes levied for general purposes	75,490	75,686	-	-	75,490	75,686
Taxes levied for specific purposes	10,484	9,765	-	-	10,484	9,765
Grants, subsidies and contributions not restricted to specific programs	73,290	68,747	-	-	73,290	68,747
Investment earnings (losses)	(198)	3,018	1	3	(197)	3,021
Other	<u>2,595</u>	<u>1,257</u>	<u>-</u>	<u>-</u>	<u>2,595</u>	<u>1,257</u>
Total revenues	<u>236,032</u>	<u>232,257</u>	<u>4,121</u>	<u>6,872</u>	<u>240,152</u>	<u>239,129</u>
EXPENSES						
Instruction	158,619	150,938	-	-	158,619	150,938
Instructional student support services	31,492	29,300	-	-	31,492	29,300
Administrative and financial support services	22,921	23,152	-	-	22,921	23,152
Operation and maintenance of plant services	23,419	15,430	-	-	23,419	15,430
Pupil transportation	5,728	5,947	-	-	5,728	5,947
Student activities	1,722	1,874	-	-	1,722	1,874
Community services	714	563	-	-	714	563
Food service	-	-	4,282	6,792	4,282	6,792
Interest on long-term debt	<u>7,410</u>	<u>7,814</u>	<u>-</u>	<u>-</u>	<u>7,410</u>	<u>7,814</u>
Total expenses	<u>252,025</u>	<u>235,018</u>	<u>4,282</u>	<u>6,792</u>	<u>256,306</u>	<u>241,810</u>
Change in net position (deficit) before transfers	(15,993)	(2,761)	(161)	80	(16,154)	(2,681)
Transfers	<u>175</u>	<u>270</u>	<u>(175)</u>	<u>(270)</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION, (DEFICIT)	(15,818)	(2,492)	(336)	(190)	(16,154)	(2,681)
NET POSITION (DEFICIT)						
Beginning of year	<u>(214,401)</u>	<u>(211,910)</u>	<u>1,516</u>	<u>1,706</u>	<u>(212,886)</u>	<u>(210,204)</u>
End of Year	<u>\$(230,219)</u>	<u>\$(214,401)</u>	<u>\$1,180</u>	<u>\$1,516</u>	<u>\$(229,040)</u>	<u>\$(212,886)</u>

SCHOOL DISTRICT OF LANCASTER

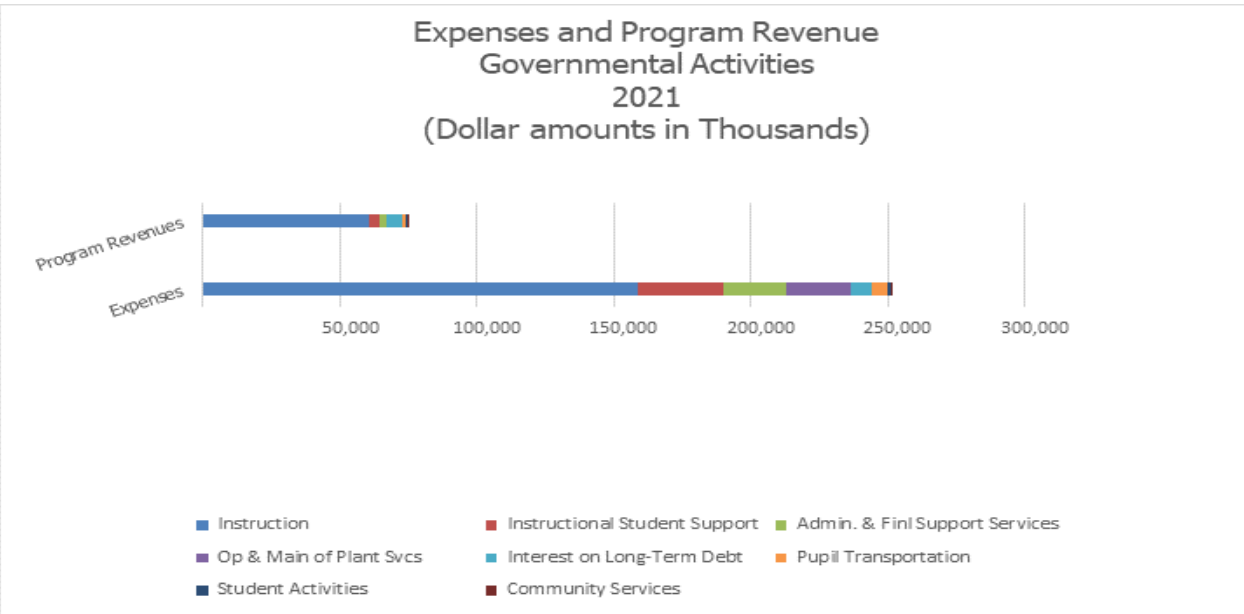
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

To the degree that the District's functions or programs cost more than they raise, the *Statement of Activities* shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues and grants and entitlements not restricted for specific programs to finance its governmental activities.



The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

FINANCIAL ANALYSIS OF THE DISTRICT FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$67.7 million. Approximately \$17.2 million, or 25 percent of this total, constitutes the general fund unassigned fund balance, which is available for spending at the District's discretion. In addition, approximately \$24.8 million, or 37 percent is restricted for capital projects in the Capital Projects Fund. The remainder of fund balance is considered non-spendable, restricted, committed or assigned to indicate that it is not available for use.

The General Fund is the District's primary operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17.2 million, while the total fund balance decreased to \$25.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 7 percent of total General Fund expenditures, while total fund balance represents approximately 10 percent of that same amount. The Pennsylvania Department of Education has a limit of 8% of fund balance to be designated as unassigned. This limit only applies at the time when a District sets its annual Budget. The District will make the necessary adjustments and long-term planning decisions to allocate the amount that is currently over this limit during the 2021-2022 fiscal year prior to the adoption of the 2021-2022 annual budget.

The fund balance of the District's General Fund decreased \$5.5 million during the current fiscal year. The majority of the decrease resulted from District's use of \$7.9 million to balance the 2020-2021 budget.

At June 30, 2021, the General Fund fund balance includes \$5.0 million committed for fiscal stabilization as well as \$2.8 million assigned to repairs and maintenance contingency.

The Capital Projects Fund has a total fund balance of \$24.8 million, all of which is restricted for capital improvement projects. The Capital Projects Fund receives funding from bond issues that have been restricted to fund various building construction and improvement projects and transfers from the General Fund.

Proprietary Funds

Unrestricted net position of the Food Service Fund amounted to \$891 thousand at June 30, 2021. The total decrease in net position for this fund was \$336 thousand.

Unrestricted net position of the self-insurance Internal Service Fund presented a balance of \$1.6 million at June 30, 2021, which is a decrease of \$4.5 million from the prior year. Over the past five years, the District has utilized fund balance to fund the employee Health Savings Accounts for the High Deductible Plan with the understanding that at some point in the future additional contributions would need to be made to the fund. Also during the current fiscal year the District incurred several high cost claimants that were unanticipated. The District will implement a funding strategy to adjust the underfunding in the 2021-2022 fiscal year and continue to monitor the net position in accordance with the cash flow budget.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

The 2020-2021 General Fund budget included a zero percent increase in total revenues and 1.0 percent increase in expenditures to that of the prior year. For 2020-2021 there were no modifications to the original and final budget.

Major budgetary variances are comprised of the following:

- Local revenue had a favorable variance of \$4.6 million due to additional of Earned Income Tax received of \$700 thousand and \$600 thousand of miscellaneous revenue. In addition, the District recognized \$3.2 million in revenue related to a delinquent tax sale that was not budgeted.
- Federal revenue had a favorable variance of \$11.6 million due to additional revenues received from the Elementary and Secondary School Emergency Relief Funds (ESSERS).
- Operation of Plant and Maintenance had an unfavorable variance of \$10.1 million due to the purchase of \$6.8 million of ventilation equipment and filters, increased utilities costs of natural gas of \$400 thousand and enhanced cleaning and supplies due to COVID protocols of \$1 million.
- Pupil Health had a favorable variance of \$400 thousand due to vacancies in difficult to fill medical positions.
- Existing Building Improvement Services had an unfavorable variance of \$805 thousand due to unbudgeted projects due to the pandemic but completed during the 2020-2021 fiscal year for the King Elementary Secure Entryway, McCaskey Roof Project and Wheatland Gym Repairs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to \$209.0 million (net of accumulated depreciation). This represents an increase of \$14.0 million. The following table shows the breakdown of this figure (expressed in thousands).

	Governmental Activities	Business-Type Activities	Totals	
			<u>2021</u>	<u>2021</u>
Land	\$ 3,488	\$ -	\$ 3,488	\$ 3,488
Construction-in-progress	60,152	-	60,152	69,650
Buildings and improvements	260,091	-	260,091	229,419
Land improvements	6,867	-	6,867	6,867
Furniture and equipment	4,812	892	5,704	4,937
Vehicles	1,080	427	1,507	1,507
Less: Accumulated depreciation	<u>(128,276)</u>	<u>(1,030)</u>	<u>(129,306)</u>	<u>(120,944)</u>
Total	<u>\$ 208,213</u>	<u>\$ 289</u>	<u>\$ 208,502</u>	<u>\$ 194,924</u>

Major capital asset events during the current fiscal year included the following:

- The District completed construction of Buchanan Elementary School as well as the renovations of Reynolds and Lincoln Middle Schools during this school year.

Additional information on the District's capital assets can be found in Note 5 on pages 48 and 49 of this report.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

Long-term debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$178.8 million. This figure represents the outstanding principal due on these obligations (expressed in thousands).

	<u>June 30, 2021</u>
2010 QSCB	\$ 30,000
2011 QSCB	34,789
2016 A Issue	19,980
2016 B Issue	18,265
2018 Issue	9,990
2019 Issue	9,990
2019 Series A	20,490
2019 Series B	12,505
2020 Issue	<u>22,755</u>
Total	<u>\$178,764</u>

The District's total general obligation debt increased by \$16.6 million during the current fiscal year. In addition to general obligation debt, the District has \$924 thousand outstanding in capital leases.

Under the Local Government Unit Debt Act of Pennsylvania, the borrowing capacity of the District is calculated in accordance with provisions of the Act, which describes the applicable debt limits. The District may incur both electoral and nonelectoral debt. Electoral debt has no limit but must be approved by a majority of the District's voters. Nonelectoral debt is limited to 225 percent of District's borrowing base. The current legal debt limitation is \$505 million, which is significantly in excess of the District's outstanding general obligation debt. Additional information can be found on page 89 in the statistical section of the report.

The District reports its allocated portion of its defined benefit unfunded benefit obligations related to its participation in PSERS and its single employer defined benefit plan. The District's allocated portion of the net pension and other post-employment benefit liability is an actuarially determined estimate of the unfunded cost of the pension plan and other post-employment benefit obligation which totaled \$363.8 million as of June 30, 2021. The District's net pension and other post-employment liabilities increased by \$25.9 million or 8 percent during the fiscal year.

Additional information on the District's long-term debt can be found in Note 7 on pages 49 through 52 of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District passed a budget for 2021-2022 that will utilize over \$3.5 million of the fund reserves to balance the budget which equates to a \$9.0 million utilization over the past two years of planned reserves.
- Act 1 of 2006 puts a ceiling on the amount of real estate taxes a school district can levy.
 - That in the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state, the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.
 - Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to cost increases in excess of the Act 1 index (e.g., retirement system contributions and/or special education program expenses) over which the school district has no control.

SCHOOL DISTRICT OF LANCASTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2021

- Pension costs to the District associated with the Public School Employee Retirement System ("**PSERS**") continue to rise as the Pennsylvania pension system remains underfunded. The employer's rate for 2020-2021 was 34.51% and the rate for 2021-2022 is 34.94%. The projected rate for 2022-2023 is 35.79%. These increasing pension costs continue to erode any new sources of revenue and impact core educational programs as the District balances the budget on an annual basis.
- During the 2020-2021 fiscal year, the District received Elementary and Secondary School Emergency Relief Funds (ESSERS II) in the amount of \$22 million and an additional funding (ESSER III) in the amount of \$42 million to be used over the next three fiscal years. These funds will be used to address the pandemic issues relating to ventilation issues, social emotional needs of staff and students, unfinished learning as well as extended day programs at all district buildings. The District expanded their cyber learning options to include Cyber Pathways Academy and a new program, Full Circle Learning, a hybrid K-3 program.
- The District is currently engaged in Phase II of the School Boundary and Transportation Study. This is the District's first effort in 30 years to realign the school's boundaries to reflect the changes in housing areas and enrollment.
- Local tax revenues are holding steady despite a slow economy as a result of COVID-19 and its impact on unemployment in the community.
- Interest rates continued to decline to historic lows during the 2020-2021 fiscal year.
- The District's Phase IV construction projects for the 2021-2022 include the renovations at Wheatland Middle School, Price Elementary School, Burrowes Elementary School and Hamilton Elementary School at an estimated cost of \$133.4 million.
- The District has embarked on a project-based Theory of Action plan to address educational issues in the district. Budget focus areas for the 2021-2022 year continue to include Teaching & Learning, Student Centered Climate & Culture, Community Engagement and Operational Effectiveness.
- The District has been educating students onsite since August 2021. A robust safety plan which includes staff and student masking remains in effect as well as strict COVID 19 protocols. The Food Service Department has been experiencing difficulties with product delivery and menu selections due to the supply chain issues.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the School District of Lancaster's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief of Finance and Operations, School District of Lancaster, 251 S. Prince Street, 3rd floor, Lancaster, PA 17603, or by calling (717) 291-6129 during business hours.

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021 with summarized comparative data for June 30, 2020

	Governmental Activities	Business-type Activities	Totals	
			2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 62,170,671	\$ 516,517	\$ 62,687,188	\$ 72,516,920
Investments	-	-	-	240,000
Taxes receivable	1,957,329	-	1,957,329	1,623,939
Pledged taxes receivable	533,202	-	533,202	2,289,321
Internal balances	(4,801,807)	4,801,807	-	-
Due from other governments	29,972,401	952,086	30,924,487	26,482,078
Other receivables	2,900,489	30,819	2,931,308	2,839,606
Other assets	1,682,568	-	1,682,568	646,582
Inventories	207,895	102,966	310,861	508,846
Prepaid expenses	82,844	-	82,844	97,509
Prepaid bond insurance costs	267,252	-	267,252	225,790
Restricted assets				
Cash and cash equivalents with fiscal agent	847	-	847	7,355
Investments with fiscal agent	17,437,723	-	17,437,723	14,988,032
Capital assets				
Land	3,488,357	-	3,488,357	3,488,357
Construction-in-progress	60,151,708	-	60,151,708	69,650,111
Buildings and improvements	260,090,650	-	260,090,650	229,418,726
Land improvements	6,866,664	-	6,866,664	6,866,664
Furniture and equipment	4,811,787	892,451	5,704,238	4,937,113
Vehicles	1,080,247	426,513	1,506,760	1,506,760
Accumulated depreciation	(128,276,223)	(1,029,929)	(129,306,152)	(120,944,044)
Total assets	320,624,604	6,693,230	327,317,834	317,389,665
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on proportionate share of pension items	56,454,768	773,764	57,228,532	49,065,465
Deferred charges on bond refunding	757,288	-	757,288	883,502
Deferred charges on proportionate share of OPEB items	2,217,932	38,645	2,256,577	2,057,423
Deferred charges on district OPEB items	5,178,190	-	5,178,190	1,860,573
Total deferred outflows of resources	64,608,178	812,409	65,420,587	53,866,963
Total assets and deferred outflows of resources	385,232,782	7,505,639	392,738,421	371,256,628
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
LIABILITIES				
Accounts payable	10,367,687	84,976	10,452,663	13,926,508
Accrued salaries and benefits	28,197,135	514,893	28,712,028	28,235,750
Accrued interest	1,507,980	-	1,507,980	1,465,065
Unearned revenues	1,133,678	-	1,133,678	502,244
Long-term liabilities				
Portion due or payable within one year				
Bonds payable	10,435,000	-	10,435,000	9,600,000
Capital leases payable	452,624	-	452,624	1,081,771
Accumulated compensated absences/accrued retirement bonus	397,939	3,453	401,392	371,926
Portion due or payable after one year:				
Bonds payable	181,885,384	-	181,885,384	164,001,010
Capital leases payable	471,183	-	471,183	1,498,063
Collateralized borrowing	3,805,697	-	3,805,697	3,501,876
Net pension liability - district PSERS proportionate share	313,022,886	5,307,114	318,330,000	298,286,000
Net OPEB liability - district PSERS OPEB proportionate share	13,746,661	237,339	13,984,000	13,561,000
Total OPEB liability - district OPEB	31,527,399	-	31,527,399	26,053,144
Accumulated compensated absences/accrued retirement bonus	4,312,787	37,426	4,350,213	3,956,694
Total liabilities	601,264,040	6,185,201	607,449,241	566,041,051
DEFERRED INFLOWS OF RESOURCES				
Deferred credits on proportionate share of pension items	7,536,668	134,936	7,671,604	10,818,694
Deferred credits on proportionate share of OPEB items	310,911	5,967	316,878	413,910
Deferred credits on district OPEB items	6,340,388	-	6,340,388	6,868,859
Total liabilities and deferred inflows of resources	615,452,007	6,326,104	621,778,111	584,142,514
NET POSITION (DEFICIT)				
Net investment in capital assets	28,255,388	289,034	28,544,422	26,812,586
Restricted for debt service	17,438,570	-	17,438,570	14,995,387
Restricted for capital projects	13,231,042	-	13,231,042	13,222,105
Unrestricted (deficit)	(289,144,225)	890,501	(288,253,724)	(267,915,964)
Total net position (deficit)	\$ (230,219,225)	\$ 1,179,535	\$ (229,039,690)	\$ (212,885,886)

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF ACTIVITIES

Year ended June 30, 2021 with summarized comparative data for the year ended June 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2021	2020
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 158,619,121	\$ 695,677	\$ 59,953,038	\$ -	\$ (97,970,406)	\$ -	\$ (97,970,406)	\$ (93,985,017)
Instructional student support	31,491,931	-	3,674,239	-	(27,817,692)	-	(27,817,692)	(25,222,951)
Administrative and financial support services	22,921,087	-	2,420,619	-	(20,500,468)	-	(20,500,468)	(20,219,601)
Operation and maintenance of plant services	23,419,398	-	287,356	-	(23,132,042)	-	(23,132,042)	(15,112,913)
Pupil transportation	5,727,512	-	1,585,055	-	(4,142,457)	-	(4,142,457)	(1,747,788)
Student activities	1,721,837	510	169,564	-	(1,551,763)	-	(1,551,763)	(1,565,960)
Community services	713,793	1,500	10,119	-	(702,174)	-	(702,174)	(543,612)
Interest on long-term debt	7,409,890	-	5,572,631	-	(1,837,259)	-	(1,837,259)	(2,835,953)
Total governmental activities	<u>252,024,569</u>	<u>697,687</u>	<u>73,672,621</u>	<u>-</u>	<u>(177,654,261)</u>	<u>-</u>	<u>(177,654,261)</u>	<u>(161,233,795)</u>
BUSINESS-TYPE ACTIVITIES								
Food service	4,281,671	80,859	4,039,114	-	-	(161,698)	(161,698)	76,171
Total primary government	<u>\$ 256,306,240</u>	<u>\$ 778,546</u>	<u>\$ 77,711,735</u>	<u>\$ -</u>	<u>(177,654,261)</u>	<u>(161,698)</u>	<u>(177,815,959)</u>	<u>(161,157,624)</u>
GENERAL REVENUES								
Property taxes levied for general purposes					75,490,359	-	75,490,359	75,685,783
Earned income tax					7,911,264	-	7,911,264	7,719,169
Transfer tax					2,360,053	-	2,360,053	1,819,520
Local services tax					212,754	-	212,754	225,972
Grants and entitlements not restricted to specific programs					73,290,100	-	73,290,100	68,746,765
Investment earnings (losses)					(197,647)	748	(196,899)	3,020,964
Miscellaneous					2,594,524	-	2,594,524	1,257,118
TRANSFERS					175,043	(175,043)	-	-
Total general revenues and transfers					<u>161,836,450</u>	<u>(174,295)</u>	<u>161,662,155</u>	<u>158,475,291</u>
CHANGE IN NET POSITION (DEFICIT)					(15,817,811)	(335,993)	(16,153,804)	(2,682,333)
NET POSITION (DEFICIT)								
Beginning of year					<u>(214,401,414)</u>	<u>1,515,528</u>	<u>(212,885,886)</u>	<u>(210,203,553)</u>
End of year					<u>\$ (230,219,225)</u>	<u>\$ 1,179,535</u>	<u>\$ (229,039,690)</u>	<u>\$ (212,885,886)</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021 with summarized comparative data for June 30, 2020

	Major Funds			Totals	
	General Fund	Capital Project Funds	Debt Service	2021	2020
ASSETS					
Cash and cash equivalents	\$22,414,250	\$29,267,508	\$ -	\$ 51,681,758	\$ 61,217,511
Investments	-	-	-	-	240,000
Restricted assets					
Cash and cash equivalents with fiscal agent	-	-	847	847	7,355
Investments with fiscal agent	-	-	17,437,723	17,437,723	14,988,032
Taxes receivable	4,080,457	-	-	4,080,457	4,479,232
Due from other funds	5,002,111	-	-	5,002,111	239,507
Due from other governments	29,099,640	-	-	29,099,640	25,198,336
Other receivables	2,897,092	-	-	2,897,092	2,828,436
Other assets	1,682,568	-	-	1,682,568	646,582
Inventories	207,895	-	-	207,895	301,029
Prepaid items	82,844	-	-	82,844	97,509
Total assets	\$65,466,857	\$29,267,508	\$17,438,570	\$112,172,935	\$110,243,529
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ 2,381,904	\$ -	\$ 2,381,904	\$ 2,383,148
Accounts payable	6,881,207	2,049,268	-	8,930,475	12,201,340
Accrued salaries, payroll withholdings and benefits	28,197,135	-	-	28,197,135	27,844,025
Unearned revenues	1,133,678	-	-	1,133,678	502,244
Total liabilities	36,212,020	4,431,172	-	40,643,192	42,930,757
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	3,805,695	-	-	3,805,695	3,501,875
FUND BALANCES					
Nonspendable					
Inventories	207,895	-	-	207,895	301,029
Prepaid items	82,844	-	-	82,844	97,509
Restricted for					
Debt service	-	-	17,438,570	17,438,570	14,995,387
Capital projects	-	24,836,336	-	24,836,336	17,828,512
Committed to					
Fiscal stabilization	5,000,000	-	-	5,000,000	-
Security projects	-	-	-	-	1,000,000
Technology projects	-	-	-	-	2,500,000
Assigned to					
Repairs and maintenance contingency	2,750,000	-	-	2,750,000	2,750,000
Student activities	198,215	-	-	198,215	198,215
Unassigned	17,210,188	-	-	17,210,188	24,140,245
Total fund balances	25,449,142	24,836,336	17,438,570	67,724,048	63,810,897
Total liabilities, deferred inflows of resources and liabilities	\$65,466,857	\$29,267,508	\$17,438,570	\$112,172,935	\$110,243,529

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION (DEFICIT)

June 30, 2021

TOTAL GOVERNMENTAL FUND BALANCES	\$ 67,724,048
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Amounts reported for governmental activities in the statement of net position (deficit) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 3,488,357	
Construction in progress	60,151,708	
Buildings and improvements	260,090,650	
Land improvements	6,866,664	
Furniture and equipment	4,811,787	
Vehicles	1,080,247	
Accumulated depreciation	<u>(128,276,223)</u>	208,213,190

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

1,633,084

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Bonds payable	(192,320,384)	
Capital leases payable	(923,807)	
Collateralized borrowing	(3,805,697)	
Accumulated compensated absences/accrued retirement bonus	(4,710,726)	
Net pension liability	(313,022,886)	
Net PSERS OPEB liability	(13,746,661)	
Total district OPEB liability	(31,527,399)	
Accrued interest	<u>(1,507,980)</u>	(561,565,540)

Refunded bonds resulted in deferred charges which will be amortized over the life of the new debt, but do not represent current rights.

757,288

Prepaid bond issuance costs resulted in deferred charges which will be amortized over the life of the new debt, but do not represent current rights.

267,252

Deferred charges on proportionate share of pension items 56,454,768

Deferred charges on proportionate share of OPEB items 7,396,122

Deferred credits on proportionate share of pension items (7,536,668)

Deferred credits on OPEB items (6,651,299)

Other assets are related to long-term debt are not available to pay for current-period expenditures and are therefore not reported in the funds.

872,759

Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds less pledged revenues available in clearing account. See footnote 7.

2,215,771

NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES

\$ (230,219,225)

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2021 with summarized comparative data for the year ended June 30, 2020

	Major Funds			Totals	
	General Fund	Capital Project Funds	Debt Service	2021	2020
REVENUES					
Local sources	\$ 90,897,130	\$ 14,048	\$ (634,258)	\$ 90,276,920	\$ 91,842,060
State sources	118,026,580	-	-	118,026,580	118,827,474
Federal sources	28,446,501	-	-	28,446,501	20,724,878
Total revenues	<u>237,370,211</u>	<u>14,048</u>	<u>(634,258)</u>	<u>236,750,001</u>	<u>231,394,412</u>
EXPENDITURES					
Current:					
Instruction	145,384,278	-	-	145,384,278	139,522,870
Support services	78,391,791	-	-	78,391,791	70,992,428
Operation of noninstructional services	2,311,449	-	-	2,311,449	2,362,224
Facilities acquisition, construction, and improvement services	804,640	-	-	804,640	2,239,373
Capital outlay	-	19,011,898	-	19,011,898	24,610,855
Debt service:					
Principal	10,512,294	-	-	10,512,294	8,688,865
Interest	8,646,638	-	-	8,646,638	8,070,515
Bond issuance costs	-	332,862	-	332,862	487,925
Total expenditures	<u>246,051,090</u>	<u>19,344,760</u>	<u>-</u>	<u>265,395,850</u>	<u>256,975,055</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,680,879)</u>	<u>(19,330,712)</u>	<u>(634,258)</u>	<u>(28,645,849)</u>	<u>(25,580,643)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	6,045,421	22,755,000	-	28,800,421	27,393,459
Issuance of refunding debt	-	-	-	-	17,280,000
Premium on issuance of debt	-	3,583,536	-	3,583,536	5,304,252
Payment to refunded debt escrow agent	-	-	-	-	(18,466,327)
Transfers in	175,043	-	3,077,441	3,252,484	3,369,550
Transfers out	(3,077,441)	-	-	(3,077,441)	(3,099,838)
Total other financing sources (uses)	<u>3,143,023</u>	<u>26,338,536</u>	<u>3,077,441</u>	<u>32,559,000</u>	<u>31,781,096</u>
NET CHANGES IN FUND BALANCE	<u>(5,537,856)</u>	<u>7,007,824</u>	<u>2,443,183</u>	<u>3,913,151</u>	<u>6,200,453</u>
FUND BALANCES					
Beginning of year	<u>30,986,998</u>	<u>17,828,512</u>	<u>14,995,387</u>	<u>63,810,897</u>	<u>57,610,444</u>
End of year	<u>\$ 25,449,142</u>	<u>\$ 24,836,336</u>	<u>\$ 17,438,570</u>	<u>\$ 67,724,048</u>	<u>\$ 63,810,897</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

Year ended June 30, 2021

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 3,913,151
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures, either as district-wide (capital outlay) or function-specific (i.e. instruction, pupil services). However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay (\$21,931,470) exceeded depreciation (\$8,289,813) in the period.

13,641,657

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.

(720,133)

Revenues in the governmental funds that provided current financial resources in the current year but are considered collateralized borrowing in the statement of net position. Repayment of this borrowing is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which the proceeds exceeded repayments.

(303,821)

The internal service fund, which is used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.

(4,495,981)

The issuance of long-term debt provides current financial resources to governmental funds but issuing debt increases long-term liabilities in the statements of net position. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.

(14,913,973)

Governmental funds report issuance costs and bond discounts as expenditures and deferred bond refunding option proceeds and bond premiums as revenue. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt.

(2,234,126)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.

(8,477,940)

Debt service subsidy reimbursements in the statement of activities differs from the amount reported in the governmental funds because debt service related payments are recognized as expenditures in the funds when it is due, therefore the related subsidy reimbursements is recognized as the related debt payment is accrued, regardless of when it is due.

1,851

Under the modified accrual basis of accounting used in the governmental funds expenditures are not recognized for the transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

Increase in bond interest accrual	(42,917)
Net OPEB liability and related deferrals	(1,752,825)
Decrease in compensated absences	(432,754)

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (15,817,811)</u>
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See accompanying notes

SCHOOL DISTRICT OF LANCASTER

BUDGETARY COMPARISON STATEMENT - GENERAL FUND

Year ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(GAAP Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Local sources	\$ 86,341,899	\$ 86,341,899	\$ 90,897,130	\$ 4,555,231
State sources	118,843,679	118,843,679	118,026,580	(817,099)
Federal sources	16,840,747	16,840,747	28,446,501	11,605,754
Total revenues	<u>222,026,325</u>	<u>222,026,325</u>	<u>237,370,211</u>	<u>15,343,886</u>
EXPENDITURES				
Instruction				
Regular programs	89,884,498	89,884,498	93,951,485	(4,066,987)
Special programs	38,051,879	38,051,879	35,302,164	2,749,715
Vocational programs	2,208,434	2,208,434	1,867,868	340,566
Other instructional programs	7,104,391	7,104,391	8,222,480	(1,118,089)
Nonpublic school programs	-	-	398,846	(398,846)
Community/junior college education programs	110,584	110,584	58,377	52,207
Pre-kindergarten programs	4,857,214	4,857,214	5,583,058	(725,844)
Total instruction	<u>142,217,000</u>	<u>142,217,000</u>	<u>145,384,278</u>	<u>(3,167,278)</u>
Support services				
Pupil personnel services	13,121,848	13,121,848	13,650,932	(529,084)
Instructional staff services	13,683,658	13,683,658	12,337,154	1,346,504
Administrative services	12,381,260	12,381,260	11,409,782	971,478
Pupil health	3,416,429	3,416,429	2,983,058	433,371
Business services	3,015,036	3,015,036	3,230,418	(215,382)
Operation and maintenance of plant services	13,512,378	13,512,378	23,592,788	(10,080,410)
Student transportation services	5,962,457	5,962,457	5,708,720	253,737
Central support services	5,593,403	5,593,403	5,432,055	161,348
Other support services	45,000	45,000	46,884	(1,884)
Total support services	<u>70,731,469</u>	<u>70,731,469</u>	<u>78,391,791</u>	<u>(7,660,322)</u>
Operation of noninstructional services				
Student activities	2,046,405	2,046,405	1,601,625	444,780
Community services	497,008	497,008	709,824	(212,816)
Total operation of noninstructional services	<u>2,543,413</u>	<u>2,543,413</u>	<u>2,311,449</u>	<u>231,964</u>
Facilities acquisition, construction, and improvement services				
Existing building improvement services	-	-	804,640	(804,640)
Total facilities, construction and improvement services	<u>-</u>	<u>-</u>	<u>804,640</u>	<u>(804,640)</u>
Debt service				
Principal	6,263,193	6,263,193	10,512,294	(4,249,101)
Interest	7,930,569	7,930,569	8,646,638	(716,069)
Total debt service	<u>14,193,762</u>	<u>14,193,762</u>	<u>19,158,932</u>	<u>(4,965,170)</u>
Total expenditures	<u>229,685,644</u>	<u>229,685,644</u>	<u>246,051,090</u>	<u>(16,365,446)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,659,319)</u>	<u>(7,659,319)</u>	<u>(8,680,879)</u>	<u>(1,021,560)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	2,900,000	2,900,000	6,045,421	3,145,421
Transfers in	250,000	250,000	175,043	(74,957)
Transfers out	(3,415,000)	(3,415,000)	(3,077,441)	337,559
Total other financing sources (uses)	<u>(265,000)</u>	<u>(265,000)</u>	<u>3,143,023</u>	<u>3,408,023</u>
NET CHANGE IN FUND BALANCE	<u>(7,924,319)</u>	<u>(7,924,319)</u>	<u>(5,537,856)</u>	<u>2,386,463</u>
FUND BALANCE				
Beginning of year	30,986,998	30,986,998	30,986,998	-
End of year	<u>\$ 23,062,679</u>	<u>\$ 23,062,679</u>	<u>\$ 25,449,142</u>	<u>\$ 2,386,463</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS

June 30, 2021 with summarized comparative data for June 30, 2020

	Major Fund		Totals	
	Food Service Fund	Internal Service Fund	2021	2020
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 516,517	\$ 10,488,913	\$ 11,005,430	\$ 11,299,409
Due from other governments	952,086	-	952,086	412,831
Due from other funds	4,801,807	-	4,801,807	5,690,347
Other receivables	30,819	3,397	34,216	11,170
Inventories	102,966	-	102,966	207,817
Prepaid expense	-	-	-	-
Total current assets	6,404,195	10,492,310	16,896,505	17,621,574
CAPITAL ASSETS				
Furniture and equipment	892,451	-	892,451	883,275
Vehicles	426,513	-	426,513	426,513
Accumulated depreciation	(1,029,929)	-	(1,029,929)	(957,634)
Capital assets, net	289,035	-	289,035	352,154
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on proportionate share of pension items	773,764	-	773,764	826,905
Deferred charges on proportionate share of OPEB items	38,645	-	38,645	35,260
Total deferred outflows of resources	812,409	-	812,409	862,165
Total assets and deferred outflows of resources	7,505,639	10,492,310	17,997,949	18,835,893
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	84,976	1,437,212	1,522,188	1,725,168
Accrued salaries, payroll withholdings and benefits	514,893	-	514,893	391,725
Due to other funds	-	7,422,014	7,422,014	3,546,706
Accrued compensated absences	3,453	-	3,453	4,352
Total current liabilities	603,322	8,859,226	9,462,548	5,667,951
NONCURRENT LIABILITIES				
Accrued compensated absences/retirement bonuses	37,426	-	37,426	46,296
Net pension liability - district PSERS proportionate share	5,307,114	-	5,307,114	5,066,586
Net OPEB liability - district PSERS proportionate share	237,339	-	237,339	230,148
Total noncurrent liabilities	5,581,879	-	5,581,879	5,343,030
DEFERRED INFLOWS OF RESOURCES				
Deferred credits on proportionate share of pension items	134,936	-	134,936	172,702
Deferred credits on proportionate share of OPEB items	5,967	-	5,967	7,617
Total deferred inflows of resources	140,903	-	140,903	180,319
Total liabilities and deferred inflows of resources	6,326,104	8,859,226	15,185,330	11,191,300
NET POSITION				
Investment in capital assets	289,034	-	289,034	352,154
Unrestricted	890,501	1,633,084	2,523,585	7,292,439
TOTAL NET POSITION	\$ 1,179,535	\$ 1,633,084	\$ 2,812,619	\$ 7,644,593

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

Year ended June 30, 2021 with summarized comparative data for the year ended June 30, 2020

	<u>Major Fund</u>		<u>Totals</u>	
	<u>Food</u>	<u>Internal</u>	<u>2021</u>	<u>2020</u>
	<u>Service</u>	<u>Service</u>		
	<u>Fund</u>	<u>Fund</u>		
OPERATING REVENUES				
Charges for services	\$ 80,859	\$22,016,888	\$22,097,747	\$22,882,216
OPERATING EXPENSES				
Salaries	1,090,342	-	1,090,342	1,650,125
Employee benefits	1,240,710	25,224,223	26,464,933	23,105,332
Claims administration and stop loss insurance	-	1,208,831	1,208,831	1,490,723
Purchased professional and technical service	-	-	-	16,386
Purchased property service	40,239	-	40,239	55,952
Other purchased service	382	-	382	632
Supplies	1,836,988	185	1,837,173	3,515,925
Depreciation	72,296	-	72,296	83,418
Minor equipment	-	-	-	11,910
Dues and fees	714	82,024	82,738	16,668
Total operating expenses	<u>4,281,671</u>	<u>26,515,263</u>	<u>30,796,934</u>	<u>29,947,071</u>
Operating loss	<u>(4,200,812)</u>	<u>(4,498,375)</u>	<u>(8,699,187)</u>	<u>(7,064,855)</u>
NONOPERATING REVENUES				
Earnings on investments	748	2,394	3,142	158,315
State sources	346,891	-	346,891	527,818
Federal sources	3,692,223	-	3,692,223	5,791,163
Total nonoperating revenues	<u>4,039,862</u>	<u>2,394</u>	<u>4,042,256</u>	<u>6,477,296</u>
Loss before transfers	<u>(160,950)</u>	<u>(4,495,981)</u>	<u>(4,656,931)</u>	<u>(587,559)</u>
TRANSFERS OUT	<u>(175,043)</u>	<u>-</u>	<u>(175,043)</u>	<u>(269,712)</u>
CHANGE IN NET POSITION	<u>(335,993)</u>	<u>(4,495,981)</u>	<u>(4,831,974)</u>	<u>(857,271)</u>
NET POSITION				
Beginning of year	<u>1,515,528</u>	<u>6,129,065</u>	<u>7,644,593</u>	<u>8,501,864</u>
End of year	<u>\$1,179,535</u>	<u>\$ 1,633,084</u>	<u>\$ 2,812,619</u>	<u>\$ 7,644,593</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2021 with summarized comparative data for the year ended June 30, 2020

	<u>Major Fund</u>		<u>Totals</u>	
	<u>Food Service Fund</u>	<u>Internal Service Fund</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 54,177	\$ -	\$ 54,177	\$ 556,224
Cash received from assessments made to other funds	-	25,895,832	25,895,832	21,336,084
Cash payments to employees for services	(1,959,594)	-	(1,959,594)	(2,933,277)
Cash payments for insurance services	-	(26,658,704)	(26,658,704)	(22,410,030)
Cash payments to suppliers for goods and services	(1,833,011)	-	(1,833,011)	(3,617,903)
Cash payments for interfund services used	888,540	-	888,540	(87,754)
Net cash used for operating activities	(2,849,888)	(762,872)	(3,612,760)	(7,156,656)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State sources	327,709	-	327,709	530,322
Federal sources	3,172,150	-	3,172,150	5,712,146
Transfers out	(175,043)	-	(175,043)	(269,712)
Net cash provided by noncapital financing activities	3,324,816	-	3,324,816	5,972,756
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(9,176)	-	(9,176)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	747	2,394	3,141	158,317
Net increase (decrease) in cash and cash equivalents	466,499	(760,478)	(293,979)	(1,025,583)
CASH AND CASH EQUIVALENTS				
Beginning of year	50,018	11,249,391	11,299,409	12,324,992
End of year	\$ 516,517	\$ 10,488,913	\$ 11,005,430	\$ 11,299,409
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES				
Operating loss	\$ (4,200,812)	\$ (4,498,375)	\$ (8,699,187)	\$ (7,064,855)
Adjustments to reconcile operating income (loss) to net cash used for operating activities				
Depreciation	72,296	-	72,296	83,418
(Increase) decrease in				
Other receivables	(26,682)	3,636	(23,046)	232
Due from other funds	888,540	-	888,540	(87,754)
Inventories	104,851	-	104,851	(75,710)
Prepaid expenses	-	-	-	1,250,250
Deferred outflows - pension items	53,141	-	53,141	(45,687)
Deferred outflows - OPEB items	(3,385)	-	(3,385)	(11,537)
Increase (decrease) in				
Due to other funds	-	3,875,308	3,875,308	(990,140)
Accounts payable	(59,539)	(143,441)	(202,980)	(445,746)
Accrued salaries and benefits	123,168	-	123,168	40,326
Accrued compensated absences/retirement bonuses	(9,769)	-	(9,769)	3,324
Net pension liability	240,528	-	240,528	77,248
Net OPEB liability	7,191	-	7,191	13,651
Deferred inflows - pension items	(37,766)	-	(37,766)	97,678
Deferred inflows - OPEB items	(1,650)	-	(1,650)	(1,354)
Net cash used for operating activities	\$ (2,849,888)	\$ (762,872)	\$ (3,612,760)	\$ (7,156,656)

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

June 30, 2021 with summarized comparative data for June 30, 2020

	Totals	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	<u>\$244,961</u>	<u>\$226,875</u>
Total assets	<u>244,961</u>	<u>226,875</u>
LIABILITIES		
Other current liabilities	<u>100,758</u>	<u>100,508</u>
Total liabilities	<u>100,758</u>	<u>100,508</u>
NET POSITION		
Restricted for homeless activities	32,115	18,904
Restricted for student activities	<u>112,088</u>	<u>107,463</u>
Total net position	<u>\$144,203</u>	<u>\$126,367</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

Year ended June 30, 2021 with summarized comparative data for the year ended June 30, 2020

	Totals	
	<u>2021</u>	<u>2020</u>
ADDITIONS		
Local contributions	\$ <u>26,305</u>	\$ <u>98,755</u>
	<u>26,305</u>	<u>98,755</u>
DEDUCTIONS		
Homeless expenses	-	-
Student activity expenses	<u>8,469</u>	<u>68,596</u>
Total deductions	<u>8,469</u>	<u>68,596</u>
CHANGE IN NET POSITION	17,836	30,159
NET POSITION		
Beginning of year	<u>126,367</u>	<u>96,208</u>
End of year	<u><u>\$144,203</u></u>	<u><u>\$126,367</u></u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District of Lancaster (the "**District**") operates 12 elementary schools, a K-8 school which includes an early childhood center, four middle schools and one high school in two buildings to provide education and related services to the residents of the City of Lancaster and Lancaster Township. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member Board form of government (the "**School Board**").

The financial statements of the District have been prepared in accordance with generally accepted accounting principles ("**GAAP**") as applied to governmental units. The Governmental Accounting Standards Board ("**GASB**") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in the District's financial reporting entity are financial interdependencies, selection of governing authority, accountability for fiscal matters, scope of public service, and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

Joint Ventures

Lancaster County Career and Technology Center

The District is one of 16 member school districts of the Lancaster County Career and Technology Center ("**LCCTC**"). The LCCTC provides vocational-technical training and education to participating students of the member school districts. The LCCTC is controlled and governed by the Area Career and Technology Center Board for Lancaster County, which is composed of school board members of all the member districts. The District's share of annual operating costs for the LCCTC fluctuates based upon the percentage of enrollment of each member school district. The District's share of annual operating costs to the LCCTC for the year ended June 30, 2021 was \$641,666. The financial statements of the LCCTC can be obtained from the Administration Office at 1730 Hans Herr Drive, Willow Street, PA 17584.

Lancaster County Career and Technology Center Authority

The District is also a member of the Lancaster County Career and Technology Center Authority (the "**Authority**"). In 1968, the Authority entered into an agreement with the member school districts and the LCCTC Board to acquire land and construct buildings to provide the facilities for the operation of the LCCTC. In 1995, the Authority entered into an additional agreement with the member school districts to provide funding for the upgrading and modernization of the LCCTC facilities. In 1998, the Authority and the member school districts agreed to advance refund the Authority's 1995 bonds. The District has an ongoing financial responsibility to the Authority for a portion of the debt obligation relating to these improvements. The financial statements of the Authority can be obtained from the Administration Office at 1730 Hans Herr Drive, Willow Street, PA 17584.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

In 2010, the LCCTC entered into an agreement with its member school districts to preserve their debt funding. This agreement was established to allow for a future capital projects bond issue. The Joint Operating Committee included a capital reserve fund for the LCCTC to accumulate these resources for future use. This would allow the member districts to preserve the debt payments within each of their respective budgets in order to continue with facility upgrades at the LCCTC. These funds could also be used to initiate capital projects during the interim which would reduce the impact of a future bond issue as well as lower finance costs associated with the bond financing and would be issued in three different series over three years.

On June 29, 2012, LCCTC issued Guaranteed Lease Revenue Bonds, Series of 2012, totaling \$9,995,000. On February 2017, LCCTC refinanced Guaranteed Lease Revenue Bonds, Series of 2013 and issued Guaranteed Lease Revenue Bonds, Series of 2017, totaling \$9,380,000. The LCCTC issued Guaranteed Lease Revenue Bonds, Series of 2014, totaling \$3,900,000 on July 9, 2014 which was the final of the three series. These bonds were issued for the purpose of providing funds for renovations and additions and various other ongoing and proposed capital projects on LCCTC facilities. The District's share of rent expense for 2020-2021 totaled \$119,457.

The District's lease rental obligations for minimum rental payments related to the issued debt are as follows:

Year ended June 30:

2022	\$ 119,354
2023	118,889
2024	118,391
2025	118,700
2026	119,321
2027-2031	587,489
2032-2036	581,700
2037	<u>116,454</u>
	<u>\$1,880,298</u>

Lancaster-Lebanon Joint Authority

The District is a member of the Lancaster-Lebanon Joint Authority (the "**Joint Authority**"). The Joint Authority was incorporated on February 14, 1980 under the Municipality Authorities Act of 1945, Act of May 2, 1945, P.L. 382, as amended by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon counties. The school districts established the Joint Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of the Lancaster-Lebanon Intermediate Unit No. 13. The District did not have any financial transactions with the Joint Authority during the year ended June 30, 2021. The financial statements of the Joint Authority can be obtained from the Administrative Office at 1020 New Holland Avenue, Lancaster, PA 17601.

Lancaster County Tax Collection Bureau

The District participates with 16 other school districts and the municipalities represented by those school districts for the collection of earned income taxes through the Lancaster County Tax Collection Bureau (the "**Bureau**"). Each public school district appoints one member to serve on the Joint Operating Committee and 16 members are appointed by the participating municipalities. The Bureau's operating expenditures are deducted from the distributions which are made quarterly. The financial statements of the Bureau can be obtained from the Administrative Office at 1845 William Penn Way, Lancaster, PA 17601.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Basis of Presentation

Government-Wide Financial Statements

The statement of net position (deficit) and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the primary financial activities of the District, except for fiduciary funds.

The statement of activities demonstrates the degree to which the direct expenses given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The nonmajor governmental funds are presented in a single column on the governmental fund financial statements. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for the acquisition, construction and renovation of major capital facilities and other capital purchases.

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within sixty days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Other miscellaneous receipts are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when payment is due. Liabilities for compensated absences and special termination benefits are recognized as fund liabilities to the extent they mature each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The District reports the following proprietary funds:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year. The food service fund is considered a major fund.

The Internal Service Fund is used to account for hospitalization, workers' compensation, dental, life, vision and disability insurance costs which are services provided to District employees as employee benefits.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

With limited exceptions, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions include charges by one government function to another where services have been provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Fiduciary Funds

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organization and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in a custodial fund. The custodial fund accounts for funds held on behalf of students of the District. Fiduciary funds are accounted for using the economic resources measurement focus and accrual basis of accounting. Under this basis revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Section 440.1(c) of the Pennsylvania School Code authorizes the District to invest in: 1) U.S Treasury bills; 2) deposits in savings accounts or time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation or National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and for any amounts above maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository; 3) obligations of the United States of America (USA) or any of its agencies or instrumentalities backed by the full faith and credit of the USA, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities; 4) pooled investments such as Pennsylvania School District Liquid Asset Fund, Pennsylvania Local Government Investment Trust and the Pennsylvania State Treasurer's Invest Program.

Investments for the District are reported at fair value.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans).

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when the title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Property Taxes

Property taxes are levied on July 1 and are payable in the following periods:

July 1 - August 31	-	Discount Period, 2% of gross levy
September 1 - October 31	-	Face Period
November 1 to collection	-	Penalty Period, 10% of gross levy
January 1	-	Lien Date

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The District's taxes are billed and collected by the District. The tax on real estate for public school purposes for fiscal year 2020-2021 was 22.2824 mills (\$22.28 for \$1,000 of assessed valuation) for the entire District.

Taxpayers have the option of paying in three installments. These installments have the following due dates:

Installment One	-	August 15
Installment Two	-	October 15
Installment Three	-	December 15

The discount (two percent) is not applicable to installment payments; however, the penalty (10 percent) will be added if second and third installments are paid subsequent to the due dates.

Pledged Taxes Receivable

The District has entered into an agreement with Public Asset Management ("**PAM**") under which the District relinquishes to PAM delinquent property tax revenues. The District received from PAM a lump sum payment in exchange for the rights to receive and retain future delinquent property tax revenues. This agreement qualifies as a collateralized borrowing in accordance with GASB 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues*. Taxes receivable are considered as pledged for financial statement purposes. Proceeds received by the District are reported as a liability in the statement of net position (deficit) and as an other financing source in the fund financial statements. Subsequent collections of the pledged receivables that are paid to PAM reduce the liability on the District's statement of net position (deficit).

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art, historical treasures and similar assets, and capital assets that are received in a service concession arrangement will be measured at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20-40 years
Land Improvements	40 years
Machinery and equipment	4-10 years

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Compensated Absences and Accrued Retirement Bonuses

District policies permit employees to accumulate earned but unused vacation, personal, and sick days as stipulated in each bargaining unit's contract. In addition, upon voluntary retirement, a professional employee with 20 years or more of credited service with Public School Employees Retirement System and at least 10 years of employment with the District will receive a retirement bonus of \$350 per year of service. The liability for these benefits is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is based on amounts which have matured, for example, as a result of employee resignations and retirements. In the fund financial statements, governmental funds report only the liability payable from expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Prepaid bond insurance costs are amortized over the term of the related debt. Deferred amounts on refunding are amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method. Bonds payable are reported net of the applicable bond premiums, bond discounts and deferred amounts on refunding.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures, except for refundings paid from proceeds which are reported as other financing uses.

Fund Balance

The District follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

Fund balance is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ***Nonspendable fund balance*** – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- ***Restricted fund balance*** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation.
- ***Committed fund balance*** – amounts constrained to specific purposes by the District itself using its highest level of decision-making authority (School Board resolutions); to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint.

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- **Assigned fund balance** – amounts the District intends to use for a specific purpose; intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority. School Board Policy No. 620 provides authority to the Chief Financial and Operations Officer to assign funds for specific purposes. Any funds set aside as assigned fund balance must be reported to the School Board at its next regular public meeting. The School Board has the authority to remove or change the assignment of the funds by an affirmative majority of Board members present and voting. The School Board also has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside by the School Board require an affirmative majority of the School Board members present and voting.
- **Unassigned fund balance** – amounts that are available for any purpose and not restricted in any manner. It may be necessary to report a negative unassigned fund balance in other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

At June 30, 2021, fund balances are classified as follows:

	<u>General Fund</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Nonspendable				
Inventories	\$ 207,895	\$ -	\$ -	\$ 207,895
Prepaid items	82,844	-	-	82,844
Restricted for				
Debt service	-	-	17,438,570	17,438,570
Capital projects	-	24,836,336	-	24,836,336
Committed to				
Fiscal stabilization	5,000,000	-	-	5,000,000
Assigned to				
Repairs and maintenance				
contingency	2,750,000	-	-	2,750,000
Student activities	198,215	-	-	198,215
Unassigned	<u>17,210,188</u>	<u>-</u>	<u>-</u>	<u>17,210,188</u>
Total fund balances	<u>\$25,449,142</u>	<u>\$24,836,336</u>	<u>\$17,438,570</u>	<u>\$67,724,048</u>

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed. When committed, assigned, and unassigned funds are available for expenditure, it is the District's policy to use committed funds first, assigned funds second, and unassigned funds last, unless the School Board has provided otherwise in its commitment or assignment actions.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates relate primarily to depreciation of capital assets and provisions for compensated absences, retirement bonuses, and other postemployment benefits. Accordingly, actual results could differ from those estimates.

Restricted Assets

Required sinking fund deposits related to the 2010 and 2011 Qualified School Construction Bonds have been paid into the debt service fund residing with the fiscal agent. These debt service payments and any related earnings are classified as restricted assets in the financial statements because they are maintained in the fiscal agent bank accounts and their use is restricted to debt service payments in future years. The total carrying amounts and related bank balances of these cash and investment accounts are \$17,438,570 at June 30, 2021, which are invested in U.S. Treasury securities.

SCHOOL DISTRICT OF LANCASTER

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New Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability and consistency of information about the leasing activities of governments. The provisions of this statement are effective for the School District's June 30, 2022 financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period incurred, and not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The provisions of this statement are effective for the School District's June 30, 2022 financial statements.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. The provisions of this statement are effective for the School District's June 30, 2022 financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This Statement addresses a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of this statement are effective for the School District's June 30, 2022 financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement will address accounting and financial reporting issues and implications that result from the replacement of an interbank offered rate. The requirements of this Statement are effective for the School District's June 30, 2022 financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for the School District's June 30, 2022 financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for the School District's June 30, 2022 financial statements.

In June 2020, The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately and have no impact to the School District's June 30, 2021 financial statements. The remaining requirements of this Statement are effective for the School District's June 30, 2022 financial statements.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

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Deferred Inflows/Outflows of Resources

The statement of net position (deficit) in addition to reporting assets and liabilities will sometimes report a separate section for deferred inflows/outflows of resources. Deferred inflows/outflows of resources represent either a consumption or acquisition of net position that applies to a future period(s) and will not be recognized as an inflow/outflow (revenue/expense) of resources until that period.

The District's deferred inflows/outflows of resources are reported on the government-wide statement of net position (deficit) for pension and Other Post-Employment Benefits (OPEB) and the deferred effect of bond defeasance.

The District also reports unavailable revenue only in the governmental funds balance sheet, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from property taxes.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for all capital project funds.

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within twenty days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the School Board.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without School Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

Excess of Expenditures Over Appropriations

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2021:

Regular programs	\$ 4,066,987
Other instructional programs	1,118,089
Nonpublic school programs	398,846
Pre-kindergarten programs	725,844
Pupil personnel services	529,084
Business services	215,382
Operation and maintenance of plant services	10,080,410
Other support services	1,884
Community services	212,816
Existing building improvement services	804,640
Debt service	4,965,170

The excess of expenditures over appropriations was financed with current year revenue sources exceeding budgeted amounts.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(3) DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. At June 30, 2021, the carrying amount of the District's deposits was \$62,932,996 and the bank balance was \$68,611,156. Of the bank balance, \$255,847 was covered by federal depository insurance and \$14,144,011 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the District's name. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("**PSDLAF**"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like money market mutual funds. Their objective is to maintain a stable net asset value of \$1 per share and it is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2021, PSDLAF was rated as AAAM by Standard and Poor's.

Reconciliation to Financial Statements

Uninsured Amounts	\$14,144,011
Insured Amount	255,847
Reconciling Items	<u>(5,678,162)</u>
Carrying Amount, Bank Balances	8,721,696
Pooled Cash Equivalents in Government Investment Pools	<u>54,211,300</u>
	<u>\$62,932,996</u>

Investments

As of June 30, 2021, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>
U.S. Treasury strips	<u>\$17,437,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$17,437,723</u>

U.S. Treasury strips were valued using Level 2 inputs. These are valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets.

Interest Rate Risk

The District has no investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit rates. As of June 30, 2021, the District's investments were rated as follows:

<u>Investments</u>	<u>Standard & Poor's</u>
Government Investment Pools	AAAM

The District places no limit on the amount it may invest in any one issuer.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. At June 30, 2021, the District does not have investments subject to custodial credit risk.

(4) UNEARNED REVENUES

Unearned revenues in the governmental funds and government-wide financial statements consisted of revenues received but not yet earned.

(5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 3,488,357	\$ -	\$ -	\$ 3,488,357
Construction-in-progress	<u>69,650,111</u>	<u>18,849,499</u>	<u>(28,347,902)</u>	<u>60,151,708</u>
Total capital assets not being depreciated	<u>73,138,468</u>	<u>18,849,499</u>	<u>(28,347,902)</u>	<u>63,640,065</u>
Capital assets being depreciated				
Buildings and improvements	229,418,726	30,671,924	-	260,090,650
Land improvements	6,866,664	-	-	6,866,664
Furniture and equipment	4,053,838	757,949	-	4,811,787
Vehicles	<u>1,080,247</u>	<u>-</u>	<u>-</u>	<u>1,080,247</u>
Total capital assets being depreciated	<u>241,419,475</u>	<u>31,429,873</u>	<u>-</u>	<u>272,849,348</u>
Less: accumulated depreciation for				
Buildings and improvements	110,452,395	7,583,076	-	118,035,471
Land improvements	6,619,604	25,133	-	6,644,737
Furniture and equipment	2,170,359	635,880	-	2,806,239
Vehicles	<u>744,052</u>	<u>45,724</u>	<u>-</u>	<u>789,776</u>
Total accumulated depreciation	<u>119,986,410</u>	<u>8,289,813</u>	<u>-</u>	<u>128,276,223</u>
Total capital assets being depreciated, net	<u>121,433,065</u>	<u>23,140,060</u>	<u>-</u>	<u>144,573,125</u>
Government activities assets, net	<u>\$194,571,533</u>	<u>\$41,989,559</u>	<u>\$(28,347,902)</u>	<u>\$208,213,190</u>
Business-type activities				
Capital asset being depreciated				
Furniture and equipment	\$ 883,275	\$ 9,176	\$ -	\$ 892,451
Vehicles	426,513	-	-	426,513
Less: A/D – furniture and equipment	621,897	51,758	-	673,655
Less: A/D – vehicles	<u>335,736</u>	<u>20,538</u>	<u>-</u>	<u>356,274</u>
Business-type capital assets, net	<u>\$ 352,155</u>	<u>\$ (63,120)</u>	<u>\$ -</u>	<u>\$ 289,035</u>

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Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities	
Instruction	\$5,486,084
Instructional Student Support	1,093,459
Administrative and Financial Support Services	759,357
Operation and Maintenance of Plant Services	890,463
Student Activities	60,450
Total depreciation expense – governmental activities	\$8,289,813
Depreciation expense – business-type activities	\$ 72,296

(6) INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$ 7,422,014	Self-Insurance Fund	\$ 7,422,014
General Fund	2,381,904	Capital Projects Fund	2,381,904
Food Service Fund	4,801,807	General Fund	4,801,807
	<u>\$14,605,725</u>		<u>\$14,605,725</u>

These interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<u>Transfers Out</u>	<u>Amount</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	\$ 3,077,441	Debt Service Fund	\$ 3,077,441
Food Service Fund	175,043	General Fund	175,043
	<u>\$ 3,252,484</u>		<u>\$ 3,252,484</u>

Transfers are used to 1) fund the Debt Service Fund as debt service maturities become due, 2) reimburse the general fund for general administrative costs of administering the food service program.

(7) GENERAL LONG-TERM LIABILITIES

The following summarizes the changes in the long-term liabilities of governmental and business-type activities for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation debt	\$162,194,000	\$22,755,000	\$ 6,185,000	\$178,764,000	\$10,435,000
Deferred amounts					
Bond discounts	(9,498)	-	(9,498)	-	-
Bond premiums	11,416,508	3,583,536	1,443,660	13,556,384	-
Total general obligation debt	173,601,010	26,338,536	7,619,162	192,320,384	10,435,000
Collateralized borrowing	3,501,876	4,631,115	4,327,294	3,805,697	-
Capital leases	2,579,834	1,414,307	3,070,334	923,807	452,624
Compensated absences	4,277,972	798,415	365,661	4,710,726	397,939
Net pension liability	293,219,414	19,803,472	-	313,022,886	-
Net OPEB liability	39,383,996	5,890,064	-	45,274,060	-

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June 30, 2021

Governmental activities					
long-term liabilities	<u>\$516,564,102</u>	<u>\$58,875,909</u>	<u>\$15,382,451</u>	<u>\$560,057,560</u>	<u>\$11,285,563</u>
Business-type activities					
Compensated absences	\$ 50,648	\$ 5,065	\$ 14,834	\$ 40,879	\$ 3,453
Net pension liability	5,066,586	240,528	-	5,307,114	-
Net OPEB liability	<u>230,148</u>	<u>7,191</u>	<u>-</u>	<u>237,339</u>	<u>-</u>
	<u>\$ 5,347,382</u>	<u>\$ 252,784</u>	<u>\$ 14,834</u>	<u>\$ 5,585,332</u>	<u>\$ 3,453</u>

Payments of long-term debt from bonds, notes, capital leases payable and postemployment benefits are to be funded by the General Fund, while long-term debt from compensated absences and net pension liability is paid out of the General Fund for governmental type activities and the Food Service Fund for the business-type activities.

General Obligation Bonds:

Qualified School Construction Bonds Series of 2010, principal amount of \$30,000,000 was issued to help fund approved school construction projects. The bonds require sinking fund deposits from September 1, 2011 through September 1, 2027, and mature September 1, 2027, bearing interest at 5.00%. Interest is paid semiannually on September 1 and March 1.

\$ 30,000,000

Qualified School Construction Bonds Series of 2011, principal amount of \$34,789,000 was issued to help fund approved school construction projects. The bonds require sinking fund deposits from September 1, 2012 through September 1, 2029, and mature September 1, 2029, bearing interest of 5.088%. Interest is paid semiannually on September 1 and March 1.

34,789,000

General Obligation Bonds, Series A of 2016, principal amount \$20,000,000 was issued to: 1) fund various capital projects of the District and 2) pay the costs of issuing the bonds. The bonds mature June 1, 2018 through June 1, 2035, bearing interest from 2.00% to 5.00%. Interest is paid semiannually on December 1 and June 1.

19,980,000

General Obligation Bonds, Series B of 2016, principal amount \$32,660,000 was issued to: 1) advance refund the District's outstanding General Obligation Bond Series of 2007, 2) advance refund the District's outstanding General Obligation Bond Series A of 2007 and 3) pay the costs of issuing the bonds. The bonds mature June 1, 2017 through June 1, 2027, bearing interest from 3.00% to 5.00%. Interest is paid semiannually on December 1 and June 1.

18,265,000

General Obligation Bonds, Series of 2018, principal amount \$10,000,000 was issued to: 1) finance various capital projects of the School District, and 2) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2035, bearing interest from 2.15% to 4.0%. Interest is paid semiannually on December 1 and June 1.

9,990,000

General Obligation Bonds, Series of 2019, principal amount \$10,000,000 was issued to: 1) finance various capital projects of the District; and 2) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2035, bearing interest from 2.0% to 5.0%. Interest is paid semiannually on December 1, and June 1.

9,990,000

General Obligation Bonds, Series A of 2019, principal amount \$21,370,000 was issued to: 1) finance various capital projects of the District; and (2) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2033, bearing interest from 2.0% to 5.0%. Interest is paid semiannually on December 1 and June 1.

20,490,000

General Obligation Bonds, Series B of 2019, principal amount \$17,280,000 was issued to: 1) currently refund the outstanding General Obligation Series of 2015; (2) currently refund the outstanding General Obligation Series of 2017; and (3) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2027, bearing interest of 4.0%. Interest is paid semiannually on December 1 and June 1.

12,505,000

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

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General Obligation Bonds, Series of 2020, principal amount \$22,755,000 was issued to: 1) finance various capital projects of the District; and (2) pay the costs of issuing and insuring the Bonds. The bonds mature June 1, 2036, bearing interest of 1.0% to 4.0%. Interest is paid semiannually on December 1 and June 1.

22,755,000

Total general obligation bonds

\$178,764,000

Annual debt service requirements to maturity for General Obligation Debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2022	\$ 10,435,000	\$ 8,285,569	\$ 18,720,569
2023	10,730,000	8,016,394	18,746,394
2024	11,060,000	7,697,212	18,757,212
2025	11,335,000	7,356,517	18,691,517
2026	11,510,000	7,031,929	18,541,929
2027-2031	54,299,000	24,510,925	78,809,925
2032-2036	<u>53,110,000</u>	<u>6,497,036</u>	<u>59,607,036</u>
Total	162,479,000	<u>\$69,395,582</u>	<u>\$231,874,582</u>
Deposits into sinking fund	<u>16,285,000</u>		
	<u>\$178,764,000</u>		

Qualified School Construction Bonds

The District participates in the Qualified School Construction Bonds ("**QSCB**") program sponsored by the State Public Authority ("**SPSBA**"). The SPSBA was formed by the Commonwealth of Pennsylvania for the purpose of financing the construction and improvement of public school facilities under the jurisdiction of the Pennsylvania Department of Education. The QSCB program was created by the American Recovery and Reinvestment Act ("**ARRA**") and allows schools to borrow at nominal or zero percent to fund new construction, renovation and rehabilitation of schools as well as the purchase of land and equipment. The SPSBA issues the bonds through the QSCB program and provides loans to schools for qualified projects. Under the QSCB program, the SPSBA receives direct interest subsidy payments from the United States Treasury which are then transferred to the borrowers as a reimbursement of the interest portion of their loan payments from the United States Treasury which are then transferred to the borrowers as a reimbursement of the interest portion of their loan repayments. In fiscal year 2010 and 2011, the District borrowed \$30,000,000 and \$34,789,000, respectively, from the SPSBA under the QSCB program. The District is required to deposit payments annually into sinking funds through the maturity date of September 1, 2027 and September 1, 2029, respectively. Sinking funds are included as restricted assets held by fiscal agent in the accompanying financial statements.

Future Revenues Pledged for Debt Payment on Collateralized Borrowing

The District has pledged future delinquent real estate tax revenues to repay the collateralized borrowing in the original amount of:

Year Ending June 30,

2011	\$4,108,095
2012	2,971,374
2013	2,982,688
2014	2,769,944
2015	2,627,075
2016	3,879,832

SCHOOL DISTRICT OF LANCASTER

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2017	2,802,955
2018	2,945,463
2019	2,697,616
2020	3,083,898
2021	3,424,678

The proceeds above were deposited in the General Fund. The borrowing is repayable from the pledged revenues through March 1, 2025. Interest is payable monthly at a variable rate equal to the prime rate plus 0.9 percent, but in no event less than 4.75 percent nor greater than 8.0 percent. Principal is paid quarterly through the maturity date in an amount equal to collections of pledged revenues since the payment date less amounts paid as interest during the period. Principal and interest paid during the year ended June 30, 2021 were \$4,327,294 and \$119,375. Pledged revenues collected during the same period were \$4,261,142. The excess of revenues collected over principal and interest paid since inception of the program in 2011 is \$1,591,119, and is deferred in the General Fund.

Future pledged revenues collections are estimated to be adequate to redeem the debt. In the event that they are not, the District is obligated to pay the deficiency thirty days prior to the maturity date of the note.

The District intends that additional funds will be drawn against this borrowing each year, at the lien date for unpaid real estate taxes. These funds will be used to fund District operations.

(8) NET INVESTMENT IN CAPITAL ASSETS

Net position (deficit) of the governmental activities net investment in capital assets, at June 30, 2021, are as follows:

Capital assets	\$ 336,489,413
Deferred outflows of resources	757,288
Unspent debt proceeds	11,605,294
Accumulated depreciation	<u>(128,276,223)</u>
	220,575,772
Total outstanding debt	<u>192,320,384</u>
Net investment in capital assets	<u>\$ 28,255,388</u>

(9) LEASES

Capital Leases

The District has entered into long-term lease agreements for computer equipment totaling \$1,414,307. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. These capital leases do not qualify as capital asset additions.

Presented below is a summary of minimum lease payments to maturity by years:

Year ending June 30,

2022	\$ 490,500
2023	<u>490,500</u>
Total minimum lease payments	981,000
Less: Amount representing interest	<u>57,193</u>
Present value of minimum lease payments	<u>\$ 923,807</u>

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Operating Leases

The District leases equipment under operating leases. Total cost for such leases was \$130,062 for the year ended June 30, 2021. The future minimum lease payments for these leases are as follows:

Year Ending June 30,

2022	\$105,531
2023	90,164
2024	78,237
2025	<u>47,024</u>
	<u>\$320,956</u>

(10) PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees Retirement System ("**PSERS**") and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms and investments are reported at fair value.

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions

Active members who joined the system prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the system after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The school district's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$30,975,375 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a liability of \$318,330,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.6465 percent, which was an increase of 0.0089 percent from its proportion measured as of June 30, 2019. As of June 30, 2021, the net pension liability of \$313,022,886 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$5,307,114 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2021, the District recognized net pension expense of \$8,733,842. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 832,757	\$7,629,552
Net difference between projected and actual investment earnings	13,990,192	-
Changes in proportions	11,386,000	-
Difference between employer contributions and proportionate share of total contributions	44,208	42,052
Contributions subsequent to the measurement date	<u>30,975,375</u>	<u>-</u>
	<u>\$57,228,532</u>	<u>\$7,671,604</u>

\$30,975,375 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2022	\$ 3,556,702
2023	3,640,039
2024	6,697,548
2025	<u>4,687,264</u>
	<u>\$18,581,553</u>

Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the system's total pension liability as the June 30, 2019 actuarial valuation to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial valuation experience study that was performed for the five year period ending June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	15.0 %	5.2 %
Private equity	15.0 %	7.2 %
Fixed income	36.0 %	1.1 %
Commodities	8.0 %	1.8 %
Absolute return	10.0 %	2.5 %
Infrastructure/MLPs	6.0 %	5.7 %
Real estate	10.0 %	5.5 %
Risk parity	8.0 %	3.3 %
Cash	6.0 %	1.0 %
Financing (LIBOR)	(14.0)%	(0.7)%
	<u>100.0 %</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position (deficit) was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
District's proportionate share of the net pension liability	<u>\$393,842,000</u>	<u>\$318,330,000</u>	<u>\$254,361,000</u>

Pension Plan Fiduciary Net Position

Detailed information about the PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on the system's website at www.psers.pa.gov.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(11) OTHER POSTEMPLOYMENT BENEFITS

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' health options program or employer-sponsored health insurance program.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$753,927 for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability of \$13,984,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the District's proportion was 0.6472 percent, which was an increase of 0.0096 percent from its proportion measured as of June 30, 2019. As of June 30, 2021, the OPEB liability of \$13,746,661 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining \$237,339 of the OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2021, the District recognized net OPEB expense of \$126,814. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 24,126	\$ -
Difference between expected and actual experience	128,667	-
Changes in assumptions	569,856	306,812
Changes in proportions	780,001	-
Difference between employer contributions and their proportionate share of total contributions	-	10,066
Contributions subsequent to the measurement date	<u>753,927</u>	<u>-</u>
	<u>\$2,256,577</u>	<u>\$316,878</u>

\$753,927 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,

2022	\$ 214,147
2023	216,347
2024	214,721
2025	270,083
2026	197,609
Thereafter	<u>72,865</u>
	<u>\$1,185,772</u>

Actuarial Assumptions

The OPEB liability as of June 30, 2020, was determined by rolling forward the PSERS' OPEB liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal - level % of pay
- Investment return – 2.66% - Standard & Poor's 20-year municipal bond rate
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five-year period June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 combined healthy annuitant tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 combined disabled tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 combined healthy annuitant tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Investments consist primarily of short term assets designed to protect the principal of the OPEB plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	50.3%	(1.0)%
US Core Fixed income	46.5%	(0.1)%
Non-US Developed Fixed	<u>3.2%</u>	(0.1)%
	<u>100.00%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Discount Rate

The discount rate used to measure the OPEB liability was 2.66%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the Standard & Poor's 20 year municipal bond rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability. This is a decrease of 0.13% from the June 30, 2019 discount rate of 2.79%.

Sensitivity of District's Proportionate Share of the Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2020, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

SCHOOL DISTRICT OF LANCASTER

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The following presents the net OPEB liability for June 30, 2020, calculated using current healthcare cost trends as well as what net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$13,982,000</u>	<u>\$13,984,000</u>	<u>\$13,985,000</u>

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	<u>1% Decrease 1.66%</u>	<u>Current Discount Rate 2.66%</u>	<u>1% Increase 3.66%</u>
District's proportionate share of the net OPEB liability	<u>\$15,944,000</u>	<u>\$13,984,000</u>	<u>\$12,361,000</u>

OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on PSERS's website at www.psers.pa.gov.

(12) POSTEMPLOYMENT HEALTHCARE PLAN

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits ("**OPEB**") include a single-employer defined benefit plan that provides medical and prescription drug benefits to eligible retired employees, spouses and dependents. The benefits, benefits level, employee contribution and employer contribution are administered by School District board members and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, an irrevocable trust has not been established to account for the plan. The OPEB Plan does not issue a stand-alone financial report and is not included in the report of any public employee retirement system or any other entity.

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2019:

Inactive plan members or beneficiaries currently receiving benefits	97
Active plan members	<u>1,521</u>
Total	<u>1,618</u>

Funding Policy and Funding Status

The District negotiates the contribution percentage between the District and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District.

SCHOOL DISTRICT OF LANCASTER

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The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the year ended June 30, 2021, estimated benefit payments paid as they came due totaled \$1,273,658.

Benefits Provided

The plan provides the following benefits:

For administrators, employees covered under teacher union agreements, employees covered under non-professional union agreements include medical and prescription drug benefits. To be eligible, members must meet one of the following conditions: must be eligible for PSERS retirement, have at least 20 years of PSERS service with at least 10 years of service with the District, or has reached Act 110/43 eligibility. If the member retires with at least 20 years of PSERS service, with at least 10 years of service with the District, the District pays 50% of the premium for member, spouse and family. If the member does not qualify for the District's subsidy, but does reach Act 110/43 eligibility, the member, spouse and family may continue coverage by paying the full premium as determined for the purpose of COBRA. Coverage for the member, spouse and family lasts until the earlier of when the member is eligible for Medicare, or when the member receives coverage through another employer. Part-time employees who meet the eligibility requirements have to have prior District approval to receive any benefits.

For employees under Early Retirement Incentive Plan (ERIP), coverage includes medical and prescription drug benefits. To be eligible, members must have retired in 2011. If member is eligible, the District pays 100% of the premium for member and dependents for up to five years from retirement, beginning on July 1, 2011. After five years, on June 30, 2016, the District pays 50% of the premium for member and dependents. Coverage for the member and dependents lasts until the earlier of when the member is eligible for Medicare, or when the member receives coverage through another employer.

Employees are deemed to have met the Act 110/43 eligibility upon retirement with 30 years of PSERS service or upon superannuation retirement.

Actuarial Methods and Significant Assumptions

- **Discount rate** – 1.86% - based on S&P Municipal Bond 20-year high grade rate index at July 1, 2020.
- **Salary** - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.50% cost of living adjustment, 1.00% for real wage growth, and for teachers and administrators a merit increase which varies from 0.00% to 2.75%.
- **Withdrawal** - Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.90% for both men and women and decrease with age and service.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	2.57%	5.02%	45	1.37%	1.65%
30	2.57%	4.02%	50	1.92%	2.06%
35	1.50%	2.85%	55	3.38%	3.11%
40	1.34%	1.60%	60	5.57%	6.40%

- **Mortality** - Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.
- **Disability** - No disability was assumed.
- **Retirement** - Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

- **Percent of Eligible Retirees Electing Coverage in Plan** - 60% of eligible retirees are assumed to elect coverage. Spouses paying the full premium for coverage are assumed to cease coverage upon attainment of age 65.
- **Percent Married at Retirement** - 40% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- **Spouse Age** - Wives are assumed to be two years younger than their husbands.
- **Retiree Contributions** – Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- **Health Care Cost Trend Rate** – 6.0% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- **Actuarial Value of Assets** - Equal to the market value of assets.
- **Actuarial Cost Method – Entry Age Normal** – Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.
- **Inflation Rate** - There is an assumed inflation rate of 2.5% underlying the interest rate, salary, and health care cost trend rate assumptions.
- **Changes in Assumptions** – In the 2019 actuarial valuation, the discount rate changed from 3.66% to 1.86%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2020. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The total OPEB liability is \$31,527,399, all of which is unfunded. As of June 30, 2021, the OPEB liability of \$31,527,399 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

The District's change in its OPEB liability reported for the year ended June 30, 2021 was as follows:

Balances as of July 1, 2019	<u>\$26,053,144</u>
Changes for the year	
Service cost	2,214,102
Interest on total OPEB liability	926,709
Changes in assumptions	3,600,975
Benefit payments	<u>(1,267,531)</u>
Net changes	<u>5,474,255</u>
Balances as of July 1, 2020	<u>\$31,527,399</u>

Sensitivity of the OPEB Liability to Change in Healthcare Cost Trend Rates

The following presents the OPEB liability, calculated using current healthcare cost trends as well as what the OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB liability	<u>\$27,333,457</u>	<u>\$31,527,399</u>	<u>\$36,595,307</u>

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 1.86%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (0.86%) or 1 percentage point higher (2.86%) than the current rate:

	<u>1% Decrease</u> <u>0.86%</u>	<u>Current Discount Rate</u> <u>1.86%</u>	<u>1% Increase</u> <u>2.86%</u>
OPEB liability	<u>\$33,979,028</u>	<u>\$31,527,399</u>	<u>\$29,200,029</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,901,825. At June 30, 2021, the District had deferred inflows and outflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$3,904,532	\$ 670,084
Difference between expected and actual experience	-	5,670,304
Contributions subsequent to the measurement date	<u>1,273,658</u>	<u>-</u>
	<u>\$5,178,190</u>	<u>\$6,340,388</u>

\$1,273,658 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2022	\$ (238,986)
2023	(238,986)
2024	(238,986)
2025	(238,986)
2026	(238,986)
Thereafter	<u>(1,240,926)</u>
	<u>\$ (2,435,856)</u>

(13) SELF-INSURANCE

The District administers a self-insurance program to provide for the medical care and related expenses for eligible employees, spouses, and their dependents. Benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District has recorded a liability in an internal service fund for claims incurred through June 30, 2021. The claims liability has historically been satisfied within 120 days after June 30 and is classified as a portion of accounts payable.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Change in Aggregate Claim Liabilities

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Claims liability - beginning of year	\$ 1,580,653	\$ 2,085,631
Current year claims and changes in estimates	26,515,263	22,768,022
Claim payments by the District	<u>(26,658,704)</u>	<u>(23,273,000)</u>
Claims liability - end of year	<u>\$ 1,437,212</u>	<u>\$ 1,580,653</u>

(14) COMMITMENTS and CONTINGENCIES

Government Grants and Awards

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs.

Litigation

Certain litigation claims are pending against the District. In the opinion of District management and legal counsel, the potential losses, if any, on such claims are not yet determinable.

Capital Improvement Commitments

As of June 30, 2021, the District is committed to capital projects for the Carter and MacRae, JP McCaskey, Buchanan, Reynolds and Lincoln schools. Construction contract commitments are as follows:

	<u>Contract Amounts</u>	<u>Completed Through June 30, 2020</u>	<u>Remaining Commitments</u>
Capital improvement projects	<u>\$54,417,202</u>	<u>\$53,437,935</u>	<u>\$979,267</u>

As of June 30, 2021, the District has incurred costs totaling \$6,713,773 for capital improvements projects that are not under formal commitments.

(15) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains the risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2020-2021 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Unemployment

The District has elected to self-insure for unemployment compensation rather than contribute to the State Fund. Transactions relating to unemployment claims are recorded when invoiced by the State.

SCHOOL DISTRICT OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(16) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2021, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in the financial statements.

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SCHOOL DISTRICT OF LANCASTER REQUIRED SUPPLEMENTAL



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SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS

Year ended June 30

	Measurement Date						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.6465%	0.6376%	0.6119%	0.6051%	0.5904%	0.5797%	0.5844%
District's proportionate share of the net pension liability	\$ 318,330,000	\$ 298,286,000	\$ 293,742,000	\$ 298,849,000	\$ 292,584,000	\$ 251,099,000	\$ 231,310,000
District's covered payroll	\$ 90,287,037	\$ 87,934,987	\$ 82,401,570	\$ 80,568,875	\$ 76,467,379	\$ 74,589,510	\$ 74,579,956
District's proportionate share of the net pension liability liability as a percentage of its covered payroll	353%	339%	356%	371%	383%	337%	310%
Plan fiduciary net position as a percentage of the total pension liability	54%	56%	54%	52%	50%	54%	57%

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In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$30,975,375	\$30,201,014	\$28,544,895	\$25,878,817	\$23,280,520	\$18,713,679	\$14,850,811
Contributions in relation to the contractually required contribution	<u>\$30,975,375</u>	<u>\$30,201,014</u>	<u>\$28,544,895</u>	<u>\$25,878,817</u>	<u>\$23,280,520</u>	<u>\$18,713,679</u>	<u>\$14,850,811</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll	\$91,942,342	\$90,287,037	\$87,934,987	\$82,401,570	\$80,568,875	\$76,467,379	\$74,589,510
Contributions as a percentage of covered payroll	34%	33%	32%	31%	29%	24%	20%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	Measurement Date			
	2021	2020	2019	2018
TOTAL OPEB LIABILITY				
Service cost	\$ 2,214,102	\$ 2,424,716	\$ 2,275,906	\$ 2,218,401
Interest on total OPEB liability	926,709	885,521	868,240	734,756
Differences between expected and actual experience	-	(3,182,164)	-	(3,971,492)
Changes of assumptions	3,600,975	(770,234)	(3,184)	741,302
Benefit payments	<u>(1,267,531)</u>	<u>(1,299,247)</u>	<u>(1,330,563)</u>	<u>(1,808,176)</u>
Net change in total OPEB liability	5,474,255	(1,941,408)	1,810,399	(2,085,209)
Total OPEB liability, beginning	<u>26,053,144</u>	<u>27,994,552</u>	<u>26,184,153</u>	<u>28,269,362</u>
Total OPEB liability, ending	<u>\$31,527,399</u>	<u>\$26,053,144</u>	<u>\$27,994,552</u>	<u>\$26,184,153</u>
Covered-employee payroll	\$87,568,691	\$87,568,691	\$82,657,256	\$82,657,256
Net OPEB liability as a % of covered employee payroll	36%	30%	34%	32%

Notes of Schedule

No assets are accumulated in a trust to pay benefits related to this plan.

The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumption.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is completed, information for only those years for which information is available is shown.

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY -PSERS

Year ended June 30

	Measurement Date				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability	0.6472%	0.6376%	0.6119%	0.6051%	0.5904%
District's proportionate share of the net OPEB liability	\$ 13,984,000	\$ 13,561,000	\$ 12,758,000	\$ 12,328,000	\$ 12,717,000
District's covered payroll	\$ 90,844,013	\$ 87,934,987	\$ 82,401,570	\$ 80,568,875	\$ 76,457,379
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	15%	15%	15%	15%	17%
Plan fiduciary net position as a percentage of the total OPEB liability	6%	6%	6%	6%	5%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 753,927	\$ 758,878	\$ 726,757	\$ 676,730	\$ 661,741
Contributions in relation to the contractually required contribution	<u>\$ 753,927</u>	<u>\$ 758,878</u>	<u>\$ 726,757</u>	<u>\$ 676,730</u>	<u>\$ 661,741</u>
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	\$ 91,942,317	\$ 90,844,013	\$ 87,934,987	\$ 82,401,570	\$ 80,568,875
Contributions as a percentage of covered payroll	1%	1%	1%	1%	1%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SCHOOL DISTRICT OF LANCASTER SUPPLEMENTARY INFORMATION



Renovated Media Center
at Lincoln Middle School

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SCHOOL DISTRICT OF LANCASTER

COMBINING BALANCE SHEET SCHEDULE - CAPITAL PROJECT FUNDS

June 30, 2021

	<u>Capital Reserve</u>	<u>Construction Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 13,285,390	\$ 15,982,118	\$ 29,267,508
Other receivables	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 13,285,390</u>	<u>\$ 15,982,118</u>	<u>\$ 29,267,508</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 54,348	\$ 2,327,556	\$ 2,381,904
Accounts payable	<u>-</u>	<u>2,049,268</u>	<u>2,049,268</u>
Total liabilities	54,348	4,376,824	4,431,172
 FUND BALANCES			
Restricted for other capital projects	<u>13,231,042</u>	<u>11,605,294</u>	<u>24,836,336</u>
Total liabilities and fund balances	<u>\$ 13,285,390</u>	<u>\$ 15,982,118</u>	<u>\$ 29,267,508</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CAPITAL PROJECT FUNDS

Year ended June 30, 2021

	<u>Capital Reserve</u>	<u>Construction Fund</u>	<u>Total</u>
REVENUES			
Local sources	\$ 8,937	\$ 5,111	\$ 14,048
EXPENDITURES			
Capital outlay	-	19,011,898	19,011,898
Bond issuance costs	-	332,862	332,862
Total expenditures	-	19,344,760	19,344,760
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,937	(19,339,649)	(19,330,712)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	22,755,000	22,755,000
Premium on issuance of debt	-	3,583,536	3,583,536
Total other financing sources (uses)	-	26,338,536	26,338,536
NET CHANGE IN FUND BALANCES	8,937	6,998,887	7,007,824
FUND BALANCES			
Beginning of year	13,222,105	4,606,407	17,828,512
End of year	<u>\$ 13,231,042</u>	<u>\$ 11,605,294</u>	<u>\$ 24,836,336</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS

Year ended June 30, 2021

	<u>Custodial Funds</u>		<u>Total</u>
	<u>Homeless Fund</u>	<u>Student Activities Fund</u>	
ASSETS			
Cash and cash equivalents	<u>\$64,452</u>	<u>\$180,509</u>	<u>\$244,961</u>
Total assets	<u>64,452</u>	<u>180,509</u>	<u>244,961</u>
LIABILITIES			
Other current liabilities	<u>32,337</u>	<u>68,421</u>	<u>100,758</u>
Total liabilities	<u>32,337</u>	<u>68,421</u>	<u>100,758</u>
NET POSITION			
Restricted for homeless activities	<u>32,115</u>	<u>-</u>	<u>32,115</u>
Restricted for student activities	<u>-</u>	<u>112,088</u>	<u>112,088</u>
Total net position	<u>\$32,115</u>	<u>\$112,088</u>	<u>\$144,203</u>

See accompanying notes

SCHOOL DISTRICT OF LANCASTER

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

Year ended June 30, 2021

	Custodial Funds		<u>Total</u>
	<u>Homeless Fund</u>	<u>Student Activities Fund</u>	
ADDITIONS			
Local contributions	<u>\$13,211</u>	<u>\$ 13,094</u>	<u>\$ 26,305</u>
DEDUCTIONS			
Homeless expenses	-	-	-
Student activity expenses	<u>-</u>	<u>8,469</u>	<u>8,469</u>
Total deductions	<u>-</u>	<u>8,469</u>	<u>8,469</u>
CHANGE IN NET POSITION	13,211	4,625	17,836
NET POSITION			
Beginning of year	<u>18,904</u>	<u>107,463</u>	<u>126,367</u>
End of year	<u>\$32,115</u>	<u>\$112,088</u>	<u>\$144,203</u>

See accompanying notes

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SCHOOL DISTRICT OF LANCASTER STATISTICAL SECTION



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SCHOOL DISTRICT OF LANCASTER

STATISTICAL SECTION

This part of the School District of Lancaster's (the "***District***") Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends – (Pages 77-81)

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- Net Position (Deficit) By Component
- Changes in Net Position (Deficit)
- Fund Balances of Governmental Funds
- Changes in Governmental Fund Balances

Revenue Capacity – (Pages 82-85)

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

- Assessed Value and Estimated Actual Value of Taxable Property
- Property Tax Rates – All Overlapping Governments
- Principal Taxpayers
- Property Tax Levies and Collections

Debt Capacity – (Pages 86-89)

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin Information

Demographic and Economic Information – (Pages 90-92)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

- Principal Employers – Lancaster and Surrounding Areas
- Demographic and Economic Statistics
- Full-Time Equivalents (FTE) Employees

SCHOOL DISTRICT OF LANCASTER

STATISTICAL SECTION

Operating Information – (Pages 93-106)

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

- Expenditures by Function – General Fund
- Cost per Student by Function – General Fund
- Capital Asset Information
- Student Information
- Student/Teacher Ratio
- Teacher Information by Level
- Teacher Salary Information
- Bank Deposit Information
- Miscellaneous Statistics
- Coverage of Debt Service and Lease Rental Requirements by State Aid
- Enrollment Trends

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Report for the relevant year.

SCHOOL DISTRICT OF LANCASTER

NET POSITION (DEFICIT) BY COMPONENT - UNAUDITED

Last ten fiscal years ending June 30,
Accrual basis of accounting

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental activities										
Net investment in capital assets	\$ 28,255,388	\$ 26,460,432	\$ 24,544,636	\$ 23,901,756	\$ 22,413,651	\$ 21,652,689	\$ 21,232,995	\$ 17,556,589	\$ 35,967,384	\$ 34,225,400
Restricted for debt service and capital projects	30,669,612	28,217,492	23,248,117	18,747,450	11,580,449	1,729,365	839,828	25,148	14,150	5,587
Unrestricted (deficit)	<u>(289,144,225)</u>	<u>(269,079,338)</u>	<u>(259,702,545)</u>	<u>(250,102,052)</u>	<u>(238,653,820)</u>	<u>(227,626,127)</u>	<u>(196,848,312)</u>	<u>(194,020,155)</u>	<u>22,229,689</u>	<u>19,266,428</u>
Total governmental activities net position	<u>\$ (230,219,225)</u>	<u>\$ (214,401,414)</u>	<u>\$ (211,909,792)</u>	<u>\$ (207,452,846)</u>	<u>\$ (204,659,720)</u>	<u>\$ (204,244,073)</u>	<u>\$ (174,775,489)</u>	<u>\$ (176,438,418)</u>	<u>\$ 58,211,223</u>	<u>\$ 53,497,415</u>
Business-type activities										
Net investment in capital assets	\$ 289,034	\$ 352,154	\$ 435,573	\$ 474,007	\$ 455,414	\$ 479,391	\$ 466,576	\$ 389,694	\$ 421,615	\$ 401,616
Unrestricted (deficit)	<u>890,501</u>	<u>1,163,374</u>	<u>1,270,666</u>	<u>397,241</u>	<u>(388,407)</u>	<u>(813,240)</u>	<u>(1,190,754)</u>	<u>(1,496,079)</u>	<u>2,208,301</u>	<u>1,953,381</u>
Total business-type activities net position	<u>\$ 1,179,535</u>	<u>\$ 1,515,528</u>	<u>\$ 1,706,239</u>	<u>\$ 871,248</u>	<u>\$ 67,007</u>	<u>\$ (333,849)</u>	<u>\$ (724,178)</u>	<u>\$ (1,106,385)</u>	<u>\$ 2,629,916</u>	<u>\$ 2,354,997</u>
Primary Government										
Net investment in capital assets	\$ 28,544,422	\$ 26,812,586	\$ 24,980,209	\$ 24,375,763	\$ 22,869,065	\$ 22,132,080	\$ 21,699,571	\$ 17,946,283	\$ 36,388,999	\$ 34,627,016
Restricted	30,669,612	28,217,492	23,248,117	18,747,450	11,580,449	1,729,365	839,828	25,148	14,150	5,587
Unrestricted (deficit)	<u>(288,253,724)</u>	<u>(267,915,964)</u>	<u>(258,431,879)</u>	<u>(249,704,811)</u>	<u>(239,042,227)</u>	<u>(228,439,367)</u>	<u>(198,039,066)</u>	<u>(195,516,234)</u>	<u>24,437,990</u>	<u>21,219,809</u>
Total primary government	<u>\$ (229,039,690)</u>	<u>\$ (212,885,886)</u>	<u>\$ (210,203,553)</u>	<u>\$ (206,581,598)</u>	<u>\$ (204,592,713)</u>	<u>\$ (204,577,922)</u>	<u>\$ (175,499,667)</u>	<u>\$ (177,544,803)</u>	<u>\$ 60,841,139</u>	<u>\$ 55,852,412</u>

Source: District records

SCHOOL DISTRICT OF LANCASTER

CHANGES IN NET POSITION (DEFICIT) - UNAUDITED

Last ten fiscal years ending June 30,
Accrual basis of accounting

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
Instruction	\$ 158,619,121	\$ 150,937,605	\$ 146,833,906	\$ 142,779,474	\$ 137,355,065	\$ 124,744,115	\$ 122,634,168	\$ 114,846,475	\$ 111,409,823	\$ 104,273,412
Instructional student support	31,491,931	29,300,358	29,583,068	27,130,534	26,137,628	21,335,536	18,379,785	16,546,150	16,690,050	15,522,325
Administrative and financial support services	22,921,087	23,152,269	23,650,963	21,917,346	22,368,271	19,195,351	19,308,153	16,796,610	15,489,811	15,364,248
Operation and maintenance of plant service:	23,419,398	15,429,862	13,688,769	13,378,061	12,618,202	12,320,528	12,915,663	13,379,065	11,691,446	10,644,677
Pupil transportation	5,727,512	5,946,527	5,637,540	4,926,492	4,570,091	4,325,381	4,439,495	4,232,053	4,094,866	3,485,249
Student activities	1,721,837	1,874,008	2,048,478	2,415,134	2,369,349	2,083,201	2,059,042	1,921,171	2,036,299	1,659,069
Community services	713,793	563,350	521,462	631,102	565,494	562,794	478,937	475,841	481,038	545,084
Interest on long-term debt	7,409,890	7,814,218	6,137,433	6,060,779	4,984,094	6,139,351	6,362,354	6,578,306	7,084,611	6,904,825
Total governmental activities	252,024,569	235,018,197	228,101,619	219,238,922	210,968,194	190,706,257	186,577,597	174,775,671	168,977,944	158,398,889
Business-type activities										
Food service	4,281,671	6,791,769	7,238,786	7,082,342	7,406,613	7,020,269	6,656,020	6,351,425	5,987,204	5,671,870
Total primary government expenses	\$ 256,306,240	\$ 241,809,966	\$ 235,340,405	\$ 226,321,264	\$ 218,374,807	\$ 197,726,526	\$ 193,233,617	\$ 181,127,096	\$ 174,965,148	\$ 164,070,759
Program Revenues										
Governmental activities										
Charges for services										
Instruction	\$ 695,677	\$ 2,466,472	\$ 2,859,353	\$ 2,578,661	\$ 2,934,718	\$ 1,933,209	\$ 1,685,153	\$ 1,335,572	\$ 1,059,118	\$ 1,137,382
Non-instructional	2,010	71,329	87,633	97,720	100,160	684,399	652,548	727,547	713,360	522,878
Operating grants and contributions	73,672,621	71,246,601	65,370,856	63,880,961	64,488,863	50,206,955	51,462,512	44,295,009	45,255,845	42,653,317
Capital grants and contributions	-	-	-	-	-	-	-	-	-	2,479
Total governmental activities	74,370,308	73,784,402	68,317,842	66,557,342	67,523,741	52,824,563	53,800,213	46,358,128	47,028,323	44,316,056
Business-type activities										
Food Service	80,859	548,959	658,249	667,086	604,724	705,272	622,352	683,422	697,044	643,274
Operating grants and contributions	4,039,114	6,318,981	7,702,867	7,654,158	7,412,184	7,090,226	6,615,635	5,791,307	5,564,112	5,272,896
Total business-type activities	4,119,973	6,867,940	8,361,116	8,321,244	8,016,908	7,795,498	7,237,987	6,474,729	6,261,156	5,916,170
Total primary government program revenues	\$ 78,490,281	\$ 80,652,342	\$ 76,678,958	\$ 74,878,586	\$ 75,540,649	\$ 60,620,061	\$ 61,038,200	\$ 52,832,857	\$ 53,289,479	\$ 50,232,226

Source: District records

Continued on next page

SCHOOL DISTRICT OF LANCASTER

CHANGES IN NET POSITION (DEFICIT) - UNAUDITED

Last ten fiscal years ending June 30,
Accrual basis of accounting

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net (expense) revenue										
Governmental activities	\$ (177,654,261)	\$ (161,233,795)	\$ (159,783,777)	\$ (152,681,580)	\$ (143,444,453)	\$ (137,881,694)	\$ (132,777,384)	\$ (128,417,543)	\$ (121,949,621)	\$ (114,082,833)
Business-type activities	(161,698)	76,171	1,122,330	1,238,902	610,295	775,229	581,967	123,304	273,952	244,300
Total primary government net expense	<u>\$ (177,815,959)</u>	<u>\$ (161,157,624)</u>	<u>\$ (158,661,447)</u>	<u>\$ (151,442,678)</u>	<u>\$ (142,834,158)</u>	<u>\$ (137,106,465)</u>	<u>\$ (132,195,417)</u>	<u>\$ (128,294,239)</u>	<u>\$ (121,675,669)</u>	<u>\$ (113,838,533)</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes	\$ 75,490,359	\$ 75,685,783	\$ 73,129,795	\$ 71,670,605	\$ 70,437,567	\$ 68,785,011	\$ 66,875,331	\$ 64,140,615	\$ 62,728,042	\$ 60,338,390
Taxes levied for specific purpose	10,484,071	9,764,661	10,406,197	9,009,258	8,694,565	7,959,627	7,778,660	7,287,117	7,544,403	7,052,741
Unrestricted grants	73,290,100	68,746,765	67,618,836	66,531,487	62,191,307	61,445,799	58,805,720	59,097,076	55,820,310	53,396,073
Investment earnings	(197,647)	3,018,134	2,749,234	846,332	306,157	277,321	107,470	121,699	164,913	310,683
Miscellaneous income	2,594,524	1,257,118	1,131,486	1,393,722	1,187,925	693,653	671,824	467,766	405,761	615,723
Transfers	175,043	269,712	291,283	437,050	211,285	182,335	201,308	178,420	-	-
Total governmental activities	<u>161,836,450</u>	<u>158,742,173</u>	<u>155,326,831</u>	<u>149,888,454</u>	<u>143,028,806</u>	<u>139,343,746</u>	<u>134,440,313</u>	<u>131,292,693</u>	<u>126,663,429</u>	<u>121,713,610</u>
Business-type activities										
Investment earnings	748	2,830	3,944	2,389	1,846	2,374	1,548	1,413	967	110
Transfers	(175,043)	(269,712)	(291,283)	(437,050)	(211,285)	(182,335)	(201,308)	(178,420)	-	-
Total business-type activities	<u>(174,295)</u>	<u>(266,882)</u>	<u>(287,339)</u>	<u>(434,661)</u>	<u>(209,439)</u>	<u>(179,961)</u>	<u>(199,760)</u>	<u>(177,007)</u>	<u>967</u>	<u>110</u>
Total primary government	<u>\$ 161,662,155</u>	<u>\$ 158,475,291</u>	<u>\$ 155,039,492</u>	<u>\$ 149,453,793</u>	<u>\$ 142,819,367</u>	<u>\$ 139,163,785</u>	<u>\$ 134,240,553</u>	<u>\$ 131,115,686</u>	<u>\$ 126,664,396</u>	<u>\$ 121,713,720</u>
Change in net position										
Governmental activities	\$ (15,817,811)	\$ (2,491,622)	\$ (4,456,946)	\$ (2,793,126)	\$ (415,647)	\$ 1,462,052	\$ 1,662,929	\$ 2,875,150	\$ 4,713,808	\$ 7,630,777
Business-type activities	(335,993)	(190,711)	834,991	804,241	400,856	595,268	382,207	(53,703)	274,919	244,410
Total primary government	<u>\$ (16,153,804)</u>	<u>\$ (2,682,333)</u>	<u>\$ (3,621,955)</u>	<u>\$ (1,988,885)</u>	<u>\$ (14,791)</u>	<u>\$ 2,057,320</u>	<u>\$ 2,045,136</u>	<u>\$ 2,821,447</u>	<u>\$ 4,988,727</u>	<u>\$ 7,875,187</u>

Source: District records

SCHOOL DISTRICT OF LANCASTER

FUND BALANCES OF GOVERNMENTAL FUNDS - UNAUDITED

Last ten fiscal years ending June 30,
Modified accrual basis of accounting

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund										
Nonspendable										
Inventory	\$ 207,895	\$ 301,029	\$ 200,150	\$ 188,023	\$ 203,164	\$ 245,180	\$ 150,188	\$ 157,035	\$ 220,991	\$ 309,379
Prepaid items	82,844	97,509	31,004	14,770	115,653	24,698	23,633	18,413	18,662	57,619
Committed to										
PSERS	-	-	-	-	2,321,121	2,321,121	2,321,121	2,321,121	2,321,121	2,321,121
Capital projects	-	-	-	-	-	2,300,000	2,300,000	-	-	-
Fiscal stabilization	5,000,000	-	-	-	-	-	-	-	-	-
Security projects	-	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-
Technology projects	-	2,500,000	2,500,000	2,500,000	-	-	-	-	-	-
Assigned to										
Student athletics	198,215	198,215	138,476	138,476	1,373,801	44,582	393,376	289,135	668,454	330,242
Repairs and maintenance contingency	2,750,000	2,750,000	2,750,000	2,750,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unassigned	17,210,188	24,140,245	23,745,393	22,511,156	24,453,132	22,522,773	19,438,823	17,965,231	18,197,069	16,622,571
Total general fund	<u>\$ 25,449,142</u>	<u>\$ 30,986,998</u>	<u>\$ 30,365,023</u>	<u>\$ 29,102,425</u>	<u>\$ 29,466,871</u>	<u>\$ 28,458,354</u>	<u>\$ 25,627,141</u>	<u>\$ 21,750,935</u>	<u>\$ 22,426,297</u>	<u>\$ 20,640,932</u>
All other governmental funds										
Nonspendable										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,156	\$ 8,156	\$ 8,156
Restricted for										
Debt service	17,438,570	14,995,387	10,206,169	5,981,367	2,928,016	1,135,058	35,945	25,148	14,150	5,587
Capital projects funds	24,836,336	17,828,512	17,039,252	27,762,144	30,459,799	594,307	803,883	-	13,417,238	46,245,498
Assigned to										
Other capital projects	-	-	-	-	-	-	-	769,419	1,353,643	1,576,752
Total all other governmental funds	<u>\$ 42,274,906</u>	<u>\$ 32,823,899</u>	<u>\$ 27,245,421</u>	<u>\$ 33,743,511</u>	<u>\$ 33,387,815</u>	<u>\$ 1,729,365</u>	<u>\$ 839,828</u>	<u>\$ 802,723</u>	<u>\$ 14,793,187</u>	<u>\$ 47,835,993</u>
Total governmental fund balances	<u>\$ 67,724,048</u>	<u>\$ 63,810,897</u>	<u>\$ 57,610,444</u>	<u>\$ 62,845,936</u>	<u>\$ 62,854,686</u>	<u>\$ 30,187,719</u>	<u>\$ 26,466,969</u>	<u>\$ 22,553,658</u>	<u>\$ 37,219,484</u>	<u>\$ 68,476,925</u>

Source: District records

SCHOOL DISTRICT OF LANCASTER

CHANGES IN GOVERNMENTAL FUND BALANCES - UNAUDITED

Last ten fiscal years ending June 30,
Modified accrual basis of accounting

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Local sources	\$ 90,276,920	\$ 91,842,060	\$ 91,133,087	\$ 85,768,202	\$ 85,645,501	\$ 80,900,521	\$ 78,733,672	\$ 74,940,658	\$ 73,567,448	\$ 71,239,071
State sources	118,026,580	118,827,474	113,505,116	109,052,733	106,826,894	93,868,542	92,866,322	85,312,270	79,715,607	75,299,530
Federal sources	28,446,501	20,724,878	19,206,516	21,175,997	17,792,245	16,778,242	16,806,971	17,288,476	20,470,595	21,079,366
Total revenues	<u>236,750,001</u>	<u>231,394,412</u>	<u>223,844,719</u>	<u>215,996,932</u>	<u>210,264,640</u>	<u>191,547,305</u>	<u>188,406,965</u>	<u>177,541,404</u>	<u>173,753,650</u>	<u>167,617,967</u>
Expenditures										
Current										
Instruction	145,384,278	139,522,870	135,697,513	130,750,388	125,151,677	118,597,713	115,654,698	111,729,875	107,080,359	101,686,237
Support services	78,391,791	70,992,428	68,561,528	63,024,665	60,107,790	54,605,305	52,293,662	49,873,635	46,536,815	43,442,860
Operation of noninstructional services	2,311,449	2,362,224	2,527,343	3,082,902	2,927,360	2,734,054	2,688,102	2,457,439	2,529,821	2,197,210
Facilities acquisition, construction and improvement services	804,640	2,239,373	1,299,709	1,938,088	488,340.00	-	-	-	-	-
Capital outlay	19,011,898	24,610,855	31,708,341	7,101,579	1,473,053	479,585	245,044	13,900,899	32,988,059	26,398,594
Debt service:										
Principal	10,512,294	8,688,865	8,112,010	8,156,576	9,971,274	9,421,696	11,296,212	11,352,379	11,753,563	10,869,371
Interest	8,646,638	8,070,515	6,407,482	6,444,995	5,744,211	6,050,369	6,507,567	6,710,190	7,105,162	6,275,864
Bond issuance costs	332,862	487,925	305,099	-	750,371	-	103,500	110,873	-	614,217
Total expenditures	<u>265,395,850</u>	<u>256,975,055</u>	<u>254,619,025</u>	<u>220,499,193</u>	<u>206,614,076</u>	<u>191,888,722</u>	<u>188,788,785</u>	<u>196,135,290</u>	<u>207,993,779</u>	<u>191,484,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,645,849)</u>	<u>(25,580,643)</u>	<u>(30,774,306)</u>	<u>(4,502,261)</u>	<u>3,650,564</u>	<u>(341,417)</u>	<u>(381,820)</u>	<u>(18,593,886)</u>	<u>(34,240,129)</u>	<u>(23,866,386)</u>
Other financing sources (uses)										
Issuance of refunding debt	-	17,280,000	-	-	41,775,000	-	9,875,000	7,725,000	-	7,750,000
Payments to refunded bond escrow agent	-	(18,466,327)	-	-	(46,296,688)	-	(9,771,500)	(7,745,370)	-	(7,910,000)
Issuance of debt	28,800,421	27,393,459	24,528,558	4,056,461	22,802,955	3,879,832	3,990,323	3,638,767	2,982,668	37,958,627
Premium on bonds issued	3,583,536	5,304,252	718,973	-	8,523,851	-	-	131,243	-	295,557
Transfers in	3,252,484	3,369,550	3,463,732	7,640,729	10,086,343	1,403,348	628,759	198,197	10,000	8,823
Transfers out	(3,077,441)	(3,099,838)	(3,172,449)	(7,203,679)	(7,875,058)	(1,221,013)	(427,451)	(19,777)	(10,000)	(8,823)
Total other financing sources (uses)	<u>32,559,000</u>	<u>31,781,096</u>	<u>25,538,814</u>	<u>4,493,511</u>	<u>29,016,403</u>	<u>4,062,167</u>	<u>4,295,131</u>	<u>3,928,060</u>	<u>2,982,668</u>	<u>38,094,184</u>
Net change in fund balances	<u>\$ 3,913,151</u>	<u>\$ 6,200,453</u>	<u>\$ (5,235,492)</u>	<u>\$ (8,750)</u>	<u>\$ 32,666,967</u>	<u>\$ 3,720,750</u>	<u>\$ 3,913,311</u>	<u>\$ (14,665,826)</u>	<u>\$ (31,257,461)</u>	<u>\$ 14,227,798</u>
Debt service as a percentage of noncapital expenditures	8%	7%	7%	7%	8%	8%	9%	10%	11%	11%

Source: District records

SCHOOL DISTRICT OF LANCASTER

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY - UNAUDITED

Last ten fiscal years ending June 30,

Real Property

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2021	\$2,421,534,600	\$2,297,003,000	\$1,083,646,800	\$3,634,890,800	22.2824	\$3,634,890,800	100.00%
2020	2,411,007,800	2,325,871,600	1,111,813,400	3,625,066,000	21.8734	3,625,066,000	100.00%
2019	2,394,581,900	2,327,920,200	1,106,781,800	3,615,720,300	21.3274	3,615,720,300	100.00%
2018	1,781,915,000	1,733,003,200	829,610,900	2,685,307,300	28.2568	2,685,307,300	100.00%
2017	1,778,550,500	1,744,072,500	837,625,800	2,684,997,200	27.7572	2,684,997,200	100.00%
2016	1,775,495,200	1,739,389,300	837,042,400	2,677,842,100	27.2129	2,677,842,100	100.00%
2015	1,772,172,000	1,731,608,300	835,316,300	2,668,464,000	26.6793	2,668,464,000	100.00%
2014	1,770,321,300	1,718,589,200	830,624,000	2,658,286,500	25.9224	2,658,286,500	100.00%
2013	1,769,408,100	1,698,005,700	819,383,300	2,648,030,500	25.2902	2,648,030,500	100.00%
2012	1,765,080,800	1,691,991,000	816,622,400	2,640,449,400	24.6972	2,640,449,400	100.00%

Note: Property in Lancaster County is assessed based upon 100 percent of the base year estimated market value.

Source: Lancaster County Assessment Office

SCHOOL DISTRICT OF LANCASTER

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Direct Rates</u>	<u>Overlapping Rates</u>			<u>Total Direct and Overlapping Rates</u>
	<u>School District</u>	<u>County</u>	<u>City of Lancaster</u>	<u>Lancaster Township</u>	
2021	22.2824	2.911	11.700	0.910	37.8034
2020	21.8734	2.911	11.700	0.910	37.3944
2019	21.3274	2.911	11.700	0.910	36.8484
2018	28.2568	3.735	14.440	1.200	47.6318
2017	27.7572	3.735	14.020	0.600	46.1122
2016	27.2129	3.735	14.020	0.600	45.5679
2015	26.6793	3.735	13.040	0.600	44.0543
2014	25.9224	3.735	13.040	0.600	43.2974
2013	25.2902	3.735	13.040	0.600	42.6652
2012	24.6972	3.416	12.040	0.600	40.7532

Source: District and Municipality records

SCHOOL DISTRICT OF LANCASTER

PRINCIPAL TAXPAYERS - UNAUDITED

Current Year and Nine Years Ago

	2021				2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
<u>Taxpayer</u>				<u>Taxpayer</u>			
Park City Center Business Trust	\$148,469,300	1	4.08%	Park City Center Business Trust	\$129,942,300	1	4.92%
Lancaster General Hospital	22,123,200	2	0.61%	Rose City HMA	20,580,600	2	0.78%
Urban Place LP	17,000,000	3	0.47%	RR Donnelley & Sons	11,367,800	3	0.43%
Hawthorne Gardens LP	11,531,900	4	0.32%	Treeco Manor LTD Partnership	9,453,500	4	0.36%
EDC Finance Corp.	11,467,500	5	0.32%	EDC Finance Corp.	9,240,000	5	0.35%
LSC Communications US LLC	11,367,900	6	0.31%	Pax Mall Realty Co. LP	8,832,000	6	0.33%
Solomon Organization LLC	11,091,400	7	0.31%	Burle Business Park LP	8,500,000	7	0.32%
Lanc Pollard Mort Co.	10,988,500	8	0.30%	101 North Queen Associates LP	8,385,000	8	0.32%
Montgomery Acquisition LP	10,743,000	9	0.30%	S & P Real Estate Co. LP	8,335,600	9	0.32%
Burle Business Park LP	<u>10,446,200</u>	10	<u>0.29%</u>	Hershey Farm Company	<u>7,470,400</u>	10	<u>0.28%</u>
Total	<u>\$265,228,900</u>		<u>7.30%</u>	Total	<u>\$222,107,200</u>		<u>8.41%</u>

Source: Lancaster County Assessment Office

SCHOOL DISTRICT OF LANCASTER

PROPERTY TAX LEVIES AND COLLECTIONS - UNAUDITED

Last ten fiscal years ending June 30,

	Fiscal Year	Total Levy	Homestead Exemptions	Net Levy	Collected within Tax Levy Period ⁽²⁾		Collections in Subsequent Tax Levy Year ⁽²⁾	Total Collections to Date	
					Amount ⁽¹⁾	Percentage of Net Levy		Amount	Percentage of Levy
-65-	2021	\$81,004,490	\$4,989,563	\$76,014,927	\$72,826,556	95.81%	\$1,849,402	\$74,675,958	98.24%
	2020	79,292,519	4,987,864	74,304,655	71,322,211	95.99%	2,792,399	74,114,610	99.74%
	2019	77,113,913	4,987,594	72,126,319	69,468,729	96.32%	2,568,758	72,037,487	99.88%
	2018	75,878,191	4,984,431	70,893,760	68,123,782	96.09%	2,769,978	70,893,760	100.00%
	2017	74,528,004	5,073,200	69,454,804	66,826,467	96.22%	2,618,576	69,445,043	99.99%
	2016	72,871,849	4,985,614	67,886,235	65,010,667	95.76%	2,663,684	67,674,351	99.69%
	2015	71,103,304	4,983,535	66,119,769	63,731,569	96.39%	2,388,200	66,119,769	100.00%
	2014	68,950,712	4,979,368	63,971,344	61,043,406	95.42%	2,927,938	63,971,344	100.00%
	2013	66,969,221	4,990,028	61,979,193	59,055,062	95.28%	2,924,131	61,979,193	100.00%
	2012	65,091,305	4,976,672	60,114,633	57,543,371	95.72%	2,571,262	60,114,633	100.00%

⁽¹⁾Amount is net of penalties and discounts.

⁽²⁾Tax levy year is July 1 to December 31.

Source: District records

SCHOOL DISTRICT OF LANCASTER

RATIOS OF OUTSTANDING DEBT BY TYPE - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Primary Government</u>				<u>Percentage of Personal Income⁽¹⁾</u>	<u>Per Capita⁽¹⁾</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Collateralized Borrowing</u>	<u>Totals</u>		
2021	\$192,320,384	\$ 923,807	\$3,805,697	\$197,049,888	0.66%	\$361
2020	173,601,010	2,579,834	3,501,876	179,682,720	0.63%	329
2019	154,284,417	1,535,167	3,034,698	158,854,282	0.55%	291
2018	139,468,672	787,345	3,135,400	143,391,417	0.50%	264
2017	144,929,608	669,510	3,516,513	149,115,631	0.56%	275
2016	126,996,350	1,281,463	3,879,832	132,157,645	0.46%	245
2015	133,441,372	1,923,971	2,996,696	138,362,039	0.57%	258
2014	141,249,391	971,423	3,230,833	145,451,647	0.65%	273
2013	148,659,000	178,724	3,473,268	152,310,992	0.70%	288
2012	157,009,000	480,417	3,894,143	161,383,560	0.76%	306

⁽¹⁾See the Schedule of Demographic and Economic Statistics for personal income and population data.

*Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
There was no outstanding debt for the Business-Type Activities for the years shown.*

SCHOOL DISTRICT OF LANCASTER

RATIOS OF GENERAL BONDED DEBT OUTSTANDING - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Funds Restricted for Debt Service</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Estimated Actual Taxable Value of Property⁽¹⁾</u>	<u>Per Capita⁽²⁾</u>
2020	\$192,320,384	\$17,438,570	\$174,881,814	4.81%	320
2020	173,601,010	14,995,387	158,605,623	4.38%	291
2019	154,284,417	10,206,169	144,078,248	3.98%	264
2018	139,468,672	5,981,367	133,487,305	4.97%	246
2017	144,929,608	2,928,016	142,001,592	5.29%	262
2016	126,996,350	1,135,058	125,861,292	4.70%	234
2015	133,441,372	35,945	133,405,427	5.00%	249
2014	141,249,391	25,148	141,224,243	5.31%	265
2013	148,659,000	14,150	148,644,850	5.61%	281
2012	157,009,000	5,587	157,003,413	5.95%	298

⁽¹⁾See the Schedule of Revenue base for Estimated Actual Taxable Value of property data.

⁽²⁾See the Schedule of Demographic and Economic Statistics for population data.

*Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.
There was no outstanding debt for the Business-Type Activities for the years shown.*

SCHOOL DISTRICT OF LANCASTER

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT - UNAUDITED

June 30, 2021

<u>Fiscal Year</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct Debt			
2010 QCSB	\$ 30,000,000	100.00%	\$ 30,000,000
GOB Series 2011 - QSCB	34,789,000	100.00%	34,789,000
GOB Series A of 2016	22,571,147	100.00%	22,571,147
GOB Series B of 2016	20,995,719	100.00%	20,995,719
GOB Series 2018	10,030,575	100.00%	10,030,575
GOB Series 2019	10,541,522	100.00%	10,541,522
GOB Series A of 2019	23,009,182	100.00%	23,009,182
GOB Series B of 2019	14,283,606	100.00%	14,283,606
GOB Series 2020	26,099,633	100.00%	26,099,633
2021 Capital Lease	923,807	100.00%	923,807
Collateral Borrowing	<u>3,805,697</u>	100.00%	<u>3,805,697</u>
Total direct debt	<u>197,049,888</u>		<u>197,049,888</u>
Overlapping debt⁽¹⁾			
Lancaster County ⁽²⁾	154,680,000	1.36%	2,106,415
City of Lancaster	63,740,000	100.00%	63,740,000
Lancaster Township	<u>-</u>	100.00%	<u>-</u>
Total overlapping debt	<u>218,420,000</u>		<u>65,846,415</u>
Total direct and overlapping debt	<u>\$415,469,888</u>		<u>\$262,896,303</u>

⁽¹⁾ Debt paid from taxes levied by municipal governments other than the District.

⁽²⁾ The percentage of overlapping debt is based on total square miles for the City of Lancaster and Lancaster Township as a percentage of total Lancaster County area square miles.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the school district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the School District of Lancaster. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Overlapping Municipality Finance Offices

SCHOOL DISTRICT OF LANCASTER

LEGAL DEBT MARGIN INFORMATION - UNAUDITED

*Last ten fiscal years ending June 30,
(Amounts expressed in thousands)*

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$504,565	\$488,459	\$486,168	\$463,052	\$442,523	\$417,970	\$404,687	\$388,962	\$379,455	\$367,110
Total net debt applicable to limit	<u>192,320</u>	<u>173,601</u>	<u>154,284</u>	<u>139,469</u>	<u>144,930</u>	<u>126,996</u>	<u>133,441</u>	<u>141,249</u>	<u>148,659</u>	<u>157,009</u>
Legal debt margin	<u>\$312,245</u>	<u>\$314,858</u>	<u>\$331,884</u>	<u>\$323,583</u>	<u>\$297,593</u>	<u>\$290,974</u>	<u>\$271,246</u>	<u>\$247,712</u>	<u>\$230,796</u>	<u>\$210,101</u>
Total net debt applicable to the limit as a percentage of debt limit	38.12%	35.54%	31.73%	30.12%	32.75%	30.38%	32.97%	36.31%	39.18%	42.77%
Borrowing base revenues										
2021	\$231,799									
2020	224,329									
2019	<u>216,625</u>									
Total revenues ⁽¹⁾	<u>\$672,753</u>									
Average borrowing base (total revenues divided by 3)	\$224,251									
Debt limit percentage ⁽²⁾	<u>225%</u>									
Debt limit	504,565									
Outstanding Debt	<u>192,320</u>									
Legal debt margin	<u>\$312,245</u>									

⁽¹⁾Total revenues and other financing sources less debt proceeds, transfers, interest in sinking funds, and other non-recurring items.

⁽²⁾Source: Local Government Unit Debt Act

SCHOOL DISTRICT OF LANCASTER

PRINCIPAL EMPLOYERS - LANCASTER AND SURROUNDING AREAS - UNAUDITED

Current Year and Ten Years Ago

<u>Taxpayer</u>	<u>2020 Calendar Year</u>			<u>2011 Calendar Year</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Lancaster General Hospital	7,970	1	49.16%	7,154	1	31.38%
Giant Food Stores	**	2	N/A	*		N/A
County of Lancaster	1,815	3	11.20%	1,983	3	8.70%
Masonic Villages of the Grand Lodge	1,815	4	11.20%	1,503	8	6.59%
Dart Container Corporation	**	5	N/A	1,453	9	6.37%
School District of Lancaster	1,646	6	10.15%	1,584	5	6.95%
Eurofins Lancaster Laboratories	**	7	N/A	*		N/A
Nordstrom Inc.	1,645	8	10.15%	*		N/A
Fulton Bank NA	1,320	9	8.14%	*		N/A
LCS Communications (formerly RR Donnelley)	**	10	N/A	2,696	2	11.83%
Ephrata Community Hospital Inc.	*		N/A	1,875	4	8.22%
QVC Network Inc.	*		N/A	1,447	10	6.35%
Manheim Remarketing Inc.	*		N/A	1,557	6	6.83%
Turkey Hill	*		N/A	1,545	7	6.78%
Total	<u>16,211</u>		<u>100.00%</u>	<u>22,797</u>		<u>100.00%</u>

Note: Only top 10 employers

** Company not included in top 10 ranking for the year.*

*** Information is not available.*

Source: County of Lancaster Financial Report

SCHOOL DISTRICT OF LANCASTER

DEMOGRAPHIC AND ECONOMIC STATISTICS - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Population of County⁽¹⁾</u>	<u>Personal Income (Expressed in Thousands)⁽²⁾</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate - County⁽³⁾</u>	<u>School Enrollment</u>
2021	545,724	\$ 29,640,682	\$54,314	5.10%	10,384
2020	545,724	29,640,682	54,314	11.20%	10,874
2019	545,724	29,640,682	54,314	3.80%	11,068
2018	543,557	28,625,770	52,664	3.60%	11,195
2017	542,903	26,714,515	49,207	4.10%	11,315
2016	538,500	24,684,347	45,839	4.40%	11,136
2015	536,624	24,145,511	44,995	4.50%	11,256
2014	533,320	22,245,595	41,712	4.80%	10,746
2013	529,600	21,774,881	41,116	6.70%	10,795
2012	526,823	21,119,188	40,088	6.70%	10,457

Note: We have used 2019 personal income and population information for both 2020 and 2021 since this information is unavailable from data source.

Data Sources

(1) US Census Bureau

(2) Bureau of Labor Statistics, US Department of Labor

(3) Bureau of Economic Analysis

SCHOOL DISTRICT OF LANCASTER

FULL-TIME EQUIVALENTS (FTE) EMPLOYEES - UNAUDITED

Last ten fiscal years ending June 30,

		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Instruction	Certified	646.00	653.00	652.00	650.00	647.00	645.00	641.00	636.00	591.00	580.00
	Support	123.00	123.00	132.00	126.00	126.00	126.00	119.00	118.00	118.00	118.00
Special Programs	Certified	184.00	187.00	180.00	178.00	176.00	176.00	166.00	163.00	162.00	159.00
	Support	172.00	164.00	156.00	150.00	150.00	150.00	141.00	145.00	167.00	170.00
Vocational	Certified	11.00	10.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00	10.00
Other Instructional	Certified	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
	Support	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Pre-Kindergarten	Certified	24.00	23.00	23.00	22.00	22.00	20.00	21.00	20.00	20.00	20.00
	Support	24.00	21.00	21.00	21.00	21.00	20.00	20.00	24.00	23.00	24.00
Student Support	Certified	53.00	53.00	52.00	52.00	52.00	54.00	54.00	53.00	52.00	51.00
	Support	10.00	13.00	14.00	11.00	11.00	10.00	10.00	12.00	12.00	12.00
	Administrative	43.00	42.00	46.00	41.00	41.00	28.00	21.00	21.00	21.00	21.00
Instructional Support	Certified	43.00	45.00	34.00	33.00	31.00	31.00	31.00	30.00	30.00	29.00
	Support	16.00	17.00	17.00	16.00	16.00	15.00	15.00	18.00	18.00	18.00
	Administrative	14.00	20.00	21.00	19.00	19.00	17.00	16.00	14.00	14.00	15.00
Administrative	Support	36.00	43.00	44.00	44.00	44.00	42.00	41.00	49.00	49.00	50.00
	Administrative	54.00	57.00	56.00	51.00	51.00	48.00	48.00	44.00	44.00	43.00
Pupil Health	Certified	13.00	11.00	11.00	12.00	12.00	11.00	11.00	11.00	11.00	11.00
	Support	16.00	24.00	24.00	24.00	24.00	23.00	23.00	27.00	27.00	27.00
	Administrative	1.00	1.00	1.00	-	-	-	-	-	-	-
Business Services	Support	4.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00
	Administrative	8.00	11.00	11.00	11.00	11.00	10.00	9.00	8.00	8.00	9.00
Operation & Maintenance Services	Support	15.00	16.00	15.00	15.00	14.00	14.00	101.00	101.00	101.00	101.00
	Administrative	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Transportation	Support	8.00	7.00	7.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00
	Administrative	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00
Central Support	Support	8.00	9.00	9.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00
	Administrative	30.00	28.00	31.00	27.00	27.00	24.00	22.00	20.00	20.00	21.00
Food Services	Support	73.00	72.00	72.00	69.00	69.00	69.00	65.00	65.00	65.00	65.00
	Administrative	6.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Student Activities	Support	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Administrative	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total Staff		<u>1,646.00</u>	<u>1,672.00</u>	<u>1,662.00</u>	<u>1,622.00</u>	<u>1,613.00</u>	<u>1,581.00</u>	<u>1,622.00</u>	<u>1,628.00</u>	<u>1,603.00</u>	<u>1,594.00</u>

Source: School District of Lancaster, Office of Human Resources

SCHOOL DISTRICT OF LANCASTER

EXPENDITURES BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,
(Expressed in thousands)

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Regular programs	\$ 93,951	\$ 89,552	\$ 86,559	\$ 84,058	\$ 81,166	\$ 77,387	\$ 75,851	\$ 72,662	\$ 68,870	\$ 64,305
	37.71%	38.11%	38.34%	38.10%	38.24%	40.17%	40.18%	39.92%	39.38%	39.10%
Special programs	35,302	34,534	32,989	30,477	28,685	26,393	25,539	25,483	24,148	23,760
	14.17%	14.70%	14.61%	13.82%	13.51%	13.70%	13.53%	14.00%	13.81%	14.45%
Vocational programs	1,868	2,025	2,305	2,152	1,772	1,925	2,020	1,877	1,839	2,013
	0.75%	0.86%	1.02%	0.98%	0.83%	1.00%	1.07%	1.03%	1.05%	1.22%
Other instructional programs	8,222	8,024	8,619	8,533	8,383	8,400	8,263	8,175	8,719	7,877
	3.30%	3.41%	3.82%	3.87%	3.95%	4.36%	4.38%	4.49%	4.99%	4.79%
Nonpublic school programs	399	39	-	-	-	-	-	-	-	-
	0.16%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Community College programs	58	76	81	90	46	38	84	54	61	57
	0.02%	0.03%	0.04%	0.04%	0.02%	0.02%	0.04%	0.03%	0.03%	0.03%
Pre-kindergarten programs	5,583	5,274	5,145	5,441	5,099	4,455	3,898	3,480	3,443	3,675
	2.24%	2.24%	2.28%	2.47%	2.40%	2.31%	2.06%	1.91%	1.97%	2.23%
Pupil personnel services	13,651	12,397	12,132	11,525	10,405	9,322	7,761	7,340	7,298	6,598
	5.48%	5.28%	5.37%	5.22%	4.90%	4.84%	4.11%	4.03%	4.17%	4.01%
Instructional staff services	12,337	11,961	13,812	11,217	11,050	8,452	7,458	6,678	7,126	6,759
	4.95%	5.09%	6.12%	5.08%	5.21%	4.39%	3.95%	3.67%	4.07%	4.11%
Administrative services	11,410	12,245	12,216	11,316	11,618	10,588	10,117	9,459	8,987	8,568
	4.58%	5.21%	5.41%	5.13%	5.47%	5.50%	5.36%	5.20%	5.14%	5.21%
Pupil health	2,983	2,836	2,599	2,539	2,441	2,483	2,300	2,134	2,034	1,946
	1.20%	1.21%	1.15%	1.15%	1.15%	1.29%	1.22%	1.17%	1.16%	1.18%
Business services	3,230	3,466	3,496	3,241	3,141	3,172	3,227	2,836	2,506	2,492
	1.30%	1.48%	1.55%	1.47%	1.48%	1.65%	1.71%	1.56%	1.43%	1.52%

Notes:

The totals on percentages may not equal an even 100% due to rounding.

These amounts represent expenditures and other financing uses of the General Fund only.

Source: District Records

continued on next page

SCHOOL DISTRICT OF LANCASTER

EXPENDITURES BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,
(Expressed in thousands)

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operation and maintenance of plant services	24,397 9.79%	19,210 8.18%	14,516 6.43%	14,916 6.76%	12,496 5.89%	11,976 6.22%	11,894 6.30%	12,881 7.08%	11,088 6.34%	10,150 6.17%
Student transportation services	5,709 2.29%	5,930 2.52%	5,626 2.49%	4,911 2.23%	4,558 2.15%	4,317 2.24%	4,427 2.35%	4,232 2.32%	4,095 2.34%	3,484 2.12%
Central support services	5,432 2.18%	5,142 2.19%	5,418 2.40%	5,255 2.38%	4,842 2.28%	4,252 2.21%	5,065 2.68%	4,226 2.32%	3,190 1.82%	3,165 1.92%
Other support services	47 0.02%	45 0.02%	45 0.02%	45 0.02%	45 0.02%	44 0.02%	44 0.02%	43 0.02%	84 0.05%	132 0.08%
Student activities	1,602 0.64%	1,802 0.77%	2,008 0.89%	2,092 0.95%	2,089 0.98%	1,861 0.97%	1,813 0.96%	1,691 0.93%	1,598 0.91%	1,653 1.00%
Community services	710 0.28%	560 0.24%	519 0.23%	626 0.28%	556 0.26%	651 0.34%	473 0.25%	476 0.26%	496 0.28%	544 0.33%
Scholarships and awards	- 0.00%	- 0.00%	- 0.00%	365 0.17%	283 0.13%	221 0.11%	221 0.12%	228 0.13%	436 0.25%	- 0.00%
Debt service	19,159 7.69%	16,759 7.13%	14,519 6.43%	14,602 6.62%	15,715 7.40%	15,472 8.03%	17,907 9.49%	18,063 9.92%	18,859 10.78%	17,281 10.51%
Transfers to other funds	3,077 1.24%	3,100 1.32%	3,172 1.41%	7,204 3.27%	7,875 3.71%	1,221 0.63%	427 0.23%	10 0.01%	10 0.01%	5 0.00%
Total	<u>\$ 249,129</u>	<u>\$ 234,976</u>	<u>\$ 225,778</u>	<u>\$ 220,601</u>	<u>\$ 212,266</u>	<u>\$ 192,630</u>	<u>\$ 188,790</u>	<u>\$ 182,025</u>	<u>\$ 174,885</u>	<u>\$ 164,464</u>
October 1 pupil count	10,384	10,874	11,068	11,195	11,315	11,136	11,256	10,746	10,795	10,457
Average expenditures per pupil	\$23,992	\$21,609	\$20,399	\$19,705	\$18,760	\$17,298	\$16,772	\$16,939	\$16,201	\$15,728

Notes:

The totals on percentages may not equal an even 100% due to rounding.

These amounts represent expenditures and other financing uses of the General Fund only.

Source: District Records

SCHOOL DISTRICT OF LANCASTER

COST PER STUDENT BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,

<u>Function</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Regular Programs	\$ 9,048	\$ 9,143	\$ 7,821	\$ 7,508	\$ 7,174	\$ 6,949	\$ 6,739	\$ 6,762	\$ 6,380	\$ 6,150
	37.71%	38.11%	38.34%	38.10%	38.24%	40.17%	40.18%	39.92%	39.38%	39.10%
Special Programs	3,400	3,526	2,981	2,722	2,534	2,370	2,269	2,371	2,237	2,272
	14.17%	14.70%	14.61%	13.82%	13.51%	13.70%	13.53%	14.00%	13.81%	14.45%
Vocational Programs	180	207	208	192	156	173	179	175	170	192
	0.75%	0.86%	1.02%	0.98%	0.83%	1.00%	1.07%	1.03%	1.05%	1.22%
Other Instructional Programs	792	819	779	762	741	754	734	761	808	753
	3.30%	3.41%	3.82%	3.87%	3.95%	4.36%	4.38%	4.49%	4.99%	4.79%
Nonpublic School Programs	38	4	-	-	-	-	-	-	-	-
	0.16%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Community College Programs	6	8	7	8	4	3	7	5	6	5
	0.02%	0.03%	0.04%	0.04%	0.02%	0.02%	0.04%	0.03%	0.03%	0.03%
Pre-kindergarten Programs	538	538	465	486	450	400	346	324	319	351
	2.24%	2.24%	2.28%	2.47%	2.40%	2.31%	2.06%	1.91%	1.97%	2.23%
Pupil Personnel Services	1,315	1,266	1,096	1,029	919	837	690	683	676	631
	5.48%	5.28%	5.37%	5.22%	4.90%	4.84%	4.11%	4.03%	4.17%	4.01%
Instructional Staff Services	1,188	1,221	1,248	1,002	977	759	663	621	660	646
	4.95%	5.09%	6.12%	5.08%	5.21%	4.39%	3.95%	3.67%	4.07%	4.11%
Administrative Services	1,099	1,250	1,104	1,011	1,026	951	899	880	832	819
	4.58%	5.21%	5.41%	5.13%	5.47%	5.50%	5.36%	5.20%	5.14%	5.21%
Pupil Health	287	290	235	227	216	223	204	199	188	186
	1.20%	1.21%	1.15%	1.15%	1.15%	1.29%	1.22%	1.17%	1.16%	1.18%
Business Services	311	354	316	289	278	285	287	264	232	238
	1.30%	1.48%	1.55%	1.47%	1.48%	1.65%	1.71%	1.56%	1.43%	1.52%

Note: These amounts represent expenditures and other financing uses of the General Fund only.

Source: District Records

continued on next page

SCHOOL DISTRICT OF LANCASTER

COST PER STUDENT BY FUNCTION - GENERAL FUND - UNAUDITED

Last ten fiscal years ending June 30,

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<u>Function</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operation and maintenance of plant service:	2,350	1,961	1,312	1,332	1,105	1,076	1,057	1,199	1,027	971
	9.79%	8.18%	6.43%	6.76%	5.89%	6.22%	6.30%	7.08%	6.34%	6.17%
Student Transportation Services	550	606	508	439	403	387	393	394	379	333
	2.29%	2.52%	2.49%	2.23%	2.15%	2.24%	2.35%	2.32%	2.34%	2.12%
Central Support Services	523	525	490	469	428	382	450	393	295	303
	2.18%	2.19%	2.40%	2.38%	2.28%	2.21%	2.68%	2.32%	1.82%	1.92%
Other Support Services	5	5	4	4	4	3	4	4	8	13
	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.05%	0.08%
Student Activities	154	184	181	187	184	168	161	157	148	158
	0.64%	0.77%	0.89%	0.95%	0.98%	0.97%	0.96%	0.93%	0.91%	1.00%
Community Services	68	57	47	56	49	59	42	44	46	52
	0.28%	0.24%	0.23%	0.28%	0.26%	0.34%	0.25%	0.26%	0.28%	0.33%
Scholarships and Awards	-	-	-	33	24	19	20	21	40	-
	0.00%	0.00%	0.00%	0.17%	0.13%	0.11%	0.12%	0.13%	0.25%	0.00%
Debt Service	1,845	1,711	1,312	1,304	1,388	1,389	1,591	1,681	1,747	1,653
	7.69%	7.13%	6.43%	6.62%	7.40%	8.03%	9.49%	9.92%	10.78%	10.51%
Transfers to Other Funds	296	317	287	643	696	109	38	1	1	1
	1.24%	1.32%	1.41%	3.27%	3.71%	0.63%	0.23%	0.01%	0.01%	0.00%
Total	<u>\$ 23,992</u>	<u>\$ 23,992</u>	<u>\$ 20,399</u>	<u>\$ 19,705</u>	<u>\$ 18,760</u>	<u>\$ 17,298</u>	<u>\$ 16,772</u>	<u>\$ 16,939</u>	<u>\$ 16,201</u>	<u>\$ 15,728</u>
October 1 Pupil Count	10,384	10,874	11,068	11,195	11,315	11,136	11,256	10,746	10,795	10,457
Average Expenditures Per Pupil	\$ 23,992	\$ 21,609	\$ 20,399	\$ 19,705	\$ 18,760	\$ 17,298	\$ 16,772	\$ 16,939	\$ 16,201	\$ 15,728

Notes:

The totals on percentages may not equal an even 100.00% due to rounding.

These amounts represent expenditures and other financing uses of the General Fund only.

Source: District Records

SCHOOL DISTRICT OF LANCASTER

CAPITAL ASSET INFORMATION - UNAUDITED

<u>Building</u>	<u>Original Construction/ Purchase</u>	<u>Additions/ Renovations</u>	<u>Square Footage</u>	<u>Building Capacity</u>	<u>2020-2021 Enrollment</u>	<u>Percentage of Capacity Used*</u>
<u>Elementary Schools</u>						
Smith Wade-El 340 South West End Avenue Lancaster, PA 17602-5080	1929	1955	44,244	425	372	88%
Burrowes 1001 East Orange Street Lancaster, PA 17602-3215	1954	1970, 1988	39,585	370	340	92%
Carter and MacRae 251 South Prince Street Lancaster, PA 17603-5396	1840	1988	142,000	625	401	64%
Fulton 225 West Orange Street Lancaster, PA 17603-3782	1918	2013	75,072	500	396	79%
Hamilton 1300 Wabank Road Lancaster, PA 17603-6849	1964	1989	55,525	350	475	136%
King 466 Rockland Street Lancaster, PA 17602-4212	1966		66,000	645	472	73%
Lafayette 1000 Fremont Street Lancaster, PA 17603-5426	1951	2010	72,000	500	505	101%
Price 615 Fairview Avenue Lancaster, PA 17603-5877	1973		63,116	500	495	99%
Ross 840 North Queen Street Lancaster, PA 17603-2750	1924	2010	38,390	370	300	81%
Washington 545 South Ann Street Lancaster, PA 17602-4551	1934	2010	64,382	600	535	89%
Wharton 705 North Mary Street Lancaster, PA 17603-2889	1895	2010	24,459	340	364	107%
Wickersham 401 North Reservoir Street Lancaster, PA 17602-2447	1929	1953	55,422	450	410	91%
<u>K-8 School</u>						
Martin 2000 Wabank Road Lancaster, PA 17603-6433	1959	2014	88,000	620	735	119%
<u>Middle Schools</u>						
Jackson 431 South Ann Street Lancaster, PA 17602-4542	1924	1928, 2013	114,887	498	512	103%

SCHOOL DISTRICT OF LANCASTER

CAPITAL ASSET INFORMATION - UNAUDITED

<u>Building</u>	<u>Original Construction/ Purchase</u>	<u>Additions/ Renovations</u>	<u>Square Footage</u>	<u>Building Capacity</u>	<u>2020-2021 Enrollment</u>	<u>Percentage of Capacity Used*</u>
Lincoln 1001 Lehigh Avenue Lancaster, PA 17602-2450	1962	1986	137,664	520	310	60%
Robert D. Scheffey Building (Lincoln Annex - 6th Grade) 1020 Lehigh Avenue Lancaster, PA 17602-2452	1985	2010	33,828	210	200	95%
Reynolds 605 West Walnut Street Lancaster, PA 17603-3383	1929	2019	96,000	576	487	85%
Wheatland 919 Hamilton Park Drive Lancaster, PA 17603-4914	1955	1961, 1989	92,675	781	574	73%
<u>Alternative Education</u>						
Buehrle Academy 426 East Clay Street Lancaster, PA 17602-2154	1895	2007	18,132	135	50	37%
Phoenix Academy 630 Rockland Street Lancaster, PA 17602-4524	1975	1995	47,227	348	303	87%
<u>Other Education</u>						
Rockland Center 600 Rockland Street Lancaster, PA 17602-4507	2010		37,414	450	75	17%
<u>High School</u>						
J.P. McCaskey 445 North Reservoir Street Lancaster, PA 17602-2447	1939	1974, 1997	308,000	1,745	1,286	74%
McCaskey East 1051 Lehigh Avenue Lancaster, PA 17602-2457	1996		290,000	1,565	1,277	82%
<u>Administration</u>						
Carter and MacRae - 3rd and 4th floors 251 South Prince Street Lancaster, PA 17603-5396	1840	2011	NA	NA	NA	NA

* - Amounts in excess of 100% are due to students who are educated in offsite facilities not owned by the District but are reported as members of the respective school population.

Source: Building enrollment site list, Feasibility Study Update, January 2016

SCHOOL DISTRICT OF LANCASTER

STUDENT INFORMATION - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Number of Students</u>	<u>Economically Disadvantaged</u>	<u>Percent Economically Disadvantaged</u>
2021	10,384	9,023	86.89%
2020	10,874	9,681	89.03%
2019	11,068	10,053	90.83%
2018	11,195	10,117	90.37%
2017	11,315	10,243	90.53%
2016	11,136	9,766	87.70%
2015	11,256	9,872	87.70%
2014	10,746	9,071	84.41%
2013	10,795	9,220	85.41%
2012	10,457	9,044	86.49%

Source: Food nutrition claim reports, Pims report

SCHOOL DISTRICT OF LANCASTER

STUDENT/TEACHER RATIO - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Number of Students</u>	<u>Number of Teachers</u>	<u>Ratio of Number of Students to Teacher</u>
2021	10,384	977	11
2020	10,874	985	11
2019	11,068	966	11
2018	11,195	962	12
2017	11,315	955	12
2016	11,136	951	12
2015	11,256	938	12
2014	10,746	927	12
2013	10,795	880	12
2012	10,457	864	12

Student and teacher counts are as of October 1 of the school year.

Source: Building enrollment site list & Human Resources

SCHOOL DISTRICT OF LANCASTER

TEACHER INFORMATION BY LEVEL - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>Bachelor's</u>	<u>Bachelor's +8</u>	<u>Bachelor's +16</u>	<u>Bachelor's +24</u>	<u>Master's</u>	<u>Master's +15</u>	<u>Master's +30</u>	<u>Master's +45</u>	<u>Doctorate</u>	<u>Total</u>
2021	147	N/A	42	248	356	76	47	55	6	977
2020	146	N/A	42	198	372	80	61	81	5	985
2019	139	N/A	47	288	338	74	35	38	7	966
2018	135	N/A	47	288	338	74	35	38	7	962
2017	138	N/A	23	253	372	74	44	44	7	955
2016	129	N/A	15	289	351	84	41	35	7	951
2015	140	12	13	266	348	84	34	36	5	938
2014	120	14	17	277	342	78	38	34	7	927
2013	79	19	27	275	327	75	38	36	4	880
2012	94	16	21	260	327	74	31	34	7	864

Source: School District of Lancaster, Office of Human Resources

SCHOOL DISTRICT OF LANCASTER

TEACHER SALARY INFORMATION - UNAUDITED

Last ten fiscal years ending June 30,

Fiscal Year	Minimum Base Salary⁽¹⁾	Average Base Salary	Maximum Base Salary⁽²⁾
2021	53,086	68,334	91,207
2020	52,014	67,262	90,315
2019	51,027	66,275	89,148
2018	50,000	65,248	88,121
2017	48,275	61,967	84,395
2016	46,551	59,900	83,223
2015	44,823	62,392	79,961
2014	43,319	61,040	78,761
2013	43,319	61,040	78,761
2012	43,319	61,040	78,761

Notes:

- (1) The minimum salary represents the minimum amount a District teacher with a bachelor's degree may earn for regular classroom instruction during the school year according to the Lancaster Education Association of the School District of Lancaster contract agreement. The minimum starting wage has seven different levels dependent on level of education attained:

- Level 1: Bachelor's Degree
- Level 2: Bachelor's Degree + 16 Credits
- Level 3: Bachelor's Degree + 24 Credits
- Level 4: Master's Degree
- Level 5: Master's Degree + 15 Credits
- Level 6: Master's Degree + 30 Credits
- Level 7: Master's Degree + 45 Credits
- Level 8: Doctorate

- (2) The maximum salary represents the maximum amount a District teacher with a doctoral degree may earn for regular classroom instruction during the school year according to the Lancaster Education of the School District of Lancaster contract agreement.
The maximum salary for each level (Level 1 through Level 8) is reached in 13 years.
Maximum salary excludes pension and hospitalization benefits. No longevity pay is added to teachers who have exceeded the 13 year maximum on the pay scale.

Source: School District of Lancaster, Salary Schedules

SCHOOL DISTRICT OF LANCASTER

BANK DEPOSIT INFORMATION - UNAUDITED

Last ten fiscal years ending June 30,

<u>Fiscal Year</u>	<u>FDIC Insured Institutions</u>	<u>Government Investment Pools</u>	<u>Total</u>
2021	\$ 8,721,696	\$54,211,300	\$62,932,996
2020	18,898,210	53,852,940	72,751,150
2019	18,224,872	59,259,886	77,484,758
2018	8,518,872	13,065,935	21,584,807
2017	15,475,250	6,893,090	22,368,340
2016	20,593,871	8,162,785	28,756,656
2015	11,285,580	33,027,255	44,312,835
2014	18,105,707	25,751,482	43,857,189
2013	13,596,609	46,266,702	59,863,311
2012	28,351,387	58,809,429	87,160,816

Notes:

FDIC insured institutions include school board approved depositories.

Government investment pools include Pennsylvania School District Liquid Asset Fund (PSDLAF)

SCHOOL DISTRICT OF LANCASTER

MISCELLANEOUS STATISTICS - UNAUDITED

June 30, 2021

Tax rates of the Lancaster County Schools

<u>School District</u>	<u>Total Taxable Assessed Value</u>	<u>Millage</u>
Cocalico	1,935,437,700	18.9739
Columbia Borough	427,110,000	26.4600
Conestoga Valley	3,467,451,600	17.5230
Donegal	1,628,195,100	19.0866
Eastern Lancaster	2,789,765,900	12.5711
Elizabethtown Area	2,224,662,200	16.3711
Ephrata Area	2,493,487,400	17.7200
Hempfield	4,920,876,700	16.7430
Lampeter-Strasburg	2,211,670,000	14.4739
Manheim Central	2,388,368,200	15.1011
Manheim Township	4,460,623,300	15.7729
Octorara (Lancaster County portion)	306,449,900	25.5500
Penn Manor	3,179,815,700	15.1011
Pequea Valley	1,743,433,700	17.5230
Solanco	2,492,046,500	11.3440
Warwick	2,841,182,700	16.3711

Source: Lancaster County Tax Collector Department

SCHOOL DISTRICT OF LANCASTER

COVERAGE OF DEBT SERVICE AND LEASE RENTAL REQUIREMENTS BY STATE AID - UNAUDITED

June 30,

<u>Fiscal Year</u>	<u>Total State Aid Received</u>
2021	\$118,026,580
2020	118,827,474
2019	113,505,116
2018	109,052,733
2017	106,826,894
2016	93,868,542
2015	92,866,322
2014	85,312,270
2013	79,715,607
2012	75,299,530
2021-2022 Debt service requirements	18,720,569
Estimated maximum future debt service requirements	18,720,569
Estimated coverage of 2021-2022 debt service requirements	6.3046
Estimated coverage of maximum future debt service requirements	6.3046

Source: School District of Lancaster

SCHOOL DISTRICT OF LANCASTER

ENROLLMENT TRENDS - UNAUDITED

June 30,

Actual Enrollments				Projected Enrollments			
<u>Fiscal Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>Fiscal Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2021	5,860	4,524	10,384	2026	5,494	4,075	9,569
2020	6,309	4,565	10,874	2025	5,565	4,183	9,748
2019	6,464	4,604	11,068	2024	5,611	4,317	9,928
2018	6,562	4,633	11,195	2023	5,805	4,370	10,175
2017	6,691	4,624	11,315	2022	5,875	4,511	10,386
2016	6,660	4,476	11,136				
2015	6,073	5,183	11,256				
2014	5,493	5,253	10,746				
2013	6,152	4,643	10,795				
2012	5,152	5,305	10,457				

Source: School District of Lancaster

SCHOOL DISTRICT OF LANCASTER SINGLE AUDIT



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SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal CFDA Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2020	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2021	Passed Through to Subrecipients
<u>U.S. Department of Education</u>											
School Climate Transformation Initiative	D	84.184	N/A	10/01/18-09/30/20	\$ 732,821	\$ 509,958	\$ 509,958	\$ -	\$ -	\$ -	\$ -
<u>Passed through the PA Department of Education</u>											
Title I Grants to Local Educational Agencies	I	84.010	013-200221	07/01/19-09/30/20	6,297,952	2,099,115	2,299,022	639,698	639,698	839,605	-
Title I Grants to Local Educational Agencies	I	84.010	013-210221	07/01/20-09/30/21	5,675,184	3,028,612	-	3,704,941	3,704,941	676,329	-
Title I Grants to Local Educational Agencies	I	84.010	107-190221	07/01/18-09/30/20	156,919	104,613	59,155	45,458	45,458	-	-
Title I Grants to Local Educational Agencies	I	84.010	107-200221	07/01/19-09/30/20	79,229	10,564	(26,410)	57,345	57,345	20,371	-
Title I Grants to Local Educational Agencies	I	84.010	107-210221	07/01/20-09/30/21	97,300	32,433	-	15,676	15,676	(16,757)	-
Title I Grants to Local Educational Agencies	I	84.010	042-190221	07/01/19-09/30/20	1,046,432	597,961	248,300	349,661	349,661	-	-
Title I Grants to Local Educational Agencies	I	84.010	042-200221	07/01/20-09/30/21	970,132	404,222	-	139,966	139,966	(264,256)	-
Title I Grants to Local Educational Agencies	I	84.010	152-180221	07/01/18-09/30/19	1,304,624	-	3,484	-	-	3,484	-
Total CFDA #84.010						6,277,520	2,583,551	4,952,745	4,952,745	1,258,776	-
Career and Technical Education - Basic Grants to States	I	84.048	380-200044	07/01/19-06/30/20	220,841	55,210	55,210	-	-	-	-
Career and Technical Education - Basic Grants to States	I	84.048	380-210060	07/01/20-06/30/21	190,855	95,427	-	190,855	190,855	95,428	-
Total CFDA #84.048						150,637	55,210	190,855	190,855	95,428	-
Twenty-First Century Community Learning Centers	I	84.287	FC4100068096	10/01/19-09/30/20	400,000	6,082	6,082	-	-	-	-
Twenty-First Century Community Learning Centers	I	84.287	FC4100071655	01/06/20-12/31/20	400,000	305,531	43,798	261,733	261,733	-	-
Twenty-First Century Community Learning Centers	I	84.287	FC4100071655	01/01/21-12/31/21	400,000	129,283	-	212,813	212,813	83,530	-
Total CFDA #84.287						440,896	49,880	474,546	474,546	83,530	-
English Language Acquisition Grants	I	84.365	010-200221	07/01/19-09/30/20	392,842	130,947	130,947	-	-	-	-
English Language Acquisition Grants	I	84.365	010-210221	07/01/20-09/30/21	426,326	255,796	-	346,017	346,017	90,221	-
Total CFDA #84.365						386,743	130,947	346,017	346,017	90,221	-
Improving Teacher Quality State Grants	I	84.367	020-190221	07/01/18-09/30/19	766,798	292	292	-	-	-	-
Improving Teacher Quality State Grants	I	84.367	020-200221	07/01/19-09/30/20	644,713	-	(30,253)	30,253	30,253	-	-
Improving Teacher Quality State Grants	I	84.367	020-210221	07/01/20-09/30/21	527,150	529,855	-	472,264	472,264	(57,591)	-
Improving Teacher Quality State Grants	I	84.367	220-200221	11/20/19-09/30/21	25,000	18,182	1,760	18,536	18,536	2,114	-
Total CFDA #84.367						548,329	(28,201)	521,053	521,053	(55,477)	-
School Improvement Grants	I	84.377	142-143221	10/01/14-09/30/20	787,829	-	(259,841)	259,841	259,841	-	-

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
<u>Passed through the PA Department of Education (cont'd)</u>											
CARES Act - ESSER Fund Local	I	84.425	200-200221	03/13/20-09/30/21	5,172,788	2,994,772	-	5,172,788	5,172,788	2,178,016	-
CARES Act - ESSER Fund Local	I	84.425	200-210221	03/13/20-09/30/23	22,000,000	-	-	6,898,609	6,898,609	6,898,609	-
COVID-19 SECIM	I	84.425	252-200221	03/13/20-09/30/21	52,238	13,747	-	323	323	(13,424)	-
CARES Act - GEERs CEEG	I	84.425	253-200221	03/13/20-09/30/21	190,200	30,032	-	-	-	(30,032)	-
CARES Act - aTSI GEER	I	84.425	254-210221	03/13/20-09/30/21	409,437	237,043	-	355,479	355,479	118,436	-
Total CFDA #84.425						3,275,594	-	12,427,199	12,427,199	9,151,605	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-190221	07/01/18-09/30/19	462,421	92,484	92,484	-	-	-	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-200221	07/01/19-09/30/20	480,228	32,015	313,935	6,217	6,217	288,137	-
Title IV - Student Support and Academic Enrichment	I	84.424	144-210222	07/01/20-09/30/21	477,631	159,210	-	477,631	477,631	318,421	-
Total CFDA #84.424						283,709	406,419	483,848	483,848	606,558	-
Total passed through PA Department of Education						11,363,428	2,937,965	19,656,104	19,656,104	11,230,641	-
<u>Passed through Lancaster-Lebanon Intermediate Unit #13</u>											
Special Education - Preschool Grants	I	84.173	N/A	07/01/19-06/30/20	11,594	11,594	11,594	-	-	-	-
Special Education - Preschool Grants	I	84.173	N/A	07/01/20-06/30/21	9,750	-	-	9,750	9,750	9,750	-
Total CFDA #84.173						11,594	11,594	9,750	9,750	9,750	-
Special Education - Grants to States	I	84.027	N/A	07/01/19-09/30/20	2,214,203	1,549,289	1,549,289	-	-	-	-
Special Education - Grants to States	I	84.027	N/A	07/01/20-09/30/21	2,211,754	1,470,766	-	2,211,754	2,211,754	740,988	-
Special Education - Grants to States	I	84.027	N/A	07/01/19-06/30/20	25,000	25,000	25,000	-	-	-	-
Special Education - Grants to States	I	84.027	N/A	07/01/20-09/30/21	10,000	10,000	-	10,000	10,000	-	-
Total CFDA #84.027						3,055,055	1,574,289	2,221,754	2,221,754	740,988	-
Total passed through Lancaster-Lebanon Intermediate Unit #13						3,066,649	1,585,883	2,231,504	2,231,504	750,738	-
Total U.S. Department of Education						14,940,035	5,033,806	21,887,608	21,887,608	11,981,379	-
<u>U.S. Department of Treasury</u>											
<u>Passed through the PA Department of Education</u>											
COVID-19 Relief Fund	I	21.019	N/A	03/01/20-11/30/20	153,582	153,582	-	153,582	153,582	-	-
<u>Passed through the Pennsylvania Commission on Crime and Delinquency</u>											
COVID-19 Relief Fund	I	21.019	2020-CS-01-33456	03/01/20-10/30/20	549,966	549,966	-	549,966	549,966	-	-
<u>Passed through the County of Lancaster</u>											
COVID-19 Relief Fund	I	21.019	N/A	03/01/20-12/30/20	930,173	930,173	196,688	733,485	733,485	-	-
Total CFDA #21.019						1,633,721	196,688	1,437,033	1,437,033	-	-
Total U.S. Department of Treasury						1,633,721	196,688	1,437,033	1,437,033	-	-

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Health and Social Services</u>											
<u>Passed through the PA Department of Education</u>											
Temporary Assistance for Needy Families	I	93.558	FC4100081176	07/01/19-06/30/20	226,416	118,318	118,318	-	-	-	-
Temporary Assistance for Needy Families	I	93.558	FC4100081176	07/01/20-06/30/21	237,000	115,220	-	226,246	226,246	111,026	-
Total CFDA #93.558						233,538	118,318	226,246	226,246	111,026	-
Refugee and Entrant Assistance-Discretionary Grants	I	93.576	FC4100074520	10/01/19-09/30/20	57,135	57,135	12,429	44,706	44,706	-	-
Refugee and Entrant Assistance-Discretionary Grants	I	93.576	FC4100079279	10/01/20-09/30/21	50,118	800	-	7,230	7,230	6,430	-
Total CFDA #93.576						57,935	12,429	51,936	51,936	6,430	-
Total passed through PA Department of Education						291,473	130,747	278,182	278,182	117,456	-
<u>Passed through PA Department of Public Welfare</u>											
Medical Assistance Program	I	93.778	N/A	07/01/19-06/30/21	N/A	149,243	93,056	33,977	33,977	(22,210)	-
Total passed through PA Department of Public Welfare						149,243	93,056	33,977	33,977	(22,210)	-
Total U.S. Department of Health and Social Services						440,716	223,803	312,159	312,159	95,246	-
<u>U.S. Department of Homeland Security</u>											
<u>Passed through PA Emergency Management Agency</u>											
COVID-19 Disaster Grant - Public Assistance	I	97.036	N/A	01/20/20-12/31/21	636,785	-	563,219	73,566	73,566	636,785	-
Total passed through PA Emergency Management Agency						-	563,219	73,566	73,566	636,785	-
Total U.S. Department of Homeland Security						-	563,219	73,566	73,566	636,785	-
<u>U.S. Department of Agriculture</u>											
National School Lunch Program	D	10.555	N/A	07/01/19-06/30/20	N/A	135,039	135,039	-	-	-	-
National School Lunch Program	D	10.555	N/A	07/01/20-06/30/21	N/A	416,293	-	554,126	554,126	137,833	-
						551,332	135,039	554,126	554,126	137,833	-
<u>Passed through the PA Department of Education</u>											
National School Lunch Program	I	10.555	N/A	07/01/19-06/30/20	N/A	82,649	82,649	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	1,700,335	-	2,180,271	2,180,271	479,936	-
Total CFDA #10.555						1,782,984	82,649	2,180,271	2,180,271	479,936	-
School Breakfast Program	I	10.553	N/A	07/01/19-06/30/20	N/A	51,951	51,951	-	-	-	-
School Breakfast Program	I	10.553	N/A	07/01/20-06/30/21	N/A	749,970	-	922,496	922,496	172,526	-
Total CFDA #10.553						801,921	51,951	922,496	922,496	172,526	-
National School Fresh Fruits & Vegetable Lunch Program	I	10.582	N/A	07/01/20-06/30/21	35,914	35,914	-	35,914	35,914	-	-

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2020</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2021</u>	<u>Passed Through to Subrecipients</u>
<u>Passed through the PA Department of Education (cont'd)</u>											
School Breakfast Program	S	N/A	N/A	07/01/19-06/30/20	N/A	2,361	2,361	-	-	-	-
School Breakfast Program	S	N/A	N/A	07/01/20-06/30/21	N/A	33,185	-	40,818	40,818	7,633	-
National School Lunch Program	S	N/A	N/A	07/01/19-06/30/20	N/A	3,205	3,205	-	-	-	-
National School Lunch Program	S	N/A	N/A	07/01/20-06/30/21	N/A	62,807	-	80,371	80,371	17,564	-
Total State						101,558	5,566	121,189	121,189	25,197	-
Total PA Department of Education						2,722,377	140,166	3,259,870	3,259,870	677,659	-
Total U.S. Department of Agriculture						3,273,709	275,205	3,813,996	3,813,996	815,492	-
Total Federal Awards and Certain State Grants						\$ 20,288,181	\$ 6,292,721	\$ 27,524,362	\$ 27,524,362	\$ 13,528,902	\$ -
Total Federal Awards						\$ 20,186,623	\$ 6,287,155	\$ 27,403,173	\$ 27,403,173	\$ 13,503,705	\$ -
Total State Awards						101,558	5,566	121,189	121,189	25,197	-
Total Federal Awards and Certain State Grants						\$ 20,288,181	\$ 6,292,721	\$ 27,524,362	\$ 27,524,362	\$ 13,528,902	\$ -
Special Education Cluster (IDEA) (CFDA's #84.027 and #84.173)						\$ 3,066,649	\$ 1,585,883	\$ 2,231,504	\$ 2,231,504	\$ 750,738	\$ -
Child Nutrition Cluster (CFDA's #10.553 and #10.555)						\$ 3,136,237	\$ 269,639	\$ 3,656,893	\$ 3,656,893	\$ 790,295	\$ -

Source Codes

D - Direct Funding

I - Indirect Funding

S - State Share

SCHOOL DISTRICT OF LANCASTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

June 30, 2021

(1) FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards and Certain State Grants reflects federal expenditures for all individual grants which were active during the fiscal year. Additionally, the Schedule reflects expenditures for certain state grants.

(2) BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

(3) ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2021 was \$1,357,631.

(4) QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM

The District participates in the Qualified School Construction Bonds ("**QSCB**") program sponsored by the State Public School Authority ("**SPSBA**"). In conjunction with the QSCB Program, the District receives subsidy reimbursements for a portion of the interest payments made under its loan agreements with the SPSBA. Reimbursements are federal source revenues but are not considered federal financial assistance. The amount of QSCB subsidy payments recognized for the year ended June 30, 2021 was \$3,032,359.

(5) INDIRECT COSTS

The amount expended includes \$175,043 claimed as an indirect cost recovery using an approved indirect cost rate of 4.43 percent. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SCHOOL DISTRICT OF LANCASTER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2021

There were no audit findings for the year ended June 30, 2020.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of School Directors
School District of Lancaster
Lancaster, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of School District of Lancaster, Lancaster, Pennsylvania, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise School District of Lancaster's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered School District of Lancaster's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School District of Lancaster's internal control. Accordingly, we do not express an opinion on the effectiveness of School District of Lancaster's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether School District of Lancaster's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BBD, LLP

**Philadelphia, Pennsylvania
December 15, 2021**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

**Board of School Directors
School District of Lancaster
Lancaster, Pennsylvania**

Report on Compliance for Each Major Federal Program

We have audited School District of Lancaster's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of School District of Lancaster's major federal programs for the year ended June 30, 2021. School District of Lancaster's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of School District of Lancaster's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("**Uniform Guidance**"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about School District of Lancaster's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of School District of Lancaster's compliance.

Opinion on Each Major Federal Program

In our opinion, School District of Lancaster, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of School District of Lancaster is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered School District of Lancaster's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of School District of Lancaster's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BBD, LLP

**Philadelphia, Pennsylvania
December 15, 2021**

SCHOOL DISTRICT OF LANCASTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2021

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the School District of Lancaster were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of the School District of Lancaster are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the School District of Lancaster, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the School District of Lancaster expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:
 - Coronavirus Relief Fund – CFDA Number 21.019
 - Education Stabilization Fund – Elementary and Secondary Education – CFDA Number 84.425
 - Special Education Cluster:
 - I.D.E.A. – Part B, Section 611 – CFDA Number 84.027
 - I.D.E.A. – Part B, Section 619 – CFDA Number 84.173
8. The threshold used for distinguishing between Type A and B programs was \$824,075.
9. The School District of Lancaster did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

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