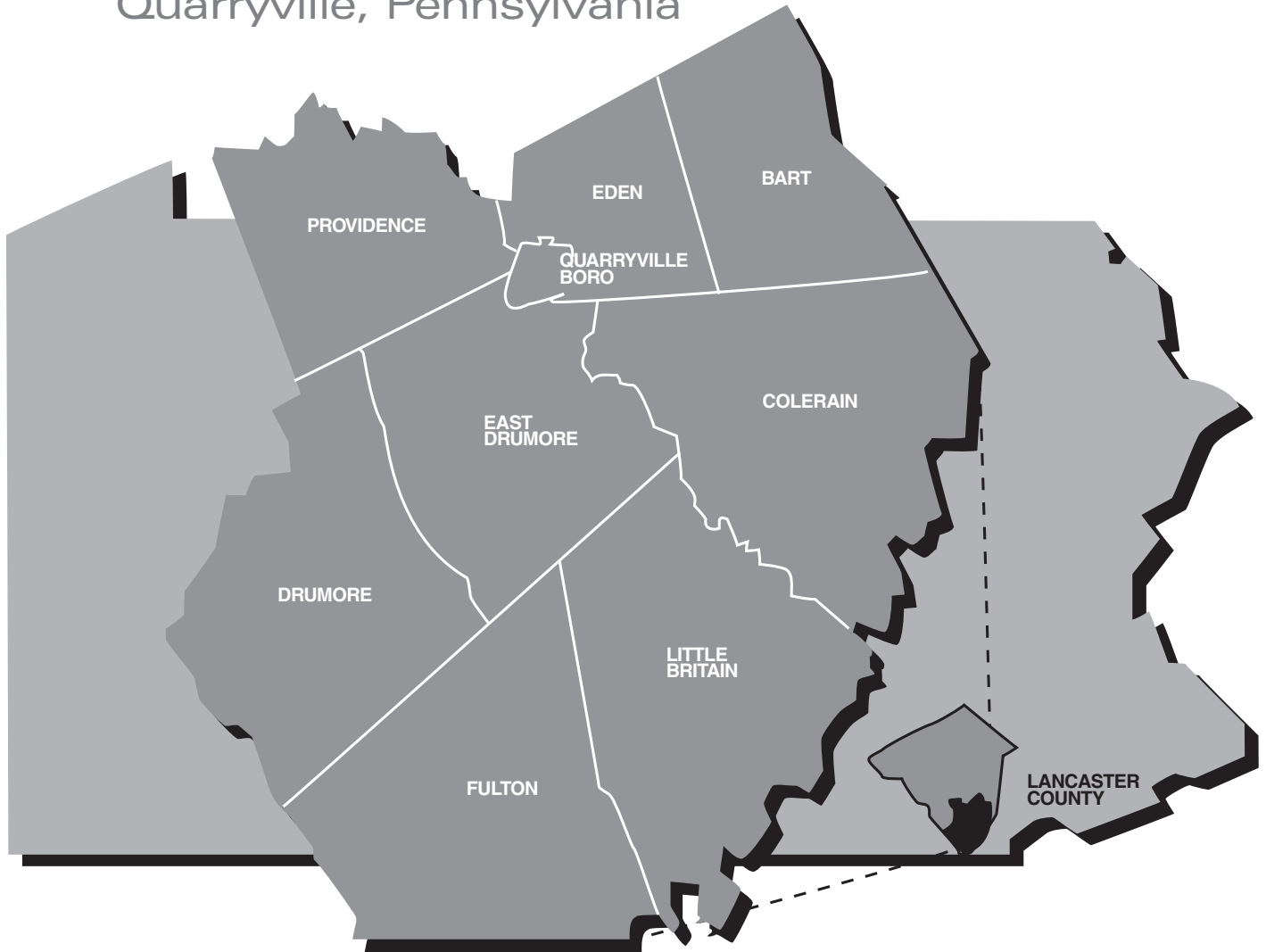


The
**Solanco
School
District**
Quarryville, Pennsylvania



**Comprehensive
Annual Financial Report
for the Fiscal Year Ended
June 30, 2018**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**



QUARRYVILLE, PENNSYLVANIA

PREPARED BY THE BUSINESS OFFICE

**SANDRA S. TUCKER, CPA, SFO PRSBA
BUSINESS MANAGER**

**MEGAN A. BROWN
ASSISTANT BUSINESS MANAGER**

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 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
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Solanco School District

"Our mission is to provide educational opportunities which enable all students to become contributing members of society."



Robert J. Dangler, Ed. D.
Assistant Superintendent

Brian A. Bliss, Ed. D.
Superintendent

Sandra S. Tucker, CPA
Business Manager

January 24, 2019

Board of School Directors and Citizens
Solanco School District
121 South Hess Street
Quarryville, PA 17566

Dear Members of the Board of School Directors and Citizens:

We are pleased to submit the comprehensive annual financial report (CAFR) of the Solanco School District (District) for the fiscal year ended June 30, 2018. State law requires school districts to publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2018.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operation of the district as a whole and of its various funds. This report is a complete disclosure of all financial activities of the District. We believe that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included.

Trout, Ebersole and Groff, LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Solanco School District's financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The comprehensive annual financial report is presented in four sections:

1. The INTRODUCTORY SECTION contains this Letter of Transmittal and the Certificate of Excellence in Financial Reporting presented by the Association of School Business Officials for last year's CAFR, the Certificate of Achievement for Excellence in Financial Reporting presented by the Government Finance Officers Association for last year's CAFR, Board of School Directors and Principal Officials listing and Organizational Chart.
2. The FINANCIAL SECTION begins with the independent auditor's report. This section includes the management's discussion and analysis, basic financial statements, combining individual fund statements and schedules, in addition to the required supplemental information.
3. The STATISTICAL SECTION – which is not audited, includes selected financial, demographic and economic data, generally presented on a multi-year basis. This section also includes all disclosures, not contained elsewhere in the CAFR, to comply with the Securities and Exchange Commission continuing disclosure requirements for general obligation debt issues.
4. SINGLE AUDIT – the District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB), Circular A-133, Audits of State, Local Governments and Non-profit Organizations. Information related to this single audit, including the schedules of state and federal assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations is included in this section of the report. This section reflects the District's participation in federal award programs of both a competitive and entitlement nature.

PROFILE OF THE GOVERNMENT

The Solanco School District is a public school district of the third class organized under state law comprising 188.85 square miles. The District is located in southern Lancaster County, from which the name "SoLanCo" originated. The area extends from a point just north of Christiana and west to Colemanville on the Susquehanna River. It is bordered on the east by Chester County, on the south by Maryland, and on the west by the Susquehanna River. It serves Quarryville Borough and Bart, Colerain, Drumore, East Drumore, Eden, Fulton, Little Britain, and Providence Townships in Lancaster County, Pennsylvania. The District encompasses nearly 20 percent of Lancaster County's total landmass; however, the District's rural setting is inhabited by 5.9 percent of the county's population.

The District provides a comprehensive educational program for approximately 3,450 age-qualified students from kindergarten through grade 12. The District's mission is "Connecting. Inspiring. Empowering". Instructional services are provided for regular education, special education, vocational education (which includes industrial arts, agriculture science and technical programs), programs for the fine arts, advanced academic programs and gifted programs. Students are also encouraged to participate in the many school-sponsored co-curricular and extracurricular activities encompassing intramural and interscholastic athletics as well as a variety of student clubs, musical and theatrical activities available to both elementary and secondary students.

District administrators, teachers, and support staff are provided a variety of opportunities for participation in professional development activities, seminars, conferences and online courses with the ultimate goal of improving the educational program. Professional development is a district-wide effort largely tied to curriculum alignment, state assessments and legislative mandates. Facts regarding the School District teachers for the 2017-2018 fiscal year is provided in the following table.

Number of Classroom Teachers	226
Percentage of Certified Teachers	100%
% of Teachers with Bachelor’s Degree	61.95%
% of Teachers with Master’s Degree	38.05%
Average Teacher Salary	\$58,695.44
Average Years of Service	13.9 years

The Commonwealth of Pennsylvania maintains statutory oversight and responsibility of the public school system. The Board of School Directors (Board) is the basic level of government that has financial accountability and authority over activities related to public elementary and secondary school education in the Pennsylvania jurisdiction of the Local Education Agency (LEA). The Board consists of nine directors who are each elected to an alternating four or five-year term. The Board receives funding from local, state, and federal governmental sources and must comply with the concomitant requirements of these funding source entities. The Board is required to adopt a final budget by June 30th of the preceding fiscal year. This annual budget serves as the foundation for the school district’s financial planning and control. The budget is prepared by fund, function (activity or department) and object (service or expense). The transfer of resources between funds or functions must be approved by the Board. However, transfers between objects within a function may be performed as needed by the District’s business office.

This report includes all of the funds of the District. Management has evaluated the possible inclusion of related entities or component units in this financial report. The criteria used in the evaluation are financial accountability and the nature and significance of the relationship. No additional entities are required to be included in this report and the District, itself, is not reported as a component unit of any other financial entity.

DISTRICT FACILITIES

The District is comprised of four elementary schools. Bart-Colerain Elementary School, Clermont Elementary School, Providence Elementary School and Quarryville Elementary School provide instruction to 1520 kindergarten through fifth grade students. Two middle schools, George A. Smith Middle School and Swift Middle School, house 844 students in grades six through eight. Solanco High School provides instruction to 1090 students in grades nine through twelve. The central administration building holds the offices of the superintendent, assistant superintendent, the business office, the special education supervisor and the directors for community relations, food service, plant operations/maintenance, technology and transportation. Near the central administration building, the District owns a warehouse, which is used as a central receiving, storage, distribution facility and maintenance building.

Four of the seven district school buildings were built prior to 1966 and all but Clermont Elementary have experienced at least one major renovation or addition since originally constructed.

The oldest building, the administrative office, was placed in service more than 100 years ago. The newest building, Clermont Elementary School, has been in service since 1992. The school district follows a five-year capital replacement plan, scheduling major maintenance, building renovations and additions as enrollment, programming and operational needs arise. Refer to the "*Full-time Equivalent Employees by Function*" and "*District Building Information*" charts located in the statistical section for additional information related to district employees and buildings.

ENROLLMENT

District enrollment reflects an overall 9.2 percent decline of students during the past ten-year period. Enrollment reported for the 2008-2009 school year was 3,805 students and 3,454 students were reported for 2017-2018. No enrollment growth spikes or significant enrollment declines are anticipated in the charted future. The percentage of students eligible for free and reduced meals grew from 24.4 percent of total students during 2008-2009 to 41.9 percent of total students during 2017-2018 an increase of 17.5 percent during the ten-year period. The District tracks live birth and census data along with historical information to plan for upcoming years. District enrollment projections are analyzed and updated each year. Refer to the chart, "*Enrollment History and Projections by Instructional Level*" located in the statistical section of this report for additional information.

ECONOMIC CONDITION AND OUTLOOK OF LOCAL ECONOMY

Lancaster County is located approximately 240 miles east of Pittsburgh and 60 miles west of Philadelphia in the south central portion of the state. In addition to being only one and one half hours from Philadelphia, Lancaster County is within easy driving distance of the metropolitan areas of Harrisburg, Baltimore, Washington, D.C., and New York. The County's population has grown 7.2 percent over the past ten years, from 503,807, reported for the 2008 calendar year to 542,903 during 2017. The annual County unemployment rate fluctuated during the past ten years from a minimal rate of 4.0 percent, reported for the 2015 calendar year; to the maximum rate of 7.5 percent reported for calendar year 2009. The unemployment rate reported for October 2018 was 3.4 percent. Lancaster County's unemployment rate is 0.7 percent lower than the state rate of 4.1 percent as reported by the Center for Workforce Information & Analysis, Pennsylvania Department of Labor and Industry for the same period.

County taxable assessed property values increased 6.3 percent during the past ten years, from the 2008 year assessed value of \$30.5 billion to the 2017 assessed value of \$32.5 billion. Per capita personal income grew steadily from the 2008 year total of \$37,066 to the 2016 total of \$45,839, an increase of 19.1 percent during the nine-year period. Additional information can be obtained from the "*Lancaster County Demographic and Economic Statistics*" chart located in the statistical section of this report.

Lancaster County supports a diversified mix of industries including agriculture, health services, manufacturing, retail trade, wholesale distribution, education, finance, insurance, construction, transportation and tourism. The manufacturing industry represents the largest number of employment opportunities followed by significant employment in education, health services, retail and wholesale trade, professional and business services and hospitality industries. Farmland preservation is a top priority for the County, creating conflicts with a growing population and land development. The low cost of living, proximity to major East Coast markets, limited traffic congestion and the balanced diversity of the business community provide economic stability to the area and promote growth.

The area's economic stability and prosperity have endured for over two and one-half centuries. Refer to the table entitled, "*Principal Employers*", located in the statistical section to obtain additional information regarding employer statistics of the District.

INTERNAL CONTROLS

Internal controls within the District are under constant scrutiny and refinement to provide assurance that assets are safeguarded against loss through unauthorized use or disposition. Changes in internal controls evolve from a variety of sources and needs, including administration, local auditors, state auditors, federal program auditors and the board of school directors. The cost of internal controls should not exceed the benefits expected to be derived from the controls. The objective of controls is to provide reasonable, rather than absolute assurance the financial statements are free of any material misstatements. The School District's controls provide reasonable assurance as to proper recording and tracking of financial activity and compliance with the requirements of laws, regulations, contracts and grants. Refer to the auditor's "*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*" found in the single audit section.

BUDGET CONTROLS

District budgeting is a year-round process. Planning for the next fiscal year's budget begins in the summer of the previous fiscal year with a review of the procedures used during the development of the last budget. This review results in the formulation of changes necessary to make the process run more efficiently and to address identified issues early in the budget process. A calendar for the upcoming budget process is formulated in September and the actual budget process begins in earnest during October with the distribution of budgeting and bidding materials to the building principals and department heads. Inventories are taken with equipment and supply needs assessed for the upcoming school year. Each building determines needs based on enrollment projections, the current curriculum cycles, technology needs, and assessment of actual needs of the prior year's students.

Review of budget requests occurs first at the building level with department heads and building principals. Concurrently, program administrators are preparing requests for their specific areas. All requests are reviewed with central office administration in an attempt to prioritize needs consistent with budgetary allocations. When reductions in requests are necessary, building level personnel are solicited for input. Central administration prepares all budgetary items related to salary and fringe benefit costs. All staffing requests made by the building principals or department heads are analyzed on an individual basis to determine need.

Projections for local revenue sources are based on current information regarding the Lancaster County economy, with close attention paid to historical trends. Funding from state and federal sources is estimated based upon Commonwealth of Pennsylvania budget information regarding subsidy allocation trends and District knowledge of competitive and entitlement grant funding. The proposed preliminary budget is presented to the public during the month of December. Revisions are made in response to community input through public discussions and from updates of preliminary budget estimates. The school board must formally approve the final budget on or before June 30th. The Board approved the 2017-2018 general fund budget on June 7, 2017 at a duly advertised public meeting. The budget proposed total expenditures and other financing uses of \$58,168,153. Actual total expenditures and other financing uses for the 2017-2018 fiscal year were \$3.1 million below budget estimates.

Refer to the MD&A for “*General Fund Budgeting Highlights*”, the “*Notes to Required Supplementary Information*” and the budget to actual comparative financial schedules located in the financial section for detailed budgetary information.

INDEPENDENT AUDIT

The District submits its financial data to independent certified public accountants at year-end for a comprehensive annual audit. The financial section of this document contains their report for the fiscal year ended June 30, 2018. The District also submits its federal program files to independent certified public accountants to be audited in accordance with 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)*. The “Single Audit” statements and schedules required by the Circular can be found in the Single Audit section of this report. The independent certified public accounting firm of Trout, Ebersole, and Groff, LLP of Lancaster, Pennsylvania audits the District’s financial statements. The audit opinion precedes the accompanying basic financial statements located in the financial section.

RELEVANT FINANCIAL POLICIES

Regulated public utilities, located in Pennsylvania, are assessed real estate tax based on the tax assessed value of the property, as determined by local county assessments. Regulated public utility property is located within the District and is assessed real estate tax based on a value agreed upon by the local county tax assessment authorities. The Board of School Directors approved the designation of real estate taxes, collected from the regulated public utility properties, to be set-aside for future capital projects. The tax revenues generated by the public utility properties are transferred to the capital project fund annually and enable the District to “pre-fund” a portion of future capital projects. Additional information concerning the PURTA reevaluation can be found in Note 20 of the “*Notes to the Basic Financial Statements*”.

The District has historically transferred a portion of unassigned fund balance to the capital project fund and/or the internal service funds to “pre-fund” future expenses for fiscal years in which actual expenditures are below budget estimates. The general fund transferred \$4.3 million to the capital project fund during the fiscal year ended June 30, 2018.

LONG-TERM FINANCIAL PLANNING

A school board ‘assignment’ for \$325,000 of the general fund’s current fund balance has been designated to reduce the impact of property reassessment challenges during the 2018-2019 and 2019-2020 fiscal years.

Special Session Act 1 of 2006 - Tax Payer Relief legislation restricts public school districts from increasing real estate tax rates beyond a ‘base index’. The Act 1 limit for 2017-2018 was 3.0 percent. The base index is calculated annually by the Pennsylvania Department of Education (PDE) and adjustments are made for school districts with low market value and personal income levels. School districts, satisfying specific requirements, may request ‘referendum exceptions’ from PDE to increase their annual real estate tax rate above the Act 1 maximum limit for explicitly approved dollar amounts. Solanco School District has a history of applying for a referendum exception for budgeting flexibility but does not utilize the full value of the exception or use any of the exception to increase its annual tax rate. The School District did not apply for an exception for the 2017-2018 fiscal year. The Solanco School District Board of Directors is committed to constraining tax rate increases but recognizes the compounding effect

and future financial impact from lost tax revenues. The primary goal of the Board is to provide the best possible education for students while minimizing the financial impact on taxpayers.

The School Board approved a plan to renovate several school buildings during the next five-year period. Both middle schools are to be renovated with the addition of an auditorium and classrooms in each building. The Clermont Elementary School is, also, scheduled for renovation during the period, for the addition of a gymnasium and classrooms. The School District plans to utilize cash and obtain short-term financing to pay for the construction projects. The School District borrowed \$19.2 million to complete the renovation and addition to George A. Smith Middle School and will begin renovations and additions to Swift Middle School and Clermont Elementary School. An additional \$10 million will be borrowed in the upcoming fiscal year to complete renovations at Swift Middle School, Clermont Elementary School, and the reconstruction of the High School Activities Building.

MAJOR INITIATIVES

The District comprehensive plan, which was approved by the board on May 5, 2014, defines the District's mission, goals, strategies and activities for the three-year period beginning 2015-2016 through 2017-2018. The plan evolved from the collective efforts of numerous District residents including students, parents, community members, business leaders, teachers and administrators and focuses on four key areas:

1. Exemplary Teaching Techniques: The District focuses on the professional development of teachers to use high quality, research-based teaching techniques to maximize the learning of all students.
2. Data-Based Results: The District utilizes research-based and data-driven decisions that are implemented in a well-developed plan that incorporates accountability and benchmarks. The District integrates data with key district-wide and classroom decision-making processes to gauge progress toward meeting academic goals.
3. Standard-Aligned Curriculum: The District's standards-aligned curriculum with well-developed assessments is reviewed regularly and is designed to enable all students to graduate as well-rounded and thoughtful citizens.
4. Inspire Students: District educators continually seek creative ways to inspire and motivate students to perform at their best and assist students to develop successful interpersonal and career skills through the Solanco Expectations.

Academic, capital, technological and administrative initiatives undertaken during the 2017-2018 fiscal year include:

- Contracted for behavioral specialist services during the school year to assess and assist at-risk students with behavioral difficulties.
- Construction of a High School media room was completed and furnished with upgraded equipment possessing the potential to expand learning opportunities for students.
- Construction of a new driveway and expanded parking area for school bus traffic at the Clermont Elementary and Swift Middle School campus was completed.
- Replacement of the Clermont Elementary and Swift Middle Schools' heating, cooling and ventilation system completed.

- Completed the installation of outdoor light sensors designed to reduce operating costs, improve lighting functionality and enhance safety and security at the Quarryville Elementary School.
- Security camera installation completed at both middle schools and the high school through a school safety improvement initiative.
- Completed the installation of video systems on two special needs vans through an initiative to minimize behavioral problems during student transport.
- Replaced traditional phone service with technologically advanced VOIP system at Clermont Elementary School, Providence Elementary School, George A. Smith and Swift Middle Schools and the High School.
- Upgraded the High School auditorium light and sound systems for enhanced student theatrical, choral and instrumental presentations.

ACCOMPLISHMENTS

The District strives to provide students with a quality education and comprehensive educational experience, while controlling spending and operating within a fiscally responsible framework. Student accomplishments for the 2017-2018 school year are highlighted below.

2017-18 School Year Accomplishments

- Students in Kindergarten through grade 8 met or exceeded the state performance standard for regular attendance.
- Solanco High School was designated as an AP Capstone Diploma School and graduated our first group of AP Capstone graduates.
- All Solanco Schools exceeded the state performance standard for college and career ready benchmarks as measured by the Future Ready Index.
- Smith Middle School and Swift Middle School exceeded expected academic growth in the areas of math and science.
- Solanco High School exceeded the expected academic growth in the area of science.
- 90 percent of Solanco High School students taking the NOCTI/NIMS industry based assessment scored competent or advanced.
- 16 percent of grade 12 students participated in Advanced Placement exams and scored a three or higher, which is the score range necessary to have the course considered for college credit.

The District continues to provide an above average education to students for a cost that is below the statewide averages. The District spent an average of \$15,942 per student during the 2017-2018 fiscal year. Refer to the "*Schedule of General Fund Expenditures Per Student Based on Governmental Fund Expenditures*" found in the statistical section for detailed information regarding spending per student. The Pennsylvania Department of Education publishes academic achievement, graduation and professional teacher qualification reports for all public schools and intermediate units located in the state at the website www.pde.state.pa.us.

FINANCIAL REPORTING AWARDS

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting and the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Solanco School District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. [This was the twenty-first consecutive year that the government

has achieved this prestigious award.] Both of these award programs enhance the credibility of financial management and the adoption of generally accepted accounting principles in addition to the reinforcement of sound budgetary procedures. In order to be awarded a "Certificate of Achievement" and/or "Certificate of Excellence," a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report's contents must conform to each of the program's standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. Both the "Certificate of Achievement" and the "Certificate of Excellence" are valid for a period of one year only. The District believes its current comprehensive annual financial report conforms to the requirements of both programs. The District is submitting this report to ASBO and GFOA to determine its eligibility for a financial reporting award for the year ended June 30, 2018.

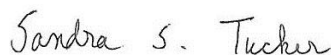
ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated service of many of the District's employees. The District would like to express appreciation to each administrator and employee of the Solanco School District for his or her assistance and contribution to the preparation of this report and for his or her interest and support in planning and conducting the financial affairs of the Solanco School District in a responsible, professional and progressive manner. Special recognition is extended to the staff associated with the independent public accounting firm of Trout, Ebersole and Groff, LLP, for their professional expertise and valuable assistance in preparing this report.

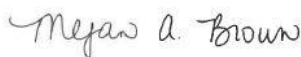
Respectfully submitted,



Brian Bliss, Ed.D.
Superintendent



Sandra S. Tucker, CPA
Business Manager



Megan A. Brown
Assistant Business Manager



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Solanco School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.'.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink that reads 'John D. Musso'.

John D. Musso, CAE
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Solanco School District
Pennsylvania**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

SOLANCO SCHOOL DISTRICT

BOARD OF SCHOOL DIRECTORS AND PRINCIPAL OFFICIALS

Fiscal Year Ended June 30, 2018

BOARD OF SCHOOL DIRECTORS

Steven P. Risk, President

Paul F. Plechner, Vice President

Justin W. Kreider, Treasurer

Charles "Chip" Roten, Assistant Treasurer

Kurt W. Kreider, Assistant Secretary

Daniel R. Bender

Craig C. Chubb

Brian P. Musser

Leon J. Ressler

PRINCIPAL OFFICIALS

Brian A. Bliss, Ed.D., Superintendent

Robert J. Dangler, Ed.D., Assistant Superintendent for Instruction

Sandra S. Tucker, CPA, SFO, PRSBA, Business Manager

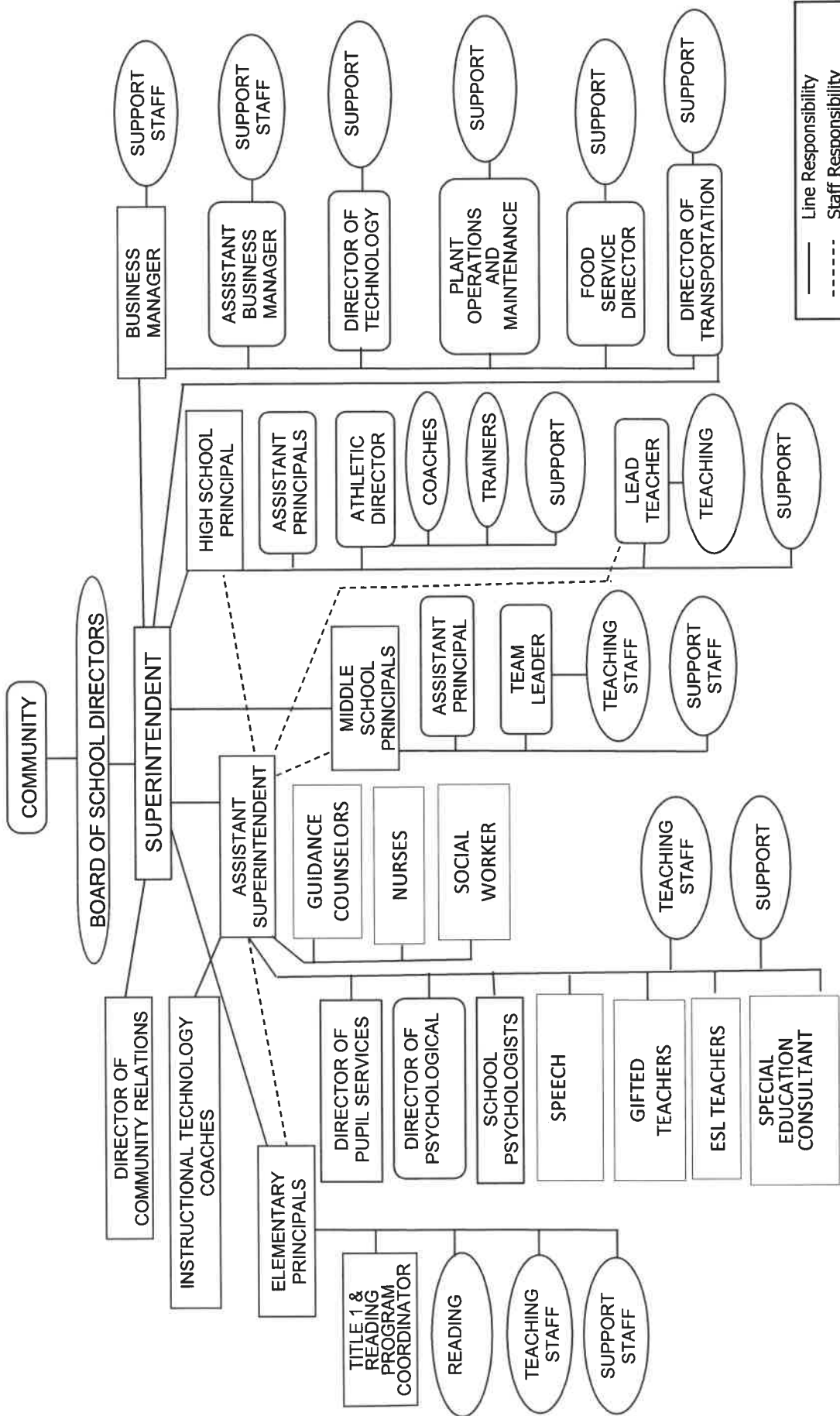
Megan A. Brown, Assistant Business Manager

Monica M. Miller, Board Secretary

Kegel, Kelin, Almy & Lord, Esquires, Solicitors

SOLANCO SCHOOL DISTRICT ORGANIZATIONAL CHART

2017 - 2018



— Line Responsibility
- - - - - Staff Responsibility

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INDEPENDENT AUDITORS' REPORT

To the Board Officers and Members
Solanco School District
Lancaster County, Pennsylvania

Report on the Financial Statements

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 **Solanco School District**, Pennsylvania (the School District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District'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 misstatements, whether due to fraud or error.

Auditors' 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 auditors' 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 auditors consider 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.

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LANCASTER OFFICE: 1705 Oregon Pike, Lancaster, PA 17601 • 717-569-2900 • Fax 717-569-0141

CAPITAL REGION OFFICE: 5000 Ritter Road, Suite 104, Mechanicsburg, PA 17055 • 717-697-2900 • Fax 717-697-2002

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 **Solanco School District** as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2018 the School District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages F-4 through F-19, the other postemployment benefits (OPEB) health care benefits plan information, budgetary comparison information, and the pension information on pages F-77 through F-88 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 **Solanco School District's** basic financial statements. The introductory section, combining and individual fund schedules and 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 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 fund schedules and statements and the schedule of expenditures of federal awards 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 fund schedules and statements and the schedule of expenditures of federal awards 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 January 23, 2019, on our consideration of **Solanco School District'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 solely 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 the effectiveness of Solanco School District's 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 **Solanco School District's** internal control over financial reporting and compliance.

January 23, 2019
Lancaster, Pennsylvania

Trout, Ebersole & Groff, LLP
TROUT, EBERSOLE & GROFF, LLP
Certified Public Accountants

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018

This section of the Solanco School District Comprehensive Annual Financial Report (CAFR), is prepared by management and represents our narrative overview and analysis of the financial activities of Solanco School District for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the financial statements and the notes to the basic financial statements, which can be found on pages I-1 through I-9 and F-1 through F-121 of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2018 are as follows:

- Total net position of the School District decreased by \$2.6 million or 22.1 percent from the prior year as a result of implementation of GASB Statement No. 75 and the restatement of the beginning net position. Refer to Note 1 - Summary of Significant Accounting Policies - 2018 Changes in Accounting Principles for details regarding implementation of this Statement. Total revenues grew by \$2.1 million or 3.8 percent with tax revenues representing 46.9 percent of the growth. Total expenses increased by \$0.4 million or 0.6 percent during the same period with growth exhibited through costs associated with Administrative and Financial Support Services, Operation and Maintenance of Plant Services and Interest on Long-Term Debt.
- Program revenues represent 25.6 percent and general revenues represent 74.4 percent of total School District revenues for the fiscal year ended June 30, 2018. Program revenues consist of charges for services, operating grants, capital grants and contributions. Taxes, basic education state subsidy and investment earnings comprise general revenues.
- Aggregate School District expenses reported for the fiscal year ended June 30, 2018 totaled \$56.3 million, of which \$14.7 million or 26.1 percent were funded directly from program revenues in the form of charges for services, operating grants, capital grants, and contributions. The remaining 73.9 percent of total expenses were funded from general revenues.
- Revenues from the School District's food service program, the only business-type activity, exceeded food service expenditures by \$24.5 thousand during the 2017-2018 fiscal year. The general fund did not subsidize food service operations during the fiscal year ended June 30, 2018.
- As of June 30, 2018, the School District's governmental funds reported combined ending fund balances of \$27.1 million, an increase of \$9.8 million or 56.4 percent in comparison with the prior year. Approximately 72.6 percent or \$19.7 million of the total combined governmental fund balance is available for spending at the School District's discretion (*assigned and unassigned fund balance*).
- Outstanding aggregate long-term debt principal balance as of June 30, 2018 for two General Obligation Notes totaled \$17.3 million. The total legal debt capacity at June 30, 2018 was \$120.0 million. Approximately \$101.0 million remains available for future debt obligations and provides the School District with significant borrowing capacity. Subsequent to June 30, 2018, the School District obtained a third \$10.0 million General Obligation Note to fund current and planned school construction projects.
- Capital assets, net of accumulated depreciation, as reported on the statement of net position for governmental and business-type activities, totaled \$47.7 million for the fiscal year ended June 30, 2018, a net increase of \$9.9 million or 26.1 percent compared to the prior year. Capital asset additions of \$12.5 million exceeded depreciation expense of \$2.5 million. Approximately \$10.5 million of the \$19.1 million General Obligation Note borrowings was utilized to fund capital asset additions for the 2017-2018 fiscal year.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements, notes to those statements and other required supplementary information. These statements are organized so the reader can understand Solanco School District as a financial whole.

The statement of net position and statement of activities provide information on a district-wide basis. The statements present an aggregate view of the School District's finances. District-wide statements contain useful long-term information as well as information for the most recent fiscal year.

The remaining statements are fund financial statements that focus on individual parts of the School District. Fund financial statements generally report operations in more detail than the district-wide statements. For governmental funds, these statements tell how the services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Solanco School District, the general fund is the most significant fund.

The notes to the basic financial statements provide further explanation of some of the information presented in the statements and provide additional disclosures so statement users have a complete picture of the School District's financial activities and position.

Required supplementary information further explains and supports the financial statements by including comparison of the School District's budget data for the year.

Notes to the required supplementary information explain and support the required supplementary information.

The major features of the School District's financial statements, including the portion of the activities reported and the type of information contained, is shown in the following table. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each statement.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

Figure 1
Major Features of Solanco School District's
Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as instructional, support services and community services	Activities the School District operates similar to private business; the School District's food service program is its only proprietary operation	Assets held by the School District on behalf of someone else; student activity funds and scholarship trust funds are reported here
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Basis of accounting and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital; short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital; short-term and long-term	All assets and liabilities, both financial and capital; short-term and long-term; these funds do not currently contain any capital assets
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions or deductions during the year, regardless of when cash is received and paid

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

OVERVIEW of FINANCIAL STATEMENTS

Government-wide Statements

Our analysis for the School District as a whole begins on page F-8. The statement of net position and the statement of activities report information about the School District as a whole. These statements portray the School District's overall financial position for the fiscal year and explains if the overall financial position has improved or diminished. Additionally, these statements include all assets and liabilities using the accrual basis of accounting. Amounts shown as "Due to/Due from" various funds in the fund balance sheet are eliminated under this basis of accounting for the statement of net position. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. The changes in net position is important because it tells the reader if the School District's financial position as a whole has advanced or declined. To assess the overall financial condition of the School District, additional non-financial factors, such as changes in the School District's property tax base and the condition of school buildings and other facilities, should be considered. Management's discussion and analysis of the many factors affecting the School District's financials will help to identify the causes of any changes in net position.

In the statement of net position and the statement of activities, the School District's financial information is divided into two distinct kinds of activities:

- *Governmental Activities* - Most of the School District's programs and services are reported here including regular and special education instruction, support services, administration, operation and maintenance of plant, pupil transportation, community services and extracurricular activities. Property and earned income taxes in addition to state formula aid finance most of these activities.
- *Business-type Activities* - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's food service is reported as a business activity.

REPORTING the SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Funds are accounting devices the School District uses to keep track of funding sources and spending on particular programs and to demonstrate compliance with various regulatory requirements. The primary statements for the School District's major funds begin on page F-25. The proprietary fund financial statements begin on page F-31. The Fund financial statements provide detailed information about the most significant funds, not the School District as a whole. The School District's two types of funds: governmental and proprietary, use different accounting approaches.

Some funds are required by state law and by bond covenants. The School District establishes other funds to control and manage money for particular purposes (i.e. repayment of debt) or to demonstrate the proper use of specific revenues, such as capital projects.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

Fund Financial Statements (Continued)

The School District has three types of funds:

- **Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. Governmental fund information does not report on long-term debt as reported on government-wide statements. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.
- **Proprietary Funds** - Services for which the School District charges a fee are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities. The School District's enterprise fund (one type of proprietary fund) is the same activity reported as business-type activities in the government-wide statements. The enterprise fund format provides more detail and additional information, such as cash flows. The food service program is the School District's only enterprise fund. The food service program is an activity for which the School District charges a fee and expects revenues to cover all expenses. The School District uses internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The School District has two internal service funds, the hospitalization fund and unemployment compensation fund.
- **Fiduciary Funds** - The School District serves as a trustee or agent for student organizations and scholarship trusts. The assets of these organizations belong to the organizations and trusts and not the School District. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and used strictly by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the School District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS of the SCHOOL DISTRICT as a WHOLE

Net Position

Net position serves as a useful indicator of an entity's financial position. The statement of net position provides the perspective of the School District as a whole and is located in the Basic Financial Statement section of this report. In the case of the Solanco School District on June 30, 2018, the sum of total liabilities and deferred inflows of resources exceeded total assets plus deferred outflows of resources by \$14.6 million. \$38.5 million of total net position at June 30, 2018, reflects the School District's investment in capital assets (land, buildings, furniture, equipment, vehicles and library books). The School District uses these capital assets to provide services to School District students and residents. Consequently, these assets are not available for future spending. Figure 2 reports increases in total assets and total liabilities for the fiscal year ended June 30, 2018. Total assets increased \$20.3 million or 30.2 percent, primarily from loan proceeds placed in short-term investments and restricted for future construction costs. Total liabilities grew \$19.7 million or 21.0 percent and is attributable to the outstanding note borrowings and the change in accounting principle for Net Other Postemployment Benefit Obligation.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

Net Position (Continued)

Deferred outflows of resources decreased \$2.0 million or 13.0 percent and deferred inflows of resources grew by \$1.23 million or 112.3 percent during the same period. The addition of deferrals associated with Other Postemployment Benefits represents \$0.5 million or 3.8 percent of aggregate deferred outflows and \$0.2 million or 9.6 percent of aggregate deferred inflows at June 30, 2018. The volatility between the plans' actuarially estimated investment income and actual income directly impacts deferred inflows and outflows of resources for benefit liabilities and expenses. Figure 2 provides an analysis of the School District's total net position for the year ended June 30, 2018 compared to June 30, 2017.

Figure 2
Net Position
Fiscal Years Ended June 30, 2018 and June 30, 2017
(Amounts in Thousands)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current Assets	\$ 38,741	\$ 28,395	\$ 983	\$ 925	\$ 39,724	\$ 29,320
Noncurrent Assets	47,652	37,780	80	70	47,732	37,850
Total Assets	<u>86,393</u>	<u>66,175</u>	<u>1,063</u>	<u>995</u>	<u>87,456</u>	<u>67,170</u>
Deferred Outflows of Resources						
Deferred Pension	<u>13,264</u>	<u>15,238</u>	<u>270</u>	<u>310</u>	<u>13,534</u>	<u>15,548</u>
Liabilities						
Current Liabilities	9,762	7,759	32	57	9,794	7,816
Noncurrent Liabilities	<u>101,751</u>	<u>84,090</u>	<u>1,733</u>	<u>1,652</u>	<u>103,484</u>	<u>85,742</u>
Total Liabilities	<u>111,513</u>	<u>91,849</u>	<u>1,765</u>	<u>1,709</u>	<u>113,278</u>	<u>93,558</u>
Deferred Inflows of Resources						
Net Pension Liability	<u>2,279</u>	<u>1,073</u>	<u>46</u>	<u>22</u>	<u>2,325</u>	<u>1,095</u>
Net Position						
Net Investment in Capital Assets	38,376	37,780	80	69	38,456	37,849
Unrestricted (Deficit)	<u>(52,511)</u>	<u>(49,289)</u>	<u>(558)</u>	<u>(495)</u>	<u>(53,069)</u>	<u>(49,784)</u>
Net Position, End of Year	<u>\$ (14,135)</u>	<u>\$ (11,509)</u>	<u>\$ (478)</u>	<u>\$ (426)</u>	<u>\$ (14,613)</u>	<u>\$ (11,935)</u>

Changes in Net Position

The results of this year's operations as a whole are reported in the statement of activities which is included in the basic financial statement section of this report. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are presented to determine the final amount of the School District's activities that are supported by other general revenues. Basic education funding provided by the Pennsylvania Department of Education (PDE) and local taxes assessed to community taxpayers such as real estate and earned income, both of which are reported as general revenues, represent the two largest revenue sources for the School District.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

Changes in Net Position (Continued)

Figure 3 provides a comparison of revenues and expenses for the fiscal years ended June 30, 2018 and 2017.

Figure 3
Statement of Activities
Fiscal Years Ended June 30, 2018 and June 30, 2017
(Amounts in Thousands)

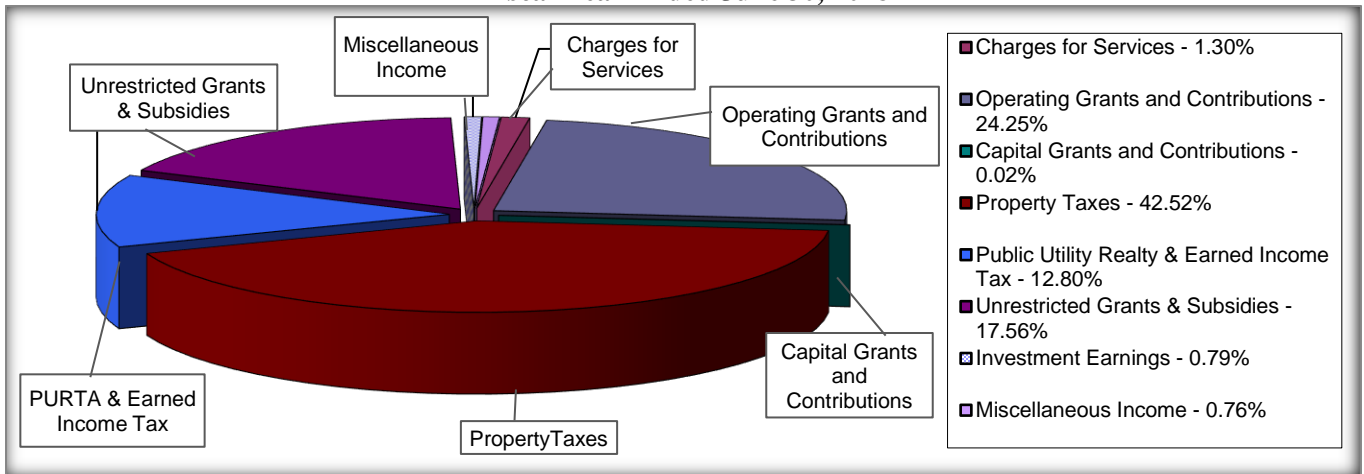
	<u>Governmental</u>		<u>Business-Type</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Program Revenues						
Charges for Services	\$ 165	\$ 174	\$ 580	\$ 613	\$ 745	\$ 787
Operating Grants and Contributions	12,919	12,302	1,025	1,067	13,944	13,369
Capital Grants and Contributions	12	235	-0-	-0-	12	235
Total Program Revenue	<u>13,096</u>	<u>12,711</u>	<u>1,605</u>	<u>1,680</u>	<u>14,701</u>	<u>14,391</u>
General Revenues						
Property Taxes	24,450	23,497	-0-	-0-	24,450	23,497
Public Utility Realty and Earned Income Taxes	7,357	7,330	-0-	-0-	7,357	7,330
Unrestricted Grants and Subsidies	10,097	10,020	-0-	-0-	10,097	10,020
Investment Earnings	441	148	12	6	453	154
Miscellaneous Income	436	16	2	1	438	17
Total General Revenues	<u>42,781</u>	<u>41,011</u>	<u>14</u>	<u>7</u>	<u>42,795</u>	<u>41,018</u>
Total Revenues	<u>55,877</u>	<u>53,722</u>	<u>1,619</u>	<u>1,687</u>	<u>57,496</u>	<u>55,409</u>
Expenses						
Instruction	35,905	36,038	-0-	-0-	35,905	36,038
Instructional Student Support	4,539	4,682	-0-	-0-	4,539	4,682
Administrative and Financial Support Services	5,002	4,818	-0-	-0-	5,002	4,818
Operation and Maintenance of Plant Services	4,057	3,934	-0-	-0-	4,057	3,934
Pupil Transportation	3,774	3,795	-0-	-0-	3,774	3,795
Student Activities	1,139	1,071	-0-	-0-	1,139	1,071
Community Services	56	38	-0-	-0-	56	38
Interest on Long-Term Debt	224	-0-	-0-	-0-	224	-0-
Food Services	-0-	-0-	1,594	1,564	1,594	1,564
Total Expenses	<u>54,696</u>	<u>54,376</u>	<u>1,594</u>	<u>1,564</u>	<u>56,290</u>	<u>55,940</u>
Change in Net Position	1,181	(654)	25	123	1,206	(531)
Beginning Net Position	(11,509)	(10,855)	(426)	(549)	(11,935)	(11,404)
Cumulative Effect of Change in Accounting Principle	(3,807)	-0-	(77)	-0-	(3,884)	-0-
Beginning, as Restated	<u>(15,316)</u>	<u>(10,855)</u>	<u>(503)</u>	<u>(549)</u>	<u>(15,819)</u>	<u>(11,404)</u>
Ending Net Position	<u>\$ (14,135)</u>	<u>\$ (11,509)</u>	<u>\$ (478)</u>	<u>\$ (426)</u>	<u>\$ (14,613)</u>	<u>\$ (11,935)</u>

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

Changes in Net Position (Continued)

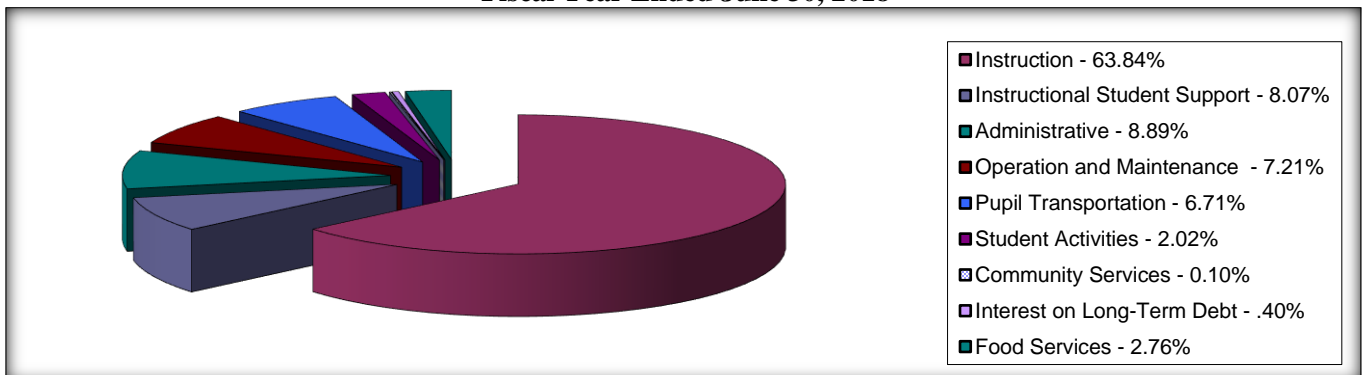
Total program revenues for the fiscal year ended June 30, 2018 were \$14.7 million, an increase of \$0.3 million or 2.2 percent from the prior year. Total general revenues expanded \$1.8 million or 4.3 percent and total expenses grew \$0.4 million or 0.6 percent during the same period. Increases in state-funded reimbursement for retirement, transportation subsidy and Safe Schools grant funding in addition to increases in federal Title 1 and Title IV grant funds accounts for the overall growth in total program revenues generated by governmental activities. Real estate tax collections represent \$1.0 million or 53.6 percent of the total growth in general revenues during the year ended June 30, 2018. Figure 4 reflects the percentage of dollars derived from each revenue category as a percentage of total School District revenue received during the fiscal year ended June 30, 2018.

Figure 4
Government-wide Revenues as a % of Total Revenues
Fiscal Year Ended June 30, 2018



The percentage of dollars utilized for each expense function (category) as a percentage of total School District expenses incurred during the fiscal year ended June 30, 2018 is reflected in Figure 5. Instruction expenses comprise 63.8 percent of total government-wide expenses. A comparison of total School District spending during the 2018 and 2017 fiscal years reflects growth of total expenses by \$0.35 million or 0.6 percent. Instruction expenses decreased \$0.13 million or 0.4 percent, Administrative and Financial Support costs grew \$0.18 million or 3.8 percent, Operation and Maintenance of Plant Services expenses increased \$0.12 million or 3.1 percent, and Interest on Long-Term Debt accounts for \$0.2 million of the total growth in government-wide expenses.

Figure 5
Government-wide Expenses as a % of Total Expenses
Fiscal Year Ended June 30, 2018



Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

Governmental Activities

Total expenses generated from governmental activities grew \$0.32 million or 0.6 percent during the fiscal year ended June 30, 2018. The net cost of services represents the total cost of services offset by charges for the services or revenue generated by the activities and intergovernmental aid provided for specific programs or activities. The net cost of expenses represents the financial burden that was placed on the State and School District taxpayers for each of the program services. The total net cost of services for governmental activities during the 2017-2018 fiscal year totaled \$41.6 million, a decrease of \$64.6 thousand, less than one percent compared to the prior year. Figure 6 presents a comparison of the total cost of services and the net cost of services for governmental activities for the fiscal years ended June 30, 2018 and June 30, 2017.

Figure 6
Governmental Activities
Fiscal Years Ended June 30, 2018 and June 30, 2017

	Total Cost of Services		Net Cost of Services		% Change of Net Cost
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Instruction	\$ 35,905,182	\$ 36,038,371	\$ 26,879,398	\$ 27,115,313	(0.9) %
Support Services:					
Instructional Student Support	4,538,968	4,682,552	3,815,636	3,904,123	(2.3) %
Administrative and Financial Support Services	5,002,233	4,817,625	4,431,265	4,298,543	3.1 %
Operation and Maintenance of Plant Services	4,056,931	3,933,764	3,617,403	3,585,221	0.9 %
Pupil Transportation	3,774,144	3,795,429	1,659,324	1,832,800	(9.5) %
Student Activities	1,139,339	1,070,669	972,037	931,017	4.4 %
Community Services	56,026	38,034	13,475	(1,762)	1500 %
Interest on Long-Term Debt	224,279	-0-	212,084	-0-	100.0 %
<u>Total Governmental Activities Expenses</u>	<u>\$ 54,697,102</u>	<u>\$ 54,376,444</u>	<u>\$ 41,600,622</u>	<u>\$ 41,665,255</u>	(0.2) %

The net cost for Administrative and Financial Support services increased 3.1 percent during the fiscal year ended June 30, 2018 as payroll and benefits grew at a higher rate than the associated state benefit reimbursements. Net transportation costs decreased during the fiscal year ended June 30, 2018 while state transportation subsidy increased due to state funding adjustments. The net cost to provide services for instruction and instructional student support declined slightly from the 2016-2017 fiscal year due to a reduction in expenses and increase in retirement reimbursement. Interest expense on the construction debt exceeded the state rental reimbursement generated from the school district's share of the career and technical center's debt obligation. There is a heavy reliance on tax revenues to fund the operations of the School District. Tax revenues represented 57.2 percent of total revenues generated by governmental activities during the 2017-2018 year. The net cost of governmental activities totaled \$41.6 million and was financed from general revenues totaling \$42.8 million. General revenues consist of local taxes, state basic education funding and miscellaneous local revenues.

Business-type Activities

Business-type activities consist solely of the food service operations and represent 3.3 percent of total net position at June 30, 2018. Revenues generated from business-type activities during the 2017-2018 fiscal year totaled \$1.6 million, a decrease of \$68.3 thousand or 4.1 percent from the prior year. A reduction in student enrollment and the quantity of meals sold accounts for the decreased revenue. Business-type activities receive no support from tax revenues, and governmental activities did not subsidize food service operations during the 2017-2018 fiscal year.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

Business-type Activities (Continued)

Total expenses generated by business-type activities during the same period increased from the 2016-2017 fiscal year by \$30.1 thousand or 1.9 percent. Rising payroll and employee benefits contributed to the total growth in expenses for business-type activities. The net position of business-type activities decreased \$52.5 thousand or 12.3 percent during the 2017-2018 fiscal year. Implementation of GASB Statement No. 75 accounts for \$77.0 thousand of the gross reduction, which was offset by a \$24.5 thousand operating surplus. The proprietary fund financial statements provide additional details of operations and are located in the basic financial statements section of this report.

FINANCIAL ANALYSIS of the SCHOOL DISTRICT'S FUNDS

Governmental Funds

Information about the School District's governmental funds is located in the basic financial statements section of this report. The School District's major funds consist of the general and capital project funds. This information is useful in assessing the School District's financing requirements. Assigned and unassigned fund balances are a useful measure of the School District's net resources available for spending at the end of the fiscal year. As of June 30, 2018, the Solanco School District's governmental funds reported combined ending fund balances of \$27.1 million, an increase of \$9.8 million or 56.4 percent in comparison with the prior year. The general fund is the chief operating fund of the Solanco School District, comprising \$6.3 million or 23.2 percent of the total combined governmental fund balance at June 30, 2018. The capital project fund represents \$20.9 million or 76.8 percent of the total combined fund balance. A comparison of the general fund's unassigned fund balance of \$3.4 million, with the total aggregate general fund balance of \$6.3 million provides a measure of the fund's liquidity. Approximately 53.8 percent of the general fund's aggregate fund balance is liquid and available for future use. Legislation enacted by the Commonwealth of Pennsylvania requires school districts to maintain an unassigned fund balance of 8.0 percent or less of total budgeted expenditures for the ensuing fiscal year. The unassigned fund balance of \$3.4 million, represents 6.2 percent of total general fund expenditures and other financing uses of \$55.1 million, for the fiscal year ended June 30, 2018 and 5.7 percent of budgeted expenditures, totaling \$58.1 million, for the 2018-2019 fiscal year. Historically, the School District has sought to maintain a fund balance in the general fund equal to approximately two months of expenditures on June 30. Significant start-up expenses are incurred during July and August in preparation of the new school year. The "two month expenditure fund balance reserve" enables the School District to satisfy cash flow requirements until tax revenues are received. Figure 7 indicates the fund balance and the total change in fund balances as of June 30, 2018 and June 30, 2017.

Figure 7
Governmental Fund Balances
Fiscal Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Difference</u>	<u>% of</u> <u>Change</u>
General Fund				
Nonspendable	\$ 322,451	\$ 300,061	\$ 22,390	7.5 %
Committed	325,000	325,000	-0-	.0 %
Assigned	2,253,777	2,377,452	(123,675)	(5.2) %
Unassigned	3,379,639	3,240,425	139,214	4.2 %
Total General Fund	<u>6,280,867</u>	<u>6,242,938</u>	<u>37,929</u>	1.0 %
Capital Project				
Nonspendable	11,052	-0-	11,052	100.0 %
Restricted	8,124,550	-0-	8,124,550	100.0 %
Assigned	12,714,790	11,103,697	1,611,093	14.5 %
Total Governmental Funds	<u>\$ 27,131,259</u>	<u>\$ 17,346,635</u>	<u>\$ 9,784,624</u>	56.4 %

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

Governmental Funds (Continued)

Inventory increased \$45.0 thousand as prepaid balances decreased \$22.6 thousand during the fiscal year 2017-2018, resulting in total nonspendable fund balance growth of \$33.4 thousand, compared to the prior year. The June 2016 commitment of \$325.0 thousand for future Other Post Employment Benefit costs was removed and the funds recommitted for 2019 property reassessment appeals.

A fund balance of \$20.9 million was reported for the capital projects fund as of June 30, 2018 and reflects an increase of 9.7 million or 87.8 percent from the prior year. A portion of the monies in the capital projects fund have been assigned, by board resolution, for future capital projects and long range expansion of School District technology. The restricted portion of the fund balance represents unspent debt proceeds. The intentional growth of the capital project fund balance aligns with the School District's plans to pay for current school construction projects and the reconstruction of the High School Activities Building. Capital project funds available during construction will enable the School District to minimize financing costs for the projects. The capital project fund balance at June 30, 2018 represents 76.9 percent of total governmental funds balance.

Proprietary Funds

The enterprise fund and the internal service fund comprise Solanco School District's proprietary funds. The information presented for the proprietary enterprise fund mirrors the information presented for the business-type activities. The food service fund is the School District's only enterprise fund or business-type activity. A discussion of the enterprise fund's financial activities has been addressed in the business-type activities section of the MD&A. The internal service fund is comprised of the hospitalization and unemployment compensation funds. Total revenues decreased \$0.4 million or 8.4 percent from the prior year while expenses declined \$0.1 million or 2.3 percent during the same period. The total net position for the internal service fund reported at June 30, 2018 was \$3.4 million and \$3.2 million for year ended June 30, 2017. The internal service fund financial statements are located in the basic financial statements section of this report with additional details included in Note 16.

CAPITAL ASSETS and DEBT ADMINISTRATION

Capital Assets

The Solanco School District's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totaled \$47.7 million (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings and building improvements, furniture and equipment, vehicles, library books and construction in progress. The following schedule reflects the school district's capital assets by category.

Figure 8
Capital Assets at June 30, 2018 and June 30, 2017
(Net of Depreciation)

	<u>2018</u>	<u>2017</u>
Land and Site Improvements	\$ 3,137,631	\$ 3,196,776
Buildings and Building Improvements	29,551,409	31,254,286
Governmental Furniture and Equipment	2,363,658	1,491,706
Vehicles	143,652	221,899
Library Books	148,837	148,508
Construction in Progress	12,306,929	1,467,050
Business-Type Food Service Equipment	79,620	69,516
Totals	\$ 47,731,736	\$ 37,849,741

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

Capital Assets (Continued)

The School District's total net investment in capital assets for the fiscal year ended June 30, 2018, increased \$9.9 million or 26.1 percent compared with the previous year. Capital Asset additions of \$12.5 million exceeded depreciation expense of \$2.5 million during the 2017-2018 fiscal year. Major capital project expenditures incurred during the 2017-2018 fiscal year included:

- Completed installation of a VOIP phone system at Clermont Elementary School, Providence Elementary School, Swift Middle School and Solanco High School - \$112,032.
- Purchase of replacement and additional instructional computers and technology throughout School District buildings - \$213,872.
- Purchase of replacement athletics track and field pole vault equipment - \$16,913.
- Purchase of replacement bleachers for Swift Middle School's gymnasium - \$21,547.
- Continuation of an upgrade to the High School auditorium sound and lighting system - \$879,798.
- Purchase of replacement compressors and heat pump for Smith Middle School - \$85,712.
- Purchase of replacement hot water heaters for Bart-Colerain Elementary School - \$10,650.
- Purchase of replacement roofing above boiler room at Quarryville Elementary School - \$23,897.
- Completion of the High School track resurfacing - \$70,650.
- Completion of paving at Bart-Colerain Elementary School for front playground, access drive, and parking lot - \$73,335.

Approximately \$10.5 million of the \$19.1 million General Obligation Note borrowings was utilized to fund capital asset additions for the 2017-2018 fiscal year. Future commitments on capital projects in progress at June 30, 2018 total \$3.3 million. Construction and renovation of the Smith Middle School account for 97.7 percent of future commitments. Expenditures associated with the capital project commitments will be paid from School District funds assigned for this purpose. Additional information concerning the School District's capital assets can be found in Note 8 of the financial section of this report.

Debt Administration

The Local Government Unit Debt Act of Pennsylvania currently limits the amount of general obligation debt a school district may issue to 225 percent of the three-year average of the school district's revenues. The current overall debt limitation for the Solanco School District is \$120.0 million. The School District has \$17.3 million of outstanding general obligation note debt at June 30, 2018 with \$101.0 million debt capacity available for future borrowing needs.

The School District is financially responsible for a portion, approximately 6.1 percent, of the Lancaster County Career and Technology Center's three guaranteed lease revenue bond issues. The payments are accounted for as operating leases dispersed from the general fund. Details regarding the operating lease payments may be found in Note 15 to the financial statements.

The School District's outstanding long-term debt, as of June 30, 2018, totaled \$18.8 million and is comprised of general obligation debt, estimated liabilities for compensated absences and accrued retirement bonus, of which \$1.9 million is due within one year. Refer to Notes 11 through 13 for additional information on long-term debt. Compensated absences derived from the unpaid sick leave for professional teachers decreased \$42.2 thousand while estimated retirement bonuses increased \$53.0 thousand.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

Debt Administration (Continued)

Details regarding the long-term debt balances at June 30, 2018 and June 30, 2017 follow.

Figure 9
Outstanding Long-Term Debt
Fiscal Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>% of Change</u>
General Obligation Debt	17,325,000	-0-	17,325,000	100.0 %
Compensated Absences	\$ 463,940	\$ 506,139	\$ (42,199)	(8.3) %
Accrued Retirement Bonus	962,329	909,304	53,025	5.8 %
Totals	<u>\$ 18,751,269</u>	<u>\$ 1,415,443</u>	<u>\$ 17,335,826</u>	12.2 %

GENERAL FUND BUDGETARY HIGHLIGHTS

2017-2018 General Fund Budget

The School District's general fund budget is prepared according to Pennsylvania law and is based on the modified accrual basis of accounting. During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. State law does not prohibit end-of-year budget adjustments. A formal, adopted budget is not mandated for other governmental funds including the capital project, internal service or enterprise funds. Historically, actual to budget revenue variances are minimal. By statute, school districts cannot overspend the expenditure budget on record, and in a year of major uncertainty, it is prudent to budget conservatively. Actual and final budget amounts compared with amounts actually received and expended are provided in the required supplementary information and the combining individual fund schedules and statements section of this report. A comparison of 2017-2018 final budgeted revenue totals to actual totals is presented in Figure 10. Total actual revenue did not reach budget estimates, falling short by \$0.7 million or 1.3 percent.

Figure 10
2017-2018 Budgeted to Actual Revenue Totals

Revenue	<u>2017-2018 Final Budget</u>	<u>2017-2018 Actual Totals</u>	<u>Final Budget vs.</u>	<u>Actual Variance</u>
Local	\$ 33,073,242	\$ 33,078,968	\$ 5,726	0.0 %
State	20,004,057	19,806,794	(197,263)	(1.0) %
Federal	2,108,401	2,145,726	37,325	1.8 %
Other Financing Sources	605,000	34,840	(570,160)	(94.2) %
Total Revenue	<u>\$ 55,790,700</u>	<u>\$ 55,066,328</u>	<u>\$ (724,372)</u>	(1.3) %

Total taxes collected were \$0.3 million or 1.1 percent below budget estimates. Investment earnings exceeded estimates by \$0.2 million and funds passed through the IU for ESY reimbursement combined with the MTSS grant surpassed budget estimates by \$0.2 million. State reimbursements for social security and retirement fell short of budget estimates and resulted in a \$0.2 million actual versus budget state revenue variance. The budgeted transfer of \$600,000 from the self-insurance hospitalization fund to the general fund was not realized during the fiscal year.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

2017-2018 General Fund Budget (Continued)

Actual 2017-2018 expenditures were lower than final budgeted expenditures by \$3.1 million or 5.3 percent. Schedules showing the School District's original and final budget amounts compared with amounts actually received and paid are provided in the required supplementary information and the combining individual fund schedules and statements section of this report. A comparison of 2017-2018 final budgeted expenditure totals to actual totals is presented in Figure 11.

Figure 11
2017-2018 Budgeted to Actual Expenditure Totals

	2017-2018 Final Budget	2017-2018 Actual Totals	Final Budget vs.	Actual Variance
Expenditures				
Current - Instructional Services	\$ 36,029,242	\$ 33,471,881	\$ 2,557,361	7.7 %
Support Services	16,656,153	16,164,057	492,096	3.0 %
Operation of Noninstructional Services	1,132,758	1,126,230	6,528	0.6 %
Other Financing Uses	4,350,000	4,311,258	38,742	1.0 %
Total Expenditures and Other Financing Uses	<u>\$ 58,168,153</u>	<u>\$ 55,073,426</u>	<u>\$ 3,094,727</u>	5.4 %

Actual salaries and payroll benefits for regular instruction and instructional staff services were lower than budget estimates and contributed to the budget versus actual variance. The School District did not replace all vacated positions and a conscience effort was made to minimize support staff hours.

2018-2019 Budget Process

The 2018-2019 general fund budget was adopted during June 2018. All budget requests are evaluated at the departmental and administrative levels prior to presentation to the School Board. The School District must provide public notice of the intent to adopt the proposed budget and ensure it is available for public inspection prior to official School Board adoption. Budgeted revenues for the 2018-2019 fiscal year totaled \$56.9 million, an increase of \$1.8 million or 3.3 percent from 2017-2018 actual revenues. Budgeted expenditures for the same period totaled \$59.1 million, an increase of \$4.0 million or 7.3 percent from 2017-2018 actual expenditures. The following items were considered during the development of the 2018-2019 general fund budget.

- The School Board approved the submission of a request for a referendum exception in order to increase the 2018-2019 real estate tax rate above the state index of 3.0 percent. The School Board exercised the option and increased real estate taxes by 0.547 mills for the fiscal year, generating an additional \$128.0 thousand of real estate tax revenue.
- A slight decline in district-wide student enrollment.
- The County-wide reassessment and expansion of the School District's taxable property assessed values.
- Potential growth of the earned income tax base.
- The continued increase of the PSERS retirement expense rate and its direct impact on employee benefit costs.
- The continued growth of special education costs and alternate service options.
- The impact of the rising cost of employee healthcare and employee benefit costs.
- Pending construction and renovation of the Clermont Elementary and Swift Middle School.
- Pending construction and renovation of the High School Activities Building.

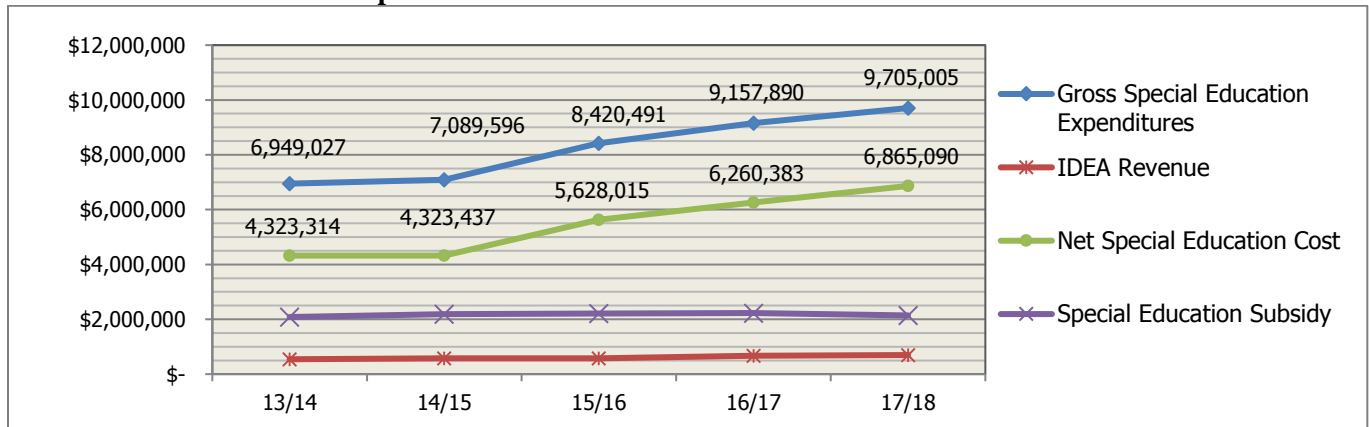
Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

FACTS BEARING on the SCHOOL DISTRICT'S FUTURE

Solanco School District maintains a financially strong position as conveyed in the preceding narrative and figures. Positive fund balance reserves exist in all governmental funds. Routine investments in capital assets enable the School District to maintain a quality campus in which to provide comprehensive educational services. At the time these financial statements were prepared and audited, the School District was aware of several existing circumstances that could impact its future financial health.

- **The escalating cost to provide special education services to a greater number of School District students.** The following figure reflects a \$2.8 million, or 39.7 percent, growth in special education expenditures during the recent five-year period while federal and state special education subsidies have remained level during the same period. The number of students qualifying for special education services increased 25.2 percent during this five-year period.

Figure 13
Special Education Instructional Costs and Revenues



- **The complexity and increased cost of healthcare plans and healthcare benefits.** The School District offers competitive healthcare benefits to its employees through a self-insured healthcare plan. Employee healthcare claims are paid as they are incurred. The School District consults healthcare experts on a regular basis in an effort to understand the dynamic healthcare regulations and to identify opportunities to reduce the cost of healthcare benefits and educate employees on healthcare options available to them and their families. The following figure exhibits employee and retiree contributions and the cost of healthcare benefits during the recent five-year period.

Figure 14
Health Plan Participant Contributions as Percentage of Health Benefit Expenses

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Retiree Contributions</u>	<u>Health Benefit Expenses</u>	<u>Contributions as Percentage of Expense</u>
17/18	\$ 436,872	\$ 247,564	\$ 4,234,342	16.2%
16/17	542,582	266,529	4,927,608	16.4%
15/16	545,972	266,923	4,589,316	17.7%
14/15	515,728	294,491	4,558,310	17.8%
13/14	495,804	318,474	4,182,892	19.5%

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS
Year Ended June 30, 2018
(Continued)

FACTS BEARING on the SCHOOL DISTRICT'S FUTURE (Continued)

- **The cost of mandated employee retirement benefits through the Pennsylvania Public School Employees' Retirement System (PSERS).** PSERS is a defined benefit pension plan funded by employer and employee contributions. The employer contribution rate has grown annually since the 2008-2009 fiscal year rate of 4.76% of payroll, increasing to the rate of 33.43% for the 2018-2019 fiscal year. Refer to the 'PSERS Retirement Rates' chart located in the Statistical section of this report for historical and projected retirement rates. State legislators, concerned with the financial burden placed upon taxpayers, continue to discuss options to deal with the pension system's future unfunded liability.
- **Solanco Education Association Collective Bargaining Agreement.** The Solanco Education Association collective bargaining agreement expires June 30, 2019. The agreement must provide compensation and benefits that promote employment longevity while minimizing long-term costs for the School District.
- **Completion of Demographic Study.** The School District contracted with a demographer to complete a demographic study during the 2018-2019 fiscal year. This study will provide important information to the School District as it develops plans and strategies for satisfying the educational needs of its current and future students.
- **Planning and the investment in capital assets must continue.** Maintaining an appropriate physical environment conducive to learning that is safe, secure and affordable requires investment in the construction, expansion and renovation of school facilities. The maintenance and expansion of technology infrastructure is a primary component of the School District's capital project plan. The School District has invested in land and buildings for future School District growth. Undeveloped land in Little Britain Township and property adjoining the Bart Colerain Elementary and High School campuses are available for future expansion as the need arises.

CONTACTING SCHOOL DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it received. If you have questions about this report or need additional financial information, please contact Sandra S. Tucker, Business Manager, or Megan A. Brown, Assistant Business Manager, at Solanco School District, 121 South Hess Street, Quarryville, PA 17566.

BASIC FINANCIAL STATEMENTS

Solanco School District
STATEMENT of NET POSITION
June 30, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 9,767,296	\$ 667,497	\$ 10,434,793
Investments	23,394,309	155,280	23,549,589
Taxes Receivable, net	1,884,292	-0-	1,884,292
Due from Other Governments	2,559,380	144,204	2,703,584
Other Receivables	770,500	1,763	772,263
Inventories	239,341	14,617	253,958
Prepaid Items	<u>125,837</u>	<u>-0-</u>	<u>125,837</u>
<u>Total Current Assets</u>	38,740,955	983,361	39,724,316
Noncurrent Assets:			
Non-Depreciable	13,442,214	-0-	13,442,214
Depreciable, net	<u>34,209,902</u>	<u>79,620</u>	<u>34,289,522</u>
<u>Total Noncurrent Assets</u>	<u>47,652,116</u>	<u>79,620</u>	<u>47,731,736</u>
<u>TOTAL ASSETS</u>	<u>86,393,071</u>	<u>1,062,981</u>	<u>87,456,052</u>
<u>DEFERRED OUTFLOWS of RESOURCES</u>			
Deferred Outflows - Pension	12,762,540	260,460	13,023,000
Deferred Outflows - Other Postemployment Benefits	<u>501,000</u>	<u>10,000</u>	<u>511,000</u>
<u>TOTAL DEFERRED OUTFLOWS</u> <u>of RESOURCES</u>	\$ <u>13,263,540</u>	\$ <u>270,460</u>	\$ <u>13,534,000</u>

See notes to financial statements.

Solanco School District
STATEMENT of NET POSITION
June 30, 2018
(Continued)

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Internal Balance	\$ (177)	\$ 177	\$ -0-
Accounts Payable	4,102,455	2,163	4,104,618
Notes Payable Due Within One Year	1,625,000	-0-	1,625,000
Compensated Absences Due Within One Year	13,767	-0-	13,767
Accrued Retirement Bonus Due Within One Year	285,000	-0-	285,000
Accrued Salaries and Benefits	3,426,963	1,661	3,428,624
Accrued Interest	114,663	-0-	114,663
Payroll Deductions and Withholdings	140,276	-0-	140,276
Unearned Revenues	7,959	28,444	36,403
Other Current Liabilities	46,143	-0-	46,143
<u>Total Current Liabilities</u>	<u>9,762,049</u>	<u>32,445</u>	<u>9,794,494</u>
Noncurrent Liabilities:			
Long-Term Portion of Notes Payable	15,700,000	-0-	15,700,000
Long-Term Portion of Compensated Absences	450,173	-0-	450,173
Accrued Retirement Bonus	677,329	-0-	677,329
Net Other Postemployment Benefit Obligation	6,065,000	124,000	6,189,000
Net Pension Liability	78,858,640	1,609,360	80,468,000
<u>Total Noncurrent Liabilities</u>	<u>101,751,142</u>	<u>1,733,360</u>	<u>103,484,502</u>
 <u>TOTAL LIABILITIES</u>	 <u>111,513,191</u>	 <u>1,765,805</u>	 <u>113,278,996</u>
 <u>DEFERRED INFLOWS of RESOURCES</u>			
Deferred Inflows - Pension	2,059,937	42,063	2,102,000
Deferred Inflows - Other Postemployment Benefits	219,000	4,000	223,000
<u>TOTAL DEFERRED INFLOWS of RESOURCES</u>	<u>2,278,937</u>	<u>46,063</u>	<u>2,325,000</u>
 <u>NET POSITION</u>			
Net Investment in Capital Assets	38,375,747	79,620	38,455,367
Unrestricted (Deficit)	(52,511,264)	(558,047)	(53,069,311)
 <u>TOTAL NET POSITION</u>	 <u>\$ (14,135,517)</u>	 <u>\$ (478,427)</u>	 <u>\$ (14,613,944)</u>

See notes to financial statements.

Solanco School District
STATEMENT of ACTIVITIES
Year Ended June 30, 2018

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total
Governmental Activities:							
Instruction	\$ 35,905,182	\$ 10,521	\$ 9,015,263	\$ -0-	\$ (26,879,398)	\$ -0-	\$ (26,879,398)
Instructional Student Support	4,538,968	-0-	723,332	-0-	(3,815,636)	-0-	(3,815,636)
Administrative and Financial Support Services	5,002,233	25,939	545,029	-0-	(4,431,265)	-0-	(4,431,265)
Operation and Maintenance of Plant Services	4,056,931	56,324	383,204	-0-	(3,617,403)	-0-	(3,617,403)
Pupil Transportation	3,774,144	7,002	2,107,818	-0-	(1,659,324)	-0-	(1,659,324)
Student Activities	1,139,339	65,081	102,221	-0-	(972,037)	-0-	(972,037)
Community Services	56,026	-0-	42,551	-0-	(13,475)	-0-	(13,475)
Interest on Long-Term Debt	224,279	-0-	-0-	12,195	(212,084)	-0-	(212,084)
<u>Total Governmental Activities</u>	54,697,102	164,867	12,919,418	12,195	(41,600,622)	-0-	(41,600,622)
Business-Type Activities:							
Food Services	1,594,334	579,939	1,024,903	-0-	-0-	10,508	10,508
<u>Total Government</u>	\$ 56,291,436	\$ 744,806	\$ 13,944,321	\$ 12,195	(41,600,622)	10,508	(41,590,114)
General Revenues:							
Taxes:							
Property Taxes,							
Levied for General Purposes, net					24,449,549	-0-	24,449,549
Public Utility Realty and Earned Income Taxes,							
Levied for General Purposes, net					7,356,727	-0-	7,356,727
Unrestricted Grants and Subsidies					10,097,407	-0-	10,097,407
Investment Earnings					441,094	12,467	453,561
Miscellaneous Income					436,617	1,530	438,147
<u>Total General Revenues</u>					42,781,394	13,997	42,795,391
<u>CHANGES in NET POSITION</u>					\$ 1,180,772	\$ 24,505	\$ 1,205,277

See notes to financial statements.

(Continued)

Solanco School District
STATEMENT of ACTIVITIES
Year Ended June 30, 2018
(Continued)

	Program Revenues		Net Revenue (Expense) and Changes in Net Position			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Functions/Programs (continued)						
<u>NET POSITION</u>						
Beginning, as Originally Stated				\$ (11,509,289)	\$ (425,932)	\$ (11,935,221)
Cumulative Effect of Change in Accounting Principle (Note 21)				<u>(3,807,000)</u>	<u>(77,000)</u>	<u>(3,884,000)</u>
Beginning, as Restated				(15,316,289)	(502,932)	(15,819,221)
Ending				<u>(14,135,517)</u>	<u>(478,427)</u>	<u>(14,613,944)</u>

Solanco School District
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2018

	Major Funds			Total
	General Fund	Capital Project Fund	Other Governmental Fund	Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 7,926,521	\$ 1,557,394	\$ -0-	\$ 9,483,915
Investments	3,013,567	17,093,471	-0-	20,107,038
Accounts Receivable	-0-	534,471	-0-	534,471
Taxes Receivable, net	1,884,292	-0-	-0-	1,884,292
Due from Other Funds	177	2,326,642	-0-	2,326,819
Due from Other Governments	2,559,380	-0-	-0-	2,559,380
Other Receivables	48,952	38,856	-0-	87,808
Inventories	239,341	-0-	-0-	239,341
Prepaid Items	83,110	11,052	-0-	94,162
<u>TOTAL ASSETS</u>	<u>15,755,340</u>	<u>21,561,886</u>	<u>-0-</u>	<u>37,317,226</u>
 <u>LIABILITIES, DEFERRED INFLOWS of RESOURCES</u> <u>and FUND BALANCES</u>				
<u>LIABILITIES</u>				
Due to Other Funds	2,326,642	-0-	-0-	2,326,642
Due to Other Governments	118,828	-0-	-0-	118,828
Accounts Payable	2,999,605	711,494	-0-	3,711,099
Accrued Salaries and Benefits	3,426,963	-0-	-0-	3,426,963
Payroll Deductions and Withholdings	140,276	-0-	-0-	140,276
Unearned Revenues	7,959	-0-	-0-	7,959
<u>TOTAL LIABILITIES</u>	<u>9,020,273</u>	<u>711,494</u>	<u>-0-</u>	<u>9,731,767</u>
<u>DEFERRED INFLOWS of RESOURCES</u>	<u>454,200</u>	<u>-0-</u>	<u>-0-</u>	<u>454,200</u>
 <u>FUND BALANCES</u>				
Nonspendable	322,451	11,052	-0-	333,503
Restricted	-0-	8,124,550	-0-	8,124,550
Committed	325,000	-0-	-0-	325,000
Assigned	2,253,777	12,714,790	-0-	14,968,567
Unassigned	3,379,639	-0-	-0-	3,379,639
<u>TOTAL FUND BALANCES</u>	<u>6,280,867</u>	<u>20,850,392</u>	<u>-0-</u>	<u>27,131,259</u>
 <u>TOTAL LIABILITIES, DEFERRED</u> <u>INFLOWS of RESOURCES, and FUND</u> <u>BALANCES</u>				
	<u>\$ 15,755,340</u>	<u>\$ 21,561,886</u>	<u>\$ -0-</u>	<u>\$ 37,317,226</u>

See notes to financial statements.

Solanco School District
RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET
to the STATEMENT of NET POSITION
June 30, 2018

Total fund balances - governmental funds \$ 27,131,259

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$104,298,123 and the accumulated depreciation is \$56,646,007. 47,652,116

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. 3,431,877

Property taxes receivable are available for collection this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. 454,200

In the statement of activities, interest is accrued on long-term debt, whereas in the governmental funds, an interest expenditure is recorded when due. (114,663)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Net Pension Liability	(78,858,640)	
Notes Payable	(17,325,000)	
Accrued Retirement Bonus	(962,329)	
Compensated Absences	(463,940)	
Net Other Postemployment Benefit Obligation	<u>(6,065,000)</u>	(103,674,909)

Deferred outflows of resources - pension and OPEB are not due and payable in the current period and, therefore, are not reported in the funds. 13,263,540

Deferred inflows of resources - pension and OPEB are not due and collectable in the current period and, therefore, are not reported in the funds. (2,278,937)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (14,135,517)

See notes to financial statements.

Solanco School District
STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	Major Funds			Total Governmental Funds
	General Fund	Capital Project Fund	Other Governmental Fund	
<u>REVENUES</u>				
Local Sources:				
Real Estate Taxes and Penalties	\$ 23,721,263	\$ -0-	\$ -0-	\$ 23,721,263
Other Taxes	7,891,527	-0-	-0-	7,891,527
Investment Earnings	216,398	180,828	-0-	397,226
Revenue from School District Activities	77,644	-0-	-0-	77,644
Revenue from Intermediate Sources	915,488	-0-	-0-	915,488
Tuition	10,521	-0-	-0-	10,521
Other Revenue	246,127	185	-0-	246,312
<u>Total Local Sources</u>	<u>33,078,968</u>	<u>181,013</u>	<u>-0-</u>	<u>33,259,981</u>
State Sources	19,806,794	-0-	-0-	19,806,794
Federal Sources	2,145,726	-0-	-0-	2,145,726
<u>Total Revenues</u>	<u>55,031,488</u>	<u>181,013</u>	<u>-0-</u>	<u>55,212,501</u>
<u>EXPENDITURES</u>				
Current:				
Instructional Services	33,471,881	-0-	-0-	33,471,881
Support Services	16,164,057	-0-	-0-	16,164,057
Operation of Noninstructional Services	1,126,230	-0-	-0-	1,126,230
<u>Total Current</u>	<u>50,762,168</u>	<u>-0-</u>	<u>-0-</u>	<u>50,762,168</u>
Capital Outlay:				
Facilities Acquisition, Construction, and Improvement Services	<u>-0-</u>	<u>12,271,914</u>	<u>-0-</u>	<u>12,271,914</u>
Debt Service:				
Principal	-0-	-0-	1,875,000	1,875,000
Interest	-0-	-0-	109,616	109,616
Fiscal Charges	-0-	142,450	-0-	142,450
<u>Total Debt Service</u>	<u>-0-</u>	<u>142,450</u>	<u>1,984,616</u>	<u>2,127,066</u>
<u>Total Expenditures</u>	<u>50,762,168</u>	<u>12,414,364</u>	<u>1,984,616</u>	<u>65,161,148</u>
<u>EXCESS (DEFICIENCY) of</u>				
<u>REVENUES over EXPENDITURES</u>	<u>\$ 4,269,320</u>	<u>\$ (12,233,351)</u>	<u>\$ (1,984,616)</u>	<u>\$ (9,948,647)</u>

See notes to financial statements.

(Continued)

Solanco School District
STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2018
(Continued)

	Major Funds			Total Governmental Funds
	General Fund	Capital Project Fund	Other Governmental Fund	
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Capital Assets	\$ 21,312	\$ -0-	\$ -0-	\$ 21,312
Insurance Recoveries	13,528	453,404	-0-	466,932
Proceeds from Issuance of Debt	-0-	19,200,000	-0-	19,200,000
Transfers In (Out)	<u>(4,311,258)</u>	<u>2,326,642</u>	<u>1,984,616</u>	<u>-0-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>(4,276,418)</u>	<u>21,980,046</u>	<u>1,984,616</u>	<u>19,688,244</u>
<u>NET CHANGES in FUND BALANCES</u>	(7,098)	9,746,695	-0-	9,739,597
<u>FUND BALANCES</u> - Beginning of Year	6,242,938	11,103,697	-0-	17,346,635
Increase in Reserve for Inventory	<u>45,027</u>	<u>-0-</u>	<u>-0-</u>	<u>45,027</u>
<u>FUND BALANCES</u> - End of Year	\$ <u>6,280,867</u>	\$ <u>20,850,392</u>	\$ <u>-0-</u>	\$ <u>27,131,259</u>

See notes to financial statements.

Solanco School District
RECONCILIATION of the GOVERNMENTAL FUNDS
STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES
to the STATEMENT of ACTIVITIES
Year Ended June 30, 2018

Total net changes in fund balances - governmental funds \$ 9,739,597

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the period.

Depreciation Expense	(2,546,079)	
Capital Outlays	<u>12,466,049</u>	9,919,970

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as available revenues in the governmental funds. Deferred tax revenues increased by this amount this year. 193,486

In the statement of activities, certain operating expenses, such as compensated absences, accrued retirement bonuses and net other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (41,164)

A proportionate share of pension expense and related obligation are recorded in the statement of activities but not included in the governmental funds. (1,393,560)

The governmental funds follow the purchase method of inventory, however, the statement of net position uses the consumption method to record inventory. 45,027

The internal service funds, which are used by management to charge the costs of services to individual funds, are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue of the internal service funds is allocated among the governmental activities. 205,158

Proceeds from the disposal of capital assets are recorded in the governmental funds as other financing sources. A gain or loss on disposal of capital assets is recorded in the statement of activities but not in the governmental funds. (48,079)

See notes to financial statements.

Solanco School District
RECONCILIATION of the GOVERNMENTAL FUNDS
STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES
to the STATEMENT of ACTIVITIES
Year Ended June 30, 2018
 (Continued)

The issuance of long-term obligations (i.e. notes, bonds, leases) provides current financial resources of governmental funds, while the repayment of principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Issuance of Notes Payable	(19,200,000)	
Principal Repayment on Notes Payable	<u>1,875,000</u>	(17,325,000)

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.		<u>(114,663)</u>
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<u>CHANGES in NET POSITION of GOVERNMENTAL ACTIVITIES</u>		\$ <u>1,180,772</u>
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See notes to financial statements.

Solanco School District
STATEMENT of NET POSITION -
PROPRIETARY FUNDS
June 30, 2018

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 667,497	\$ 283,381
Investments	155,280	3,287,271
Due from Other Governments	144,204	-0-
Other Receivables	1,763	148,221
Inventories	14,617	-0-
Prepaid Items	-0-	31,675
<u>Total Current Assets</u>	<u>983,361</u>	<u>3,750,548</u>
Noncurrent Assets:		
Furniture and Equipment, net of Accumulated Depreciation	79,620	-0-
<u>TOTAL ASSETS</u>	<u>1,062,981</u>	<u>3,750,548</u>
<u>DEFERRED OUTFLOWS of RESOURCES</u>		
Pension	260,460	-0-
Other Postemployment Benefits	10,000	-0-
<u>TOTAL DEFERRED OUTFLOWS of RESOURCES</u>	<u>270,460</u>	<u>-0-</u>
<u>TOTAL ASSETS and DEFERRED OUTFLOWS of RESOURCES</u>	<u>1,333,441</u>	<u>3,750,548</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Due to Other Funds	177	-0-
Accounts Payable	2,163	2,000
Claims Payable	-0-	316,671
Accrued Salaries and Benefits	1,661	-0-
Unearned Revenues	28,444	-0-
<u>Total Current Liabilities</u>	<u>32,445</u>	<u>318,671</u>
Noncurrent Liabilities:		
Net Pension Liability	1,609,360	-0-
Other Postemployment Benefit Obligation	124,000	-0-
<u>Total Noncurrent Liabilities</u>	<u>1,733,360</u>	<u>-0-</u>
<u>TOTAL LIABILITIES</u>	<u>1,765,805</u>	<u>318,671</u>
<u>DEFERRED INFLOWS of RESOURCES</u>		
Pension	42,063	-0-
Other Postemployment Benefits	4,000	-0-
<u>TOTAL DEFERRED INFLOWS of RESOURCES</u>	<u>46,063</u>	<u>-0-</u>
<u>TOTAL LIABILITIES and DEFERRED INFLOWS of RESOURCES</u>	<u>1,811,868</u>	<u>318,671</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	79,620	-0-
Unrestricted	(558,047)	3,431,877
<u>TOTAL NET POSITION</u>	<u>\$ (478,427)</u>	<u>\$ 3,431,877</u>

See notes to financial statements.

Solanco School District
STATEMENT of REVENUES, EXPENSES, and
CHANGES in NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2018

	<u>Enterprise</u> <u>Fund</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>
<u>OPERATING REVENUES</u>		
Food Service Revenue	\$ 547,658	\$ -0-
Charges for Services	33,811	4,621,472
Miscellaneous Income	<u>1,677</u>	<u>-0-</u>
<u>Total Operating Revenues</u>	<u>583,146</u>	<u>4,621,472</u>
<u>OPERATING EXPENSES</u>		
Salaries	410,296	-0-
Employee Benefits	332,227	4,252,424
Purchased Professional and Technical Service	8,133	207,760
Purchased Property Service	63,262	-0-
Other Purchased Services	4,462	-0-
Supplies	758,466	-0-
Dues and Fees	144	-0-
Depreciation	<u>17,344</u>	<u>-0-</u>
<u>Total Operating Expenses</u>	<u>1,594,334</u>	<u>4,460,184</u>
<u>OPERATING INCOME (LOSS)</u>	(1,011,188)	161,288
<u>NONOPERATING REVENUES</u>		
Investment Earnings	12,467	43,870
State Subsidies	133,302	-0-
Federal Subsidies	<u>889,924</u>	<u>-0-</u>
<u>Total Nonoperating Revenues</u>	<u>1,035,693</u>	<u>43,870</u>
<u>CHANGES in NET POSITION</u>	24,505	205,158
<u>NET POSITION</u>		
Beginning of Year, as Originally Stated	(425,932)	3,226,719
Cumulative Effect of Change in Accounting Principle (Note 21)	<u>(77,000)</u>	<u>-0-</u>
Beginning of Year, as Restated	<u>(502,932)</u>	<u>3,226,719</u>
<u>NET POSITION</u> - End of Year	\$ <u>(478,427)</u>	\$ <u>3,431,877</u>

See notes to financial statements.

Solanco School District
STATEMENT of CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2018

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<u>CASH FLOWS from OPERATING ACTIVITIES</u>		
Cash Received from Users	\$ 591,375	\$ -0-
Cash Received from Assessments Made to Other Funds	-0-	4,574,172
Cash Payments to Employees for Services	(707,050)	-0-
Cash Payments for Insurance Services	-0-	(4,356,768)
Cash Payments to Suppliers for Goods and Services	(758,756)	-0-
Cash Payments for Other Operating Expenses	<u>(144)</u>	<u>(239,641)</u>
<u>Net Cash Used by Operating Activities</u>	<u>(874,575)</u>	<u>(22,237)</u>
<u>CASH FLOWS from NONCAPITAL FINANCING ACTIVITIES</u>		
State Subsidies	132,292	-0-
Federal Subsidies	<u>806,306</u>	<u>-0-</u>
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>938,598</u>	<u>-0-</u>
<u>CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES</u>		
Purchase of Equipment	<u>(27,447)</u>	<u>-0-</u>
<u>CASH FLOWS from INVESTING ACTIVITIES</u>		
Investment Earnings	12,398	36,506
Deposits to Investment Pools	<u>(1,689)</u>	<u>(154,129)</u>
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>10,709</u>	<u>(117,623)</u>
<u>INCREASE (DECREASE) in CASH and CASH EQUIVALENTS</u>	47,285	(139,860)
<u>CASH and CASH EQUIVALENTS</u>		
Beginning of Year	<u>620,212</u>	<u>423,241</u>
End of Year	\$ <u>667,497</u>	\$ <u>283,381</u>

See notes to financial statements.

(Continued)

Solanco School District
STATEMENT of CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2018
(Continued)

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<u>RECONCILIATION of OPERATING INCOME (LOSS)</u>		
<u>to NET CASH USED by OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ <u>(1,011,188)</u>	\$ <u>161,288</u>
 <u>ADJUSTMENTS to RECONCILE OPERATING INCOME (LOSS)</u>		
<u>to NET CASH USED by OPERATING ACTIVITIES</u>		
Depreciation	17,344	-0-
Donated Federal Commodities Used	73,573	-0-
GASB 68 & 75 Retirement and OPEB Expense	68,500	-0-
Decrease (Increase) in Accounts Receivables	7,752	(47,300)
Decrease in Inventories	3,442	-0-
Decrease in Prepaid Expenses	-0-	(31,675)
Decrease in Accounts and Claims Payable	(35,134)	(104,550)
Increase in Accrued Salaries and Benefits	1,283	-0-
Decrease in Unearned Revenues	(147)	-0-
<u>Total Adjustments</u>	<u>136,613</u>	<u>(183,525)</u>
<u>Net Cash Used by Operating Activities</u>	(874,575)	(22,237)
 <u>NONCASH NONCAPITAL FINANCING ACTIVITIES</u>		
Receipt of U.S. Department of Agriculture Donated Commodities	\$ 73,859	\$ -0-

See notes to financial statements.

Solanco School District
STATEMENT of NET POSITION -
FIDUCIARY FUNDS
June 30, 2018

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 414,432	\$ 133,011
Investments	<u>2,011</u>	<u>-0-</u>
<u>TOTAL ASSETS</u>	<u>416,443</u>	<u>133,011</u>
 <u>LIABILITIES</u>		
Accounts Payable	<u>79,845</u>	<u>133,011</u>
 <u>NET POSITION</u>		
Restricted for Scholarships	332,635	-0-
Restricted for Exhibition Costs	<u>3,963</u>	<u>-0-</u>
<u>TOTAL NET POSITION</u>	<u>336,598</u>	<u>-0-</u>
<u>TOTAL LIABILITIES and NET POSITION</u>	\$ <u>416,443</u>	\$ <u>133,011</u>

Solanco School District
STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS
Year Ended June 30, 2018

	<u>Private Purpose Trust Fund</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 91,452
Investment Earnings	<u>5,222</u>
<u>TOTAL ADDITIONS</u>	96,674
<u>DEDUCTIONS</u>	
Scholarships Awarded	81,484
Administrative and Investment Fees	<u>3,453</u>
<u>TOTAL DEDUCTIONS</u>	<u>84,937</u>
<u>CHANGES in NET POSITION</u>	11,737
<u>NET POSITION - Beginning of Year</u>	<u>324,861</u>
<u>NET POSITION - End of Year</u>	\$ <u>336,598</u>

NOTES TO THE FINANCIAL STATEMENTS

Solanco School District
NOTES to the FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

Solanco School District (the School District), located in Lancaster County, Pennsylvania, provides a full range of educational services appropriate to grade levels kindergarten through 12 for students residing in Bart, Colerain, Drumore, East Drumore, Eden, Fulton, Little Britain and Providence Townships, and the Borough of Quarryville. These services include regular, advanced academic, vocational education programs and special education programs for gifted and handicapped children. The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. The School District is comprised of four elementary schools, two middle schools, and one high school, serving approximately 3,500 students.

The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for governmental accounting and financial reporting principles. The accounting policies of Solanco School District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

In evaluating the School District as a reporting entity, management has addressed all potential component units, which may or may not fall within the School District's financial accountability. The criteria used by the School District to evaluate the possible inclusion of related entities (authorities, boards, councils, and so forth) are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the School District reviews the applicability of the following criteria:

The School District is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if School District officials appoint a voting majority of the organization's governing body and the School District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the School District as defined below.

Impose its Will - If the School District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial Benefit or Burden - If the School District (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the School District and have a financial benefit or burden as defined above. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the School District.

Based on the foregoing criteria, no additional entities are included in the accompanying basic financial statements.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Joint Ventures

Lancaster County Career and Technology Center

The School District is one of 16 member school districts of the Lancaster County Career and Technology Centers (LCCTC). LCCTC provides vocational-technical training and education to participating students of the member districts. LCCTC is controlled and governed by the Lancaster County Career and Technology Center Board, which is comprised of school board members of all the member school districts. No member school district exercises specific control over the fiscal policies or operations of LCCTC. The LCCTC is not reported as part of the School District's reporting entity. The School District's share of annual operating costs for LCCTC fluctuates, based upon the percentage of student enrollment in the LCCTC (three-year average) of each member school district. The amount paid for these services during the year ended June 30, 2018, was approximately \$1,118,319. The School District paid tuition expenses for 49 students enrolled in LCCTC half-day programs and 97 students enrolled in full-day programs during the 2017-2018 school year. Complete general purpose financial statements for LCCTC can be obtained from the Administrative Office at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

Lancaster County Career Technology Center Authority

The School District is 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 Lancaster County Career and Technology Center Board to acquire land and construct buildings to provide facilities for the operation of the LCCTC. The School District has an ongoing financial responsibility for a portion of the Authority's debt obligations. The Authority had outstanding debt of \$17,290,000 on June 30, 2018, and the School District's share of the outstanding debt obligation is \$1,218,420. Complete general purpose financial statements for the Authority can be obtained from the Administrative Office at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

Lancaster-Lebanon Joint Authority

The School District is a member of the Lancaster-Lebanon Joint Authority (Authority). The 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 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 Authority is not reported as part of the School District's reporting entity. The School District did not have any financial transactions with the Authority during the year ended June 30, 2018. Complete general purpose financial statements for the Authority can be obtained from the Administrative Office at 1020 New Holland Avenue, Lancaster, PA 17601-5606.

Lancaster-Lebanon Intermediate Unit No. 13 (LLIU)

The LLIU Board of Directors consists of 22 members from the LLIU's constituent school districts. The LLIU Board members are school district board members, who are elected by the public, and are appointed to the LLIU Board by the member school districts' Boards of Directors. The Board of Directors for Solanco School District is responsible for appointing one of these members. The LLIU Board has decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Joint Ventures (Continued)

Lancaster-Lebanon Intermediate Unit No. 13 (LLIU) (Continued)

The School District contracts with the LLIU for special education services for School District students. The amount paid for these services during the year ended June 30, 2018, was \$1,583,983. Average daily membership of Solanco School District students in LLIU special education programs during the fiscal year approximated 70 students. The School District received 3,804 hours of specialized autistic support services and visual, auditory, speech, physical and occupational therapy services for students during the fiscal year. Complete financial information for LLIU can be obtained from the Administrative Office at 1020 New Holland Avenue, Lancaster, PA 17601-5606.

Lancaster County Academy (Academy)

The Academy is an alternative public school organized by 10 public school districts in Lancaster County to provide services in the county. Each of the public school districts appoints one member to serve on the joint operating committee. As a member school district, the School District has an ongoing financial responsibility to fund the operations of the Academy. The amount paid to the Academy during the year ended June 30, 2018, for 5 student reservations was \$41,000. Complete financial information for the Academy can be obtained from the Administrative Office at 1202 Park City Center, Lancaster, PA 17601.

Lancaster County Tax Collection Bureau (Bureau)

The School District participates with 17 other school districts and the municipalities represented by those school districts, for the collection of earned income taxes. Each public school district appoints one member to serve on the joint operating committee, in addition to the 17 members appointed by the participating municipalities. The Bureau's operating expenditures are deducted from the distributions, which are made quarterly. The School District's portion of the operating expenditures for the year ended June 30, 2018, was \$125,449. Financial information for the Bureau can be obtained from the Administrative Office located at 1845 William Penn Way, Lancaster, PA 17601.

Lancaster-Lebanon Public Schools Employees' Healthcare Consortium (EHCC)

The School District participates with 14 other local educational agencies in the Lancaster-Lebanon Public Schools Employees' Healthcare Consortium (EHCC), which is a self-insured stop-loss pool, as more fully described in Note 16.

Basis of Presentation - Fund Accounting

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprising each fund's assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. School District resources are allocated to and accounted for through individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is consolidated with general fund activity to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting (Continued)

Government-Wide Financial Statements (Continued)

The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The government-wide statements and proprietary financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund financial statements are prepared using the accrual basis of accounting. Agency funds are reported without a measurement focus. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets plus total deferred outflows of resources less total liabilities less total deferred inflows or resources) is used as a practical measure of economic resources and unrestricted net position represents equity available for future operations or distribution. The statement of activities includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position. Governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents direct expenses and program revenues for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns. The School District reports all of its governmental funds as major funds. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities and deferred inflows and outflows of resources and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Fund Accounting (Continued)

Fund Financial Statements (Continued)

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities as well as deferred outflows and inflows or resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary fund types - Private purpose trust funds are accounted for on a flow of economic resources measurement focus. Agency funds are reported without a measurement focus.

The School District reports the following governmental funds:

General Fund - This major fund is the principal operating fund of the School District. It is used to account for all financial resources except those accounted for in another fund.

Capital Project Fund - This major fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. This fund is comprised of two sub-funds: the capital reserve fund (fund 32) and the construction project fund (fund 39).

Debt Service Fund - This non-major fund is used to account for the issuance of long-term debt as well as the accumulation of resources for, and payment of, long-term debt interest and principal.

The School District reports the following proprietary funds:

Enterprise Fund - This fund is the food service fund which accounts for the revenues, food purchases, and other costs and expenses of providing meals to students during the school year. This is a major fund.

Internal Service Fund - This fund is used to account for the financial activities of services provided by one department to other departments of the School District on a cost reimbursement basis. Hospitalization and unemployment compensation benefits are services provided to School District employees and accounted for in the internal service fund. The self-insurance hospitalization fund and self-insurance unemployment compensation fund are reported in this fund.

The School District reports the following fiduciary funds:

Private Purpose Trust Fund - This fund accounts for assets held by the School District in a trustee capacity. This fund accounts for the receipts and disbursements of monies contributed to the School District for scholarships and memorials.

Agency Fund - This fund is used to account for assets held by the School District as an agent for the School District's various student groups. Agency funds are custodial in nature and do not involve the measurement of results of operations.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus. Government-wide, proprietary and private purpose trust fund financial statements measure and report all assets, liabilities, deferred inflows and outflows of resources, revenues, expenses, gains and losses using the economic resources measurement focus and accrual basis of accounting.

Agency fund financial statements report all assets and liabilities using the accrual basis of accounting and have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the School District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except debt service, compensated absence payments, supplemental pension obligations and other postemployment benefit obligations, which are recognized when due.

When both restricted and unrestricted resources are available in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources as needed.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, earned income taxes, real estate transfer taxes, tuition, grants and entitlements, student fees, and interest on investments. Current property taxes measurable at June 30, 2018, and which are not available to finance fiscal 2018 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue at year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds, and the fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Proprietary 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 fund’s principal ongoing operations. The principal operating revenues of the School District’s food service fund are charges to students and staff for food. Operating expenses include the costs to provide food. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues include government subsidies and investment earnings. Unrestricted net position for proprietary fund types represents the net position available for future operations or distribution.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, food service prepayments and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, food service prepayments and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand and interest-bearing bank deposits and in PA Local Government Investment Trust Class accounts which are carried at cost plus accrued interest, which approximates fair value.

Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Taxes Receivable and Deferred Inflows of Resources

The portion of delinquent real estate, earned income and realty transfer taxes that is expected to be received within 60 days of June 30, is recorded as revenue in the current year. The remaining amount of those and other tax receivables are recorded as deferred inflows of resources.

Inventories

Inventories reported in the general fund represent the estimated cost of fuel, oil, gasoline, athletic apparel, maintenance, custodial and instructional supplies on hand at June 30. The estimated cost of inventories is determined using the first-in, first-out (FIFO) valuation method. The purchase method is used to account for inventories. Under the purchase method, inventories are reported as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund. Reported inventories are equally offset by a no spendable fund balance classification, which indicates they are unavailable for appropriation even though they are a component of reported assets. A physical inventory of the food service fund's food and supplies was taken as of June 30. The inventory consists of government donated commodities, which were valued at estimated fair market value and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2018, are reported as unearned revenue since title does not pass to the School District until the commodities are used.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Prepaid Items

Payments to vendors for costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements. The purchase method is used to account for prepaid items. The payment is reported at cost as an asset in the fund financial statements with a corresponding nonspendable fund balance classification. Prepaid items are comprised of membership dues, licenses, subscriptions and insurance premiums associated with future accounting periods.

Capital Assets and Depreciation

The School District's property, plant and equipment with useful lives of more than one year are stated at historical cost (or estimated historical cost) and comprehensively reported in the government-wide financial statements. Proprietary fund capital assets are also reported in their fund financial statements. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value, rather than fair value, on the date donated. The School District generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. Land and construction in process are not depreciated. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated historical costs of capital assets were derived, when information supporting historical costs was not obtainable, by adjusting current replacement cost back to the estimated year of acquisition. Estimated useful lives, in years, for depreciable assets are generally as follows:

School Buildings	40 years
Building Improvements	20 - 40 years
Site Improvements	15 - 20 years
Furniture, Fixtures, and Equipment	3 - 20 years
Vehicles	8 years
Library Books	7 years

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

Compensated Absences and Retirement Bonuses

The School District accrues unused vacation, sick leave and retirement bonuses as of June 30, as a liability. Upon termination or retirement, eligible employees will be paid for these accumulated absences in accordance with limitations defined in School District policy. For governmental funds, the amount of reimbursable leave payable to employees who had terminated their employment as of the end of the fiscal year is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability reflected. Historically, the liability for compensated absences and retirement bonuses have been liquidated with monies from the general fund and food service fund.

Additional amounts are accrued for salary-related payments associated with the payment of compensated absences and retirement bonuses using the rates in effect at the balance sheet date. The School District has accrued the employer's share of social security and medicare taxes, net of the estimated state social security reimbursement.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

Single-Employer Defined Benefit OPEB Plan

The School District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The single-employer OPEB plan is unfunded.

Cost-Sharing Multiple-Employer Defined Benefit Plan

The School District participates in the PSERS Health Insurance Premium Assistance Program. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund Activity

Exchange transactions between governmental funds are eliminated on the government-wide statements. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Governmental Fund Balances

Governmental Accounting Standards establish accounting and financial standards for all governments that report governmental funds. The standards established criteria for classifying fund balances into specifically defined classifications. The classifications are based upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported. The following classifications describe the relative strength of the spending constraints:

Nonspendable - amounts that are not in spendable form (such as inventory and prepaid items) or are required to be legally or contractually maintained intact.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Governmental Fund Balances (Continued)

Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. Restrictions may be changed or removed only with consent of the resource provider.

Committed - amounts that can be used only for a specific purpose, determined by formal action of the School District Board of Directors (Board of Directors), the government's highest level of decision-making authority. The formal action (resolution) to commit fund balance for a specific purpose must occur prior to the end of the reporting period as an approved resolution, but the amount which will be subject to the constraint, may be determined in the subsequent period. Commitments of fund balance may be established, modified, or rescinded only by formal action (resolution) of the Board of Directors.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for a specific purpose. Assignments of fund balance are made by the Board of Directors by formal action (resolution or fund transfer).

Unassigned - all other spendable amounts (the residual) of the general fund that do not satisfy the definition of the other four classifications and are deemed to be available for general use by the School District.

Spending Policy

The School District's policy is to first use restricted fund balance when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The School District's policy is to decide at the time expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned or unassigned fund balance. The decision will be made through resolution of the Board of Directors, as to which fund balances are exhausted first. The School District reserves the right to selectively spend unassigned resources first to defer the use of the other classified funds. Pennsylvania School Code Section 688 restricts the amount of unexpended surplus funds a school district may retain to no more than 8 percent of the School District's general fund budget for the ensuing fiscal year during which budgeted property tax rates increased. Nonspendable, restricted, committed and assigned general fund balances are excluded from the 8 percent limitation.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates used in the preparation of these financial statements include depreciation, compensated absences, retirement bonus accrual, expense allocations, pension related items, and other postemployment benefits.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

2018 Changes in Accounting Principles

During the current year, the School District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The objective of this statement is to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits, or OPEB). This statement replaces the requirements of GASB Statement No. 45. The School District participates in two OPEB plans: a single-employer defined benefit OPEB plan, and a cost-sharing multiple-employer defined benefit pension plan (the Pennsylvania Public School Employees' Retirement System Health Insurance Premium Assistance Program, or PSERS HIPAP.) As a result of implementation of this statement in 2018, the School District reports its full OPEB liability for the single-employer plan in the statement of net position, and reports its proportionate share of the net OPEB liability of the PSERS HIPAP. The School District has provided additional disclosures related to other postemployment benefits provided to its employees, and provides supplementary information required by GASB Statement No. 75. Since the statement was implemented retroactively, beginning net position was restated, as discussed in Note 21, to account for the cumulative effect.

During the current year, the School District adopted GASB Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including blending component units, goodwill, fair value measurement and application, and postemployment benefits. The School District's beginning balances and current year results were not affected by the implementation of this new standard.

During the current year, the School District adopted GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt using only existing resources. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished. The School District's beginning balances and current year results were not affected by the implementation of this new standard.

Pending Changes in Accounting Principles

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The provisions of this statement are effective for the School District's June 30, 2019 financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this statement are effective for the School District's June 30, 2020 financial statements.

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, 2021 financial statements.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Pending Changes in Accounting Principles (Continued)

In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The provisions of this statement are effective for the School District's June 30, 2019 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, 2021 financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The objectives of this statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The provisions of this statement are effective for the School District's June 30, 2021 financial statements.

The effects of implementation of these standards have not yet been determined.

NOTE 2 - Cash and Cash Equivalents and Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest its monies as follows:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Certain other high-quality bank and corporate instruments.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 2 - Cash and Cash Equivalents and Investments (Continued)

Cash and Cash Equivalents - Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2018, the carrying amount of the School District's deposits was \$13,169,708 and the bank balance was \$12,435,445. Of the deposits balance, \$2,455,000 was covered by federal depository insurance and \$10,714,708 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the School District's name. School District deposits not insured by federal depository insurance are held at financial institutions that secure the deposits with a pool of pledged asset collateral in accordance with Pennsylvania Pledge Act 72 or are held by investment pools governed by the Intergovernmental Cooperation Act.

A portion of the School District's deposits, reported as pooled cash equivalents, are in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, the fund acts like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share. PLGIT is rated by a nationally recognized statistical rating organization and is subject to an independent audit.

Uninsured and Uncollateralized	\$ -0-
Collateralized with Securities Held by the Pledging Financial Institution	2,455,000
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the School District's Name	<u>10,714,708</u>
	\$ 13,169,708

Reconciliation of Cash and Cash Equivalents to the Financial Statements

Uninsured Amount Above	\$ 10,714,708
Plus: Collateralized Amount	<u>2,455,000</u>
Bank Balance	13,169,708
Add: Deposit in Transit	1,926
Less: Outstanding Checks	<u>(736,189)</u>
Carrying Amount - Bank Balances	12,435,445
Plus: Pooled Cash Equivalents	751,591
Plus: Petty Cash	200
Less: Time Deposits Classified as Investments on Balance Sheet	<u>(2,205,000)</u>
<u>Total Cash and Cash Equivalents Per Financial Statements</u>	<u>10,982,236</u>
Cash and Cash Equivalents on Balance Sheets:	
Governmental Funds	9,483,915
Proprietary Funds	950,878
Fiduciary Funds	<u>547,443</u>
<u>Total Cash and Cash Equivalents per Balance Sheets</u>	<u>\$ 10,982,236</u>

Investments

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2018:

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 2 - Cash and Cash Equivalents and Investments (Continued)

Investments (Continued)

At June 30, 2018, the School District holds the following investments recorded at cost or amortized cost:

PSDLAF Collateralized Flex CD Pool	\$ 16,010,000
PSDLAF CD Purchase Program	1,900,000
Wells Fargo CD Purchase Program	900
PLGIT Class	761,692
PLGIT Plus	19,418
PSDLAF/Max Series	<u>3,406,181</u>
	\$ 22,098,191

The PSDLAF Collateralized CD Pool is valued at cost. The School District values investments in external short-term fixed income investment pools at cost when the maturity of the underlying collateralized or FDIC insured certificate of deposit investments is one year or less. Investments in this pool have weekly liquidity and pay interest monthly.

The Pennsylvania School District Liquid Asset Fund (PSDLAF) is a 2a7-like pool with respect to the Max Series investments. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The School District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PMA Financial Network, Inc. The pool is audited annually by CliftonLarsonAllen, LLP, an independently elected public official.

The Pennsylvania Local Government Investment Trust (PLGIT) is a 2a7-like pool. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The School District has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP, an independently elected public official.

Restrictions on Qualified Investment Pool Withdrawals

The School District investments in the PLGIT account are subject to a one-day holding period. The School District is limited to two withdrawals per calendar month from the PLGIT I - Class account. Investments in the PLGIT/PLUS account are subject to a 30-day holding period for each deposit, and to penalty for early withdrawal. The School District has an investment in a qualified investment pool (Max Series) with PSDLAF. Except for direct deposits from the Commonwealth, investments in the PSDLAF/MAX Series account are subject to a 14-day minimum holding period, and to penalty for early withdrawal. This requirement has been waived by the trust since inception.

Reconciliation of Investments to the Financial Statement

Total Investments Above	\$ 22,098,191
Time Deposits Classified as Investments on the Balance Sheet	2,205,000
Less: PLGIT Class Classified as Cash Equivalent on the Balance Sheet	<u>(751,591)</u>
Total Investments per Financial Statement	\$ 23,551,600

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 2 - Cash and Cash Equivalents and Investments (Continued)

Interest Rate Risk

Interest rate risk for investments is the risk that investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair value as a result of future changes in interest rates. The School District manages its exposure to interest rate risk by investing in fixed-rate obligations with a maturity of twelve months or less. The School District has no formal investment policy relative to interest rate risk.

Credit Risk

The School District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2018, the School District investments were rated as:

<u>Investment</u>	<u>Standard & Poor's Rating</u>
PA Local Government Investment Trust - PLGIT Class	AAAm
PA Local Government Investment Trust - PLGIT Plus	AAAm
PA School District Liquid Asset Fund	AAAm
PA School District Liquid Asset Fund - Collateralized CD Pool	Unrated

Concentration of Credit Risk

The School District places no limit on the amount that may be invested in any one issuer. The School District did not hold any investments on June 30, 2018, for which the individual investment represented more than 5% of its total investments.

Related Party Disclosure

The School District's business manager that retired during the year served as a trustee for the governing board of PSDLAF.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. For the School District's investments in investment pools, funds are collateralized on a pooled basis. The pools also invest in federal securities, some of which may not be backed by the full faith and credit of the U.S. government. A portion of the School District's investments are in PLGIT and the Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, the funds act similar to money market mutual funds in which the objective is to maintain a stable net asset value of \$1 per share. The funds are rated by a nationally recognized statistical rating organization and are subject to an independent annual audit. The value of the pool shares approximates the fair value of the School District's position in the pool.

NOTE 3 - Real Estate Taxes

Based upon assessments provided by the County, the School District bills and collects its own property taxes. The School District tax rate for the year ended June 30, 2018, was 12.8109 mills as levied by the Board of School Directors.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 3 - Real Estate Taxes (Continued)

The schedule for real estate taxes levied for the fiscal year ended June 30, 2018, follows.

July 1	- Levy Date
July 1 - August 31	- 2% Discount Period
September 1 - October 31	- Face Payment Period
November 1 - December 31	- 10% Penalty Period
January 1	- Lien Date (Portnoff Law Associates, Ltd.)

NOTE 4 - Taxes Receivable and Deferred Inflows of Resources

The School District, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the receivable amount, which was measurable and available within 60 days, was recognized as revenue and the balance deferred as inflows of resources. Tax receivable and deferred tax balances at June 30, 2018, are as follows:

	Gross Taxes <u>Receivable</u>	Allowance for Uncollectible Taxes	Net Estimated to be <u>Collectible</u>	Tax Revenue <u>Recognized</u>	Deferred Inflows of <u>Resources</u>
Real Estate	\$ 428,614	\$ 6,416	\$ 422,198	\$ 4,410	\$ 417,788
Earned Income	1,371,008	-0-	1,371,008	1,371,008	-0-
Interim	36,412	-0-	36,412	-0-	36,412
Realty Transfer	<u>54,674</u>	<u>-0-</u>	<u>54,674</u>	<u>54,674</u>	<u>-0-</u>
	<u>\$ 1,890,708</u>	<u>\$ 6,416</u>	<u>\$ 1,884,292</u>	<u>\$ 1,430,092</u>	<u>\$ 454,200</u>

NOTE 5 - Interfund Receivables, Payables, and Transfers

The general fund reported a \$177 balance due, \$177 represents reimbursements due from the enterprise - food service fund for miscellaneous operating expenses. The capital project fund reported a balance due from the general fund of \$2,326,642. The School District accumulates monies in its capital project fund for the purpose of financing construction and major capital improvements, which is permitted under state statute. Interfund receivables and payables for the fiscal year ended June 30, 2018, follow:

<u>Fund</u>	Due from <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ 177	\$ 2,326,642
Capital Project Fund	2,326,642	-0-
Enterprise Fund - Food Service	<u>-0-</u>	<u>177</u>
	<u>\$ 2,326,819</u>	<u>\$ 2,326,819</u>

The general fund transferred money to the capital project fund during the fiscal year to subsidize future construction, technology projects and capital improvement expenditures. This transfer, in the amount of \$2,326,642, is due to the capital project fund at June 30, 2018. The general fund transferred \$1,984,616 to the debt service fund during the fiscal year to facilitate debt service payments as they become due.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 5 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers for the fiscal year ended June 30, 2018, follow:

<u>Fund</u>	<u>Transfer from Other Funds</u>	<u>Transfer to Other Funds</u>
General Fund	\$ -0-	\$ 4,311,258
Capital Project Fund	2,326,642	-0-
Debt Service Fund	<u>1,984,616</u>	<u>-0-</u>
	<u>\$ 4,311,258</u>	<u>\$ 4,311,258</u>

NOTE 6 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. Amounts due from federal sources below include amounts due from other governmental entities in Lancaster County as a pass-through grantor. At June 30, 2018, the following amounts are due from other governmental units:

<u>Due from</u>	<u>General Fund</u>	<u>Enterprise Fund</u>
Federal Sources:		
Title I Grant	\$ 371,893	\$ -0-
Title 2A Grant	30,766	-0-
Title 4 Grant	13,960	-0-
ACCESS Medical Assistance Reimbursement	90,000	-0-
Federal-Funded Food Nutrition Subsidy	-0-	135,195
State Sources:		
State Retirement Subsidy	1,369,252	192
State FICA Subsidy	322,794	-0-
State-Funded Grants and Subsidies	303,593	-0-
State-Funded Food Nutrition Subsidy	-0-	8,817
Local Sources:		
Pass Through Federal and State Grants	45,655	-0-
Other LEA's for Tuition	4,500	-0-
Other Local Sources	<u>6,967</u>	<u>-0-</u>
	<u>\$ 2,559,380</u>	<u>\$ 144,204</u>

NOTE 7 - Other Receivables

Other receivables consist of payments not received by June 30, 2018, for revenues meeting the requirements for recognition at the end of the fiscal year that are not includable in taxes receivable or amounts due from other governments. Reimbursements for expenditures incurred during the fiscal year have also been included in the following figure.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 7 - Other Receivables (Continued)

Other receivables include:

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Project</u> <u>Fund</u>	<u>Enterprise</u> <u>Fund</u>	<u>Internal</u> <u>Service</u> <u>Fund</u>	<u>Total</u>
Interest Receivable	\$ 23,097	\$ 38,856	\$ 307	\$ 20,000	\$ 82,260
Rebates Receivable	-0-	-0-	-0-	128,221	128,221
Miscellaneous Receivables	<u>25,855</u>	<u>-0-</u>	<u>1,456</u>	<u>-0-</u>	<u>27,311</u>
	<u>\$ 48,952</u>	<u>\$ 38,856</u>	<u>\$ 1,763</u>	<u>\$ 148,221</u>	<u>\$ 237,792</u>

NOTE 8 - Changes in Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2018, follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Historical Cost:				
Capital Assets, not being Depreciated:				
Land	\$ 1,135,285	\$ -0-	\$ -0-	\$ 1,135,285
Construction in Progress	<u>1,467,050</u>	<u>10,858,599</u>	<u>(18,720)</u>	<u>12,306,929</u>
<u>Total Capital Assets, not</u> <u>being Depreciated</u>	<u>2,602,335</u>	<u>10,858,599</u>	<u>(18,720)</u>	<u>13,442,214</u>
Capital Assets being Depreciated:				
Buildings and Building Improvements	72,658,726	23,987	-0-	72,682,713
Site Improvements	5,834,966	157,509	(191,080)	5,801,395
Furniture and Equipment	8,164,131	1,399,100	(121,202)	9,442,029
Vehicles	877,869	-0-	(149,567)	728,302
Library Books	<u>2,490,426</u>	<u>45,574</u>	<u>(334,530)</u>	<u>2,201,470</u>
<u>Total Capital Assets</u> <u>being Depreciated</u>	<u>90,026,118</u>	<u>1,626,170</u>	<u>(796,379)</u>	<u>90,855,909</u>
Accumulated Depreciation:				
Buildings and Building Improvements	41,404,440	1,726,864	-0-	43,131,304
Site Improvements	3,773,475	214,380	(188,806)	3,799,049
Furniture and Equipment	6,672,425	526,135	(120,189)	7,078,371
Vehicles	665,970	33,455	(104,775)	584,650
Library Books	<u>2,341,918</u>	<u>45,245</u>	<u>(334,530)</u>	<u>2,052,633</u>
<u>Total Accumulated</u> <u>Depreciation</u>	<u>54,848,228</u>	<u>2,546,079</u>	<u>(748,300)</u>	<u>56,646,007</u>
Net Capital Assets being Depreciated	<u>35,177,890</u>	<u>(919,909)</u>	<u>(48,079)</u>	<u>34,209,902</u>
<u>Net Capital Assets</u>	<u>\$ 37,780,225</u>	<u>\$ (9,938,690)</u>	<u>\$ (66,799)</u>	<u>\$ 47,652,116</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 8 - Changes in Capital Assets (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2018, follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Historical Cost:				
Capital Assets being Depreciated:				
Furniture and Equipment	\$ 296,456	\$ 27,447	\$ (4,399)	\$ 319,504
Less: Accumulated Depreciation:				
Furniture and Equipment	<u>226,939</u>	<u>17,344</u>	<u>(4,399)</u>	<u>239,884</u>
Net Capital Assets being Depreciated	<u>69,517</u>	<u>10,103</u>	<u>-0-</u>	<u>79,620</u>
<u>Net Capital Assets</u>	<u>\$ 69,517</u>	<u>\$ 10,103</u>	<u>\$ -0-</u>	<u>\$ 79,620</u>

Depreciation expenses were charged to governmental functions as follows:

Instruction	\$ 1,637,744
Instructional Student Support	174,287
Administrative and Financial Support Services	189,322
Operation and Maintenance of Plant Services	344,755
Pupil Transportation	161,951
Student Activities	<u>38,020</u>
	<u>\$ 2,546,079</u>

NOTE 9 - Accrued Salaries and Benefits

At June 30, 2018, the School District was liable for payroll, which is payable during July and August 2018, to those employees who have a ten-month contract but are paid over a twelve-month period; to non-salaried employees who performed services through June 30, 2018 and to retiring professional employees who are receiving a payout of their accumulated compensated absences and bonuses. The School District was also liable for the following payroll and benefits accrued as of June 30, 2018:

	<u>General Fund</u>	<u>Food Service Fund</u>
Payroll	\$ 2,438,481	\$ 1,180
Social Security	185,532	90
Retirement	764,920	384
Workers' Compensation	897	7
Health Benefits	<u>37,133</u>	<u>-0-</u>
	<u>\$ 3,426,963</u>	<u>\$ 1,661</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 10 - Unearned Revenues

Unearned revenues consist of the following as of June 30, 2018:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Grants Advanced	\$ 7,959	\$ -0-	\$ 7,959
Unearned Revenues - Value of Unused Donated Commodities	-0-	5,521	5,521
Unearned Revenues - Food Service Prepayments	<u>-0-</u>	<u>22,923</u>	<u>22,923</u>
	<u>\$ 7,959</u>	<u>\$ 28,444</u>	<u>\$ 36,403</u>

NOTE 11 - Long-Term Liabilities

General Obligation Debt

The School District issues general obligation notes to provide funds for major capital improvements. These notes are direct obligations and pledge the full faith and credit of the School District. Currently, the School District has general obligation debt with interest rates and outstanding principal amounts at June 30, 2018, as follows:

<u>Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Principal Amount Outstanding at June 30, 2018</u>
Series A of 2017 Note	April 1, 2027	2.53%	\$ 7,425,000
Series 2018 Note	April 1, 2029	3.09%	<u>9,900,000</u>
			<u>\$17,325,000</u>

On September 7, 2017, the School District issued the Series A of 2017 General Obligation Note in the amount of \$9,300,000. The proceeds will be used for the purpose of funding new capital projects and the payment of the costs associated with the loan. The principal outstanding at June 30, 2018, was \$7,425,000 due in various amounts through April 1, 2027. Principal due within one year is \$810,000.

On April 2, 2018, the School District issued the Series of 2018 General Obligation Note in the amount of \$9,900,000. The proceeds will be used for the purpose of funding new capital projects and the payment of the costs associated with the loan. The principal outstanding at June 30, 2018, was \$9,900,000 due in various amounts through April 1, 2029. Principal due within one year is \$815,000.

Change in Long-Term Liabilities

Long-term liability activity can be summarized as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>
<u>Governmental Activities</u>				
General Obligation Debt	\$ -0-	\$ 19,200,000	\$ 1,875,000	\$ 17,325,000
Estimated Liability for Compensated Absences	506,139	-0-	42,199	463,940
Estimated Liability for Accrued Retirement Bonus	<u>909,304</u>	<u>83,320</u>	<u>30,295</u>	<u>962,329</u>
Total Governmental Activities	<u>\$1,415,443</u>	<u>\$ 19,283,320</u>	<u>\$ 1,947,494</u>	<u>\$ 18,751,269</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 11 - Long-Term Liabilities (Continued)

Current Portion of Long-Term Liabilities

The general fund and the food service fund have been used in prior years to liquidate long-term liabilities other than debt. The portion of each long-term liability due within one year of June 30, 2018, is detailed below:

	<u>Current Portion</u>	<u>Noncurrent Portion</u>
Estimated Liability for Compensated Absences	\$ 13,767	\$ 450,173
Estimated Liability for Accrued Retirement Bonus	285,000	677,329
Notes Payable	<u>1,625,000</u>	<u>15,700,000</u>
	<u>\$ 1,923,767</u>	<u>\$ 16,827,802</u>

The School District pays the long-term obligations of the governmental activities from the general fund, except for debt service. Debt service payments are paid from the debt service fund which is, however, funded by transfers from the general fund.

The following schedule reveals the annual aggregate debt service requirements to maturity for the general obligation debt:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 459,500	\$ 1,625,000	\$ 2,084,500
2020	418,319	1,650,000	2,068,319
2021	375,666	1,675,000	2,050,666
2022	332,342	1,705,000	2,037,342
2023	288,240	1,745,000	2,033,240
2024-2028	753,609	7,915,000	8,668,609
2029-2032	<u>31,209</u>	<u>1,010,000</u>	<u>1,041,209</u>
	<u>\$ 2,658,885</u>	<u>\$ 17,325,000</u>	<u>\$ 19,983,885</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 12 - Compensated Absences

A summary of the amount recorded as a liability in the governmental activities for compensated absences is as follows as of June 30, 2018:

Professional Staff and Administration:	
Accumulated Sick Leave	\$ 39,410
Accumulated Vacation Leave	278,200
Employer Social Security and Medicare on Leave Amounts Above (net of State Reimbursement)	<u>12,149</u>
	329,759
Support Staff:	
Accumulated Sick Leave	32,350
Accumulated Vacation Leave	96,888
Employer Social Security and Medicare on Leave Amounts Above (net of State Reimbursement)	<u>4,943</u>
	<u>134,181</u>
<u>Total Accumulated Compensated Absences</u>	<u>\$ 463,940</u>

NOTE 13 - Accrued Retirement Bonus

Upon voluntary retirement, a professional employee with qualifying years of service according to either the collective bargaining agreement or Act 93 agreement will receive a lump sum retirement bonus. A summary of the amount recorded as a liability in the governmental activities for this supplemental retirement benefit is as follows for June 30, 2018:

Professional Staff (Collective Bargaining Agreement):	
Estimated Accrued Retirement Benefit	\$ 863,800
Employer Social Security and Medicare on Retirement Bonus (net of State Reimbursement)	<u>33,040</u>
	896,840
Administration and Support Staff (Act 93 Agreement):	
Estimated Accrued Retirement Benefit	63,076
Employer Social Security and Medicare on Retirement Bonus (net of State Reimbursement)	<u>2,413</u>
	<u>65,489</u>
<u>Total Accrued Retirement Bonus</u>	<u>\$ 962,329</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 14 - Other Postemployment Benefits (OPEB)

Single-Employer Defined Benefit OPEB Plan

General Information about the OPEB Plan

Plan Description

The School District maintains a single-employer defined benefit OPEB plan to provide postemployment health care benefits. The Board of School Directors is authorized to establish and amend the financing requirements and benefits, subject to collective bargaining for certain classes of employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue stand-alone financial statements.

Benefits Provided

The plan provides medical and prescription drug coverage to employees who retire from active service and qualify for pension benefits, and their spouse and eligible dependents. Retirees are eligible for benefits until age 65 upon paying 100% of the premium; spouse and dependents are eligible for benefits until age 65, and may continue coverage for no more than three years after the retiree's death upon paying the COBRA-equivalent premium.

Employees Covered by Benefit Terms

At July 1, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	29
Inactive Employees Entitled to but not yet Receiving Benefits	-0-
Active Employees	<u>350</u>
	379

Total OPEB Liability

The School District's total OPEB liability of \$2,869,000 was measured as of July 1, 2017, and was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: 3.13%, Based on 20-Year High Grade Municipal Rate Index
Long Term Expected Rate of Return: N/A, the Plan is Unfunded
Actuarial Cost Method: Entry Age Normal, Level Percent of Pay

Healthcare Cost Trend: 6.0% in 2017, and 5.5% in 2018 through 2023. Rates gradually decrease from 5.4% in 2024 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Retirees' Share of Benefit-Related Costs: 100.0% of Premium

Mortality Rates:

Preretirement - RP-2014 Employee (Male and Female)

Postretirement - RP-2014 Health Annuitant (Male and Female)

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period ended July 1, 2016.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 14 - Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability

Balance, June 30, 2017	\$ 2,583,000
Changes for the Year	
Service Cost	195,000
Interest	67,000
Changes of Benefit Terms	-0-
Differences Between Expected and Actual Experience	-0-
Changes of Assumptions	188,000
Benefit Payments	<u>(164,000)</u>
Net Changes	286,000
Balance, June 30, 2018	\$ 2,869,000

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District for the single-employer plan, as well as what the School District's total OPEB liability for the single-employer plan would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current discount rate:

Total OPEB Liability	
2.13% Discount Rate (1.0% Decrease)	3,081,000
3.13% Discount Rate (Current Rate)	2,869,000
4.13% Discount Rate (1.0% Increase)	2,668,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School District's single-employer plan, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0% lower or 1.0% higher than the current healthcare cost trend rates:

Total OPEB Liability	
4.5% (1% Decrease)	2,521,000
5.5% (Current Rate)	2,869,000
6.5% (1% Increase)	3,287,000

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The Pennsylvania Public School Employees' Retirement System (System) provides Premium Assistance which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of 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

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 14 - Other Postemployment Benefits (OPEB) (Continued)

Options Program (HOP). As of June 30, 2017, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the 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 HOP 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, 2017, there were no assumed future benefit increases to participating eligible retirees.

Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018, was 0.83% 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 School District were \$181,000 for the year ended June 30, 2018.

OPEB Liabilities and OPEB Expense

At June 30, 2018, the School District reported a liability of \$3,320,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2016 to June 30, 2017. The School 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, 2017, the School District's proportion was 0.1630 percent, which was a decrease of 0.0037 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized OPEB expense of \$133,000 related to this plan.

Actuarial Assumptions

The total OPEB Liability as of June 30, 2017, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2016 to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method: Entry age normal, level percent of pay.
- Investment Return: 3.13%, based on the S&P 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.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 14 - Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions (Continued)

Assumed Healthcare Cost Trends: Applied to retirees with less than \$1,200 in Premium Assistance per year.

Mortality Rates: 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 following assumptions were used to determine the contribution rate:

The results of the actuarial valuation as of June 30, 2015, determined the employer contribution rate for fiscal year 2017.

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 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 System's Board. Under the program, as defined in the retirement code, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

OPEB - Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	76.40%	0.60%
Fixed Income	<u>23.60%</u>	1.50%
	100.00%	

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, 2017.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 14 - Other Postemployment Benefits (OPEB) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of 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 plan is considered a "pay-as-you-go" plan. A discount rate of 3.13% which represents the S&P 20- year municipal bond rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability.

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

The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current discount rate:

Net OPEB Liability	
2.13% Discount Rate (1.0% Decrease)	3,775,000
3.13% Discount Rate (Current Rate)	3,320,000
4.13% Discount Rate (1.0% Increase)	2,944,000

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

The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0% lower or 1.0% higher than the current healthcare cost trend rates:

Net OPEB Liability	
1% Decrease	3,320,000
Current Rate	3,320,000
1% Increase	3,322,000

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PSERS comprehensive annual financial report, available at <http://www.psers.pa.gov>.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 14 - Other Postemployment Benefits (OPEB) (Continued)

AGGREGATE OPEB INFORMATION

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

For the year ended June 30, 2018, the School District recognized OPEB expense of \$408,000. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions and Benefit Payments After the Measurement Date	\$ 336,000	\$ -0-
Changes of Assumptions	175,000	155,000
Changes in Proportion	<u>-0-</u>	<u>68,000</u>
	<u>\$ 511,000</u>	<u>\$ 223,000</u>

\$336,000 reported as deferred outflows of resources related to OPEB resulting from the School District's benefit payments after the measurement date of the single-employer plan and contributions after the measurement date of the cost-sharing multiple-employer plan will be recognized as a reduction in the total or net OPEB liability, respectively, in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase (decrease) in OPEB expense as follows:

<u>Fiscal Year Ended June 30:</u>	
2019	\$ (24,000)
2020	(24,000)
2021	(24,000)
2022	(24,000)
2023	(24,000)
Thereafter	<u>72,000</u>
	<u>\$ (48,000)</u>

NOTE 15 - Operating Lease

On September 22, 2011, the Lancaster County Career and Technology Center Authority (the Authority) authorized the issuance of Guaranteed Lease Revenue Bonds, Series 2011 to provide funds for renovations and additions to Brownstown, Mount Joy and Willow Street campuses of the LCCTC, for the purchase and renovation of property for a practical nursing program, for various ongoing and proposed capital projects of the LCCTC, and for the payment and cost of issuing the Bonds. The LCCTC and sixteen member school districts have entered into a lease agreement with the Authority stipulating each school district will pay its proportionate share of the lease rentals in order to fund the debt based on real estate market values as set forth in the LCCTC Organization Agreement. The aggregate amount borrowed was \$23,890,000 via the issuance of the LCCTC General Obligation Bonds, Series of 2012, Series of 2013, and Series of 2014. The Bonds are to be repaid over a period not to exceed thirty years, with gross annual debt service not to exceed \$1,985,000 and net annual debt service (after reimbursement by the Commonwealth of Pennsylvania) of \$1,330,000.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 15 - Operating Lease (Continued)

On January 11, 2017, the Lancaster County Career and Technology Center Authority (the Authority) authorized the issuance of Guaranteed Lease Revenue Bonds, Series 2016 to undertake the refunding of all or a portion of the 2012 Bonds, the 2013 Bonds, and the 2014 Bonds in accordance with the provisions of the Authorities Act. The LCCTC and the 16 member schools have entered into a lease agreement with the Authority stipulating that each school district will pay its proportionate share of the lease rentals in order to fund the debt based on real estate market values as set forth in the LCCTC Organization Agreement. The bonds will be issued in one or more series over a several year period.

On February 1, 2017, the LCCTCA issued the first of three series, the Lancaster County Career and Technology Center General Obligation Bonds, Series of 2017, for the advance refunding of the Lancaster County Career and Technology Center General Obligation Bonds, Series of 2013, in the total amount of \$9,380,000.

The School District's lease rental obligations include interest and will fluctuate from time to time during the term of the lease, based on the market values in the School District and the actual interest rates. The School District's estimated lease rental obligations for future minimum rental payments related to the issued debt are as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School District Share</u> <u>Projected Future Minimum</u> <u>Rental Payments</u>
2019	\$ 84,397
2020	84,387
2021	84,316
2022	84,204
2023	84,323
2024-2028	421,832
2029-2033	421,549
2034-2037	<u>337,106</u>
Total	<u>\$ 1,602,114</u>

In May 2017, The School District signed a lease for copiers under a lease agreement that expires in June 2022. Total lease rental expenses for this operating lease reflected in the accompanying financial statements is \$167,480 during the year ended June 30, 2018.

Minimum future rental payments under these operating leases having remaining terms in excess of one year as of June 30, 2018, are as follows:

2019	\$ 78,876
2020	78,876
2021	78,876
2022	<u>78,876</u>
Total	<u>\$ 315,504</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 16 - Risk Management

Hospitalization

The School District participates with 14 other local educational agencies in the Lancaster-Lebanon Public Schools Employees' Healthcare Cooperative (EHCC) to provide for the medical care for eligible employees and their dependents. The EHCC is a self-insured stop-loss pool. The School District remits funds to the third-party administrators. The third-party administrators, upon receiving funds from the School District, process and pay the claims. The School District is self-insured for claims up to \$140,000. The EHCC pool reimburses monies to the School District for individual claims above \$140,000 up to a maximum of \$300,000. The pool has commercial insurance for claims greater than \$300,000. The EHCC does not issue stand-alone financial statements. The School District was limited in liability to \$140,000 per individual and \$5,598,358 in total for hospitalization claims for the year ended June 30, 2018.

Transactions related to this hospitalization plan are reflected in the self-insurance hospitalization fund, which is an internal service fund. A liability for claims incurred prior to June 30, 2018 and paid subsequently is recorded in the amount of \$316,632 as claims payable in the internal service fund. The School District uses actual claims reported for the period June 30 through the subsequent 60 days plus an actuarially determined amount for claims incurred but not yet reported, as a basis for estimating the liability for unpaid claims. Historically, most claims are reported within the 60-day period following the medical service. For the year ended June 30, 2017, the liability for claims incurred prior to June 30, 2017 and paid subsequently was \$358,699.

Unemployment

The School District has elected to self-insure for unemployment compensation rather than contribute to the state fund. Transactions relating to this plan are reflected in the self-insurance unemployment compensation fund, which is an internal service fund. Liabilities for claims incurred, which were unpaid at June 30, 2018, are estimated to be \$39 and are recorded as a liability in the internal service fund. For the year ended June 30, 2017, the liability for claims incurred prior to June 30, 2017 and paid subsequently was \$2,276.

Workers' Compensation

The School District is participating in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the Fund), which is a cooperative voluntary trust arrangement for 17 member school districts and the Lancaster-Lebanon Intermediate Unit No. 13. This agreement states that the School District pays an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the members and pooling workers' compensation and occupational disease insurance risks, reserves, claims, and losses and providing self-insurance and reinsurance thereof. It is the intent of the members of the Fund that the Fund will utilize funds contributed by the members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2018, the School District is not aware of any additional assessments relating to the Fund.

Other Risks

The School District is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The School District has purchased various insurance policies to safeguard its assets from risk of loss. There was no change in the level of the School District's insurance coverage and no settlements exceeding insurance coverage during the year ended June 30, 2018, and the three previous fiscal years.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 16 - Risk Management (Continued)

Change in Aggregate Claim Liabilities

Insurance claim liabilities reported at June 30 are historically paid within one year. Changes in the School District's claims liability amount in fiscal years 2018 and 2017 were:

	<u>Year Ended June 30, 2018</u>		
	<u>Hospitalization</u>	<u>Unemployment</u>	<u>Total</u>
Claim Liability at July 1, 2017	\$ 358,699	\$ 2,276	\$ 360,975
Current Year Claims and Changes in Estimates	4,292,464	18,082	4,310,546
Claim Payments	<u>(4,334,531)</u>	<u>(20,319)</u>	<u>(4,354,850)</u>
Claim Liability at June 30, 2018	\$ <u>316,632</u>	\$ <u>39</u>	\$ <u>316,671</u>
	 <u>Year Ended June 30, 2017</u>		
	<u>Hospitalization</u>	<u>Unemployment</u>	<u>Total</u>
Claim Liability at July 1, 2016	\$ 359,941	\$ 3,947	\$ 363,888
Current Year Claims and Changes in Estimates	4,878,310	4,977	4,883,287
Claim Payments	<u>(4,879,552)</u>	<u>(6,648)</u>	<u>(4,886,200)</u>
Claim Liability at June 30, 2017	\$ <u>358,699</u>	\$ <u>2,276</u>	\$ <u>360,975</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 17 - Fund Balances

Fund balances are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The following table details the constraints placed on fund balances for the governmental funds as of June 30, 2018.

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>			
Inventory	\$ 239,341	\$ -0-	\$ 239,341
Prepaid Items	<u>83,110</u>	<u>11,052</u>	<u>94,162</u>
Total Nonspendable	322,451	11,052	333,503
<u>Restricted</u>			
Debt Proceeds	-0-	8,124,550	8,124,550
<u>Committed</u>			
Tax Reassessment Property Appeals	325,000	-0-	325,000
<u>Assigned</u>			
Budgeted 2018-2019 General Fund Operating Deficit	2,253,777	-0-	2,253,777
Future Capital Projects	<u>-0-</u>	<u>12,714,790</u>	<u>12,714,790</u>
Total Assigned	2,253,777	12,714,790	14,968,567
<u>Unassigned</u>			
Total Fund Balances	\$ <u>6,280,867</u>	\$ <u>20,850,392</u>	\$ <u>27,131,259</u>

NOTE 18 - Income Protection and Sick Leave Bank

Income Protection

The School District provides income protection for its full-time professional employees in cases of total disability resulting from accidental bodily injury or sickness, exclusive of those injuries or illnesses covered by workers' compensation. Under the plan, the amount of monthly benefit shall be two thirds of the gross per diem salary for the school year 2017-2018. Benefits shall be payable for a maximum of 270 teaching days and shall begin on the first day after exhaustion of sick leave, but not before the thirty-first teaching day of continuous disability. The aggregate cost to the School District for potential long-term disability could not be reasonably estimated at June 30, 2018 and is, therefore, not recorded as a liability in the long-term debt obligation. During the school year 2017-2018, benefits totaling \$24,982 were paid to employees under the plan.

Sick Leave Bank

Membership in the School District's sick leave bank is available to professional employees on a voluntary basis with automatic annual renewal. Members may contribute one (1) sick leave day to the bank per contribution period with a maximum contribution of two (2) days per fiscal year. The use of days from the sick leave bank is intended for unforeseen, unplanned or catastrophic long-term illness or injury that is unavoidable during the school year and necessitates absence from professional duties. Sick leave bank days may be used in conjunction with income protection. The estimated liability for payment of sick leave bank days is included in the accrual for compensated absences. There were no benefits paid to employees from the sick leave bank during the fiscal year ended June 30, 2018.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 19 - Defined Benefit Pension Plan

Plan Description

The School District contributes to a governmental cost-sharing multi-employer defined benefit pension plan administered by PSERS. PSERS provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public school 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.

Funding Policy

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers and the Commonwealth.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or 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 new 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 2.0% 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 2.0% 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.

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

The contribution policy is set by the Code and requires contributions by active members, participating employers, and the Commonwealth of Pennsylvania. Plan members may belong to four membership classes. Class T-C, Class T-D, Class T-E and Class T-F are available to plan members.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 19 - Defined Benefit Pension Plan (Continued)

Member Contributions

Active members who joined the plan before July 22, 1983, are required to contribute 5.25% of their compensation if they are in Class T-C or 6.50% for Class T-D. Members who joined on or after July 22, 1983, and were active or inactive as of July 1, 2001, are required to contribute 6.25% for Class T-C or 7.50% for Class T-D. Members who joined the plan after June 30, 2001 and before July 1, 2011, are automatically in Class T-D and are required to contribute 7.50%.

Members who joined the plan 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 Class 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 the 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

Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2018, the rate of employer's contribution was 32.57% of covered payroll. The rate is comprised of a contribution rate of 31.74% for pensions and 0.83% for health care insurance premium assistance.

The School District is required to pay the entire employer contribution rate and is reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is approximately one-half of the total employer rate, but does not meet the requirements of a special funding situation as defined by GASB 68. The School District's and members' contributions are equal to the required contribution for each year. The School District's and the members' retirement and healthcare premium contributions, expressed in dollars and as a percentage of total covered payroll, follows:

	<u>School District's</u> <u>Contribution</u>		<u>Members'</u> <u>Contribution</u>	
	<u>Dollars</u>	<u>Percentage</u>	<u>Dollars</u>	<u>Percentage</u>
For the Year Ended:				
June 30, 2018	6,927,000	32.57%	1,677,141	7.54%
2017	6,361,000	30.03%	1,663,235	7.74%
2016	5,440,016	25.84%	1,638,685	7.44%
2015	4,338,060	21.40%	1,593,749	7.44%

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

At June 30, 2018, the School District reported a liability of \$80,468,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS's total pension liability as of June 30, 2016 to June 30, 2017. The School 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, 2017, the School District's proportion was .1630%, which was a decrease of .0037% from its proportion measured as of June 30, 2016.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 19 - Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2018, the School District recognized pension expense of \$8,346,000. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -0-	\$ 486,000
Changes in Assumptions	2,186,000	-0-
Net Difference between Projected and Actual Investment Earnings	2,705,000	-0-
Change in Proportions	959,000	1,616,000
Difference between Employer Contributions and Proportionate Share of Total Contributions	246,000	-0-
Contributions Subsequent to the Measurement Date	<u>6,927,000</u>	<u>-0-</u>
	<u>\$ 13,023,000</u>	<u>\$ 2,102,000</u>

Deferred outflows of resources related to pensions totaling \$6,927,000, represent School District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will increase (decrease) pension expense as follows:

Year Ended June 30:	
2019	\$ 1,086,000
2020	2,075,000
2021	1,405,000
2022	<u>(571,000)</u>
	<u>\$ 3,995,000</u>

Actuarial Assumptions

The total pension liability as of June 30, 2017, was determined by rolling forward PSERS' total pension liability as of the June 30, 2016 actuarial valuation to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

There were no changes in assumptions used in measurement of the total pension liability beginning June 30, 2017.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 19 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Markets Global Equity	20.0%	5.1%
Global Fixed Income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute Return	10.0%	3.4%
Risk Parity	10.0%	3.8%
MLPs/Infrastructure	8.0%	4.8%
Real Estate	10.0%	3.6%
Alternative Investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	<u>(20.0%)</u>	1.1%
	<u>100.0%</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, 2017.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents 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 one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
School District's Proportionate Share of the Net Pension Liability	\$ 99,092,000	\$ 80,468,000	\$ 64,809,000

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 19 - Defined Benefit Pension Plan (Continued)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2018, the School District reported a payable of \$1,965,442 for the outstanding amount of employer contributions to PSERS required for the year ended June 30, 2018. These amounts relate to the second quarter of 2018 and are payable to PSERS within five business days of the School District receiving its related retirement subsidy from the Commonwealth of Pennsylvania.

Pension Reform

Pursuant to Commonwealth Act 2017-5, members hired on or after July 1, 2019, will be required to choose one of three new retirement plan design options for retirement benefits. The current defined benefit plan will no longer be available to new members hired on or after July 1, 2019. The new plan design options include two hybrid plans consisting of defined benefit and defined contribution components. The third option is a stand-alone defined contribution plan.

PSERS school employers will be charged interest at the assumed rate of return, currently 7.25%, for delinquent payments to PSERS rather than 6%.

The pension reform act is anticipated to result in increases to employer contribution rates for the next 15 years through 2034 due to higher initial costs of the new retirement plans. From 2035 to 2050, employer rates are projected to begin to decline due to the lower long-term employer costs of the new retirement plans.

NOTE 20 - Contingencies and Commitments

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Litigation

The School District is involved in various claims and legal actions arising in the ordinary course of business. Any potential losses related to these legal actions cannot be reasonably estimated at this time.

Construction Project

Outstanding commitments for construction of the Swift Middle and Clermont Elementary Schools driveway/parking areas, renovations to Smith Middle School including electrical, HVAC and plumbing work, and track resurfacing at the High School existed at June 30, 2018. The commitment for Smith Middle School totaled \$3,251,757, the commitment for Swift Middle and Clermont Elementary Schools totaled \$65,870, and the commitment for the High School totaled \$11,850. The project commitments will be paid from the capital project fund during the 2018-2019 school year.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 20 - Contingencies and Commitments (Continued)

PURTA Reevaluation

The Pennsylvania Legislature revised the method used to value regulated public utilities for the assessment of real estate tax. Prior to the change, the Pennsylvania Utility Real Estate Tax Authority (PURTA) assessed real estate taxes of regulated public utility property according to the state assessment values. Under the law, regulated public utilities are assessed real estate tax on the tax base determined by the local county assessment. During February 2004, a settlement was reached between Exelon Generation Company, LLC (“Company”), an affiliate of PECO Energy Company, and the School District, the County of Lancaster, and the Lancaster County Board of Assessment Appeals in regards to the new assessed values of the Company’s real estate under the PURTA changes. Under this agreement, the Company shall pay real estate taxes on the properties based on the assessed value of \$30,000,000.

NOTE 21 - Change in Accounting Principle

In conjunction with implementation of GASB Statement No. 75, the School District restated the beginning net position of the governmental activities, the business-type activities and proprietary fund. In prior years, the School District accounted for other postemployment benefits (OPEBs) in accordance with GASB Statement No. 45, which permitted amortization of the initial unfunded OPEB liability for a period of thirty years, and did not require the School District to report its proportionate share of cost-sharing multiple-employer OPEB plans. Accordingly, net position as of July 1, 2017, has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position as Previously Reported on June 30, 2017	\$ (11,509,289)	\$ (425,932)
Prior Period Adjustment:		
Net OPEB Liability	(4,143,000)	(85,000)
Deferred Outflows of Resources	<u>336,000</u>	<u>8,000</u>
Total Prior Period Adjustment	<u>(3,807,000)</u>	<u>(77,000)</u>
Net Position as Restated, July 1, 2017	\$ <u>(15,316,289)</u>	\$ <u>(502,932)</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 22 - Subsequent Events

Installment Loan

On December 17, 2018, the School District accepted a term sheet for an installment loan of \$10,000,000. The loan is slated to close on February 1, 2019. The proceeds will be used for the purpose of funding capital projects and the payment of the costs associated with the loan. The interest on the ten year loan is 3.02%. The principal and interest is due in the following annual installments:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 50,333	\$ 805,000	\$ 855,333
2020	277,689	505,000	782,689
2021	262,438	550,000	812,438
2022	245,828	590,000	835,828
2023	228,010	620,000	848,010
2024-2028	823,252	5,075,000	5,898,252
2029	<u>56,021</u>	<u>1,855,000</u>	<u>1,911,021</u>
	<u>\$1,943,571</u>	<u>\$10,000,000</u>	<u>\$11,943,571</u>

Additional Construction Commitment

In July 2018, the School Board approved construction bids in the total amount of \$16,600,000 for the construction and renovation projects at Clermont Elementary and Swift Middle School. Those subsequent commitments are in addition to those already disclosed in Note 20.

REQUIRED SUPPLEMENTARY INFORMATION

Solanco School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE of CHANGES in TOTAL OPEB LIABILITY and RELATED RATIOS -
SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN
Last 10 Fiscal Years

	2018
<u>TOTAL OPEB LIABILITY</u>	
Service Cost	\$ 195,000
Interest	67,000
Change of Benefit Terms	-0-
Differences Between Expected and Actual	
Experience	-0-
Change of Assumptions	188,000
Benefit Payments	(164,000)
 <u>NET CHANGE in TOTAL OPEB LIABILITY</u>	 286,000
 <u>TOTAL OPEB LIABILITY</u>	
Beginning	2,583,000
Ending	2,869,000
 <u>COVERED PAYROLL</u>	 \$ 18,883,896
 <u>TOTAL OPEB LIABILITY as a PERCENTAGE of</u>	
<u>COVERED PAYROLL</u>	15.19%

Note: Information is not available prior to 2018.

See independent auditors' report.

Solanco School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION -
SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN
Last 10 Fiscal Years

Funding:

No assets are accumulated in a trust that meet the criteria included in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, to pay related benefits.

Changes of Assumptions:

Measurement period ending June 30, 2016:

Discount rate was increased from 2.49% to 3.13%.

Solanco School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE of the SCHOOL DISTRICT'S PROPORTIONATE SHARE of the NET OPEB LIABILITY -
PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PLAN
Last 10 Fiscal Years

Fiscal Year Ended June 30	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2016	0.1667%	3,591,000	21,568,000	16.65%	5.73%
2017	0.1630%	3,320,000	21,686,667	15.31%	5.47%

Note: Information is not available prior to 2016. The data provided in the schedule is based on the measurement date, which is the beginning of the School District's fiscal year.

See independent auditors' report.

Solanco School District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE of EMPLOYER CONTRIBUTIONS -
PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PLAN
Last 10 Fiscal Years

Fiscal Year Ended June 30	Contractually Required Contributions	Contributions from Employer	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	190,000	190,000	-0-	21,074,629	0.90%
2016	181,000	181,000	-0-	21,568,000	0.84%
2017	180,000	180,000	-0-	21,686,667	0.83%
2018	181,000	181,000	-0-	21,775,620	0.83%

Note: Information is not available prior to 2015.

See independent auditors' report.

Solanco School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION -
PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PLAN
Last 10 Fiscal Years
Unaudited

Changes of Assumptions:

Measurement period ending June 30, 2016:

Discount rate was increased from 2.71% to 3.13%.

Salary growth changes from an effective average of 5.50% to 5.00%

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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.

Solanco School District
SCHEDULE of EMPLOYER CONTRIBUTIONS -
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
Last 10 Fiscal Years

<u>Defined Benefit Pension Plan</u>	<u>Contractually Required Contribution</u>	<u>Contributions from Employer</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2009	\$ 819,545	\$ 819,545	-0-	\$ 20,488,634	4.00%
2010	848,041	848,041	-0-	21,201,025	4.00%
2011	1,092,870	1,092,870	-0-	21,857,394	5.00%
2012	1,737,609	1,737,609	-0-	21,720,116	8.00%
2013	2,433,717	2,433,717	-0-	20,945,532	11.60%
2014	3,390,625	3,390,625	-0-	21,104,703	16.06%
2015	4,338,060	4,338,060	-0-	21,074,629	20.58%
2016	5,440,016	5,440,016	-0-	21,568,000	25.22%
2017	6,361,000	6,361,000	-0-	21,686,677	29.20%
2018	6,927,000	6,927,000	-0-	21,775,620	31.74%

See independent auditors' report.

Solanco School District
SCHEDULE of SCHOOL DISTRICT'S PROPORTIONATE SHARE
of the NET PENSION LIABILITY -
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
Last 10 Fiscal Years

Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1654%	\$ 65,466,506	\$ 21,104,703	310.20%	57.24%
2015	0.1638%	70,915,029	21,074,629	336.49%	54.36%
2016	0.1667%	82,579,000	21,568,000	382.88%	50.14%
2017	0.1630%	80,468,000	21,686,667	371.05%	51.84%

Note : This schedule is intended to show information for ten years.
Additional years will be displayed as they become available.
The data provided in the schedule is based on the measurements date,
which is the beginning of the School District's fiscal year.

See independent auditors' report.

Solanco School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Changes of Benefit Terms:

Measurement period ending June 30, 2017:

Beginning June 12, 2017, with the passage of Act 5 class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes of Assumptions:

Measurement period ending June 30, 2016:

Investment Rate of Return was adjusted from 7.50% to 7.25%.

Inflation assumption was decreased from 3.00% to 2.75%.

Salary growth changed from an effective average of 5.50% to 5.00%.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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.

See independent auditors' report.

Solanco School District
SCHEDULE of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
BUDGET and ACTUAL -
GENERAL FUND
Year Ended June 30, 2018

	<u>Budget Amounts</u>		Actual	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
<u>REVENUES</u>				
Local Sources:				
Real Estate Taxes and Penalties	\$ 24,055,102	\$ 24,055,102	\$ 23,721,263	\$ (333,839)
Other Taxes	7,903,109	7,903,109	7,891,527	(11,582)
Investment Earnings	55,000	55,000	216,398	161,398
Revenue from School District Activities	62,000	62,000	77,644	15,644
Revenue from Intermediate Sources	734,831	734,831	915,488	180,657
Tuition	24,200	24,200	10,521	(13,679)
Other Revenue	<u>239,000</u>	<u>239,000</u>	<u>246,127</u>	<u>7,127</u>
<u>Total Local Sources</u>	33,073,242	33,073,242	33,078,968	5,726
State Sources	20,004,057	20,004,057	19,806,794	(197,263)
Federal Sources	<u>2,108,401</u>	<u>2,108,401</u>	<u>2,145,726</u>	<u>37,325</u>
<u>Total Revenues</u>	<u>55,185,700</u>	<u>55,185,700</u>	<u>55,031,488</u>	<u>(154,212)</u>
<u>EXPENDITURES</u>				
Current - Instructional Services:				
Regular Programs	23,166,200	22,947,700	20,864,000	2,083,700
Special Programs	9,845,806	9,961,107	9,705,015	256,092
Vocational Programs	2,570,498	2,570,497	2,380,357	190,140
Other Instructional Programs	522,033	526,533	499,448	27,085
Nonpublic School Programs	38,705	20,705	20,393	312
Pre-Kindergarten Programs	-0-	2,700	2,668	32
Support Services:				
Pupil Personnel Services	2,245,970	2,260,970	2,257,019	3,951
Instructional Staff Services	1,936,347	1,550,547	1,471,950	78,597
Administrative Services	2,669,546	2,679,346	2,674,993	4,353
Pupil Health Services	542,641	542,641	506,653	35,988
Business Services	874,650	972,650	970,565	2,085
Operation and Maintenance of				
Plant Services	3,978,749	4,016,749	3,663,429	353,320
Pupil Transportation Services	3,457,500	3,666,500	3,663,743	2,757
Central Support Services	918,695	934,195	923,578	10,617
Other Support Services	32,055	32,555	32,127	428
Operation of Noninstructional Services:				
Student Activities	1,058,340	1,073,340	1,070,024	3,316
Community Services	<u>60,418</u>	<u>59,418</u>	<u>56,206</u>	<u>3,212</u>
<u>Total Expenditures</u>	<u>\$ 53,918,153</u>	<u>\$ 53,818,153</u>	<u>\$ 50,762,168</u>	<u>\$ 3,055,985</u>

See independent auditors' report.

(Continued)

Solanco School District
SCHEDULE of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
BUDGET and ACTUAL -
GENERAL FUND
Year Ended June 30, 2018
(Continued)

	<u>Budget Amounts</u>		Actual	Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	
<u>EXCESS of REVENUES over</u>				
<u>EXPENDITURES</u>	\$ 1,267,547	\$ 1,367,547	\$ 4,269,320	\$ 2,901,773
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	600,000	600,000	-0-	(600,000)
Proceeds from Sale of Capital Assets	5,000	5,000	21,312	16,312
Insurance Recoveries	-0-	-0-	13,528	13,528
Transfers Out	(4,000,000)	(4,350,000)	(4,311,258)	38,742
Budgetary Reserve	<u>(250,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>Net Other Financing Uses</u>	<u>(3,645,000)</u>	<u>(3,745,000)</u>	<u>(4,276,418)</u>	<u>(531,418)</u>
<u>NET CHANGES in</u>				
<u>FUND BALANCES</u>	(2,377,453)	(2,377,453)	(7,098)	2,370,355
<u>FUND BALANCES</u> - Beginning of Year	3,673,033	3,673,033	6,242,938	-0-
Increase in Reserve for Inventory	<u>-0-</u>	<u>-0-</u>	<u>45,027</u>	<u>45,027</u>
<u>FUND BALANCES</u> - End of Year	\$ <u>1,295,580</u>	\$ <u>1,295,580</u>	\$ <u>6,280,867</u>	\$ <u>2,415,382</u>

See independent auditors' report.

Solanco School District
NOTES to REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Data

Solanco School District follows the following procedures in establishing the budgetary data reflected in the basic financial statements:

1. The Pennsylvania Department of Education (PDE) issues a schedule of actions for school districts for the development of the annual general fund budget under Act 1. One deadline is the action to resolve to keep any tax increase in the real estate tax millage rate below the index announced by PDE. Prior to that deadline, management submits to the Board, for consideration, a draft operating budget projection or other information to review, for the fiscal year commencing the following July 1. The Board determines if it will approve a resolution to keep any tax increase below the index.
2. If the Board adopts the resolution, management submits prior to May 31, to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general fund.
3. If the Board does not adopt the resolution, management prepares and submits a proposed operating budget for the fiscal year commencing the following July 1 in accordance to the deadlines established by PDE under Act 1. These deadlines will vary with the setting of the spring municipal election each year.
4. A public hearing is conducted to obtain taxpayer comments.
5. Prior to June 30, the budget is legally enacted through passage of a resolution.
6. Legal budgetary control is maintained by the School Board at the account code function level. Transfers between functions, whether between funds or within a fund, or revisions that alter total revenues or total expenditures of any fund, must be approved by the Board in accordance with the Pennsylvania Public School Code. Management may alter the budget within the sub-function and object level without Board approval. Budgetary information in the combined operating statements is presented at or below the legal level of budgetary control. It also includes the effects of approved budget amendments.
7. Budgetary data is included in the School District's management information system and is employed as a management control device during the year.
8. Unused appropriations lapse at the end of each fiscal year.
9. The budget for the general fund is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

See independent auditors' report.

COMBINING INDIVIDUAL FUND
SCHEDULES AND STATEMENTS
(SUPPLEMENTAL FINANCIAL INFORMATION)

Solanco School District
SCHEDULE of GENERAL FUND REVENUES and OTHER FINANCING SOURCES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2018

	<u>Original</u> <u>Budget</u>	Transfers Increase (Decrease)	Final Revised Budget	<u>Actual</u>	Variance With <u>Final Budget</u>
<u>REVENUES from LOCAL SOURCES</u>					
<u>Taxes</u>					
Current Real Estate Taxes	\$ 23,300,102	\$ -0-	\$ 23,300,102	\$ 23,120,583	\$ (179,519)
Interim Real Estate Taxes	155,000	-0-	155,000	77,178	(77,822)
Public Utility Realty	32,500	-0-	32,500	30,667	(1,833)
Payments in Lieu of Current Taxes	109	-0-	109	109	-0-
Earned Income Tax	7,420,500	-0-	7,420,500	7,325,951	(94,549)
Real Estate Transfer Tax	450,000	-0-	450,000	534,800	84,800
Delinquent Real Estate Taxes	<u>600,000</u>	-0-	<u>600,000</u>	<u>523,502</u>	<u>(76,498)</u>
<u>Total Taxes</u>	<u>31,958,211</u>	<u>-0-</u>	<u>31,958,211</u>	<u>31,612,790</u>	<u>(345,421)</u>
<u>Other Local Revenues</u>					
Investment Earnings	55,000	-0-	55,000	216,398	161,398
Revenue from School District Activities	62,000	-0-	62,000	77,644	15,644
Federal Revenue Passed through Local Sources	734,831	-0-	734,831	915,488	180,657
Rent of School Facilities	55,000	-0-	55,000	43,764	(11,236)
Contributions and Donations	15,000	-0-	15,000	41,520	26,520
Tuition	24,200	-0-	24,200	10,521	(13,679)
Miscellaneous	<u>169,000</u>	-0-	<u>169,000</u>	<u>160,843</u>	<u>(8,157)</u>
<u>Total Other Local Revenues</u>	<u>1,115,031</u>	<u>-0-</u>	<u>1,115,031</u>	<u>1,466,178</u>	<u>351,147</u>
<u>Total Revenues from Local Sources</u>	<u>33,073,242</u>	<u>-0-</u>	<u>33,073,242</u>	<u>33,078,968</u>	<u>5,726</u>
<u>REVENUES from STATE SOURCES</u>					
Basic Education Funding	10,122,596	-0-	10,122,596	10,097,407	(25,189)
Tuition for Orphans and Children	50,000	-0-	50,000	83,704	33,704
Vocational Education	74,000	-0-	74,000	116,629	42,629
Migratory Children	106	-0-	106	617	511
Special Education Funding	2,220,000	-0-	2,220,000	2,143,535	(76,465)
Other Program Subsidies	2,000	-0-	2,000	91,548	89,548
Transportation Subsidy	1,805,000	-0-	1,805,000	1,986,562	181,562
Rental and Sinking Fund Subsidies	39,000	-0-	39,000	12,195	(26,805)
Health Services	66,400	-0-	66,400	63,468	(2,932)
State Property Tax Reduction	545,938	-0-	545,938	545,938	-0-
Ready to Learn Grant	427,715	-0-	427,715	427,715	-0-
Other State Revenue	-0-	-0-	-0-	11,170	11,170
Social Security Reimbursement	884,696	-0-	884,696	743,869	(140,827)
Retirement Reimbursement	<u>3,766,606</u>	-0-	<u>3,766,606</u>	<u>3,482,437</u>	<u>(284,169)</u>
<u>Total Revenues from State Sources</u>	<u>\$ 20,004,057</u>	<u>\$ -0-</u>	<u>\$ 20,004,057</u>	<u>\$ 19,806,794</u>	<u>\$ (197,263)</u>

See independent auditors' report.

(Continued)

Solanco School District
SCHEDULE of GENERAL FUND REVENUES and OTHER FINANCING SOURCES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2018
(Continued)

	<u>Original</u> <u>Budget</u>	Transfers Increase <u>(Decrease)</u>	Final Revised <u>Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
<u>REVENUES from FEDERAL SOURCES</u>					
Title I	\$ 1,755,000	\$ -0-	\$ 1,755,000	\$ 1,778,840	\$ 23,840
Title II	243,401	-0-	243,401	239,470	(3,931)
Title V	-0-	-0-	-0-	34,899	34,899
Medical Assistance Reimbursements	<u>110,000</u>	<u>-0-</u>	<u>110,000</u>	<u>92,517</u>	<u>(17,483)</u>
<u>Total Revenues from</u> <u>Federal Sources</u>	<u>2,108,401</u>	<u>-0-</u>	<u>2,108,401</u>	<u>2,145,726</u>	<u>37,325</u>
<u>OTHER FINANCING SOURCES</u>					
Proceeds from Sale of Capital Assets	5,000	-0-	5,000	21,312	16,312
Insurance Recoveries	-0-	-0-	-0-	13,528	13,528
Transfers In	<u>600,000</u>	<u>-0-</u>	<u>600,000</u>	<u>-0-</u>	<u>(600,000)</u>
<u>Total Other Financing Sources</u>	<u>605,000</u>	<u>-0-</u>	<u>605,000</u>	<u>34,840</u>	<u>(570,160)</u>
<u>TOTAL GENERAL FUND</u> <u>REVENUES and OTHER</u> <u>FINANCING SOURCES</u>					
	\$ <u>55,790,700</u>	\$ <u>-0-</u>	\$ <u>55,790,700</u>	\$ <u>55,066,328</u>	\$ <u>(724,372)</u>

See independent auditors' report.

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2018

	<u>Original</u> <u>Budget</u>	<u>Transfers</u> <u>Increase</u> <u>(Decrease)</u>	<u>Final</u> <u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
<u>EXPENDITURES</u>					
Current - Instructional Services:					
<u>Regular Programs</u>					
Salaries	\$ 12,465,000	\$ (200,000)	\$ 12,265,000	\$ 11,348,093	\$ 916,907
Employee Benefits	8,189,700	(124,000)	8,065,700	7,103,681	962,019
Purchased Professional and Technical Services	410,000	-0-	410,000	372,157	37,843
Purchased Property Services	200,000	-0-	200,000	166,665	33,335
Other Purchased Services	765,000	25,000	790,000	789,890	110
Supplies	935,000	124,000	1,059,000	1,057,406	1,594
Property and Equipment	190,000	(39,500)	150,500	18,836	131,664
Other Objects	7,000	500	7,500	7,272	228
<u>Total Regular Programs</u>	<u>23,161,700</u>	<u>(214,000)</u>	<u>22,947,700</u>	<u>20,864,000</u>	<u>2,083,700</u>
<u>Special Programs</u>					
Salaries	2,864,100	127,000	2,991,100	2,990,712	388
Employee Benefits	1,890,307	(21,700)	1,868,607	1,662,957	205,650
Purchased Professional and Technical Services	3,077,500	860,000	3,937,500	3,932,855	4,645
Purchased Property Services	36,500	-0-	36,500	-0-	36,500
Other Purchased Services	1,916,050	(850,000)	1,066,050	1,063,295	2,755
Supplies	54,200	-0-	54,200	53,020	1,180
Property and Equipment	4,000	-0-	4,000	-0-	4,000
Other Objects	3,150	-0-	3,150	2,176	974
<u>Total Special Programs</u>	<u>9,845,807</u>	<u>115,300</u>	<u>9,961,107</u>	<u>9,705,015</u>	<u>256,092</u>
<u>Vocational Programs</u>					
Salaries	723,575	-0-	723,575	660,233	63,342
Employee Benefits	477,560	-0-	477,560	420,122	57,438
Purchased Professional and Technical Services	250	17,000	17,250	17,172	78
Purchased Property Services	88,310	-0-	88,310	86,199	2,111
Other Purchased Services	1,200,214	(23,000)	1,177,214	1,124,758	52,456
Supplies	39,750	-0-	39,750	30,865	8,885
Property and Equipment	40,100	-0-	40,100	35,215	4,885
Other Objects	738	6,000	6,738	5,793	945
<u>Total Vocational Programs</u>	<u>\$ 2,570,497</u>	<u>\$ -0-</u>	<u>\$ 2,570,497</u>	<u>\$ 2,380,357</u>	<u>\$ 190,140</u>

See independent auditors' report.

(Continued)

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2018

	<u>Original</u> <u>Budget</u>	<u>Transfers</u> <u>Increase</u> <u>(Decrease)</u>	<u>Final</u> <u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
<u>EXPENDITURES</u> (Continued)					
Current - Instructional Services (Continued):					
<u>Other Instructional Programs</u>					
Salaries	\$ 325,883	\$ (31,000)	\$ 294,883	\$ 292,757	\$ 2,126
Employee Benefits	132,650	3,000	135,650	135,073	577
Purchased Professional and Technical Services	17,000	-0-	17,000	5,754	11,246
Purchased Property Services	-0-	-0-	-0-	-0-	-0-
Other Purchased Services	34,000	-0-	34,000	21,182	12,818
Supplies	<u>17,000</u>	<u>28,000</u>	<u>45,000</u>	<u>44,682</u>	<u>318</u>
<u>Total Other Instructional Programs</u>	<u>526,533</u>	<u>-0-</u>	<u>526,533</u>	<u>499,448</u>	<u>27,085</u>
<u>Nonpublic School Programs</u>					
Purchased Professional and Technical Services	<u>38,705</u>	<u>(18,000)</u>	<u>20,705</u>	<u>20,393</u>	<u>312</u>
<u>Pre-Kindergarten Programs</u>					
Supplies	<u>-0-</u>	<u>2,700</u>	<u>2,700</u>	<u>2,668</u>	<u>32</u>
<u>Total Current -</u>					
<u>Instructional Services</u>	<u>36,143,242</u>	<u>(114,000)</u>	<u>36,029,242</u>	<u>33,471,881</u>	<u>2,557,361</u>
Support Services:					
<u>Pupil Personnel</u>					
Salaries	1,229,075	10,000	1,239,075	1,238,621	454
Employee Benefits	811,190	(24,000)	787,190	786,001	1,189
Purchased Professional and Technical Services	159,400	22,700	182,100	181,499	601
Purchased Property Services	200	-0-	200	-0-	200
Other Purchased Services	11,950	-0-	11,950	11,085	865
Supplies	31,550	8,000	39,550	38,947	603
Property and Equipment	2,000	(2,000)	-0-	-0-	-0-
Other Objects	<u>605</u>	<u>300</u>	<u>905</u>	<u>866</u>	<u>39</u>
<u>Total Pupil Personnel</u>	<u>\$ 2,245,970</u>	<u>\$ 15,000</u>	<u>\$ 2,260,970</u>	<u>\$ 2,257,019</u>	<u>\$ 3,951</u>

See independent auditors' report.

(Continued)

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2018

	<u>Original</u> <u>Budget</u>	<u>Transfers</u> <u>Increase</u> <u>(Decrease)</u>	<u>Final</u> <u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
<u>EXPENDITURES (Continued)</u>					
<u>Support Services (Continued):</u>					
<u>Instructional Staff Services</u>					
Salaries	\$ 963,025	\$ (141,800)	\$ 821,225	\$ 800,469	\$ 20,756
Employee Benefits	618,722	(150,000)	468,722	463,350	5,372
Purchased Professional and Technical Services	61,400	-0-	61,400	46,580	14,820
Purchased Property Services	19,000	-0-	19,000	5,730	13,270
Other Purchased Services	62,850	-0-	62,850	54,990	7,860
Supplies	90,500	6,000	96,500	96,077	423
Property and Equipment	117,500	(100,000)	17,500-	3,440	14,060
Other Objects	<u>3,350</u>	<u>-0-</u>	<u>3,350</u>	<u>1,314</u>	<u>2,036</u>
<u>Total Instructional Staff Services</u>	<u>1,936,347</u>	<u>(385,800)</u>	<u>1,550,547</u>	<u>1,471,950</u>	<u>78,597</u>
<u>Administrative Services</u>					
Salaries	1,378,100	30,000	1,408,100	1,407,760	340
Employee Benefits	909,646	5,000	914,646	914,206	440
Purchased Professional and Technical Services	226,000	(4,000)	222,000	221,108	892
Purchased Property Services	4,250	500	4,750	4,450	300
Other Purchased Services	74,300	(23,000)	51,300	50,126	1,174
Supplies	38,500	(8,200)	30,300	29,668	632
Property and Equipment	3,500	(3,500)	-0-	-0-	-0-
Other Objects	<u>35,250</u>	<u>13,000</u>	<u>48,250</u>	<u>47,675</u>	<u>575</u>
<u>Total Administrative Services</u>	<u>2,669,546</u>	<u>9,800</u>	<u>2,679,346</u>	<u>2,674,993</u>	<u>4,353</u>
<u>Pupil Health Services</u>					
Salaries	305,550	(100,500)	205,050	197,730	7,320
Employee Benefits	211,206	(73,000)	138,206	111,620	26,586
Purchased Professional and Technical Services	15,000	170,000	185,000	184,179	821
Purchased Property Services	500	-0-	500	-0-	500
Other Purchased Services	750	-0-	750	209	541
Supplies	7,500	5,500	13,000	12,915	85
Property and Equipment	2,000	(2,000)	-0-	-0-	-0-
Other Objects	<u>135</u>	<u>-0-</u>	<u>135</u>	<u>-0-</u>	<u>135</u>
<u>Total Pupil Health Services</u>	<u>\$ 542,641</u>	<u>\$ -0-</u>	<u>\$ 542,641</u>	<u>\$ 506,653</u>	<u>\$ 35,988</u>

See independent auditors' report.

(Continued)

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2018

	<u>Original</u>	<u>Transfers</u>	<u>Final</u>		<u>Variance With</u>
	<u>Budget</u>	<u>Increase</u>	<u>Revised</u>	<u>Actual</u>	<u>Final Budget</u>
		<u>(Decrease)</u>	<u>Budget</u>		
<u>EXPENDITURES (Continued)</u>					
<u>Support Services (Continued):</u>					
<u>Business Services</u>					
Salaries	\$ 455,000	\$ 80,000	\$ 535,000	\$ 534,846	\$ 154
Employee Benefits	300,300	9,500	309,800	309,366	434
Purchased Professional and Technical Services	42,500	5,500	48,000	47,636	364
Purchased Property Services	13,850	(3,000)	10,850	10,544	306
Other Purchased Services	45,000	1,500	46,500	46,117	383
Supplies	10,000	7,000	17,000	16,898	102
Property and Equipment	1,500	(1,500)	-0-	-0-	-0-
Other Objects	<u>6,500</u>	<u>(1,000)</u>	<u>5,500</u>	<u>5,158</u>	<u>342</u>
<u>Total Business Services</u>	<u>874,650</u>	<u>98,000</u>	<u>972,650</u>	<u>970,565</u>	<u>2,085</u>
<u>Operation and Maintenance of Plant Services</u>					
Salaries	1,297,750	-0-	1,297,750	1,294,089	3,661
Employee Benefits	849,249	-0-	849,249	730,556	118,693
Purchased Professional and Technical Services	125,000	22,000	147,000	146,055	945
Purchased Property Services	328,000	-0-	328,000	289,676	38,324
Other Purchased Services	150,000	17,000	167,000	166,022	978
Supplies	1,201,000	(2,600)	1,198,400	1,007,857	190,543
Property and Equipment	25,500	1,100	26,600	26,511	89
Other Objects	<u>2,250</u>	<u>500</u>	<u>2,750</u>	<u>2,663</u>	<u>87</u>
<u>Total Operation and Maintenance of Plant Services</u>	<u>3,978,749</u>	<u>38,000</u>	<u>4,016,749</u>	<u>3,663,429</u>	<u>353,320</u>
<u>Pupil Transportation Services</u>					
Salaries	220,000	(53,000)	167,000	166,705	295
Employee Benefits	141,000	(37,000)	104,000	103,605	395
Purchased Professional and Technical Services	10,250	(1,000)	9,250	9,089	161
Purchased Property Services	38,000	(12,000)	26,000	25,701	299
Other Purchased Services	2,982,000	371,000	3,353,000	3,352,697	303
Supplies	10,250	(4,000)	6,250	5,751	499
Property and Equipment	55,000	(55,000)	-0-	-0-	-0-
Other Objects	<u>1,000</u>	<u>-0-</u>	<u>1,000</u>	<u>195</u>	<u>805</u>
<u>Total Pupil Transportation Services</u>	<u>\$ 3,457,500</u>	<u>\$ 209,000</u>	<u>\$ 3,666,500</u>	<u>\$ 3,663,743</u>	<u>\$ 2,757</u>

See independent auditors' report.

(Continued)

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2018

	<u>Original</u> <u>Budget</u>	<u>Transfers</u> <u>Increase</u> <u>(Decrease)</u>	<u>Final</u> <u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
<u>EXPENDITURES (Continued)</u>					
<u>Support Services (Continued):</u>					
<u>Central Support Services</u>					
Salaries	\$ 371,107	\$ -0-	\$ 371,107	\$ 368,932	\$ 2,175
Employee Benefits	243,038	(11,000)	232,038	229,515	2,523
Purchased Professional and Technical Services	228,000	(75,000)	153,000	150,999	2,001
Purchased Property Services	10,000	(5,000)	5,000	3,330	1,670
Other Purchased Services	27,100	(2,000)	25,100	24,411	689
Supplies	24,500	122,000	146,500	145,858	642
Property and Equipment	8,500	(8,500)	-0-	-0-	-0-
Other Objects	<u>6,450</u>	<u>(5,000)</u>	<u>1,450</u>	<u>533</u>	<u>917</u>
<u>Total Central Support Services</u>	<u>918,695</u>	<u>15,500</u>	<u>934,195</u>	<u>923,578</u>	<u>10,617</u>
<u>Other Support Services</u>					
Other Purchased Services	<u>32,055</u>	<u>500</u>	<u>32,555</u>	<u>32,127</u>	<u>428</u>
<u>Total Support Services</u>	<u>16,656,153</u>	<u>-0-</u>	<u>16,656,153</u>	<u>16,164,057</u>	<u>492,096</u>
<u>Operation of Noninstructional Services:</u>					
<u>Student Activities</u>					
Salaries	519,600	(10,000)	509,600	509,145	455
Employee Benefits	260,740	(25,000)	235,740	235,606	134
Purchased Professional and Technical Services	78,000	10,000	88,000	87,734	266
Purchased Property Services	37,000	(17,000)	20,000	19,329	671
Other Purchased Services	55,500	12,000	67,500	67,271	229
Supplies	76,000	41,000	117,000	116,617	383
Property and Equipment	26,000	6,000	32,000	31,335	665
Other Objects	<u>5,500</u>	<u>(2,000)</u>	<u>3,500</u>	<u>2,987</u>	<u>513</u>
<u>Total Student Activities</u>	<u>1,058,340</u>	<u>15,000</u>	<u>1,073,340</u>	<u>1,070,024</u>	<u>3,316</u>
<u>Community Services</u>					
Salaries	16,531	(1,000)	15,531	14,879	652
Employee Benefits	7,137	(3,000)	4,137	3,533	604
Purchased Professional and Technical Services	750	-0-	750	217	533
Other Purchased Services	2,000	(1,000)	1,000	19	981
Supplies	<u>34,000</u>	<u>4,000</u>	<u>38,000</u>	<u>37,558</u>	<u>442</u>
<u>Total Community Services</u>	<u>60,418</u>	<u>(1,000)</u>	<u>59,418</u>	<u>56,206</u>	<u>3,212</u>
<u>Total Operation of</u>					
<u>Noninstructional Services</u>	<u>1,118,758</u>	<u>14,000</u>	<u>1,132,758</u>	<u>1,126,230</u>	<u>6,528</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 53,918,153</u>	<u>\$ (100,000)</u>	<u>\$ 53,818,153</u>	<u>\$ 50,762,168</u>	<u>\$ 3,055,985</u>

See independent auditors' report.

(Continued)

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2018
(Continued)

	<u>Original</u> <u>Budget</u>	<u>Transfers</u> <u>Increase</u> <u>(Decrease)</u>	<u>Final</u> <u>Revised</u> <u>Budget</u>	<u>Actual</u>	<u>Variance With</u> <u>Final Budget</u>
<u>OTHER FINANCING USES</u>					
Transfers Out	\$ 4,000,000	\$ 350,000	\$ 4,350,000	\$ 4,311,258	\$ 38,742
Budgetary Reserve	<u>250,000</u>	<u>(250,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>Total Other Financing Uses</u>	<u>4,250,000</u>	<u>100,000</u>	<u>4,350,000</u>	<u>4,311,258</u>	<u>38,742</u>
 <u>TOTAL EXPENDITURES and</u>					
<u>OTHER FINANCING USES</u>	\$ <u>58,168,153</u>	\$ <u>-0-</u>	\$ <u>58,168,153</u>	\$ <u>55,073,426</u>	\$ <u>3,094,727</u>

See independent auditors' report.

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for financial resources that are restricted, committed or assigned for capital outlay expenditures. Two sub-funds are included in this fund category:

Capital Reserve Sub-Fund - Accounts for moneys transferred during any fiscal year from General Fund appropriations with surplus money assigned by the school board for capital improvements, replacement, additions and deferred maintenance.

Construction Sub-Fund - Accounts for expenditures associated with the construction, addition or replacement of buildings paid from bonds or notes obtained for these projects.

Solanco School District
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS -
CAPITAL PROJECT FUND
June 30, 2018

	<u>Construction Project Sub-Fund</u>	<u>Capital Reserve Sub-Fund</u>	<u>Total Capital Project Fund</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ -0-	\$ 1,557,394	\$ 1,557,394
Investments	8,732,905	8,360,566	17,093,471
Accounts Receivable	-0-	534,471	534,471
Due From Other Funds	-0-	2,326,642	2,326,642
Other Receivables	-0-	38,856	38,856
Prepaid Items	<u>11,052</u>	<u>-0-</u>	<u>11,052</u>
 <u>TOTAL ASSETS</u>	 <u>8,743,957</u>	 <u>12,817,929</u>	 <u>21,561,886</u>
 <u>LIABILITIES</u>			
Accounts Payable	<u>608,355</u>	<u>103,139</u>	<u>711,494</u>
 <u>FUND BALANCES</u>			
Nonspendable	11,052	-0-	11,052
Restricted	8,124,550	-0-	8,124,550
Assigned	<u>-0-</u>	<u>12,714,790</u>	<u>12,714,790</u>
<u>TOTAL FUND BALANCES</u>	<u>8,135,602</u>	<u>12,714,790</u>	<u>20,850,392</u>
 <u>TOTAL LIABILITIES and FUND BALANCES</u>	 <u>\$ 8,743,957</u>	 <u>\$ 12,817,929</u>	 <u>\$ 21,561,886</u>

Solanco School District
COMBINING STATEMENT of REVENUES, EXPENDITURES, and
CHANGES in FUND BALANCE - GOVERNMENTAL FUNDS - CAPITAL PROJECT FUND
Year Ended June 30, 2018

	<u>Construction Project Sub-Fund</u>	<u>Capital Reserve Sub-Fund</u>	<u>Total Capital Project Fund</u>
<u>REVENUES</u>			
Investment Earnings	\$ 86,971	\$ 93,857	\$ 180,828
Other Revenue	<u>-0-</u>	<u>185</u>	<u>185</u>
<u>Total Revenues</u>	<u>86,971</u>	<u>94,042</u>	<u>181,013</u>
<u>EXPENDITURES</u>			
Capital Outlay:			
Facilities Acquisition, Construction, and Improvement Services	<u>11,008,919</u>	<u>1,262,995</u>	<u>12,271,914</u>
Debt Service:			
Fiscal Charges	<u>142,450</u>	<u>-0-</u>	<u>142,450</u>
<u>Total Expenditures</u>	<u>11,151,369</u>	<u>1,262,995</u>	<u>12,414,364</u>
<u>DEFICIENCY of REVENUES over EXPENDITURES</u>	(11,064,398)	(1,168,953)	(12,233,351)
<u>OTHER FINANCING SOURCES</u>			
Insurance Revoceries	-0-	453,404	453,404
Proceeds from Issuance of Debt	19,200,000	-0-	19,200,000
Transfers in	<u>-0-</u>	<u>2,326,642</u>	<u>2,326,642</u>
<u>Total Other Financing Sources</u>	<u>19,200,000</u>	<u>2,780,046</u>	<u>21,980,046</u>
<u>NET CHANGES in FUND BALANCES</u>	8,135,602	1,611,093	9,746,695
FUND BALANCES - Beginning of Year	<u>-0-</u>	<u>11,103,697</u>	<u>11,103,697</u>
<u>FUND BALANCES</u> - End of Year	\$ <u>8,135,602</u>	\$ <u>12,714,790</u>	\$ <u>20,850,392</u>

See independent auditors' report.

PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of services on a cost reimbursement basis provided by one department to other departments of the School District. Two funds are included in this fund category:

Self-Insurance Hospitalization Fund - Accounts for the collection of premiums and disbursement of claims and other benefit costs for the medical coverage provided to employees through the insurance consortium with the Lancaster-Lebanon Intermediate Unit 13 and to the hospitalization plan administrator, Health Assurance.

Self-Insurance Unemployment Compensation Fund - Accounts for the payment of the School District's unemployment claims and related costs in lieu of participation in the state fund.

Solanco School District
COMBINING STATEMENT of NET POSITION -
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
June 30, 2018

	<u>Hospitalization Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Total Internal Service Funds</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 257,454	\$ 25,927	\$ 283,381
Investments	3,187,271	100,000	3,287,271
Due From Other Funds	-0-	-0-	-0-
Other Receivables	146,615	1,606	148,221
Prepaid Items	<u>31,675</u>	<u>-0-</u>	<u>31,675</u>
<u>TOTAL ASSETS</u>	<u>3,623,015</u>	<u>127,533</u>	<u>3,750,548</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	2,000	-0-	2,000
Claims Payable	<u>316,632</u>	<u>39</u>	<u>316,671</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>318,632</u>	<u>39</u>	<u>318,671</u>
<u>NET POSITION</u>			
Unrestricted	\$ <u>3,304,383</u>	\$ <u>127,494</u>	\$ <u>3,431,877</u>

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of REVENUES, EXPENSES, and
CHANGES in NET POSITION - PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
Year Ended June 30, 2018

	<u>Hospitalization</u> <u>Fund</u>	<u>Unemployment</u> <u>Compensation</u> <u>Fund</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ <u>4,621,472</u>	\$ <u>-0-</u>	\$ <u>4,621,472</u>
<u>OPERATING EXPENSES</u>			
Employee Benefits	4,234,342	18,082	4,252,424
Purchased Professional and Technical Service	<u>205,841</u>	<u>1,919</u>	<u>207,760</u>
<u>Total Operating Expenses</u>	<u>4,440,183</u>	<u>20,001</u>	<u>4,460,184</u>
<u>OPERATING INCOME (LOSS)</u>	181,289	(20,001)	161,288
<u>NONOPERATING REVENUES</u>			
Investments Earnings	<u>41,910</u>	<u>1,960</u>	<u>43,870</u>
<u>CHANGES in NET POSITION</u>	223,199	(18,041)	205,158
<u>NET POSITION - Beginning of Year</u>	<u>3,081,184</u>	<u>145,535</u>	<u>3,226,719</u>
<u>NET POSITION - End of Year</u>	\$ <u>3,304,383</u>	\$ <u>127,494</u>	\$ <u>3,431,877</u>

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of CASH FLOWS -
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
Year Ended June 30, 2018

	<u>Hospitalization</u> <u>Fund</u>	<u>Unemployment</u> <u>Compensation</u> <u>Fund</u>	<u>Total</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<u>CASH FLOWS from OPERATING ACTIVITIES</u>			
Cash Received from Assessments Made to Other Funds	\$ 4,574,172	\$ -0-	\$ 4,574,172
Cash Payments for Insurance Services	(4,336,450)	(20,318)	(4,356,768)
Cash Payments for Other Operating Expenses	<u>(237,722)</u>	<u>(1,919)</u>	<u>(239,641)</u>
<u>Net Cash Used by Operating Activities</u>	<u>-0-</u>	<u>(22,237)</u>	<u>(22,237)</u>
<u>CASH FLOWS from INVESTING ACTIVITIES</u>			
Investment Earnings	36,149	357	36,506
Deposits to Investment Pools	<u>(154,129)</u>	<u>-0-</u>	<u>(154,129)</u>
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>(117,980)</u>	<u>357</u>	<u>(117,623)</u>
<u>DECREASE in CASH and CASH EQUIVALENTS</u>	(117,980)	(21,880)	(139,860)
<u>CASH and CASH EQUIVALENTS</u>			
Beginning of Year	<u>375,434</u>	<u>47,807</u>	<u>423,241</u>
End of Year	<u>257,454</u>	<u>25,927</u>	<u>283,381</u>
<u>RECONCILIATION of OPERATING INCOME (LOSS)</u> <u>to NET CASH USED by OPERATING ACTIVITIES</u>			
Operating Income (Loss)	<u>181,289</u>	<u>(20,001)</u>	<u>161,288</u>
<u>ADJUSTMENTS to RECONCILE OPERATING INCOME</u> <u>(LOSS) to NET CASH USED by OPERATING</u> <u>ACTIVITIES</u>			
Increase in Accounts Receivables	(47,300)	-0-	(47,300)
Increase in Prepaid Items	(31,675)	-0-	(31,675)
(Decrease) in Accounts and Claims Payable	<u>(102,314)</u>	<u>(2,236)</u>	<u>(104,550)</u>
<u>Total Adjustments</u>	<u>(181,289)</u>	<u>(2,236)</u>	<u>(183,525)</u>
<u>Net Cash Used by Operating Activities</u>	\$ <u>-0-</u>	\$ <u>(22,237)</u>	\$ <u>(22,237)</u>

See independent auditors' report.

FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS AND AGENCY FUNDS

Private Purpose Trust Funds are used to account for assets held by the School District in a trustee capacity. Numerous funds are included in this fund category. One fund, the Daniel Keys Maintenance Fund, is used to account for the upkeep of a donated exhibit. The other funds are used to account for the accumulation of resources for and payment of awarded scholarships.

Agency Funds are used to account for assets held by the School District as an agent for individuals or groups. An agency fund is reflected solely on the combined balance sheet of the School District in accordance with its nature. Each of the School District's seven school buildings maintains an agency fund for monies obtained as a result of student fundraising efforts or student activities. The monies belong to the student groups performing the fundraising activities.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2018

		William W. Avis, Jr. Memorial Scholarship Trust Fund	Bair-Helm Scholarship Trust Fund	Chalala Family Scholarship Trust Fund	Richard Cummings Memorial Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
<u>ASSETS</u>						
Cash and Cash Equivalents	\$	6,353	\$ 10,892	\$ 44,636	\$ 131,010	\$ 192,891
Investments		<u>30</u>	<u>52</u>	<u>217</u>	<u>636</u>	<u>935</u>
<u>TOTAL ASSETS</u>		<u>6,383</u>	<u>10,944</u>	<u>44,853</u>	<u>131,646</u>	<u>193,826</u>
<u>LIABILITIES and NET POSITION</u>						
<u>LIABILITIES</u>						
Accounts Payable		<u>500</u>	<u>-0-</u>	<u>300</u>	<u>24,000</u>	<u>24,800</u>
<u>NET POSITION</u>						
Restricted for Scholarships		5,883	10,944	44,553	107,646	169,026
Restricted for Exhibition Costs		<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL NET POSITION</u>	\$	<u>5,883</u>	\$ <u>10,944</u>	\$ <u>44,553</u>	\$ <u>107,646</u>	\$ <u>169,026</u>

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2018

		William Day Memorial Scholarship Trust Fund	Michael DeBerdine Scholarship Trust Fund	Farm Women #15 Scholarship Trust Fund	Bret C. Hershey Music Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
<u>ASSETS</u>						
Cash and Cash Equivalents	\$	800	\$ 18,331	\$ 573	\$ 19,089	\$ 38,793
Investments		<u>4</u>	<u>89</u>	<u>3</u>	<u>93</u>	<u>189</u>
<u>TOTAL ASSETS</u>		<u>804</u>	<u>18,420</u>	<u>576</u>	<u>19,182</u>	<u>38,982</u>
<u>LIABILITIES and NET POSITION</u>						
<u>LIABILITIES</u>						
Accounts Payable		<u>-0-</u>	<u>2,000</u>	<u>575</u>	<u>1,200</u>	<u>3,775</u>
<u>NET POSITION</u>						
Restricted for Scholarships		804	16,420	1	17,982	35,207
Restricted for Exhibition Costs		<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL NET POSITION</u>	\$	<u>804</u>	\$ <u>16,420</u>	\$ <u>1</u>	\$ <u>17,982</u>	\$ <u>35,207</u>

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2018

		Daniel Keys Maintenance Trust Fund	Alice Kirk Kyle Scholarship Trust Fund	Earl Linton Memorial Agriculture Scholarship Trust Fund	Charlene Musselman Music Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
<u>ASSETS</u>						
Cash and Cash Equivalents	\$	3,944	\$ 1,527	\$ 2,810	\$ 15,782	\$ 24,063
Investments		<u>19</u>	<u>7</u>	<u>14</u>	<u>77</u>	<u>117</u>
<u>TOTAL ASSETS</u>		<u>3,963</u>	<u>1,534</u>	<u>2,824</u>	<u>15,859</u>	<u>24,180</u>
<u>LIABILITIES and NET POSITION</u>						
<u>LIABILITIES</u>						
Accounts Payable		<u>-0-</u>	<u>200</u>	<u>300</u>	<u>500</u>	<u>1,000</u>
<u>NET POSITION</u>						
Restricted for Scholarships		-0-	1,334	2,524	15,359	19,217
Restricted for Exhibition Costs		<u>3,963</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,963</u>
<u>TOTAL NET POSITION</u>	\$	<u>3,963</u>	\$ <u>1,334</u>	\$ <u>2,524</u>	\$ <u>15,359</u>	\$ <u>23,180</u>

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2018

	Ophelia Scholarship Trust Fund	Presting Perserverance Scholarship Trust Fund	Pribitkin-Day Scholarship Trust Fund	Jeffrey Roth Memorial Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 915	\$ 20,309	\$ 2,410	\$ 32,932	\$ 56,566
Investments	4	99	12	160	275
<u>TOTAL ASSETS</u>	919	20,408	2,422	33,092	56,841
<u>LIABILITIES and NET POSITION</u>					
<u>LIABILITIES</u>					
Accounts Payable	300	1,150	100	20,000	21,550
<u>NET POSITION</u>					
Restricted for Scholarships	619	19,258	2,322	13,092	35,291
Restricted for Exhibition Costs	-0-	-0-	-0-	-0-	-0-
<u>TOTAL NET POSITION</u>	\$ 619	\$ 19,258	\$ 2,322	\$ 13,092	\$ 35,291

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2018

	Quarryville Elementary Scholarship Trust Fund	Long- Krushinski Scholarship Trust Fund	Solanco Senior High Scholarship Trust Fund	Kathryn Wagner Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
 <u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,126	\$ 20,845	\$ 592	\$ 6,441	\$ 30,004
Investments	10	101	3	31	145
 <u>TOTAL ASSETS</u>	 2,136	 20,946	 595	 6,472	 30,149
 <u>LIABILITIES and NET POSITION</u>					
 <u>LIABILITIES</u>					
Accounts Payable	500	500	100	2,000	3,100
 <u>NET POSITION</u>					
Restricted for Scholarships	1,636	20,446	495	4,472	27,049
Restricted for Exhibition Costs	-0-	-0-	-0-	-0-	-0-
 <u>TOTAL NET POSITION</u>	 \$ 1,636	 \$ 20,446	 \$ 495	 \$ 4,472	 \$ 27,049

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2018

	Wakefield Lions Club Scholarship Trust Fund	Norman Wood Scholarship Trust Fund	Brittany Lynne Wrigley Scholarship Trust Fund	Brian Zug Memorial Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 38,541	\$ 20,390	\$ 5,587	\$ 5,087	\$ 69,605
Investments	187	99	27	25	338
<u>TOTAL ASSETS</u>	<u>38,728</u>	<u>20,489</u>	<u>5,614</u>	<u>5,112</u>	<u>69,943</u>
<u>LIABILITIES and NET POSITION</u>					
<u>LIABILITIES</u>					
Accounts Payable	24,000	150	500	-0-	24,650
<u>NET POSITION</u>					
Restricted for Scholarships	14,728	20,339	5,114	5,112	45,293
Restricted for Exhibition Costs	-0-	-0-	-0-	-0-	-0-
<u>TOTAL NET POSITION</u>	\$ <u>14,728</u>	\$ <u>20,339</u>	\$ <u>5,114</u>	\$ <u>5,112</u>	\$ <u>45,293</u>

See independent auditors' report.

(Continued)

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2018

	<u>Class of 2013</u>		<u>Class of 2014</u>		<u>Class of 2016</u>	<u>Solanco Fair</u>	<u>Private</u>
	<u>Legacy</u>		<u>Scholarship</u>		<u>Scholarship</u>	<u>Association</u>	<u>Purpose</u>
	<u>Scholarship</u>		<u>Trust Fund</u>		<u>Trust Fund</u>	<u>Agricultural</u>	<u>Trust Fund</u>
	<u>Trust Fund</u>		<u>Trust Fund</u>		<u>Trust Fund</u>	<u>Scholarship</u>	<u>Total</u>
	<u>Trust Fund</u>		<u>Trust Fund</u>		<u>Trust Fund</u>	<u>Trust Fund</u>	<u>Trust Fund</u>
 <u>ASSETS</u>							
Cash and Cash Equivalents	\$ 210	\$	261	\$	2,039	-0-	\$ 414,432
Investments	<u>1</u>	<u>1</u>	<u>1</u>	<u>10</u>	<u>-0-</u>	<u>2,011</u>	
 <u>TOTAL ASSETS</u>	 <u>211</u>	 <u>262</u>	 <u>2,049</u>	 <u>-0-</u>	 <u>416,443</u>		
 <u>LIABILITIES and NET POSITION</u>							
 <u>LIABILITIES</u>							
Accounts Payable	<u>210</u>	<u>260</u>	<u>500</u>	<u>-0-</u>	<u>79,845</u>		
 <u>NET POSITION</u>							
Restricted for Scholarships	1	2	1,549	-0-	332,635		
Restricted for Exhibition Costs	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,963</u>		
 <u>TOTAL NET POSITION</u>	 <u>\$ 1</u>	 <u>\$ 2</u>	 <u>\$ 1,549</u>	 <u>-0-</u>	 <u>\$ 336,598</u>		

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2018

		William W. Avis, Jr. Memorial Scholarship Trust Fund		Bair-Helm Scholarship Trust Fund		Chalala Family Scholarship Trust Fund		Richard Cummings Memorial Scholarship Trust Fund		Private Purpose Trust Fund Subtotals
<u>ADDITIONS</u>										
Gifts and Contributions	\$	-0-	\$	-0-	\$	-0-	\$	55,828	\$	55,828
Investment Earnings		<u>87</u>		<u>144</u>		<u>590</u>		<u>1,580</u>		<u>2,401</u>
<u>TOTAL ADDITIONS</u>		<u><u>87</u></u>		<u><u>144</u></u>		<u><u>590</u></u>		<u><u>57,408</u></u>		<u><u>58,229</u></u>
<u>DEDUCTIONS</u>										
Scholarships Awarded		500		-0-		300		49,585		50,385
Administrative and Investment Fees		<u>3</u>		<u>4</u>		<u>14</u>		<u>3,360</u>		<u>3,381</u>
<u>TOTAL DEDUCTIONS</u>		<u><u>503</u></u>		<u><u>4</u></u>		<u><u>314</u></u>		<u><u>52,945</u></u>		<u><u>53,766</u></u>
<u>CHANGES in NET POSITION</u>		(416)		140		276		4,463		4,463
<u>NET POSITION</u> - Beginning of Year		<u>6,299</u>		<u>10,804</u>		<u>44,277</u>		<u>103,183</u>		<u>164,563</u>
<u>NET POSITION</u> - End of Year	\$	<u><u>5,883</u></u>	\$	<u><u>10,944</u></u>	\$	<u><u>44,553</u></u>	\$	<u><u>107,646</u></u>	\$	<u><u>169,026</u></u>

See independent auditors' report.

(Continued)

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2018

	William Day Memorial Scholarship Trust Fund	Michael DeBerdine Scholarship Trust Fund	Farm Women #15 Scholarship Trust Fund	Bret C. Hershey Music Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
<u>ADDITIONS</u>					
Gifts and Contributions	\$ 500	\$ -0-	\$ 500	\$ -0-	\$ 1,000
Investment Earnings	9	242	12	254	517
<u>TOTAL ADDITIONS</u>	<u>509</u>	<u>242</u>	<u>512</u>	<u>254</u>	<u>1,517</u>
<u>DEDUCTIONS</u>					
Scholarships Awarded	100	2,000	1,075	1,200	4,375
Administrative and Investment Fees	-0-	5	1	7	13
<u>TOTAL DEDUCTIONS</u>	<u>100</u>	<u>2,005</u>	<u>1,076</u>	<u>1,207</u>	<u>4,388</u>
<u>CHANGES in NET POSITION</u>	409	(1,763)	(564)	(953)	(2,871)
<u>NET POSITION</u> - Beginning of Year	395	18,183	565	18,935	38,078
<u>NET POSITION</u> - End of Year	\$ <u>804</u>	\$ <u>16,420</u>	\$ <u>1</u>	\$ <u>17,982</u>	\$ <u>35,207</u>

See independent auditors' report.

(Continued)

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2018

		Daniel Keys Maintenance Trust Fund	Alice Kirk Kyle Scholarship Trust Fund	Earl Linton Memorial Agriculture Scholarship Trust Fund	Charlene Musselman Music Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
 <u>ADDITIONS</u>						
Gifts and Contributions	\$	-0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Investment Earnings		<u>52</u>	<u>121</u>	<u>38</u>	<u>209</u>	<u>420</u>
<u>TOTAL ADDITIONS</u>		<u><u>52</u></u>	<u><u>121</u></u>	<u><u>38</u></u>	<u><u>209</u></u>	<u><u>420</u></u>
 <u>DEDUCTIONS</u>						
Scholarships Awarded		-0-	100	300	500	900
Administrative and Investment Fees		<u>2</u>	<u>-0-</u>	<u>1</u>	<u>6</u>	<u>9</u>
<u>TOTAL DEDUCTIONS</u>		<u><u>2</u></u>	<u><u>100</u></u>	<u><u>301</u></u>	<u><u>506</u></u>	<u><u>909</u></u>
<u>CHANGES in NET POSITION</u>		50	21	(263)	(297)	(489)
<u>NET POSITION</u> - Beginning of Year		<u>3,913</u>	<u>1,313</u>	<u>2,787</u>	<u>15,656</u>	<u>23,669</u>
<u>NET POSITION</u> - End of Year	\$	<u><u>3,963</u></u>	\$ <u><u>1,334</u></u>	\$ <u><u>2,524</u></u>	\$ <u><u>15,359</u></u>	\$ <u><u>23,180</u></u>

See independent auditors' report.

(Continued)

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2018

	Ophelia Scholarship Trust Fund	Presting Perserverance Scholarship Trust Fund	Pribitkin-Day Scholarship Trust Fund	Jeffrey Roth Memorial Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
 <u>ADDITIONS</u>					
Gifts and Contributions	\$ -0-	\$ -0-	\$ -0-	\$ 5,000	\$ 5,000
Investment Earnings	<u>12</u>	<u>269</u>	<u>32</u>	<u>396</u>	<u>709</u>
 <u>TOTAL ADDITIONS</u>	 <u><u>12</u></u>	 <u><u>269</u></u>	 <u><u>32</u></u>	 <u><u>5,396</u></u>	 <u><u>5,709</u></u>
 <u>DEDUCTIONS</u>					
Scholarships Awarded	-0-	-0-	100	7,000	7,100
Administrative and Investment Fees	<u>-0-</u>	<u>7</u>	<u>1</u>	<u>10</u>	<u>18</u>
 <u>TOTAL DEDUCTIONS</u>	 <u><u>-0-</u></u>	 <u><u>7</u></u>	 <u><u>101</u></u>	 <u><u>7,010</u></u>	 <u><u>7,118</u></u>
 <u>CHANGES in NET POSITION</u>	 12	 262	 (69)	 (1,614)	 (1,409)
 <u>NET POSITION - Beginning of Year</u>	 <u>607</u>	 <u>18,996</u>	 <u>2,391</u>	 <u>14,706</u>	 <u>36,700</u>
 <u>NET POSITION - End of Year</u>	 \$ <u><u>619</u></u>	 \$ <u><u>19,258</u></u>	 \$ <u><u>2,322</u></u>	 \$ <u><u>13,092</u></u>	 \$ <u><u>35,291</u></u>

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2018

	<u>Quarryville</u> <u>Elementary</u> <u>Scholarship</u> <u>Trust Fund</u>	<u>Long-</u> <u>Krushinski</u> <u>Scholarship</u> <u>Trust Fund</u>	<u>Solanco</u> <u>Senior High</u> <u>Scholarship</u> <u>Trust Fund</u>	<u>Kathryn</u> <u>Wagner</u> <u>Scholarship</u> <u>Trust Fund</u>	<u>Private</u> <u>Purpose</u> <u>Trust Fund</u> <u>Subtotals</u>
 <u>ADDITIONS</u>					
Gifts and Contributions	\$ -0-	\$ 8,620	\$ -0-	\$ -0-	\$ 8,620
Investment Earnings	<u>29</u>	<u>225</u>	<u>8</u>	<u>88</u>	<u>350</u>
 <u>TOTAL ADDITIONS</u>	 <u>29</u>	 <u>8,845</u>	 <u>8</u>	 <u>88</u>	 <u>8,970</u>
 <u>DEDUCTIONS</u>					
Scholarships Awarded	500	500	100	1,000	2,100
Administrative and Investment Fees	<u>1</u>	<u>6</u>	<u>1</u>	<u>2</u>	<u>10</u>
 <u>TOTAL DEDUCTIONS</u>	 <u>501</u>	 <u>506</u>	 <u>101</u>	 <u>1,002</u>	 <u>2,110</u>
 <u>CHANGES in NET POSITION</u>	 (472)	 8,339	 (93)	 (914)	 6,860
 <u>NET POSITION - Beginning of Year</u>	 <u>2,108</u>	 <u>12,107</u>	 <u>588</u>	 <u>5,386</u>	 <u>20,189</u>
 <u>NET POSITION - End of Year</u>	 \$ <u>1,636</u>	 \$ <u>20,446</u>	 \$ <u>495</u>	 \$ <u>4,472</u>	 \$ <u>27,049</u>

See independent auditors' report.

(Continued)

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2018

	Wakefield Lions Club Scholarship Trust Fund	Norman Wood Scholarship Trust Fund	Brittany Lynne Wrigley Scholarship Trust Fund	Brian Zug Memorial Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
 <u>ADDITIONS</u>					
Gifts and Contributions	\$ 21,000	\$ 4	\$ -0-	\$ -0-	\$ 21,004
Investment Earnings	<u>377</u>	<u>270</u>	<u>74</u>	<u>67</u>	<u>788</u>
 <u>TOTAL ADDITIONS</u>	 <u><u>21,377</u></u>	 <u><u>274</u></u>	 <u><u>74</u></u>	 <u><u>67</u></u>	 <u><u>21,792</u></u>
 <u>DEDUCTIONS</u>					
Scholarships Awarded	15,000	150	500	-0-	15,650
Administrative and Investment Fees	<u>10</u>	<u>9</u>	<u>1</u>	<u>2</u>	<u>22</u>
 <u>TOTAL DEDUCTIONS</u>	 <u><u>15,010</u></u>	 <u><u>159</u></u>	 <u><u>501</u></u>	 <u><u>2</u></u>	 <u><u>15,672</u></u>
 <u>CHANGES in NET POSITION</u>	 6,367	 115	 (427)	 65	 6,120
 <u>NET POSITION - Beginning of Year</u>	 <u>8,361</u>	 <u>20,224</u>	 <u>5,541</u>	 <u>5,047</u>	 <u>39,173</u>
 <u>NET POSITION - End of Year</u>	 \$ <u><u>14,728</u></u>	 \$ <u><u>20,339</u></u>	 \$ <u><u>5,114</u></u>	 \$ <u><u>5,112</u></u>	 \$ <u><u>45,293</u></u>

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2018
(Continued)

	<u>Class of 2013</u> Legacy Scholarship Trust Fund	<u>Class of 2014</u> Scholarship Trust Fund	<u>Class of 2016</u> Scholarship Trust Fund	<u>Solanco Fair</u> Association Agricultural Scholarship Trust Fund	<u>Private</u> Purpose Trust Fund Total
 <u>ADDITIONS</u>					
Gifts and Contributions	\$ -0-	\$ -0-	\$ -0-	-0-	\$ 91,452
Investment Earnings	<u>3</u>	<u>5</u>	<u>29</u>	<u>-0-</u>	<u>5,222</u>
 <u>TOTAL ADDITIONS</u>	 <u><u>3</u></u>	 <u><u>5</u></u>	 <u><u>29</u></u>	 <u><u>-0-</u></u>	 <u><u>96,674</u></u>
 <u>DEDUCTIONS</u>					
Scholarships Awarded	210	261	500	3	81,484
Administrative and Investment Fees	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,453</u>
 <u>TOTAL DEDUCTIONS</u>	 <u><u>210</u></u>	 <u><u>261</u></u>	 <u><u>500</u></u>	 <u><u>3</u></u>	 <u><u>84,937</u></u>
 <u>CHANGES in NET POSITION</u>	 (207)	 (256)	 (471)	 (3)	 11,737
 <u>NET POSITION - Beginning of Year</u>	 <u>208</u>	 <u>258</u>	 <u>2,020</u>	 <u>3</u>	 <u>324,861</u>
 <u>NET POSITION - End of Year</u>	 \$ <u><u>1</u></u>	 \$ <u><u>2</u></u>	 \$ <u><u>1,549</u></u>	 \$ <u><u>-0-</u></u>	 \$ <u><u>336,598</u></u>

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of CHANGES in ASSETS and LIABILITIES -
FIDUCIARY FUNDS - AGENCY FUNDS
Year Ended June 30, 2018

	July 1, 2017		Receipts	Disbursements	June 30, 2018
	<u>Balances</u>				<u>Balances</u>
<u>BART COLERAIN ELEMENTARY SCHOOL</u>					
<u>ACTIVITIES FUND:</u>					
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ <u>1,312</u>	\$ <u>1,104</u>	\$ <u>1,787</u>		\$ <u>629</u>
<u>LIABILITIES</u>					
Accounts Payable	<u>1,312</u>	<u>1,104</u>	<u>1,787</u>		<u>629</u>
<u>CLERMONT ELEMENTARY SCHOOL</u>					
<u>ACTIVITIES FUND:</u>					
<u>ASSETS</u>					
Cash and Cash Equivalents	<u>762</u>	<u>1,801</u>	<u>221</u>		<u>2,342</u>
<u>LIABILITIES</u>					
Accounts Payable	<u>762</u>	<u>1,801</u>	<u>221</u>		<u>2,342</u>
<u>PROVIDENCE ELEMENTARY SCHOOL</u>					
<u>ACTIVITIES FUND:</u>					
<u>ASSETS</u>					
Cash and Cash Equivalents	<u>2,436</u>	<u>1,137</u>	<u>2,996</u>		<u>577</u>
<u>LIABILITIES</u>					
Accounts Payable	<u>2,436</u>	<u>1,137</u>	<u>2,996</u>		<u>577</u>
<u>QUARRYVILLE ELEMENTARY SCHOOL</u>					
<u>ACTIVITIES FUND:</u>					
<u>ASSETS</u>					
Cash and Cash Equivalents	<u>8,285</u>	<u>3,033</u>	<u>7,658</u>		<u>3,660</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ <u>8,285</u>	\$ <u>3,033</u>	\$ <u>7,658</u>		\$ <u>3,660</u>

See independent auditors' report.

Solanco School District
COMBINING STATEMENT of CHANGES in ASSETS and LIABILITIES -
FIDUCIARY FUNDS - AGENCY FUNDS
 Year Ended June 30, 2018
 (Continued)

	<u>July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2018</u>
	<u>Balances</u>			<u>Balances</u>
<u>GEORGE A. SMITH MIDDLE SCHOOL</u>				
<u>ACTIVITIES FUND:</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>2,439</u>	\$ <u>41,101</u>	\$ <u>36,863</u>	\$ <u>6,677</u>
<u>LIABILITIES</u>				
Accounts Payable	<u>2,439</u>	<u>41,101</u>	<u>36,863</u>	<u>6,677</u>
<u>SWIFT MIDDLE SCHOOL ACTIVITIES FUND:</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>8,172</u>	<u>102,376</u>	<u>83,533</u>	<u>27,015</u>
<u>LIABILITIES</u>				
Accounts Payable	<u>8,172</u>	<u>102,376</u>	<u>83,533</u>	<u>27,015</u>
<u>SOLANCO HIGH SCHOOL ACTIVITIES FUND:</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>107,796</u>	<u>172,668</u>	<u>188,353</u>	<u>92,111</u>
<u>LIABILITIES</u>				
Accounts Payable	<u>107,796</u>	<u>172,668</u>	<u>188,353</u>	<u>92,111</u>
<u>TOTAL ALL ACTIVITIES FUNDS:</u>				
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>131,202</u>	<u>323,220</u>	<u>321,411</u>	<u>133,011</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ <u>131,202</u>	\$ <u>323,220</u>	\$ <u>321,411</u>	\$ <u>133,011</u>

See independent auditors' report.

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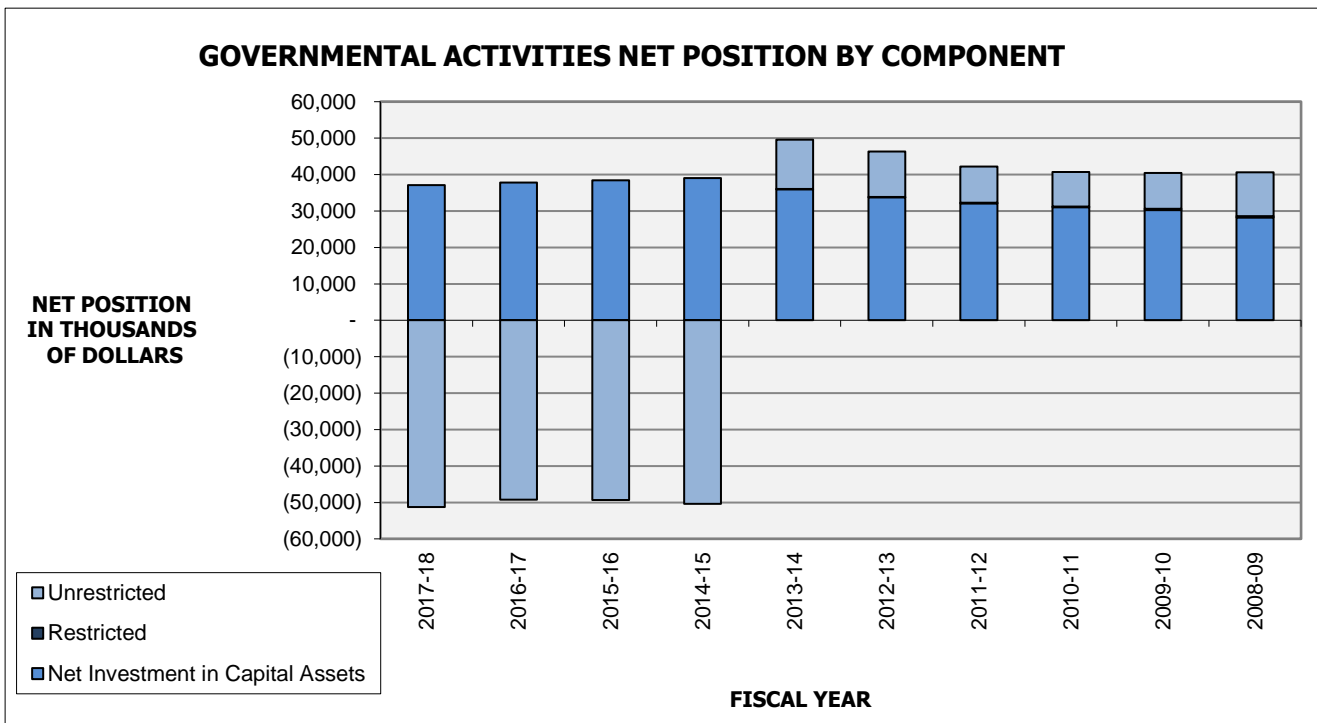
STATISTICAL SECTION

This part of the Solanco School District's comprehensive annual 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 school district's overall financial health.

<u>Contents</u>	<u>Pages</u>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the school district's financial performance and well-being have changed over time.	S - 2 to S - 23
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the school district's most significant local revenue source – property tax.	S - 24 to S - 32
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the school district's current levels of outstanding debt and the school district's ability to issue additional debt in the future.	S - 33 to S - 39
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the school district's financial activities take place.	S - 40 to S - 45
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the school district provides and the activities it performs.	S - 46 to S - 52
<u>Glossary of Terms</u> The glossary contains definitions of terms used in this report and additional terms that enhance the understanding of financial accounting procedures for school districts.	S - 53 to S - 60

**SOLANCO SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**
(Accrual Basis of Accounting)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
GOVERNMENTAL ACTIVITIES				
NET INVESTMENT IN CAPITAL ASSETS	\$ 38,375,747	\$ 37,780,225	\$ 38,439,441	\$ 38,991,741
RESTRICTED	-	-	-	-
UNRESTRICTED	<u>(52,511,264)</u>	<u>(49,289,514)</u>	<u>(49,294,020)</u>	<u>(50,417,947)</u>
TOTAL GOVERNMENTAL ACTIVITIES				
NET POSITION	<u>(14,135,517)</u>	<u>(11,509,289)</u>	<u>(10,854,579)</u>	<u>(11,426,206)</u>
BUSINESS-TYPE ACTIVITIES				
NET INVESTMENT IN CAPITAL ASSETS	79,620	69,515	89,230	68,679
UNRESTRICTED	<u>(558,047)</u>	<u>(495,448)</u>	<u>(638,122)</u>	<u>(731,349)</u>
TOTAL BUSINESS-TYPE ACTIVITIES				
NET POSITION	<u>(478,427)</u>	<u>(425,933)</u>	<u>(548,892)</u>	<u>(662,670)</u>
PRIMARY GOVERNMENT				
NET INVESTMENT IN CAPITAL ASSETS	38,455,367	37,849,741	38,528,671	39,060,420
RESTRICTED	-	-	-	-
UNRESTRICTED	<u>(53,069,311)</u>	<u>(49,784,962)</u>	<u>(49,932,142)</u>	<u>(51,149,296)</u>
TOTAL PRIMARY GOVERNMENT				
NET POSITION	\$ <u>(14,613,944)</u>	\$ <u>(11,935,221)</u>	\$ <u>(11,403,471)</u>	\$ <u>(12,088,876)</u>



SOURCE: SOLANCO SCHOOL DISTRICT STATEMENT OF NET POSITION

NOTE: GASB STATEMENT NO. 68 - ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS WAS IMPLEMENTED DURING THE 2014-15 FISCAL YEAR, RESULTING IN A NEGATIVE UNRESTRICTED NET POSITION.

**SOLANCO SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**
(Accrual Basis of Accounting)
(Continued)

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$	36,000,457	\$ 33,767,284	\$ 32,106,890	\$ 31,016,096	\$ 30,288,679	\$ 28,190,962
	37,500	112,550	173,236	229,287	280,522	359,914
	<u>13,497,936</u>	<u>12,467,170</u>	<u>9,911,689</u>	<u>9,420,096</u>	<u>9,870,989</u>	<u>12,084,941</u>
	<u>49,535,893</u>	<u>46,347,004</u>	<u>42,191,815</u>	<u>40,665,479</u>	<u>40,440,190</u>	<u>40,635,817</u>
	86,001	102,732	124,608	142,554	115,846	130,635
	<u>478,036</u>	<u>330,598</u>	<u>304,952</u>	<u>83,882</u>	<u>60,597</u>	<u>63,302</u>
	<u>564,037</u>	<u>433,330</u>	<u>429,560</u>	<u>226,436</u>	<u>176,443</u>	<u>193,937</u>
	36,086,458	33,870,016	32,231,498	31,158,650	30,404,525	28,321,597
	37,500	112,550	173,236	229,287	280,522	359,914
	<u>13,975,972</u>	<u>12,797,768</u>	<u>10,216,641</u>	<u>9,503,978</u>	<u>9,931,586</u>	<u>12,148,243</u>
\$	<u>50,099,930</u>	\$ <u>46,780,334</u>	\$ <u>42,621,375</u>	\$ <u>40,891,915</u>	\$ <u>40,616,633</u>	\$ <u>40,829,754</u>

SOLANCO SCHOOL DISTRICT
CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
GOVERNMENTAL ACTIVITIES			
PROGRAM REVENUES			
CHARGES FOR SERVICES			
SCHOOL TUITION	\$ 10,521	\$ 19,038	\$ 34,757
STUDENT ACTIVITIES	65,081	47,953	55,285
LOCAL TRANSPORTATION FEES	7,002	11,794	17,627
MISCELLANEOUS CHARGES	82,263	95,572	50,895
OPERATING GRANTS AND CONTRIBUTIONS			
INSTRUCTION	9,015,263	8,669,160	8,027,444
INSTRUCTIONAL STUDENT SUPPORT	723,332	778,429	671,360
ADMINISTRATIVE AND FINANCIAL SUPPORT	545,029	493,844	444,302
OPERATION AND MAINTENANCE OF PLANT SERVICES	383,204	278,209	451,604
PUPIL TRANSPORTATION	2,107,818	1,950,835	1,874,328
STUDENT ACTIVITIES	102,221	91,699	85,093
COMMUNITY SERVICES	42,551	39,796	40,631
CAPITAL GRANTS AND CONTRIBUTIONS	12,195	234,860	-
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	<u>13,096,480</u>	<u>12,711,189</u>	<u>11,753,326</u>
PROGRAM EXPENSES			
INSTRUCTION	35,905,182	36,038,371	33,402,590
INSTRUCTIONAL STUDENT SUPPORT	4,538,968	4,682,552	4,381,066
ADMINISTRATIVE AND FINANCIAL SUPPORT	5,002,233	4,817,625	4,523,724
OPERATION AND MAINTENANCE OF PLANT SERVICES	4,056,931	3,933,764	3,788,748
PUPIL TRANSPORTATION	3,774,144	3,795,429	3,631,051
STUDENT ACTIVITIES	1,139,339	1,070,669	1,015,047
COMMUNITY SERVICES	56,026	38,034	39,129
BOND ISSUANCE FEES	-	-	-
SWAP TERMINATION FEES	-	-	-
INTEREST ON LONG-TERM DEBT	224,279	-	-
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM EXPENSES	<u>54,697,102</u>	<u>54,376,444</u>	<u>50,781,355</u>
NET GOVERNMENTAL ACTIVITIES PROGRAM EXPENSE	(41,600,622)	(41,665,255)	(39,028,029)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
TAXES:			
PROPERTY TAXES, NET	24,449,549	23,497,238	22,539,279
EARNED INCOME TAXES, NET	7,325,951	7,297,915	7,212,916
OTHER TAXES, NET	30,776	32,429	32,326
UNRESTRICTED GRANTS AND SUBSIDIES	10,097,407	10,019,564	9,744,228
INVESTMENT EARNINGS	441,094	147,759	54,428
MISCELLANEOUS INCOME	436,617	15,640	16,479
TRANSFERS	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES			
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	<u>42,781,394</u>	<u>41,010,545</u>	<u>39,599,656</u>
TOTAL CHANGE IN NET POSITION	\$ <u>1,180,772</u>	\$ <u>(654,710)</u>	\$ <u>571,627</u>

SOURCE: SOLANCO SCHOOL DISTRICT STATEMENT OF ACTIVITIES

NOTE: GASB STATEMENT NO. 68 - ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS WAS IMPLEMENTED DURING 2014-15 FISCAL YEAR

SOLANCO SCHOOL DISTRICT
CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Continued)

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$	24,736	\$ 29,539	\$ 38,457	\$ 42,155	\$ 89,556	\$ 106,646	\$ 105,247
	43,371	43,449	48,068	50,803	54,876	68,165	66,544
	29,216	24,535	72,250	28,185	50,746	42,504	51,699
	50,607	38,417	52,582	47,735	46,287	36,005	46,773
	7,832,616	7,331,175	6,806,309	6,293,665	8,426,284	8,312,433	6,222,466
	605,265	744,181	676,489	577,784	923,170	669,609	570,402
	392,782	454,112	369,981	205,683	319,816	301,182	286,942
	247,259	196,099	197,863	181,740	172,088	146,786	135,042
	1,738,436	1,617,086	1,612,163	1,698,245	1,687,969	1,561,301	1,691,932
	70,226	62,212	46,754	39,785	37,483	32,791	29,973
	44,241	33,277	33,212	36,768	47,402	32,806	20,246
	<u>348,977</u>	<u>553,896</u>	<u>552,220</u>	<u>552,458</u>	<u>670,480</u>	<u>736,251</u>	<u>739,324</u>
	<u>11,427,732</u>	<u>11,127,978</u>	<u>10,506,348</u>	<u>9,755,006</u>	<u>12,526,157</u>	<u>12,046,479</u>	<u>9,966,590</u>
	31,692,411	29,711,935	28,318,674	28,219,901	29,285,411	28,181,364	25,812,404
	4,223,982	3,783,300	3,516,524	3,648,442	3,854,612	3,630,702	3,442,289
	4,251,869	3,847,846	3,714,470	3,670,752	3,573,191	3,650,228	3,660,006
	3,951,180	3,584,864	3,299,090	3,089,729	3,195,045	3,477,634	3,333,299
	3,473,769	3,247,363	3,007,331	2,952,485	2,890,919	2,839,457	2,925,642
	954,395	889,858	825,602	840,267	879,436	882,180	841,321
	50,300	37,320	32,908	36,878	49,502	45,764	23,055
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	<u>36,483</u>	<u>136,206</u>	<u>267,921</u>	<u>353,365</u>	<u>446,384</u>	<u>596,695</u>	<u>688,933</u>
	<u>48,634,389</u>	<u>45,238,692</u>	<u>42,982,520</u>	<u>42,811,819</u>	<u>44,174,500</u>	<u>43,304,024</u>	<u>40,726,949</u>
	(37,206,657)	(34,110,714)	(32,476,172)	(33,056,813)	(31,648,343)	(31,257,545)	(30,760,359)
	21,732,300	20,977,012	20,216,157	19,476,831	18,656,658	17,625,494	16,582,409
	7,046,945	6,728,477	7,016,102	5,772,632	4,888,591	4,756,179	6,203,344
	34,576	32,191	32,262	31,408	32,695	32,283	30,039
	9,534,551	9,534,470	9,328,508	9,350,760	8,245,694	8,529,182	9,350,769
	33,776	13,977	16,938	33,252	57,968	147,743	488,909
	11,407	13,476	21,394	15,802	57,388	4,016	20,078
	-	-	-	(97,536)	(65,362)	(32,979)	(95,264)
	<u>38,393,555</u>	<u>37,299,603</u>	<u>36,631,361</u>	<u>34,583,149</u>	<u>31,873,632</u>	<u>31,061,918</u>	<u>32,580,284</u>
\$	<u>1,186,898</u>	\$ <u>3,188,889</u>	\$ <u>4,155,189</u>	\$ <u>1,526,336</u>	\$ <u>225,289</u>	\$ <u>(195,627)</u>	\$ <u>1,819,925</u>

SOLANCO SCHOOL DISTRICT
CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
BUSINESS-TYPE ACTIVITIES				
PROGRAM REVENUES				
CHARGES FOR SERVICES				
DAILY SALES	\$ 547,658	\$ 584,955	\$ 624,197	\$ 621,543
OTHER CHARGES FOR SERVICES	33,811	28,292	35,248	37,392
OPERATING GRANTS AND CONTRIBUTIONS				
FOOD SERVICES	<u>1,023,226</u>	<u>1,067,100</u>	<u>1,035,806</u>	<u>983,914</u>
TOTAL BUSINESS-TYPE ACTIVITIES				
PROGRAM REVENUES	<u>1,604,695</u>	<u>1,680,347</u>	<u>1,695,251</u>	<u>1,642,849</u>
PROGRAM EXPENSES				
FOOD SERVICES	<u>1,594,334</u>	<u>1,564,224</u>	<u>1,584,070</u>	<u>1,602,793</u>
NET BUSINESS-TYPE ACTIVITIES				
PROGRAM EXPENSE	10,361	116,123	111,181	40,056
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
INVESTMENT EARNINGS	12,467	5,521	1,808	723
MISCELLANEOUS INCOME	1,677	1,316	789	861
TRANSFERS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES				
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION	<u>14,144</u>	<u>6,837</u>	<u>2,597</u>	<u>1,584</u>
TOTAL CHANGE IN NET POSITION	<u>\$ 24,505</u>	<u>\$ 122,960</u>	<u>\$ 113,778</u>	<u>\$ 41,640</u>

SOURCE: SOLANCO SCHOOL DISTRICT STATEMENT OF ACTIVITIES

NOTE: GASB STATEMENT NO. 68 - ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS WAS IMPLEMENTED DURING THE 2014-15 FISCAL YEAR

SOLANCO SCHOOL DISTRICT
CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES
LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 (Continued)

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$	677,161	\$ 736,843	\$ 813,780	\$ 842,973	\$ 839,757	\$ 875,476
	40,393	42,664	59,223	66,312	65,006	74,528
	<u>953,266</u>	<u>900,094</u>	<u>911,183</u>	<u>768,989</u>	<u>739,839</u>	<u>655,754</u>
	<u>1,670,820</u>	<u>1,679,601</u>	<u>1,784,186</u>	<u>1,678,274</u>	<u>1,644,602</u>	<u>1,605,758</u>
	<u>1,541,241</u>	<u>1,676,870</u>	<u>1,679,593</u>	<u>1,695,130</u>	<u>1,696,117</u>	<u>1,706,787</u>
	129,579	2,731	104,593	(16,856)	(51,515)	(101,029)
	365	299	264	586	924	1,027
	763	740	731	901	118	406
	<u>-</u>	<u>-</u>	<u>97,536</u>	<u>65,362</u>	<u>32,979</u>	<u>95,264</u>
	<u>1,128</u>	<u>1,039</u>	<u>98,531</u>	<u>66,849</u>	<u>34,021</u>	<u>96,697</u>
\$	<u>130,707</u>	<u>3,770</u>	<u>203,124</u>	<u>49,993</u>	<u>(17,494)</u>	<u>(4,332)</u>

SOLANCO SCHOOL DISTRICT
CHANGES IN NET POSITION - TOTAL PRIMARY GOVERNMENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES			
CHARGES FOR SERVICES			
GOVERNMENTAL ACTIVITIES	\$ 164,867	\$ 174,357	\$ 158,564
BUSINESS-TYPE ACTIVITIES	579,939	613,247	659,445
OPERATING GRANTS AND CONTRIBUTIONS			
INSTRUCTION	9,015,263	8,669,160	8,027,444
INSTRUCTIONAL STUDENT SUPPORT	723,332	778,429	671,360
ADMINISTRATIVE AND FINANCIAL SUPPORT	545,029	493,844	444,302
OPERATION AND MAINTENANCE OF PLANT SERVICES	383,204	278,209	451,604
PUPIL TRANSPORTATION	2,107,818	1,950,835	1,874,328
STUDENT ACTIVITIES	102,221	91,699	85,093
COMMUNITY SERVICES	42,551	39,796	40,631
FOOD SERVICES	1,024,903	1,067,100	1,035,806
CAPITAL GRANTS AND CONTRIBUTIONS	12,195	234,860	-
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>14,701,322</u>	<u>14,391,536</u>	<u>13,448,577</u>
PROGRAM EXPENSES			
INSTRUCTION	35,905,182	36,038,371	33,402,590
INSTRUCTIONAL STUDENT SUPPORT	4,538,968	4,682,552	4,381,066
ADMINISTRATIVE AND FINANCIAL SUPPORT	5,002,233	4,817,625	4,523,724
OPERATION AND MAINTENANCE OF PLANT SERVICES	4,056,931	3,933,764	3,788,748
PUPIL TRANSPORTATION	3,774,144	3,795,429	3,631,051
STUDENT ACTIVITIES	1,139,339	1,070,669	1,015,047
COMMUNITY SERVICES	56,026	38,034	39,129
INTEREST ON LONG-TERM DEBT	224,279	-	-
FOOD SERVICE	1,594,334	1,564,224	1,584,070
TOTAL PRIMARY GOVERNMENT PROGRAM EXPENSES	<u>56,291,436</u>	<u>55,940,668</u>	<u>52,365,425</u>
NET PRIMARY GOVERNMENT PROGRAM EXPENSE	(41,590,114)	(41,549,132)	(38,916,848)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
TAXES:			
PROPERTY TAXES, NET	24,449,549	23,497,238	22,539,279
EARNED INCOME TAXES ,NET	7,325,951	7,297,915	7,212,916
OTHER TAXES, NET	30,776	32,429	32,326
UNRESTRICTED GRANTS AND SUBSIDIES	10,097,407	10,019,564	9,744,228
INVESTMENT EARNINGS	453,561	153,280	56,236
MISCELLANEOUS INCOME	438,147	16,956	17,268
TRANSFERS	-	-	-
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	<u>42,795,391</u>	<u>41,017,382</u>	<u>39,602,253</u>
TOTAL CHANGE IN NET POSITION	\$ <u>1,205,277</u>	\$ <u>(531,750)</u>	\$ <u>685,405</u>

SOURCE: SOLANCO SCHOOL DISTRICT STATEMENT OF ACTIVITIES

NOTE: GASB STATEMENT NO. 68 - ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS WAS IMPLEMENTED

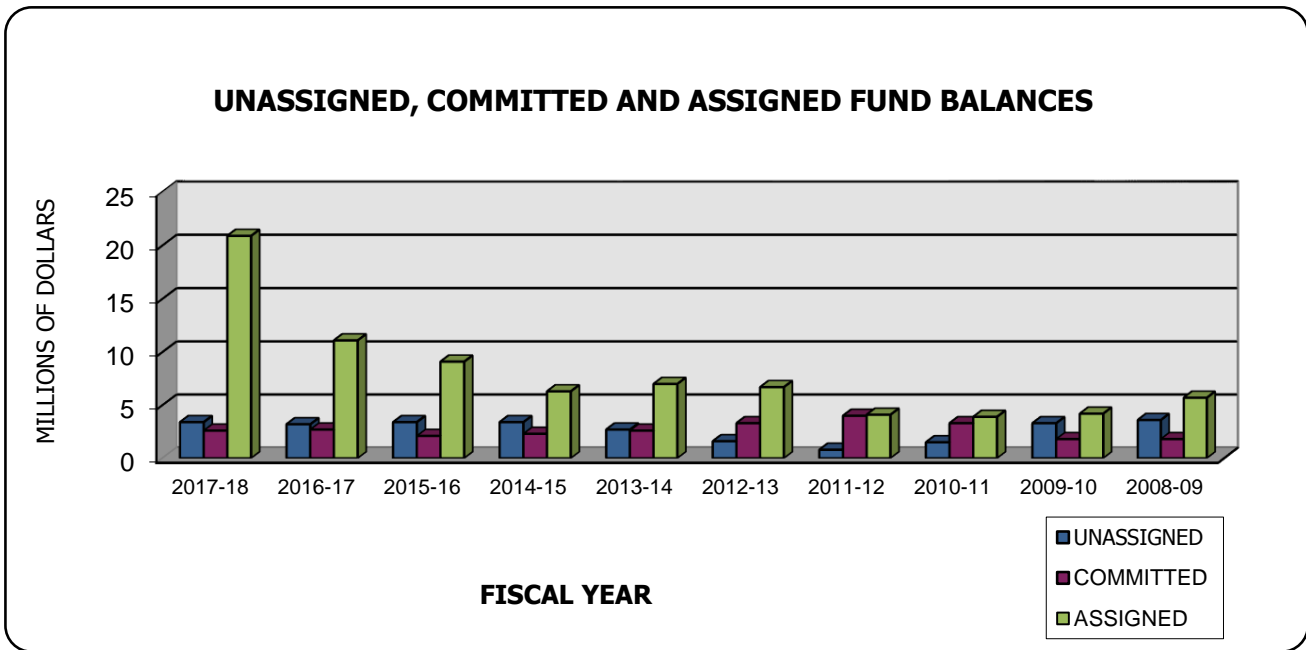
DURING THE 2014-15 FISCAL YEAR

SOLANCO SCHOOL DISTRICT
CHANGES IN NET POSITION - TOTAL PRIMARY GOVERNMENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Continued)

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$	147,930	\$ 135,940	\$ 211,357	\$ 168,878	\$ 241,465	\$ 253,320	\$ 270,263
	658,935	717,554	779,507	873,003	909,285	904,763	950,004
	7,832,616	7,331,175	6,806,309	6,293,665	8,426,284	8,312,433	6,222,466
	605,265	744,181	676,489	577,784	923,170	669,609	570,402
	392,782	454,112	369,981	205,683	319,816	301,182	286,942
	247,259	196,099	197,863	181,740	172,088	146,786	135,042
	1,738,436	1,617,086	1,612,163	1,698,245	1,687,969	1,561,301	1,691,932
	70,226	62,212	46,754	39,785	37,483	32,791	29,973
	44,241	33,277	33,212	36,768	47,402	32,806	20,246
	983,914	953,266	900,094	911,183	768,989	739,839	655,754
	348,977	553,896	552,220	552,458	670,480	736,251	739,324
	<u>13,070,581</u>	<u>12,798,798</u>	<u>12,185,949</u>	<u>11,539,192</u>	<u>14,204,431</u>	<u>13,691,081</u>	<u>11,572,348</u>
	31,692,411	29,711,935	28,318,674	28,219,901	29,285,411	28,181,364	25,812,404
	4,223,982	3,783,300	3,516,524	3,648,442	3,854,612	3,630,702	3,442,289
	4,251,869	3,847,846	3,714,470	3,670,752	3,573,191	3,650,228	3,660,006
	3,951,180	3,584,864	3,299,090	3,089,729	3,195,045	3,477,634	3,333,299
	3,473,769	3,247,363	3,007,331	2,952,485	2,890,919	2,839,457	2,925,642
	954,395	889,858	825,602	840,267	879,436	882,180	841,321
	50,300	37,320	32,908	36,878	49,502	45,764	23,055
	36,483	136,206	267,921	353,365	446,384	596,695	688,933
	1,602,793	1,541,241	1,676,870	1,679,593	1,695,130	1,696,117	1,706,787
	<u>50,237,182</u>	<u>46,779,933</u>	<u>44,659,390</u>	<u>44,491,412</u>	<u>45,869,630</u>	<u>45,000,141</u>	<u>42,433,736</u>
	(37,166,601)	(33,981,135)	(32,473,441)	(32,952,220)	(31,665,199)	(31,309,060)	(30,861,388)
	21,732,300	20,977,012	20,216,157	19,476,831	18,656,658	17,625,494	16,582,409
	7,046,945	6,728,477	7,016,102	5,772,632	4,888,591	4,756,179	6,203,344
	34,576	32,191	32,262	31,408	32,695	32,283	30,039
	9,534,551	9,534,470	9,328,508	9,350,760	8,245,694	8,529,182	9,350,769
	34,499	14,342	17,237	33,516	58,554	148,667	489,936
	12,268	14,239	22,134	16,533	58,289	4,134	20,484
	-	-	-	-	-	-	-
	<u>38,395,139</u>	<u>37,300,731</u>	<u>36,632,400</u>	<u>34,681,680</u>	<u>31,940,481</u>	<u>31,095,939</u>	<u>32,676,981</u>
\$	<u>1,228,538</u>	\$ <u>3,319,596</u>	\$ <u>4,158,959</u>	\$ <u>1,729,460</u>	\$ <u>275,282</u>	\$ <u>(213,121)</u>	\$ <u>1,815,593</u>

SOLANCO SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
GENERAL FUND				
NONSPENDABLE:				
INVENTORY	\$ 239,341	\$ 194,313	\$ 203,117	\$ 230,314
PREPAID ITEMS	83,110	105,748	54,708	195,673
RESTRICTED:				
DEBT SERVICE	-	-	-	-
COMMITTED	2,578,777	2,702,452	2,098,778	2,280,263
UNASSIGNED	<u>3,379,639</u>	<u>3,240,425</u>	<u>3,390,208</u>	<u>3,352,060</u>
TOTAL GENERAL FUND	<u>6,280,867</u>	<u>6,242,938</u>	<u>5,746,811</u>	<u>6,058,310</u>
ALL OTHER GOVERNMENTAL FUNDS				
NONSPENDABLE:				
CAPITAL PROJECTS	11,052	-	-	-
RESTRICTED:				
DEBT SERVICE	-	-	-	-
CAPITAL PROJECTS	8,124,550	-	-	-
ASSIGNED:				
CAPITAL PROJECTS	<u>12,714,790</u>	<u>11,103,697</u>	<u>9,123,116</u>	<u>6,342,930</u>
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>20,850,392</u>	<u>11,103,697</u>	<u>9,123,116</u>	<u>6,342,930</u>
TOTAL GOVERNMENT FUNDS	\$ <u>27,131,259</u>	\$ <u>17,346,635</u>	\$ <u>14,869,927</u>	\$ <u>12,401,240</u>



SOURCE: SOLANCO SCHOOL DISTRICT GOVERNMENTAL FUND BALANCE SHEETS

(A) FUND BALANCE COMMITMENTS FOR PROJECTED SUBSEQUENT FISCAL YEAR BUDGETARY OPERATING DEFICITS HAVE BEEN RECLASSIFIED AS FUND BALANCE ASSIGNMENTS EFFECTIVE BEGINNING THE 2016-2017 FISCAL YEAR.

SOLANCO SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Continued)

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$	218,262	\$ 277,399	\$ 316,145	\$ 256,223	\$ 214,903	\$ 329,718
	63,692	37,344	61,705	47,995	43,200	26,768
	37,498	112,549	173,236	229,285	273,412	356,469
	2,636,658	3,289,810	3,955,010	3,275,000	1,825,000	1,825,000
	<u>2,723,953</u>	<u>1,616,243</u>	<u>831,625</u>	<u>1,545,904</u>	<u>3,267,919</u>	<u>3,589,505</u>
	<u>5,680,063</u>	<u>5,333,345</u>	<u>5,337,721</u>	<u>5,354,407</u>	<u>5,624,434</u>	<u>6,127,460</u>
	-	-	-	-	-	-
	2	1	1	2	7,110	3,445
	-	-	-	-	-	-
	<u>7,005,488</u>	<u>6,659,239</u>	<u>4,075,994</u>	<u>3,914,714</u>	<u>4,154,834</u>	<u>5,684,340</u>
	<u>7,005,490</u>	<u>6,659,240</u>	<u>4,075,995</u>	<u>3,914,716</u>	<u>4,161,944</u>	<u>5,687,785</u>
\$	<u>12,685,553</u>	<u>11,992,585</u>	<u>9,413,716</u>	<u>9,269,123</u>	<u>9,786,378</u>	<u>11,815,245</u>

SOLANCO SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
REVENUES				
LOCAL SOURCES	\$ 33,259,981	\$ 32,335,599	\$ 30,986,070	\$ 29,821,804
STATE SOURCES	19,806,794	19,527,031	18,311,720	17,781,054
FEDERAL SOURCES	<u>2,145,726</u>	<u>2,039,305</u>	<u>2,062,082</u>	<u>2,202,989</u>
TOTAL REVENUES	<u>55,212,501</u>	<u>53,901,935</u>	<u>51,359,872</u>	<u>49,805,847</u>
EXPENDITURES				
CURRENT				
INSTRUCTIONAL	33,471,881	33,066,257	31,099,335	29,082,969
SUPPORT	16,164,057	15,664,747	15,179,515	14,568,451
NONINSTRUCTIONAL	1,126,230	1,014,167	992,917	925,695
CAPITAL OUTLAY	12,271,914	-	1,600,107	2,517,386
DEBT SERVICE				
PRINCIPAL	1,875,000	-	-	2,750,000
INTEREST	109,616	-	-	75,000
BOND ISSUANCE FEES	-	-	-	-
FISCAL CHARGES	<u>142,450</u>	<u>-</u>	<u>-</u>	<u>500</u>
TOTAL EXPENDITURES	<u>65,161,148</u>	<u>49,745,171</u>	<u>48,871,874</u>	<u>49,920,001</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(9,948,647)</u>	<u>4,156,764</u>	<u>2,487,998</u>	<u>(114,154)</u>
OTHER FINANCING SOURCES (USES)				
ISSUANCE OF BONDS	19,200,000	-	-	-
BOND ISSUANCE PREMIUM	-	-	-	-
REDEMPTION OF BONDS	-	-	-	-
SALE OF CAPITAL ASSETS	21,312	2,624	7,772	66,526
INSURANCE RECOVERIES	466,932	553	113	1,263
REFUNDS	-	-	-	-
TRANSFERS IN (OUT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,688,244</u>	<u>3,177</u>	<u>7,885</u>	<u>(182,211)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 9,739,597</u>	<u>\$ 4,159,941</u>	<u>\$ 2,495,883</u>	<u>\$ (296,365)</u>
DEBT SERVICE AS % OF NONCAPITAL EXPENDITURES (A)	3.40%	0.00%	0.00%	5.97%
DEBT SERVICE AS % OF TOTAL EXPENDITURES	3.26%	0.00%	0.00%	5.66%

SOURCE: SOLANCO SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(A) NONCAPITAL EXPENDITURES REPRESENT TOTAL EXPENDITURES LESS CAPITAL OUTLAYS AS REPORTED ON THE RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

SOLANCO SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

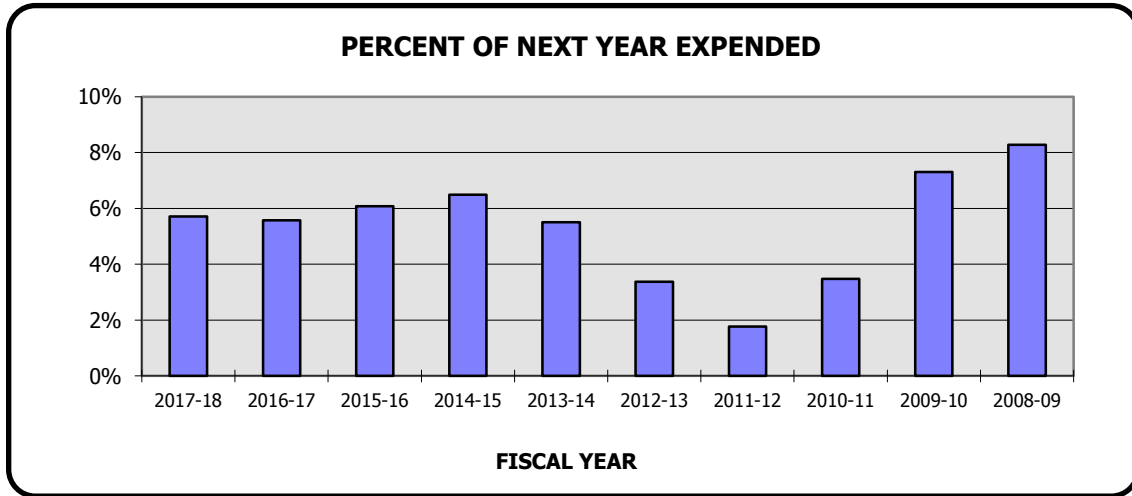
(Modified Accrual Basis of Accounting)

(Continued)

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$	28,635,526	\$ 28,293,861	\$ 26,278,643	\$ 24,842,109	\$ 23,847,655	\$ 24,271,894
	17,136,128	16,407,104	16,129,851	15,242,907	15,409,991	16,338,792
	2,625,710	2,432,398	2,006,130	4,281,400	3,823,810	1,887,806
	<u>48,397,364</u>	<u>47,133,363</u>	<u>44,414,624</u>	<u>44,366,416</u>	<u>43,081,456</u>	<u>42,498,492</u>
	28,469,246	26,498,793	25,962,951	27,091,082	25,887,910	23,688,046
	13,661,206	12,927,985	12,816,451	12,938,333	12,657,950	12,809,294
	894,272	856,296	871,287	928,161	915,017	856,045
	1,197,505	823,538	478,029	519,334	1,911,598	1,974,778
	3,200,000	3,065,000	2,960,000	2,780,000	2,830,000	2,740,000
	225,100	346,475	458,575	559,200	720,135	805,310
	-	-	-	-	63,109	-
	1,500	1,500	1,500	4,000	5,000	5,108
	<u>47,648,829</u>	<u>44,519,587</u>	<u>43,548,793</u>	<u>44,820,110</u>	<u>44,990,719</u>	<u>42,878,581</u>
	<u>748,535</u>	<u>2,613,776</u>	<u>865,831</u>	<u>(453,694)</u>	<u>(1,909,263)</u>	<u>(380,089)</u>
	-	-	-	-	3,720,000	-
	-	-	-	-	100,481	-
	-	-	-	-	(3,745,000)	-
	3,571	2,240	3,053	16,925	1,527	3,056
	-	1,599	13,323	28,557	1,182	12,757
	-	-	-	-	-	-
	-	-	<u>(797,536)</u>	<u>(150,362)</u>	<u>(82,979)</u>	<u>(595,264)</u>
	<u>3,571</u>	<u>3,839</u>	<u>(781,160)</u>	<u>(104,880)</u>	<u>(4,789)</u>	<u>(579,451)</u>
\$	<u>752,106</u>	\$ <u>2,617,615</u>	\$ <u>84,671</u>	\$ <u>(558,574)</u>	\$ <u>(1,914,052)</u>	\$ <u>(959,540)</u>
	7.38%	7.82%	7.95%	7.56%	8.27%	8.72%
	7.19%	7.67%	7.85%	7.46%	7.90%	8.28%

**SOLANCO SCHOOL DISTRICT
UNASSIGNED GENERAL FUND BALANCE
AS PERCENTAGE OF ACTUAL EXPENDITURES**

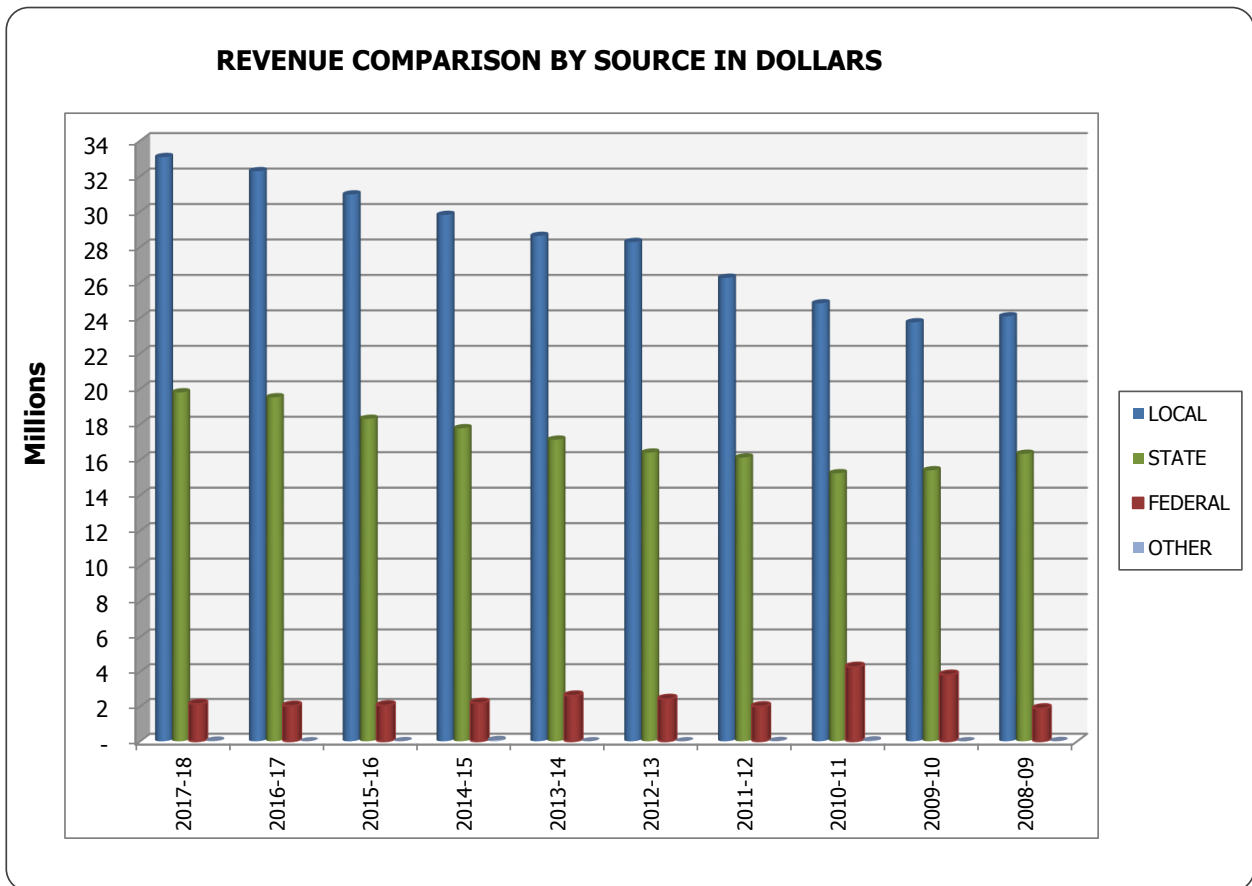
<u>FISCAL YEAR</u>	<u>UNASSIGNED GENERAL FUND BALANCE</u>	<u>TOTAL EXPENDED</u>	<u>FUND BALANCE PERCENTAGE OF NEXT YEAR EXPENDED</u>
2017-18	\$ 3,379,639	\$ 55,073,426	5.72% (A)
2016-17	3,240,425	53,345,171	5.57%
2015-16	3,390,208	51,634,729	6.08%
2014-15	3,352,061	49,499,651	6.49%
2013-14	2,723,953	47,989,897	5.50%
2012-13	1,616,243	47,096,048	3.37%
2011-12	831,625	44,497,287	1.77%
2010-11	1,545,904	44,708,478	3.47%
2009-10	3,267,919	43,376,634	7.31%
2008-09	3,589,505	42,566,847	8.28%



(A) % OF 2018-19 BUDGETED EXPENDITURES - \$59,118,939
EFFECTIVE JULY 1, 2005, STATE LEGISLATION REQUIRED SCHOOL DISTRICT UNASSIGNED FUND BALANCES TO BE 8% OR LOWER OF BUDGETED EXPENDITURES FOR THE FOLLOWING FISCAL YEAR
SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL STATEMENTS

SOLANCO SCHOOL DISTRICT
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES BY SOURCE
 (Modified Accrual Basis of Accounting)

<u>FISCAL YEAR</u>	<u>LOCAL</u>	<u>STATE</u>	<u>FEDERAL</u>	<u>OTHER</u>	<u>TOTAL</u>
2017-18	\$ 33,078,968	\$ 19,806,794	\$ 2,145,726	\$ 34,840	\$ 55,066,328
2016-17	32,280,588	19,527,031	2,039,305	3,177	53,850,101
2015-16	30,968,739	18,311,720	2,062,082	7,885	51,350,426
2014-15	29,814,012	17,781,054	2,202,989	67,791	49,865,846
2013-14	28,630,344	17,136,128	2,625,710	3,571	48,395,753
2012-13	28,287,077	16,407,104	2,432,398	3,839	47,130,418
2011-12	26,268,507	16,129,851	2,005,945	16,376	44,420,679
2010-11	24,827,528	15,242,907	4,281,215	45,482	44,397,132
2009-10	23,756,198	15,409,991	3,823,625	2,709	42,992,523
2008-09	24,095,554	16,338,792	1,887,621	15,814	42,337,781



SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

SOLANCO SCHOOL DISTRICT
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES BY ACCOUNT
(Modified Accrual Basis of Accounting)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
LOCAL SOURCES					
CURRENT REAL ESTATE TAX	\$ 23,120,583	\$ 22,359,441	\$ 21,279,420	\$ 20,610,920	\$ 19,857,373
INTERIM REAL ESTATE TAX	77,178	162,310	109,319	58,899	111,303
PUBLIC UTILITY TAX	30,667	32,320	32,217	34,467	32,083
PAYMENT IN LIEU OF TAX	109	109	109	109	109
EARNED INCOME TAX	7,325,951	7,297,915	7,212,916	7,046,945	6,728,477
REALTY TRANSFER TAX	534,800	590,782	495,841	443,847	341,402
DELINQUENT TAXES	523,502	591,789	678,650	615,709	649,267
INVESTMENT EARNINGS	216,398	66,052	20,349	13,828	-
REVENUE FROM STUDENT ACTIVITIES	77,644	58,502	66,466	51,679	51,974
REVENUE FROM INTERMEDIATE	915,488	930,513	710,126	740,924	610,328
RENTALS	43,764	70,335	25,966	26,428	19,261
CONTRIBUTIONS/DONATIONS	41,520	23,981	10,332	21,804	19,107
TUITION	10,521	19,038	34,757	24,736	29,539
SERVICES PROVIDED OTHER TO LEA	-	-	-	-	-
MISCELLANEOUS REVENUE	160,843	77,501	292,271	123,717	180,121
TOTAL LOCAL REVENUE	<u>33,078,968</u>	<u>32,280,588</u>	<u>30,968,739</u>	<u>29,814,012</u>	<u>28,630,344</u>
STATE SOURCES					
BASIC EDUCATION FUNDING	10,097,407	10,019,564	9,744,228	9,534,551	9,534,470
CHARTER SCHOOL TRANSFER	-	-	-	-	-
TUITION CHILD PLACED	83,704	64,728	70,521	57,204	79,223
HOMEBOUND INSTRUCTION	-	-	-	-	-
VOCATIONAL EDUCATION	116,629	90,822	8,425	100,427	53,140
ALTERNATIVE EDUCATION	-	-	-	-	-
DRIVER EDUCATION	-	-	-	-	-
MIGRATORY CHILDREN	617	867	650	106	320
SPECIAL EDUCATION	2,143,535	2,227,676	2,215,550	2,189,957	2,082,971
OTHER PROGRAM SUBSIDIES	91,548	-	-	-	-
TRANSPORTATION	1,986,562	1,833,239	1,793,302	1,648,213	1,549,575
RENTAL/SINKING FUND	12,195	234,860	-	348,977	553,896
HEALTH SERVICES	63,468	65,077	66,388	66,933	69,589
REIMB OF BASIC ED EXPEND	545,938	545,973	553,770	529,192	529,191
READY TO LEARN/PA ACCOUNTABILITY GRANT	427,715	496,413	359,017	330,147	150,624
DUAL ENROLLMENT	-	-	-	-	-
SOCIAL SECURITY SUBSIDY	743,869	737,722	758,985	736,073	732,191
RETIREMENT SUBSIDY	3,482,437	3,199,264	2,740,883	2,227,500	1,800,938
MISCELLANEOUS GRANTS/REVENUE	11,170	10,826	-	11,774	-
TOTAL STATE REVENUE	<u>19,806,794</u>	<u>19,527,031</u>	<u>18,311,720</u>	<u>17,781,054</u>	<u>17,136,128</u>
FEDERAL SOURCES					
TITLE I	1,778,840	1,712,512	1,748,451	1,905,361	2,195,086
TITLE II	239,470	241,890	249,204	249,817	251,301
TITLE IV	34,899	-	-	-	-
DRUG FREE SCHOOLS	-	-	-	-	-
ARRA TITLE 1	-	-	-	-	-
ARRA STATE FISCAL STABILIZATION	-	-	-	-	-
OTHER FEDERAL GRANTS/ACCESS	92,517	84,903	64,428	47,811	179,323
TOTAL FEDERAL REVENUE	<u>2,145,726</u>	<u>2,039,305</u>	<u>2,062,082</u>	<u>2,202,989</u>	<u>2,625,710</u>
OTHER FINANCING SOURCES					
PROCEEDS FROM SALE OF CAPITAL ASSETS	21,312	2,624	7,772	66,526	3,571
INSURANCE RECOVERIES	13,528	553	113	1,263	-
TRANSFERS IN	-	-	-	2	-
TOTAL OTHER FINANCING SOURCES	<u>34,840</u>	<u>3,177</u>	<u>7,885</u>	<u>67,791</u>	<u>3,571</u>
TOTAL REVENUES	<u>\$ 55,066,328</u>	<u>\$ 53,850,101</u>	<u>\$ 51,350,426</u>	<u>\$ 49,865,846</u>	<u>\$ 48,395,753</u>

SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

SOLANCO SCHOOL DISTRICT
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES BY ACCOUNT

(Modified Accrual Basis of Accounting)
(Continued)

<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$ 19,016,920	\$ 18,239,513	\$ 17,422,516	\$ 16,495,888	\$ 15,457,732
142,939	124,162	149,063	186,700	186,491
32,153	31,298	32,586	31,974	28,054
109	109	109	109	109
7,016,102	5,772,632	4,888,591	4,756,179	6,203,344
357,759	340,044	312,987	307,880	332,493
691,692	765,405	729,656	608,054	542,726
2,566	12,807	32,779	84,231	305,352
58,120	61,090	-	-	-
682,650	692,851	921,019	999,315	680,756
27,276	23,442	10,587	16,771	17,565
20,735	18,774	8,391	22,416	39,620
38,457	42,155	89,556	106,646	105,247
-	-	-	-	9,000
<u>199,599</u>	<u>144,225</u>	<u>229,688</u>	<u>140,035</u>	<u>187,065</u>
<u>28,287,077</u>	<u>26,268,507</u>	<u>24,827,528</u>	<u>23,756,198</u>	<u>24,095,554</u>
9,340,757	9,350,762	8,245,709	8,529,182	9,350,769
-	-	129,505	151,840	181,227
50,902	53,360	69,209	39,576	40,320
-	-	-	-	736
121,344	89,320	56,976	74,261	57,766
-	-	-	-	12,641
-	2,695	3,045	6,160	6,510
360	120	480	1,120	1,000
2,029,034	2,095,366	2,029,034	2,040,128	2,018,440
-	-	-	-	-
1,558,498	1,536,172	1,629,284	1,521,157	1,649,313
552,220	552,458	670,480	736,251	737,547
70,222	69,722	69,589	71,033	71,930
585,507	571,882	565,590	593,798	540,357
150,624	150,624	383,378	408,832	408,832
-	-	2,360	3,891	8,154
713,384	740,222	793,418	738,953	708,711
1,234,252	917,148	594,850	493,809	465,636
-	-	-	-	78,903
<u>16,407,104</u>	<u>16,129,851</u>	<u>15,242,907</u>	<u>15,409,991</u>	<u>16,338,792</u>
1,979,037	1,531,405	1,518,268	1,680,889	1,386,390
270,184	261,401	311,574	324,512	318,879
-	-	-	-	-
-	-	-	20,903	19,758
-	7,875	393,914	509,934	-
-	-	1,141,197	1,146,390	-
<u>183,177</u>	<u>205,264</u>	<u>916,262</u>	<u>140,997</u>	<u>162,594</u>
<u>2,432,398</u>	<u>2,005,945</u>	<u>4,281,215</u>	<u>3,823,625</u>	<u>1,887,621</u>
2,240	3,053	16,925	1,527	3,057
1,599	13,323	28,557	1,182	12,757
-	-	-	-	-
<u>3,839</u>	<u>16,376</u>	<u>45,482</u>	<u>2,709</u>	<u>15,814</u>
\$ <u>47,130,418</u>	\$ <u>44,420,679</u>	\$ <u>44,397,132</u>	\$ <u>42,992,523</u>	\$ <u>42,337,781</u>

SOLANCO SCHOOL DISTRICT
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES
BY SUBFUNCTION

(Modified Accrual Basis of Accounting)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
INSTRUCTION					
REGULAR PROGRAM	\$ 20,864,000	\$ 20,879,559	\$ 19,891,642	\$ 19,527,347	\$ 19,314,245
SPECIAL PROGRAM	9,705,015	9,157,820	8,420,491	7,089,596	6,949,027
VOCATIONAL ED PROGRAM	2,380,357	2,522,108	2,306,065	2,055,181	1,963,309
OTHER INSTRUCT PROGRAM	522,509	506,770	481,137	410,845	242,665
REFUND OF PRIOR YEAR REVENUE	-	-	-	-	-
TOTAL INSTRUCTION	<u>33,471,881</u>	<u>33,066,257</u>	<u>31,099,335</u>	<u>29,082,969</u>	<u>28,469,246</u>
SUPPORT SERVICES					
PUPIL PERSONNEL	2,257,019	2,148,239	1,992,763	1,814,254	1,841,582
INSTRUCTIONAL STAFF	1,471,950	1,606,529	1,587,702	1,587,789	1,353,379
ADMINISTRATION	2,674,993	2,533,450	2,593,540	2,448,255	2,435,949
PUPIL HEALTH	506,653	499,223	524,158	465,277	427,709
BUSINESS	970,565	836,119	720,748	730,036	621,006
OPERATION & MAINTENANCE OF PLANT SERVICES	3,663,429	3,450,224	3,385,050	3,585,731	3,237,449
TRANSPORTATION	3,663,743	3,620,010	3,490,230	3,269,432	3,086,560
CENTRAL	923,578	938,949	853,128	635,623	625,087
OTHER SUPPORT	32,127	32,004	32,195	32,054	32,485
TOTAL SUPPORT SERVICES	<u>16,164,057</u>	<u>15,664,747</u>	<u>15,179,515</u>	<u>14,568,451</u>	<u>13,661,206</u>
NONINSTRUCTIONAL SERVICES					
STUDENT ACTIVITIES	1,070,024	976,146	953,874	875,804	856,686
COMMUNITY SERVICES	56,206	38,021	39,043	49,891	37,586
TOTAL NONINSTRUCTIONAL SERVICES	<u>1,126,230</u>	<u>1,014,167</u>	<u>992,917</u>	<u>925,695</u>	<u>894,272</u>
DEBT SERVICE/TRANSFERS OUT					
DEBT SERVICE/TRANSFERS OUT	1,984,616	-	2,825,500	3,426,599	3,412,974
TRANSFERS OUT	2,326,642	3,600,000	2,097,036	1,538,574	3,400,000
TOTAL DEBT SERVICE/TRANSFERS OUT	<u>4,311,258</u>	<u>3,600,000</u>	<u>4,922,536</u>	<u>4,965,173</u>	<u>6,812,974</u>
TOTAL EXPENDITURES					
	<u>\$ 55,073,426</u>	<u>\$ 53,345,171</u>	<u>\$ 52,194,303</u>	<u>\$ 49,542,288</u>	<u>\$ 49,837,698</u>

SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

SOLANCO SCHOOL DISTRICT
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES
BY SUBFUNCTION

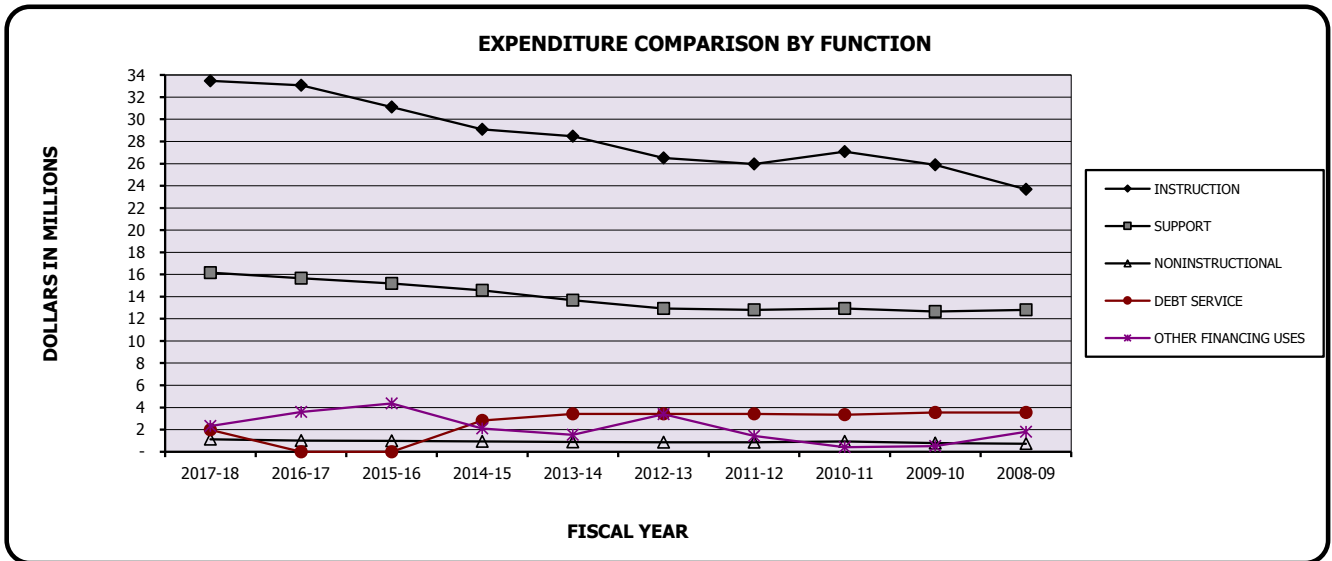
(Modified Accrual Basis of Accounting)

(Continued)

<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
\$ 18,028,684	\$ 17,752,682	\$ 18,487,153	\$ 17,958,016	\$ 16,626,503
6,291,184	6,117,780	6,252,243	5,348,800	4,448,379
1,877,993	1,875,425	1,870,939	1,946,168	1,922,523
288,418	217,062	480,731	627,805	690,641
12,514	2	16	7,121	-
<u>26,498,793</u>	<u>25,962,951</u>	<u>27,091,082</u>	<u>25,887,910</u>	<u>23,688,046</u>
1,759,615	1,757,629	1,753,136	1,624,619	1,523,700
1,288,496	1,308,251	1,541,198	1,406,197	1,365,563
2,335,474	2,426,918	2,230,073	2,276,731	2,248,644
385,222	379,655	372,975	357,615	342,557
613,316	577,905	579,622	560,581	538,883
3,031,916	2,862,408	3,001,406	2,990,097	3,103,613
2,924,406	2,874,132	2,846,776	2,741,708	2,949,415
557,081	598,524	578,658	667,241	699,438
32,459	31,029	34,489	33,161	37,481
<u>12,927,985</u>	<u>12,816,451</u>	<u>12,938,333</u>	<u>12,657,950</u>	<u>12,809,294</u>
823,368	834,409	878,659	735,841	701,445
32,928	36,878	49,502	45,764	23,054
<u>856,296</u>	<u>871,287</u>	<u>928,161</u>	<u>781,605</u>	<u>724,499</u>
3,420,073	3,420,073	3,336,090	3,546,426	3,538,711
1,426,525	1,426,525	414,812	502,743	1,806,297
<u>4,846,598</u>	<u>4,846,598</u>	<u>3,750,902</u>	<u>4,049,169</u>	<u>5,345,008</u>
<u>\$ 45,129,672</u>	<u>\$ 44,497,287</u>	<u>\$ 44,708,478</u>	<u>\$ 43,376,634</u>	<u>\$ 42,566,847</u>

SOLANCO SCHOOL DISTRICT
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES BY FUNCTION
 (Modified Accrual Basis of Accounting)

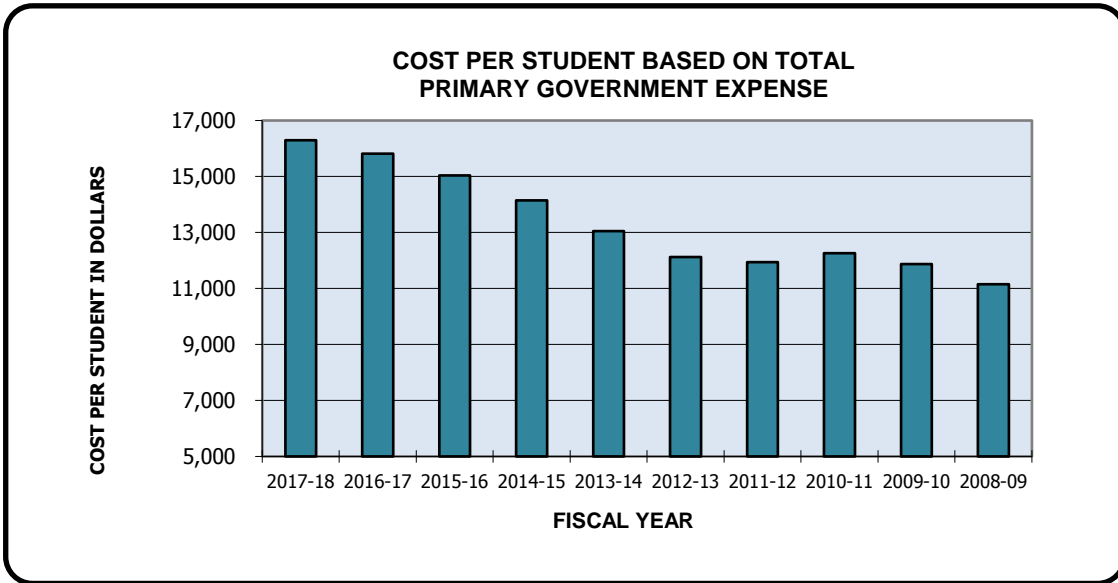
FISCAL YEAR	INSTRUCTION	SUPPORT SERVICES	OPERATION OF NONINSTRUCTIONAL SERVICES	DEBT SERVICE	OTHER FINANCING USES	TOTAL
2017-18	\$ 33,471,881	\$ 16,164,057	\$ 1,126,230	\$ 1,984,616	\$ 2,326,642	\$ 55,073,426
2016-17	33,066,257	15,664,747	1,014,167	-	3,596,823	53,341,994
2015-16	31,099,335	15,179,515	992,917	-	4,362,962	51,634,729
2014-15	29,082,969	14,568,451	925,695	2,825,500	2,097,036	49,499,651
2013-14	28,469,246	13,661,206	894,272	3,426,599	1,538,574	47,989,897
2012-13	26,498,793	12,927,985	856,296	3,412,974	3,400,000	47,096,048
2011-12	25,962,951	12,816,451	871,287	3,420,073	1,426,525	44,497,287
2010-11	27,091,081	12,938,334	928,161	3,336,090	414,812	44,708,478
2009-10	25,887,910	12,657,950	781,605	3,546,426	502,743	43,376,634
2008-09	23,688,046	12,809,294	724,499	3,538,711	1,806,297	42,566,847



SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

SOLANCO SCHOOL DISTRICT
SCHEDULE OF COST PER STUDENT BASED ON
TOTAL PRIMARY GOVERNMENT EXPENSE
 (Accrual Basis of Accounting)

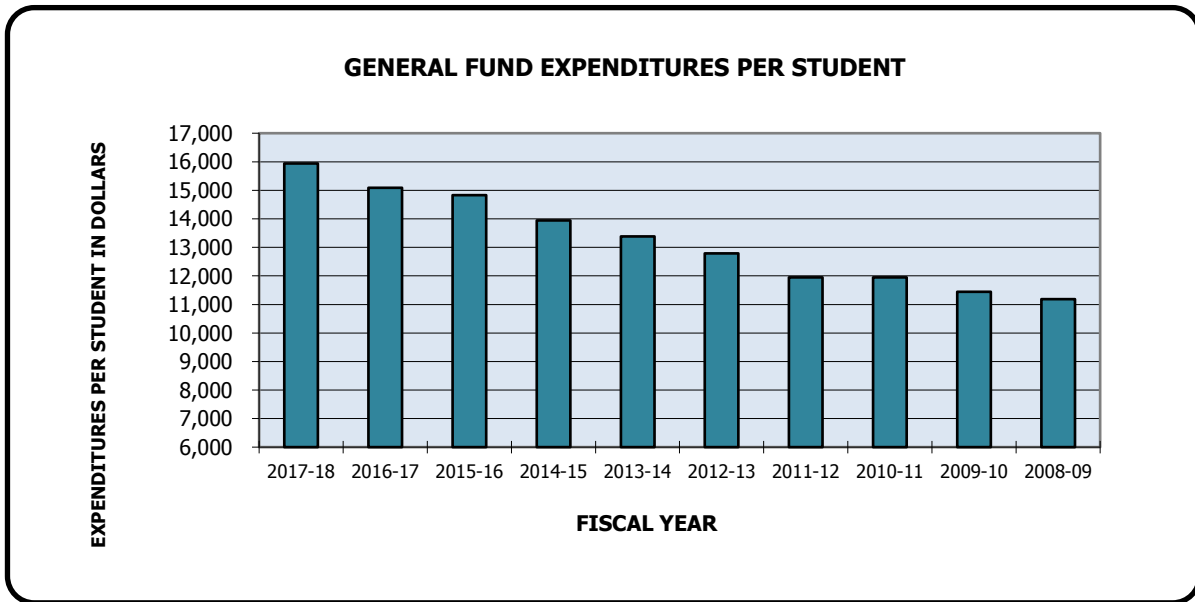
<u>FISCAL YEAR</u>	<u>TOTAL PRIMARY GOVERNMENT EXPENSE</u>	<u>STUDENT ENROLLMENT</u>	<u>TOTAL PRIMARY GOVERNMENT COST PER STUDENT</u>
2017-18	\$ 56,291,436	3454	\$ 16,297
2016-17	55,940,660	3537	15,816
2015-16	52,365,425	3483	15,035
2014-15	50,237,182	3550	14,151
2013-14	46,779,933	3585	13,049
2012-13	44,659,390	3683	12,126
2011-12	44,491,412	3726	11,941
2010-11	45,869,630	3742	12,258
2009-10	45,000,141	3791	11,870
2008-09	42,433,736	3805	11,152



SOURCES: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS AND STUDENT ENROLLMENT RECORDS
 NOTE: GASB STATEMENT NO. 68 - ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS WAS IMPLEMENTED DURING THE 2014-15 FISCAL YEAR IMPACTING EXPENSES

SOLANCO SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER
FINANCING USES PER STUDENT
BASED ON GOVERNMENTAL FUND EXPENDITURES
(Modified Accrual Basis of Accounting)

<u>FISCAL YEAR</u>	<u>GENERAL FUND EXPENDITURES</u>	<u>ENROLLMENT</u>	<u>GENERAL FUND EXPENDITURES PER STUDENT</u>
2017-18	\$ 55,073,426	3454	\$ 15,945
2016-17	53,345,171	3537	15,082
2015-16	51,634,729	3483	14,825
2014-15	49,499,651	3550	13,944
2013-14	47,989,897	3585	13,386
2012-13	47,096,048	3683	12,787
2011-12	44,497,287	3726	11,942
2010-11	44,708,478	3742	11,948
2009-10	43,376,634	3791	11,442
2008-09	42,566,847	3805	11,187

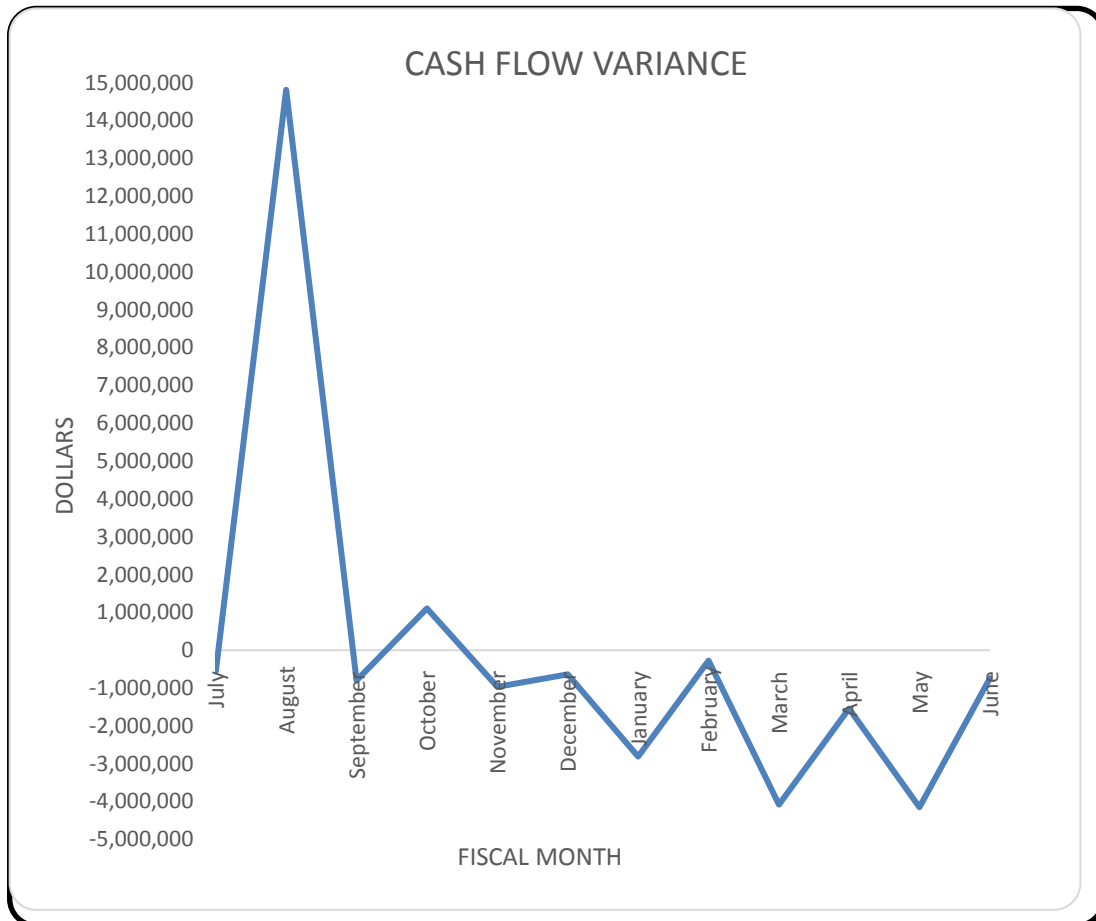


NOTE: EXPENDITURES INCLUDE OTHER FINANCING USES

SOURCES: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS AND STUDENT ENROLLMENT RECORDS

SOLANCO SCHOOL DISTRICT GENERAL FUND CASH FLOW ANALYSIS 2017-2018

<u>MONTH</u>		<u>CASH RECEIVED</u>	<u>CASH DISBURSED</u>	<u>VARIANCE</u>
July	2017	\$ 3,549,655	\$ 4,100,032	\$ (550,377)
August	2017	18,253,218	3,437,956	14,815,262
September	2017	4,735,932	5,532,830	(796,897)
October	2017	4,535,140	3,430,371	1,104,769
November	2017	3,213,558	4,181,476	(967,918)
December	2017	3,874,711	4,508,800	(634,089)
January	2018	1,422,028	4,232,777	(2,810,749)
February	2018	3,253,474	3,527,666	(274,192)
March	2018	3,215,637	7,293,461	(4,077,824)
April	2018	2,465,931	4,008,008	(1,542,077)
May	2018	1,745,276	5,895,905	(4,150,629)
June	2018	<u>5,584,830</u>	<u>6,322,416</u>	<u>(737,585)</u>
TOTAL		<u>\$ 55,849,391</u>	<u>\$ 56,471,697</u>	<u>\$ (622,306)</u>

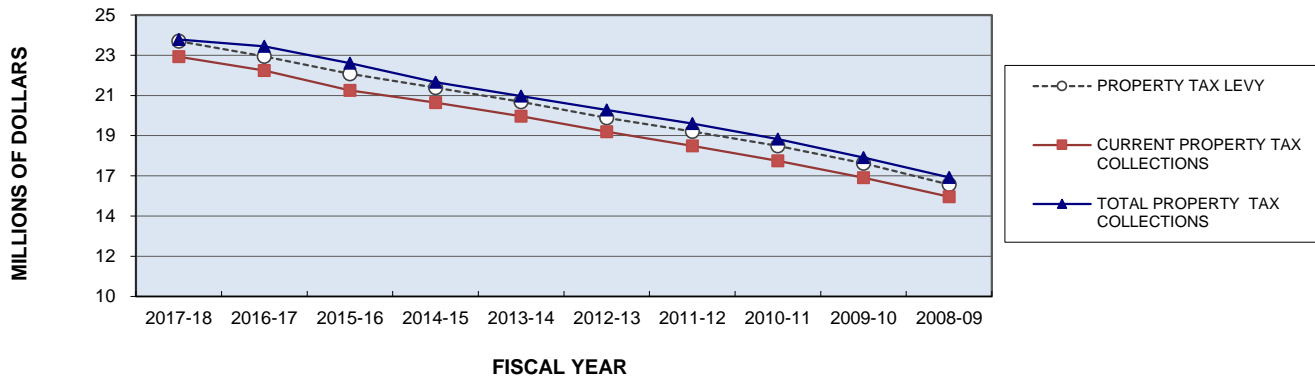


NOTE: CASH BASIS ONLY; DOES NOT REFLECT MODIFIED ACCRUAL ACCOUNTING PRINCIPLES, REPRESENTS COMBINATION OF CASH AND INVESTMENTS
SOURCE: MONTHLY GENERAL FUND FINANCIAL STATEMENTS PRESENTED TO THE BOARD OF SCHOOL DIRECTORS

SOLANCO SCHOOL DISTRICT PROPERTY TAX LEVY AND COLLECTIONS

<u>FISCAL YEAR</u>	<u>(A) PROPERTY TAX LEVY</u>	<u>(B) CURRENT PROPERTY TAX COLLECTIONS</u>	<u>CURRENT PROPERTY TAX COLLECTION PERCENTAGE</u>	<u>(B) INTERIM PROPERTY TAX COLLECTIONS</u>	<u>(C) DELINQUENT PROPERTY TAX COLLECTIONS</u>	<u>(D) TOTAL PROPERTY TAX LEVY COLLECTION PERCENTAGE</u>	<u>(E) PROPERTY TRANSFER TAX COLLECTIONS</u>	<u>TOTAL PROPERTY TAX COLLECTIONS</u>
2017-18	\$ 23,972,886	\$ 23,120,583	96.44%	\$ 77,178	\$ 331,295	97.7%	\$ 534,800	\$ 24,063,856
2016-17	23,138,480	22,359,411	96.63%	162,310	580,404	98.9%	590,782	23,692,907
2015-16	22,186,373	21,279,420	95.91%	109,319	882,242	99.5%	495,841	22,766,822
2014-15	21,434,265	20,610,920	96.16%	58,899	615,709	98.8%	443,847	21,729,375
2013-14	20,653,435	19,857,373	96.15%	111,303	649,267	99.0%	341,402	20,959,345
2012-13	19,770,866	19,016,920	96.19%	142,939	691,692	99.4%	357,759	20,209,310
2011-12	19,026,393	18,239,513	95.86%	124,162	765,405	99.5%	340,044	19,469,124
2010-11	18,237,069	17,422,516	95.53%	149,063	729,656	99.2%	312,987	18,614,222
2009-10	17,288,630	16,495,888	95.41%	186,700	607,854	98.6%	307,880	17,598,322
2008-09	16,124,319	15,457,732	95.87%	186,491	540,850	98.9%	332,493	16,517,566

PROPERTY TAX LEVY AND TAX COLLECTIONS



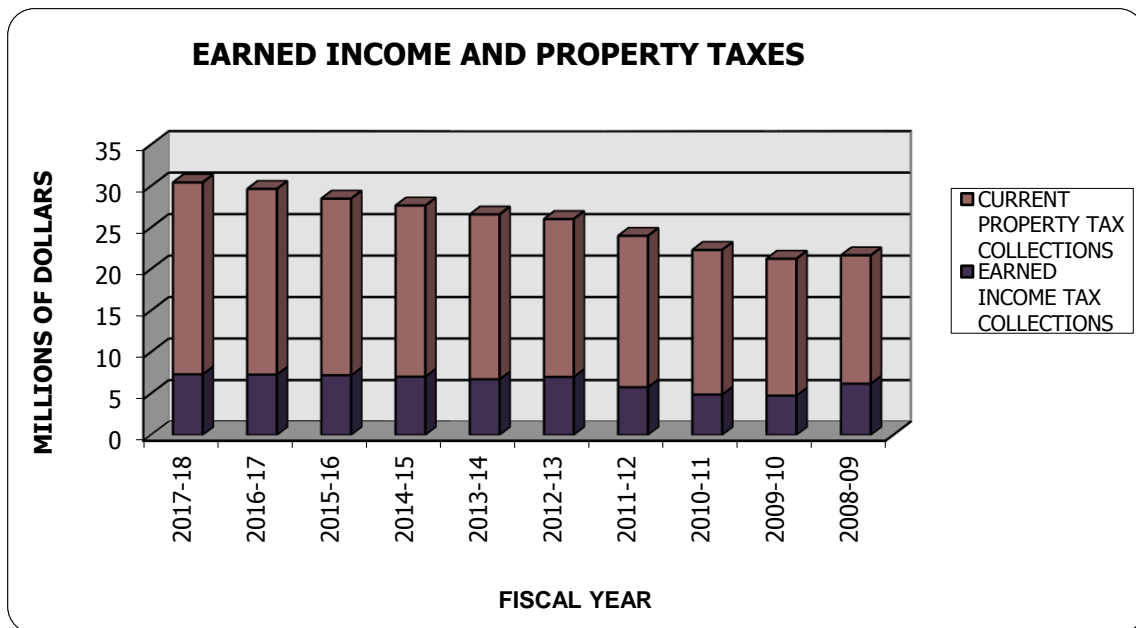
SOURCES:

- (A) PROPERTY TAX LEVY OBTAINED FROM LANCASTER COUNTY ASSESSMENT OFFICE
- (B) SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS
- (C) DELINQUENT COLLECTIONS OBTAINED FROM LANCASTER COUNTY TAX CLAIM BUREAU AND PORTNOFF LAW ASSOCIATES, LTD.
DELINQUENT TAXES ARE REPORTED FOR FISCAL YEAR ORIGINALLY LEVIED WITH EXCEPTION OF COLLECTIONS FOR WHICH FISCAL YEAR COULD NOT BE DETERMINED.
- (D) OUTSTANDING REAL ESTATE TAX TOTALS OBTAINED FROM LANCASTER COUNTY TAX CLAIM BUREAU
- (E) REAL ESTATE TRANSFER TAX COLLECTIONS OBTAINED FROM LANCASTER COUNTY TREASURER'S OFFICE

SOLANCO SCHOOL DISTRICT

DELINQUENT OCCUPATION, DELINQUENT PER CAPITA , EARNED INCOME AND CURRENT PROPERTY TAX COLLECTIONS

<u>FISCAL YEAR</u>	<u>DELINQUENT OCCUPATION & PER CAPITA TAX COLLECTIONS</u>	(A) <u>EARNED INCOME TAX COLLECTIONS</u>	<u>CURRENT PROPERTY TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>
2017-18	\$ 0	\$ 7,325,951	\$ 23,120,583	\$ 30,446,534
2016-17	0	7,297,915	22,359,360	29,657,275
2015-16	0	7,212,916	21,279,420	28,492,336
2014-15	0	7,046,945	20,610,920	27,657,865
2013-14	0	6,728,477	19,857,373	26,585,850
2012-13	0	7,016,102	19,016,920	26,033,022
2011-12	0	5,772,632	18,239,513	24,012,145
2010-11	0	4,888,591	17,422,516	22,311,107
2009-10	200	4,756,179	16,495,888	21,252,267
2008-09	1,877	6,203,344	15,457,732	21,662,953



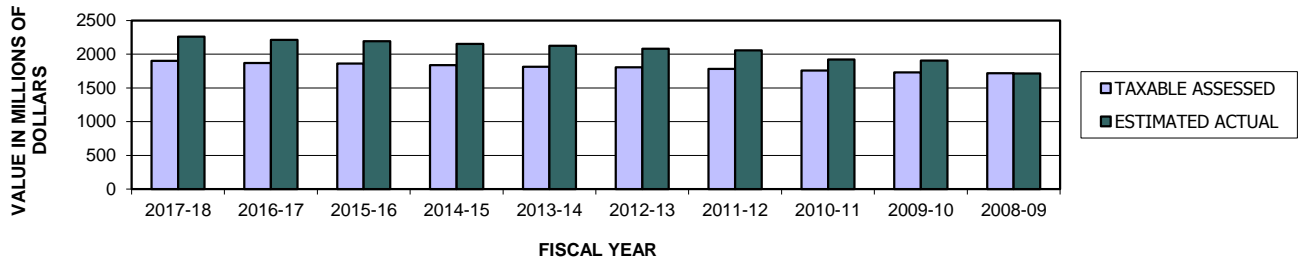
(A) EARNED INCOME TAX RATE - 1.15%

SOURCE: TAX COLLECTIONS OBTAINED FROM SCHOOL DISTRICT TAX OFFICE RECORDS

SOLANCO SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

FISCAL YEAR		(A) (D)	(A) (D)	(A)	(B)	(C)	% OF TAXABLE ASSESSED TO ESTIMATED ACTUAL
		TOTAL ASSESSED VALUE	EXEMPT ASSESSED VALUE	TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL VALUE	
2017-18	LAND	\$ -	\$ -	\$ 534,980,200			
	BUILDING	-	-	1,378,943,900			
	TOTAL	2,059,625,800	145,701,700	1,913,924,100	12.8109	\$ 2,284,025,924	83.80%
2016-17	LAND	\$ 582,722,100	\$ 45,028,600	\$ 537,693,500			
	BUILDING	1,463,585,300	98,843,000	1,364,742,300			
	TOTAL	2,046,307,400	143,871,600	1,902,435,800	12.4499	\$ 2,260,493,042	84.16%
2015-16	LAND	\$ 574,539,500	\$ 44,897,200	\$ 529,642,300			
	BUILDING	1,438,335,700	98,578,600	1,339,757,100			
	TOTAL	2,012,875,200	143,475,800	1,869,399,400	12.0991	\$ 2,211,606,376	84.53%
2014-15	LAND	\$ 567,793,800	\$ 44,909,300	\$ 522,884,500			
	BUILDING	1,436,065,500	98,294,400	1,337,771,100			
	TOTAL	2,003,859,300	143,203,700	1,860,655,600	11.8040	\$ 2,193,913,648	84.81%
2013-14	LAND	\$ 562,662,000	\$ 44,481,300	\$ 518,180,700			
	BUILDING	1,416,277,500	95,076,900	1,321,200,600			
	TOTAL	1,978,939,500	139,558,200	1,839,381,300	11.5161	\$ 2,154,824,278	85.36%
2012-13	LAND	\$ 555,505,600	\$ 44,670,500	\$ 510,835,100			
	BUILDING	1,397,239,300	94,483,300	1,302,756,000			
	TOTAL	1,952,744,900	139,153,800	1,813,591,100	11.2443	\$ 2,124,654,114	85.36%
2011-12	LAND	\$ 565,818,800	\$ 44,482,200	\$ 521,336,600			
	BUILDING	1,379,165,000	92,032,600	1,287,132,400			
	TOTAL	1,944,983,800	136,514,800	1,808,469,000	10.8500	\$ 2,082,396,041	86.85%
2010-11	LAND	\$ 559,934,300	\$ 44,301,000	\$ 515,633,300			
	BUILDING	1,357,664,200	90,110,500	1,267,553,700			
	TOTAL	1,917,598,500	134,411,500	1,783,187,000	10.5442	\$ 2,057,744,023	86.66%
2009-10	LAND	552,801,000	\$ 43,679,700	\$ 509,121,300			
	BUILDING	1,339,782,800	88,540,700	1,251,242,100			
	TOTAL	1,892,583,800	132,220,400	1,760,363,400	10.1582	\$ 1,921,978,700	91.59%
2008-09	LAND	542,241,600	\$ 43,864,400	\$ 498,377,200			
	BUILDING	1,316,779,800	85,940,200	1,230,839,600			
	TOTAL	1,859,021,400	129,804,600	1,729,216,800	9.6378	\$ 1,905,624,900	90.74%

TAXABLE ASSESSED AND ESTIMATED ACTUAL PROPERTY VALUES



SOURCES:

- (A) ASSESSED VALUE (AS OF LEVY DATE) OBTAINED FROM LANCASTER COUNTY TAX ASSESSMENT OFFICE
 - (B) DISTRICT REAL ESTATE TAX MILLAGE RATES FROM DISTRICT RECORDS
 - (C) ESTIMATED ACTUAL VALUE OBTAINED FROM PENNSYLVANIA STATE TAX EQUALIZATION BOARD (STEB)
- PROPERTY ASSESSMENTS BASED ON 100% OF 2004 MARKET VALUES
(D) EFFECTIVE 17/18 TAX YEAR, THE COUNTY CAN NO LONGER PROVIDE A BREAK-DOWN FOR EXEMPT LAND & BUILDING

COUNTY OF LANCASTER
TAXABLE ASSESSED AND ESTIMATED ACTUAL PROPERTY VALUES
LAST TEN YEARS

<u>YEAR</u>	<u>TOTAL (A) ASSESSED VALUE</u>	<u>TOTAL (A) EXEMPT VALUE</u>	<u>TAXABLE (A) ASSESSED</u>	<u>ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (B)</u>	<u>TAXABLE ASSESSED VALUE TO ESTIMATED ACTUAL VALUE</u>	<u>CONSTRUCTION AND ADDITIONS (C) NUMBER OF UNITS</u>	<u>TAXABLE VALUE</u>
2017	\$ 36,474,981,700	\$ 3,941,908,700	\$ 32,533,073,000	\$ 37,332,548,625	87%	1,551	\$ 290,996,900
2016	36,278,680,600	3,921,602,400	32,357,078,200	37,001,199,032	87%	1,949	296,152,200
2015	36,156,664,400	3,917,166,800	32,239,497,600	35,593,366,908	91%	2,053	303,000,500
2014	35,781,687,200	3,845,418,300	31,936,268,900	35,315,001,095	90%	1,662	238,799,300
2013	35,533,876,800	3,833,025,400	31,700,851,400	34,353,069,999	92%	2,139	330,064,800
2012	35,179,488,300	3,762,996,600	31,416,491,700	34,175,844,457	92%	2,295	262,960,100
2011	34,967,657,000	3,692,444,500	31,275,212,500	32,951,811,560	95%	2,232	285,649,400
2010	34,739,109,300	3,623,673,500	31,115,435,800	32,669,925,383	95%	2,450	353,655,300
2009	34,415,552,600	3,558,307,700	30,857,244,900	30,705,730,044	100%	2,772	407,368,900
2008	33,808,345,300	3,334,971,300	30,473,374,000	30,360,744,695	100%	2,611	378,074,100

SOURCES:

(A) TOTAL TAX ASSESSED PROPERTY VALUES PROVIDED BY LANCASTER COUNTY TAX ASSESSMENT OFFICE

(B) ESTIMATED ACTUAL VALUE OBTAINED FROM PENNSYLVANIA STATE EQUALIZATION BOARD (STEB) - MARKET VALUE

(C) AMOUNTS ARE BASED ON INTERIM APPRAISALS AT MARKET VALUE FOR NEW CONSTRUCTION AND ADDITIONS; OBTAINED FROM LANCASTER COUNTY TAX ASSESSMENT OFFICE

PROPERTY ASSESSMENTS BASED ON 100% OF 2004 MARKET VALUES

SOLANCO SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS
(IN MILLS)

	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
SOLANCO SCHOOL DISTRICT	12.8109	12.4499	12.0991	11.8040	11.5161	11.2243	10.8500	10.5442	10.1582	9.6378
MUNICIPALS:										
BART TOWNSHIP	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
COLERAIN TOWNSHIP	0.6620	0.6620	0.6620	0.6620	0.6620	0.6120	0.6120	0.6120	0.6120	0.6120
DRUMORE TOWNSHIP	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
EAST DRUMORE TOWNSHIP	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900
EDEN TOWNSHIP	1.1500	1.0500	1.0500	0.8000	0.8000	0.7000	0.7000	0.7000	0.6000	0.6000
FULTON TOWNSHIP	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100	0.2100
LITTLE BRITAIN TOWNSHIP	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900
PROVIDENCE TOWNSHIP	0.6300	0.8075	0.8075	0.1580	0.1580	0.1580	0.1580	0.1580	0.1580	0.1580
QUARRYVILLE BOROUGH	6.0000	6.0000	6.0000	4.7500	4.7500	4.7500	4.7500	4.7500	3.7500	3.7500
LANCASTER COUNTY	3.735	3.735	3.735	3.735	3.735	3.416	3.416	3.416	3.416	3.416

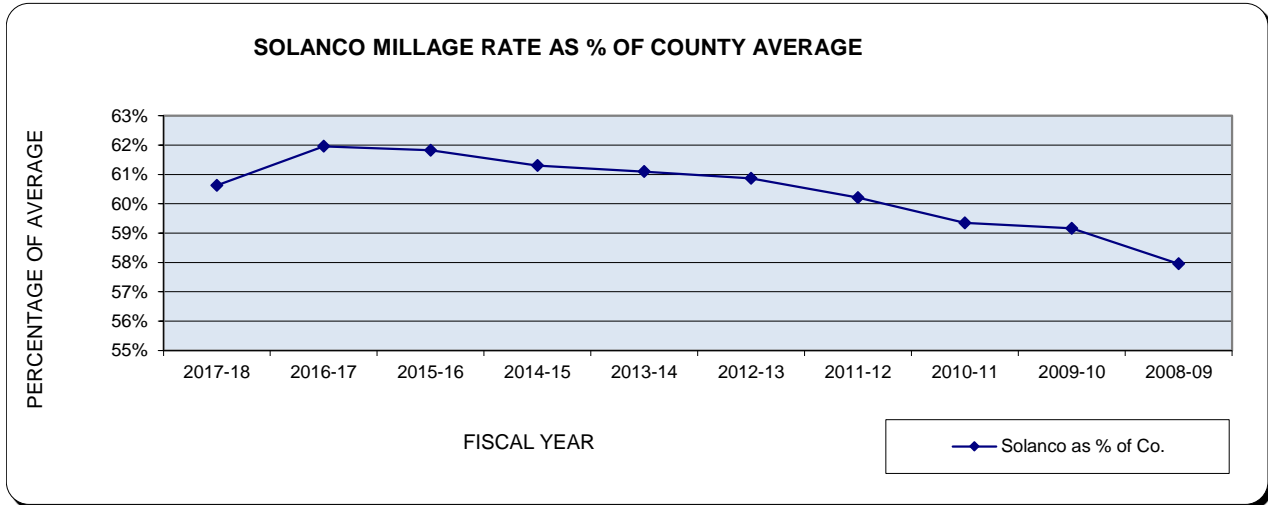
SOURCE: LANCASTER COUNTY ASSESSMENT OFFICE
SCHOOL DISTRICT MILLAGE RATES EFFECTIVE JULY 1; MUNICIPAL MILLAGE RATES EFFECTIVE JANUARY 1
PROPERTY VALUES BASED ON 2004 MARKET VALUES

LANCASTER COUNTY SCHOOL DISTRICTS SCHEDULE OF MILLAGE RATES (IN MILLS)

<u>School District</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
COCALICO	23.1600	22.8200	22.8200	22.3200	21.7600	21.3200	20.8900	20.5500	19.840	18.910
COLUMBIA	30.1908	29.3400	28.7600	28.2000	27.3700	26.0000	25.3700	25.3700	24.357	23.000
CONESTOGA VALLEY	16.3220	15.9240	15.2064	14.8330	14.5280	14.2865	14.0480	13.7730	13.266	12.849
DONEGAL	22.8790	22.4640	22.0243	22.0243	21.4453	20.9837	20.5320	20.1690	19.450	18.730
EASTERN LANCASTER CO.	15.3848	15.0400	14.6879	14.4141	14.1177	13.8410	13.4470	13.0877	12.598	12.214
ELIZABETHTOWN	20.8450	19.9000	19.1048	18.3700	17.8900	17.8900	17.5800	17.2700	16.586	16.182
EPHRATA	20.9600	20.4500	20.0500	19.6000	19.6000	19.4100	19.0200	19.0200	18.520	18.090
HEMPFIELD	20.3258	20.1246	19.6530	19.4590	19.0030	18.6310	18.2660	17.9789	17.388	16.881
LAMPETER-STRASBURG	20.5494	20.2458	19.8683	19.6133	19.4384	19.0760	18.7573	18.4620	17.800	17.330
LANCASTER	28.2568	27.7572	27.2129	26.6793	25.9224	25.2902	24.6972	24.2130	23.260	22.470
MANHEIM CENTRAL	17.7731	17.7731	17.3566	17.1848	16.9726	16.6889	16.4100	16.2500	15.850	15.540
MANHEIM TOWNSHIP	19.4128	19.0500	18.6409	18.6409	18.2575	17.9525	17.2680	17.0299	16.550	15.900
PENN MANOR	20.0600	19.2700	18.0100	17.6100	17.2500	16.9700	16.6900	16.4600	15.910	15.910
PEQUEA VALLEY	18.4841	18.1217	17.4735	17.4735	17.3866	16.8898	16.5619	16.3333	15.743	15.743
SOLANCO	12.8109	12.4499	12.0991	11.8040	11.5161	11.2243	10.8500	10.5442	10.1582	9.6380
WARWICK	21.1623	20.7474	20.1627	19.7094	19.2100	18.5700	17.9000	17.6600	17.400	16.700

AVERAGE LANCASTER
COUNTY SCHOOL

DISTRICT MILLAGE RATE	20.54	20.09	19.57	19.25	18.85	18.44	18.02	17.76	17.17	16.63
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SOURCE: LANCASTER-LEBANON SCHOOL BUSINESS OFFICIAL MILLAGE RATE HISTORY
PROPERTY VALUES BASED ON 2004 MARKET VALUES

**COUNTY OF LANCASTER
EARNED INCOME TAX STATISTICS
LAST TEN CALENDAR YEARS**

	2017		2016		2015		2014		2013	
	NUMBER OF TAX FILERS	% OF TOTAL FILERS	NUMBER OF TAX FILERS	% OF TOTAL FILERS	NUMBER OF TAX FILERS	% OF TOTAL FILERS	NUMBER OF TAX FILERS	% OF TOTAL FILERS	NUMBER OF TAX FILERS	% OF TOTAL FILERS
<u>INCOME RANGE</u>										
> \$1,000,000	123	0.05%	114	0.04%	128	0.05%	115	0.05%	91	0.04%
\$250,000 - \$999,999	2,622	1.02%	2,459	0.96%	2,253	0.90%	2,081	0.83%	1,890	0.76%
\$200,000 - \$249,999	1,483	0.58%	1,477	0.58%	1,325	0.53%	1,212	0.48%	1,086	0.44%
\$150,000 - \$199,999	3,403	1.32%	3,219	1.25%	3,020	1.21%	2,692	1.07%	2,543	1.02%
\$100,000 - \$149,999	11,546	4.49%	10,676	4.16%	10,175	4.08%	9,288	3.70%	8,374	3.36%
\$90,000 - \$99,999	5,648	2.20%	5,271	2.05%	4,933	1.98%	4,518	1.80%	4,121	1.65%
\$80,000 - \$89,999	8,174	3.18%	7,778	3.03%	7,522	3.02%	6,975	2.78%	6,479	2.60%
\$70,000 - \$79,999	12,323	4.79%	11,624	4.53%	11,334	4.55%	10,593	4.22%	9,870	3.96%
\$60,000 - \$69,999	16,565	6.44%	16,118	6.28%	15,404	6.18%	14,723	5.87%	13,983	5.61%
\$50,000 - \$59,999	22,606	8.79%	21,957	8.55%	21,306	8.55%	20,716	8.26%	19,975	8.02%
\$40,000 - \$49,999	28,017	10.90%	27,845	10.84%	26,840	10.77%	26,903	10.72%	26,415	10.60%
\$30,000 - \$39,999	32,080	12.48%	32,015	12.47%	30,940	12.41%	31,542	12.57%	31,636	12.70%
\$20,000 - \$29,999	31,604	12.29%	32,832	12.79%	32,117	12.88%	33,407	13.32%	33,908	13.61%
\$10,000 - \$19,999	33,314	12.96%	34,626	13.48%	33,998	13.64%	35,824	14.28%	36,483	14.64%
\$1 - \$9,999	47,585	18.51%	48,779	19.00%	48,028	19.25%	50,293	20.05%	52,345	21.01%
No Earned Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	257,093	100.00%	256,790	100.00%	249,323	100.00%	250,882	100.00%	249,199	100.00%
Pennsylvania Personal Median Taxable Income (A)	N/A		N/A		N/A		N/A		N/A	

SOURCE: LANCASTER COUNTY TAX COLLECTION BUREAU
(A) PENNSYLVANIA DEPARTMENT OF REVENUE TAXABLE INCOME
N/A - INFORMATION NOT AVAILABLE

COUNTY OF LANCASTER
EARNED INCOME TAX STATISTICS
LAST TEN CALENDAR YEARS
(Continued)

2012		2011		2010		2009		2008	
NUMBER OF TAX FILERS	% OF TOTAL FILERS	NUMBER OF TAX FILERS	% OF TOTAL FILERS	NUMBER OF TAX FILERS	% OF TOTAL FILERS	NUMBER OF TAX FILERS	% OF TOTAL FILERS	NUMBER OF TAX FILERS	% OF TOTAL FILERS
98	0.03%	97	0.03%	78	0.03%	78	0.03%	103	0.03%
1,826	0.64%	1,849	0.62%	1,614	0.53%	1,538	0.51%	1,671	0.55%
1,061	0.37%	1,058	0.35%	1,029	0.34%	940	0.31%	945	0.31%
2,294	0.81%	2,322	0.78%	2,178	0.72%	2,040	0.67%	2,105	0.69%
7,974	2.81%	7,870	2.63%	7,400	2.44%	6,986	2.30%	7,231	2.36%
3,842	1.35%	3,695	1.24%	3,556	1.17%	3,515	1.16%	3,616	1.18%
5,891	2.08%	5,773	1.93%	5,504	1.81%	5,133	1.69%	5,333	1.74%
9,405	3.32%	9,618	3.22%	9,094	2.99%	8,725	2.87%	8,854	2.89%
13,533	4.77%	13,633	4.56%	13,557	4.46%	12,847	4.23%	13,783	4.50%
19,623	6.92%	19,991	6.69%	19,862	6.54%	19,493	6.42%	20,625	6.74%
26,271	9.26%	26,906	9.00%	27,133	8.93%	27,484	9.05%	29,306	9.57%
32,101	11.32%	33,545	11.22%	34,796	11.46%	35,104	11.56%	37,389	12.21%
34,869	12.30%	37,272	12.47%	38,313	12.61%	39,714	13.08%	40,979	13.38%
37,433	13.20%	39,274	13.14%	40,892	13.46%	41,053	13.52%	41,658	13.60%
53,385	18.83%	58,055	19.43%	60,571	19.94%	61,592	20.29%	59,972	19.58%
<u>33,958</u>	<u>11.98%</u>	<u>37,885</u>	<u>12.68%</u>	<u>38,133</u>	<u>12.56%</u>	<u>37,320</u>	<u>12.29%</u>	<u>32,663</u>	<u>10.67%</u>
<u>283,564</u>	<u>100.00%</u>	<u>298,843</u>	<u>100.00%</u>	<u>303,710</u>	<u>100.00%</u>	<u>303,562</u>	<u>100.00%</u>	<u>306,233</u>	<u>100.00%</u>
\$26,736		\$28,370		\$27,827		\$27,409		\$29,105	

**SOLANCO SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
July 1, 2017 and July 1, 2008**

TAXPAYERS	July 1, 2018 ASSESSMENT			July 1, 2009 ASSESSMENT		
	ASSESSED VALUE	RANK	PERCENT OF TOTAL ASSESSMENT	ASSESSED VALUE	RANK	PERCENT OF TOTAL ASSESSMENT
PECO ENERGY/EXELON	\$ 41,071,700	1	1.6844%	\$ 42,749,100	1	2.428%
QUARRYVILLE PRESBYTERIAN RETIREMENT COMMUNITY	27,235,800	2	1.1170%	13,986,300	2	0.795%
WEISSER HOLDINGS LIMITED PARTNERSHIP	6,528,400	3	0.2677%			
SOUTHERN END PROPERTIES LIMITED	6,511,300	4	0.2670%	5,481,000	4	0.311%
INDIVIDUAL - A	4,547,700	5	0.1865%	2,986,600	7	0.170%
TOWNS EDGE ASSOCIATES INC.	4,487,300	6	0.1840%	3,866,000	5	0.220%
FOUR CORNERS PROPERTIES LLC	3,654,500	7	0.1499%			
B&E PROPERTY MANAGEMENT LTD	3,631,000	8	0.1489%			
INDIVIDUAL - B	3,312,100	9	0.1358%			
HOPE VALLEY FARMS	2,909,800	10	0.1193%			
INDIVIDUAL - C	2,857,500	11	0.1172%			
GRAYWOOD REALTY LP	2,834,700	12	0.1163%	3,252,800	6	0.185%
INDIVIDUAL - D	2,815,200	13	0.1155%	2,733,700	9	0.155%
PPL RE TAX	2,806,400	14	0.1151%			
INDIVIDUAL - E	2,787,400	15	0.1143%	2,729,400	10	0.155%
BLACK ROCK RETREAT ASSOCIATION				5,641,500	3	0.321%
TANGLEWOOD MANOR, INC	-		-	2,875,700	8	0.163%
	<u>\$ 117,990,800</u>		<u>4.8390%</u>	<u>\$ 86,302,100</u>		<u>4.903%</u>
 TOTAL TAXABLE ASSESSED VALUATION	 <u>\$ 2,438,346,000</u>			 <u>\$ 1,760,363,400</u>		

NOTE: PROPERTY ASSESSMENTS BASED ON 100% OF 2004 MARKET VALUES
SOURCE: ASSESSED VALUE (AS OF LEVY DATE) OBTAINED FROM LANCASTER COUNTY ASSESSMENT OFFICE

SOLANCO SCHOOL DISTRICT
RATIOS OF GENERAL OBLIGATION BONDED DEBT TO
TAXABLE ASSESSED PROPERTY VALUE, PER CAPITA,
PERSONAL INCOME AND STUDENT ENROLLMENT

FISCAL YEAR	(B) ASSESSED TAXABLE PROPERTY VALUE	(C) GENERAL OBLIGATION BONDED DEBT	RATIO OF BONDED DEBT TO ASSESSED VALUE	(D) POPULATION	BONDED DEBT PER CAPITA	(E) TOTAL PERSONAL INCOME	(F) RATIO OF BONDED DEBT TO PERSONAL INCOME	(G) STUDENT ENROLLMENT	BONDED DEBT PER STUDENT
2017-18	\$ 1,913,924,100	\$ 17,325,000	0.91%	28,920	\$ 599	N/A	0.00	3454	\$ 5,016
2016-17 (A)	1,902,435,800	-	0.00%	28,926	-	\$ 679,918	0.00	3537	-
2015-16 (A)	1,869,399,400	-	0.00%	28,579	-	673,554	0.00	3483	-
2014-15 (A)	1,860,655,600	-	0.00%	29,500	-	657,558	0.00	3550	-
2013-14	1,839,381,300	2,761,047	0.15%	29,482	94	611,240	4.52	3585	770
2012-13	1,813,591,100	5,993,964	0.33%	29,646	202	594,616	10.08	3683	1,627
2011-12	1,808,469,000	9,124,958	0.50%	29,590	308	573,867	15.90	3726	2,449
2010-11	1,783,187,000	12,161,764	0.68%	29,560	411	546,379	22.26	3742	3,250
2009-10	1,760,363,400	15,030,896	0.85%	29,462	510	536,599	28.01	3791	3,965
2008-09	1,729,216,800	17,850,394	1.03%	27,433	651	587,719	30.37	3805	4,691
2007-08	1,720,119,600	20,679,912	1.20%	27,168	761	608,900	33.96	3872	5,341

(A) SCHOOL DISTRICT HELD NO OUTSTANDING GENERAL OBLIGATION BOND DEBT AS OF JUNE 30

(B) ASSESSED PROPERTY VALUE OBTAINED FROM LANCASTER COUNTY ASSESSMENT OFFICE

(C) BONDED DEBT REPORTED NET OF RELATED PREMIUMS; AMOUNTS REPORTED AS RESTRICTED FOR DEBT SERVICE ON THE STATEMENT OF NET POSITION REPRESENT INTEREST ONLY PAYMENTS AND WILL NOT REDUCE GENERAL OBLIGATION BONDED DEBT

(D) POPULATION BASED ON SPRING 2017 DISTRICT CENSUS

(E) TOTAL PERSONAL INCOME OBTAINED FROM PA DEPARTMENT OF REVENUE ANNUAL PERSONAL INCOME REPORTS AND REPRESENTS INCOME TAXABLE FOR PA INCOME TAX PURPOSES. PERSONAL INCOME INCLUDES COMPENSATION; INTEREST; DIVIDENDS; NET PROFITS FROM BUSINESS OPERATIONS; NET GAINS FROM DISPOSITION OF PROPERTY, RENTS, ROYALTIES, PATENTS AND COPYRIGHTS; NET ESTATE AND TRUST INCOME; GAMBLING AND LOTTERY WINNINGS

(F) RATIO OF BONDED DEBT TO PERSONAL INCOME = TOTAL GENERAL OBLIGATION BONDED DEBT/TOTAL ANNUAL PERSONAL INCOME

(G) ENROLLMENTS BASED ON OCTOBER 1ST SCHOOL DISTRICT RECORDS

N/A - INFORMATION NOT AVAILABLE

**SOLANCO SCHOOL DISTRICT
RATIO OF GENERAL AND LEASE RENTAL DEBT OUTSTANDING
LAST TEN YEARS**

FISCAL YEAR	GOVERNMENTAL ACTIVITIES		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME (A)	DEBT PER CAPITA (A)
	GENERAL OBLIGATION BOND DEBT	LEASE RENTAL BOND DEBT (B)			
2017-18	\$ 17,325,000	\$ 1,602,114	\$ 18,927,114	N/A	\$ 599
2016-17	-	1,724,738	1,724,738	N/A	60
2015-16	-	1,914,606	1,914,606	N/A	67
2014-15	-	2,015,992	2,015,992	N/A	63
2013-14	2,761,047	2,049,363	4,810,410	N/A	163
2012-13	5,993,964	832,956	6,826,920	10.08%	230
2011-12	9,124,958	916,956	10,041,914	15.90%	339
2010-11	12,161,764	-	12,161,764	22.26%	411
2009-10	15,030,896	-	15,030,896	28.01%	510
2008-09	17,850,394	N/A	N/A	30.37%	651

NOTE: DETAILS REGARDING THE COUNTY'S OUTSTANDING DEBT CAN BE FOUND IN THE NOTES TO THE FINANCIAL STATEMENTS.

(A) REFER TO RATIOS OF GENERAL OBLIGATION BONDED DEBT TO TAXABLE ASSESSED PROPERTY VALUE, PER CAPITA, PERSONAL INCOME AND STUDENT ENROLLMENT FOR PERSONAL INCOME AND POPULATION DATA.

(B) LEASE RENTAL BOND DEBT COMPRISED OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER AUTHORITY'S GUARANTEED LEASE REVENUE BOND SERIES 2012, 2013 AND 2014. REFER TO NOTE 16 OF THE NOTES TO THE FINANCIAL STATEMENTS FOR ADDITIONAL DETAILS.

N/A - INFORMATION NOT AVAILABLE

SOLANCO SCHOOL DISTRICT
SCHEDULE OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2018

<u>JURISDICTION</u>	<u>GROSS DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO JURISDICTION</u>	<u>NET SHARE OF DEBT</u>
DIRECT:			
SOLANCO SCHOOL DISTRICT (A)	\$ 18,927,114	100.00%	\$ 18,927,114
OVERLAPPING:			
LANCASTER COUNTY (B)	235,066,811	5.65%	<u>13,281,275</u>
TOTAL DIRECT AND OVERLAPPING DEBT:			<u>\$ 32,208,389</u>

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 SOLANCO SCHOOL DISTRICT. THIS PROCESS RECOGNIZES THAT, WHEN CONSIDERING THE GOVERNMENT'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.

(A) SOURCE: SCHOOL DISTRICT FINANCIAL RECORDS

(B) THE LANCASTER COUNTY GROSS OUTSTANDING DEBT BALANCE IS DETERMINED AS OF DECEMBER 31, 2017 AND CONSISTS OF GENERAL OBLIGATION BONDS, NOTES PAYABLE, BOND PREMIUM, CAPITAL LEASES AND CONTRACT PAYABLES.

SOURCE: LANCASTER COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

(C) SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE OUTSTANDING LONG-TERM DEBT OF LANCASTER COUNTY IS BASED ON THE SCHOOL DISTRICT'S ASSESSED VALUATION OF TAXABLE AND NONTAXABLE REAL ESTATE AS A PERCENTAGE OF THE ASSESSED VALUATION OF TAXABLE AND NONTAXABLE REAL ESTATE FOR LANCASTER COUNTY.

LANCASTER COUNTY TOTAL ASSESSED VALUE AT JULY 1, 2017- \$36,474,981,700

SOLANCO SCHOOL DISTRICT TOTAL ASSESSED VALUE AT JULY 1, 2017 - \$2,059,625,800

SOURCE: LANCASTER COUNTY TAX ASSESSMENT OFFICE TAX ROLLS BY SCHOOL DISTRICT AS OF JULY 1, 2017

SOLANCO SCHOOL DISTRICT
COMPUTATION OF NONELECTORAL DEBT MARGIN (A)
JUNE 30, 2018

FORMULA FOR DEBT:	FOR THE FISCAL YEAR ENDED JUNE 30:		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
TOTAL GENERAL FUND REVENUES	\$ 55,066,328	\$ 53,850,101	\$ 51,350,426
LESS REQUIRED DEDUCTIONS INCLUDED IN THE ABOVE REVENUES			
A. RENTAL AND SINKING FUND REIMBURSEMENT	12,195	234,860	-
B. REFUNDS FROM PRIOR YEAR EXPENDITURES	-		4,617
C. PROCEEDS FROM SALE OF CAPITAL ASSETS & NON-RECURRING REVENUES	<u>34,840</u>	<u>3,177</u>	<u>7,885</u>
NET REVENUE	<u>\$ 55,019,293</u>	<u>\$ 53,612,064</u>	<u>\$ 51,337,924</u>
TOTAL NET REVENUES FOR THREE YEARS		<u>159,969,281</u>	
 BORROWING BASE: AVERAGE NET REVENUES FOR THREE YEAR PERIOD		53,323,094	(A)
DEBT LIMIT PERCENTAGE		<u>225%</u>	
LEGAL DEBT LIMIT		119,976,961	
LESS: CURRENT OUTSTANDING APPLICABLE DEBT		<u>17,325,000</u>	
TOTAL DEBT MARGIN		<u>\$ 102,651,961</u>	

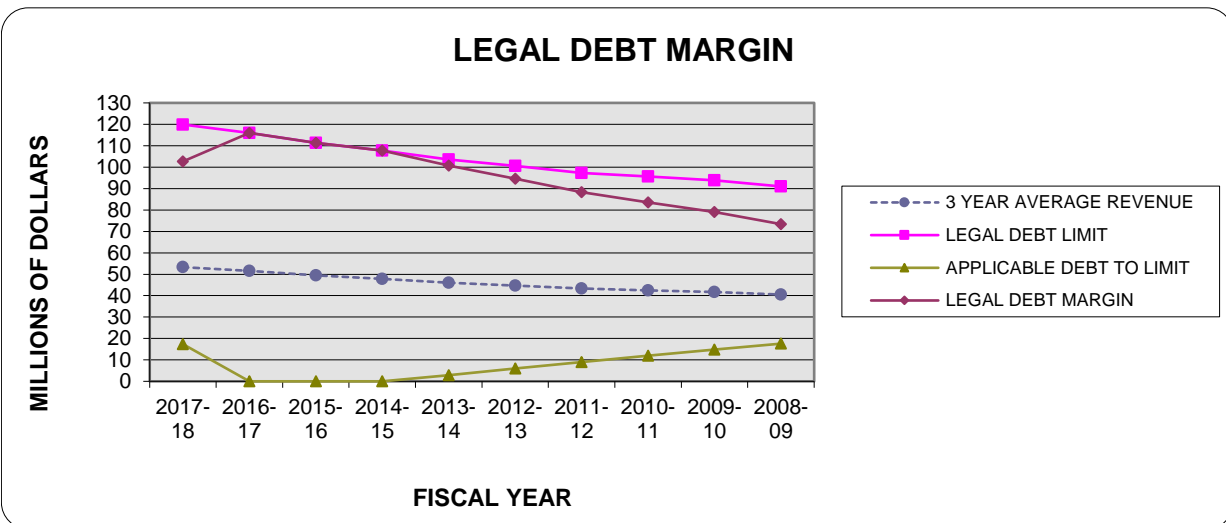
NOTE: THE LOCAL GOVERNMENT DEBT ACT (ACT 52 OF 1978, RE-ENACTING AND AMENDING ACT 185 OF 1972) DESCRIBES DEBT LIMITS FOR ALL LOCAL GOVERNMENTS IN PENNSYLVANIA. THE "DEBT ACT" IS ADMINISTERED BY THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AFFAIRS.

(A) THE BORROWING BASE REPRESENTS THE ANNUAL AVERAGE OF TOTAL REVENUES FOR THE THREE PRECEDING FISCAL YEARS, LESS ANNUAL RENTAL AND SINKING FUND REIMBURSEMENTS, GRANTS AND GIFTS DESIGNATED FOR A SPECIFIC CAPITAL PROJECT AND NONRECURRING RECEIPTS. NONRECURRING RECEIPTS INCLUDE PROCEEDS FROM THE SALE OF CAPITAL ASSETS, INSURANCE RECOVERIES, REFUNDS OF PRIOR YEAR EXPENDITURES AND OTHER ITEMS NOT CONSIDERED INCOME UNDER GENERALLY ACCEPTS ACCOUNTING PRINCIPLES.

SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS.

SOLANCO SCHOOL DISTRICT LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

FISCAL YEAR	(A) THREE YEAR AVERAGE REVENUE	(B) LEGAL DEBT LIMIT	DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN	LEGAL DEBT MARGIN %
2017-18	\$ 53,323,094	\$ 119,976,961	\$ 17,325,000	\$ 102,651,961	85.56%
(C) 2016-17	51,544,549	115,975,235	-	115,975,235	100.00%
(C) 2015-16	49,513,745	111,405,774	-	111,405,774	100.00%
(C) 2014-15	47,923,487	107,827,847	-	107,827,847	100.00%
2013-14	46,057,810	103,630,072	2,750,000	100,880,072	97.35%
2012-13	44,698,344	100,571,274	5,950,000	94,621,274	94.08%
2011-12	43,259,943	97,334,873	9,015,000	88,319,873	90.74%
2010-11	42,493,019	95,609,292	11,975,000	83,634,292	87.48%
2009-10	41,679,914	93,779,806	14,755,000	79,024,806	84.27%
2008-09	40,462,142	91,039,820	17,610,000	73,429,820	80.66%



(A) THE LOCAL GOVERNMENT DEBT ACT (ACT 52 OF 1978, RE-ENACTING AND AMENDING ACT 185 OF 1972) DESCRIBES DEBT LIMITS FOR ALL LOCAL GOVERNMENTS IN PENNSYLVANIA. THE "DEBT ACT" IS ADMINISTERED BY THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AFFAIRS.

(B) 225% OF BORROWING BASE

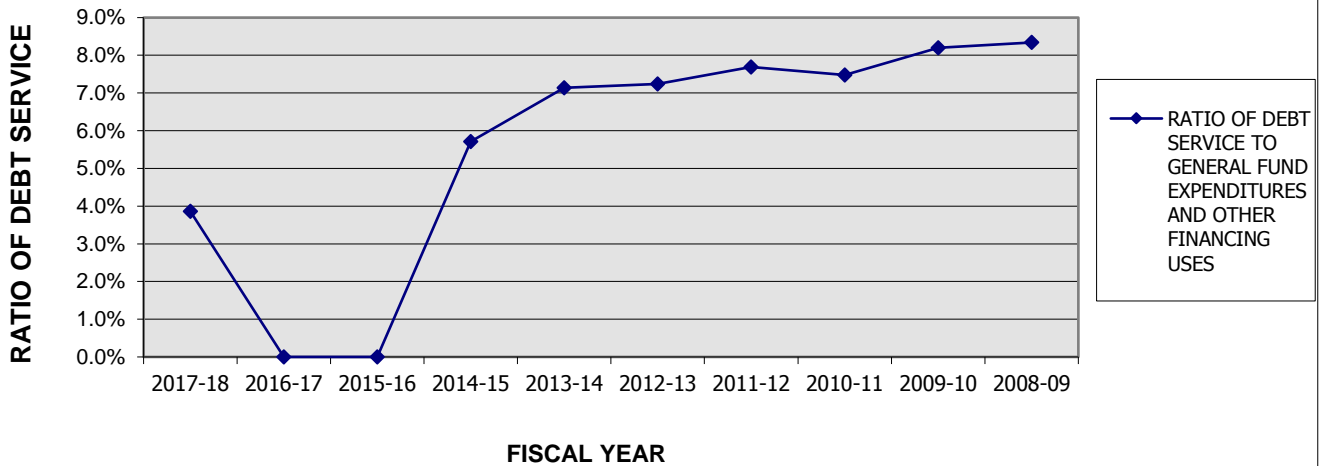
(C) THE SCHOOL DISTRICT DID NOT HOLD ANY OUTSTANDING DEBT AT JUNE 30.

SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

SOLANCO SCHOOL DISTRICT
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION BONDED
DEBT TO TOTAL GENERAL FUND EXPENDITURES AND
OTHER FINANCING USES

FISCAL YEAR	PRINCIPAL	INTEREST AND FISCAL CHARGES	TOTAL BONDED DEBT SERVICE	GENERAL FUND EXPENDITURES AND OTHER FINANCING USES	RATIO OF DEBT SERVICE TO GENERAL FUND EXPENDITURES AND OTHER FINANCING USES
2017-18	\$ 1,875,000	\$ 252,066	\$ 2,127,066	\$ 55,073,426	3.86%
2016-17	-	-	-	53,345,171	0.00%
2015-16	-	-	-	51,634,729	0.00%
2014-15	2,750,000	75,500	2,825,500	49,499,651	5.71%
2013-14	3,200,000	226,600	3,426,600	47,989,897	7.14%
2012-13	3,065,000	346,475	3,411,475	47,096,048	7.24%
2011-12	2,960,000	460,075	3,420,075	44,497,288	7.69%
2010-11	2,780,000	563,200	3,343,200	44,708,478	7.48%
2009-10	2,830,000	725,136	3,555,136	43,376,634	8.20%
2008-09	2,740,000	810,418	3,550,418	42,566,847	8.34%

RATIO OF DEBT SERVICE TO GENERAL FUND EXPENDITURES & OTHER FINANCING USES

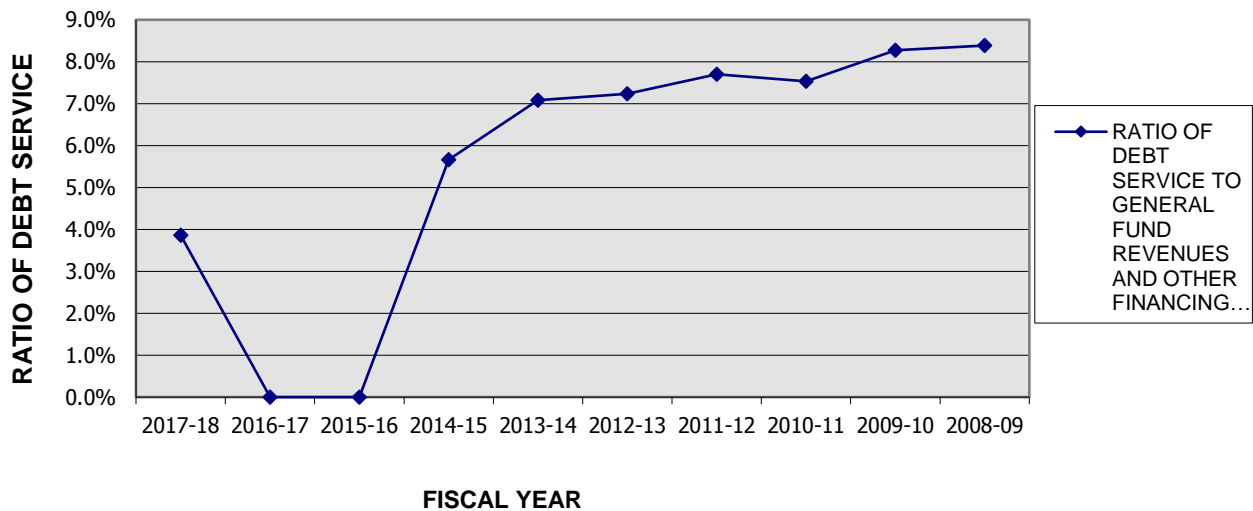


SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

SOLANCO SCHOOL DISTRICT
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION BONDED
DEBT TO TOTAL GENERAL FUND REVENUES AND
OTHER FINANCING SOURCES

FISCAL YEAR	PRINCIPAL	INTEREST AND FISCAL CHARGES	TOTAL BONDED DEBT SERVICE	GENERAL FUND REVENUES AND OTHER FINANCING SOURCES	RATIO OF DEBT SERVICE TO GENERAL FUND REVENUES AND OTHER FINANCING SOURCES
2017-18	\$ 1,875,000	\$ 252,066	\$ 2,127,066	\$ 55,066,328	3.86%
2016-17	-	-	-	53,850,101	0.00%
2015-16	-	-	-	51,350,426	0.00%
2014-15	2,750,000	75,500	2,825,500	49,865,846	5.67%
2013-14	3,200,000	226,599	3,426,599	48,395,753	7.08%
2012-13	3,065,000	346,475	3,411,475	47,130,418	7.24%
2011-12	2,960,000	460,075	3,420,075	44,420,679	7.70%
2010-11	2,780,000	563,200	3,343,200	44,397,132	7.53%
2009-10	2,830,000	725,136	3,555,136	42,992,523	8.27%
2008-09	2,740,000	810,418	3,550,418	42,337,781	8.39%

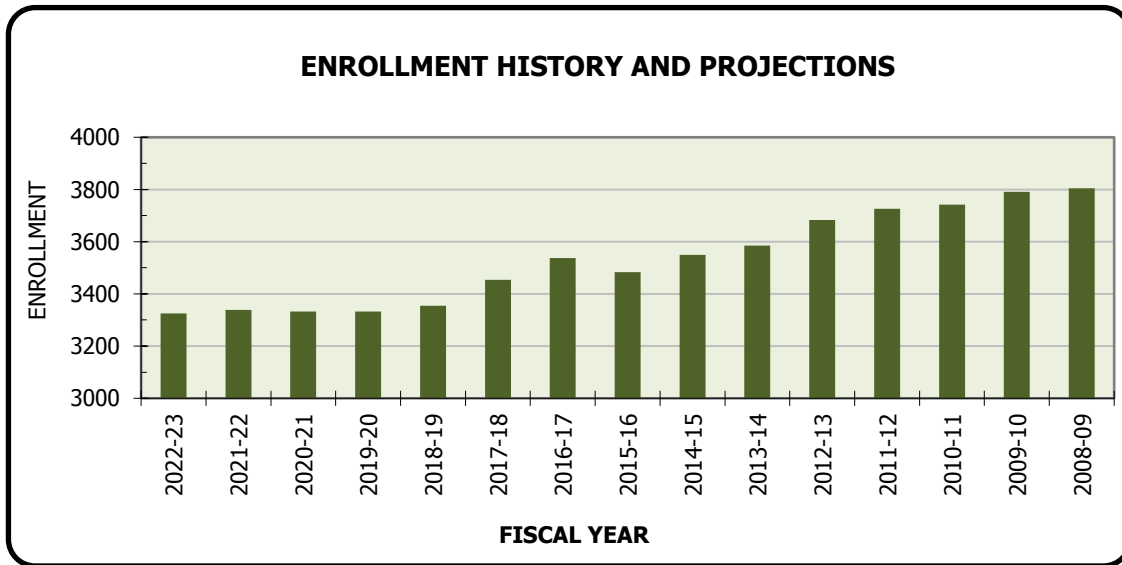
RATIO OF DEBT SERVICE TO GENERAL FUND REVENUES & OTHER SOURCES



SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

SOLANCO SCHOOL DISTRICT ENROLLMENT HISTORY AND PROJECTIONS BY INSTRUCTIONAL LEVEL

	<u>FISCAL YEAR</u>	<u>ELEMENTARY</u>	<u>MIDDLE SCHOOL</u>	<u>HIGH SCHOOL</u>	<u>TOTAL</u>	<u>PERCENTAGE OF FREE AND REDUCED MEAL ELIGIBLE STUDENTS</u>
(B)	2022-23	1574	713	1038	3325	N/A
(B)	2021-22	1555	732	1052	3339	N/A
(B)	2020-21	1512	772	1048	3332	N/A
(B)	2019-20	1504	802	1027	3333	N/A
(A)	2018-19	1450	849	1056	3355	43.4%
(A)	2017-18	1520	844	1090	3454	41.9%
(A)	2016-17	1559	818	1160	3537	43.4%
(A)	2015-16	1628	779	1076	3483	41.4%
(A)	2014-15	1667	777	1106	3550	40.7%
(A)	2013-14	1687	841	1057	3585	40.3%
(A)	2012-13	1686	888	1109	3683	37.6%
(A)	2011-12	1670	876	1180	3726	34.9%
(A)	2010-11	1658	884	1200	3742	33.6%
(A)	2009-10	1614	887	1290	3791	29.7%
(A)	2008-09	1640	891	1274	3805	24.4%



(A) SOURCE: SCHOOL DISTRICT OCTOBER 1 ENROLLMENT REPORTS

(B) PROJECTION

N/A = NOT AVAILABLE

SOLANCO SCHOOL DISTRICT

DISTRICT BUILDING INFORMATION

JUNE 30, 2018

BUILDING	YEAR OF CONSTRUCTION			SQUARE FEET	ACRES	GRADES SERVED	RATED CAPACITY	NUMBER OF CLASSROOMS		ENROLLMENT
	ORIGINAL	ADDITION	RENOVATION					REGULAR	TOTAL	
SOLANCO HIGH SCHOOL	1961	1981 1983 1988 1995 2015	1988 1995 2015	240,564	87.8	9 - 12	1,650	47	53	1,090
1 ROOM SCHOOL HOUSE	circa 1875			800	on S.H.S. site	N/A	N/A	N/A	N/A	N/A
ATH./WRESTLING BLDG	1992	1996 2004		12,113	on S.H.S. site	N/A	N/A	N/A	N/A	N/A
FIELDHOUSE	2006			4,159	on S.H.S. site	N/A	N/A	N/A	N/A	N/A
GEORGE A. SMITH MIDDLE SCHOOL	1982	2018	2018	117,922	30	6 - 8	663	26	30	426
SWIFT MIDDLE SCHOOL	1968		1992	82,692	45.9	6 - 8	531	22	27	418
BART-COLERAIN ELEMENTARY SCHOOL	1960	2002	2002	52,432	27	K - 5	350	14	15	253
CLERMONT ELEMENTARY SCHOOL	1992			58,362	on Swift site	K - 5	600	26	29	482
PROVIDENCE ELEMENTARY SCHOOL	1954	1981 2002	1985 2002	65,848	39.1	K - 5	570	20	23	361
QUARRYVILLE ELEMENTARY SCHOOL	1951	1961 1988 2014		60,560	13.6 0.3	K - 5	630	24 N/A	27 N/A	424 N/A
CENTRAL ADMINISTRATION	1915		1983 1996	18,500	on Q.E. site	N/A	N/A	N/A	N/A	N/A
WAREHOUSE	purchased 1994 - built circa 1910		1996	9,600	0.71	N/A	N/A	N/A	N/A	N/A
LITTLE BRITAIN LAND (A)	purchased 1994				15.8	N/A	N/A	N/A	N/A	N/A

(A) LITTLE BRITAIN SCHOOL BUILDING DEMOLISHED DURING 2012-2013; LAND USED FOR NONPUBLIC TRANSPORTATION PARKING AND RENTAL INCOME

N/A = NOT APPLICABLE

SOURCE: SOLANCO SCHOOL DISTRICT PLANT OPERATION RECORDS AND OCTOBER 1, 2017 STUDENT ENROLLMENT REPORTS

**SOLANCO SCHOOL DISTRICT
DEMOGRAPHIC CHARACTERISTICS BY TOWNSHIP**

	<u>Bart</u>	<u>Colerain</u>	<u>Drumore</u>	<u>East Drumore</u>	<u>Eden</u>
TOTAL POPULATION					
2010 U.S. CENSUS	3,094	3,635	2,560	3,791	2,094
SEX					
MALE	1,567	1,849	1,327	1,797	1,065
FEMALE	1,527	1,786	1,233	1,994	1,029
AGE					
UNDER 18 YEARS	1,110	1,265	808	987	725
18 AND 19 YEARS	115	102	75	91	51
20 TO 24 YEARS	243	226	170	216	134
25 TO 34 YEARS	318	389	278	309	252
35 TO 49 YEARS	470	601	442	676	351
50 TO 64 YEARS	498	669	519	690	391
65 YEARS AND OVER	340	383	268	822	190
ETHNICITY					
HISPANIC	27	80	44	62	28
NON HISPANIC OR LATINO	3,067	3,555	2,516	3,729	2,066
RACE					
WHITE	3,053	3,506	2,513	3,700	2,054
AFRICAN AMERICAN	17	28	4	17	5
ASIAN	3	21	3	6	12
AMERICAN INDIA/ALASKA NATIVE	2	3	8	5	0
NATIVE HAWAIIAN/PACIFIC ISLANDER	0	2	0	8	0
OTHER	19	75	32	55	23
TOTAL HOUSING UNITS	896	1,098	853	1,404	662
OCCUPIED UNITS	862	1,063	798	1,355	647
OWNER-OCCUPIED	623	841	616	918	506
RENTER-OCCUPIED	239	222	182	437	141
VACANT UNITS	34	35	55	49	15
VACANT FOR RENT	11	6	10	16	3
VACANT FOR SALE	4	5	5	10	1
VACANT FOR SEASONAL/RECREATIONAL	2	9	21	3	2
POPULATION IN OWNER-OCCUPIED	2,316	2,889	1,979	2,718	1,614
POPULATION IN RENTAL-OCCUPIED	778	746	581	963	480
POPULATION IN OTHER-OCCUPIED	0	0	0	110	0
HOUSEHOLDS WITH INDIVIDUALS UNDER 18	323	401	278	389	249

SOURCE: 2010 U.S. CENSUS

(A) 2017 LANCASTER COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT

(B) US CENSUS BUREAU - ESTIMATE

SOLANCO SCHOOL DISTRICT
DEMOGRAPHIC CHARACTERISTICS BY TOWNSHIP
(Continued)

<u>Fulton</u>	<u>Little Britain</u>	<u>Providence</u>	<u>Quarryville</u>	<u>District Total</u>	<u>Lancaster County Total</u>	<u>Pennsylvania State Total</u>
3,074	4,106	6,897	2,576	31,827	(A) 542,903	(B) 12,805,537
1,546	2,062	3,421	1,242	15,876	253,836	6,190,363
1,528	2,044	3,476	1,334	15,951	265,609	6,512,016
910	1,266	1,690	668	9,429	129,015	2,792,155
105	124	182	60	905	15,605	387,235
184	241	409	184	2,007	35,033	874,146
316	390	650	381	3,283	60,990	1,511,119
663	836	1,343	492	5,874	101,350	2,571,432
502	794	1,593	439	6,095	99,672	2,606,985
394	455	1,030	352	4,234	77,780	1,959,307
64	97	136	121	659	44,930	719,660
3,010	4,009	6,761	2,455	31,168	474,515	11,982,719
2,974	3,994	6,723	2,425	30,942	460,171	10,406,288
45	24	50	31	221	19,035	1,377,689
4	11	13	16	89	9,860	349,088
6	3	21	5	53	1,195	26,843
1	0	6	6	23	164	3,653
44	74	84	93	499	29,020	538,818
1,139	4,106	1,367	1,070	12,595	202,952	5,567,315
1,030	1,314	2,544	1,019	10,632	193,602	5,018,904
785	1,109	2,132	622	8,152	132,703	3,491,722
245	205	412	397	2,480	60,899	1,527,182
109	53	107	51	508	9,350	548,411
8	10	20	18	102	3,411	135,262
7	10	30	16	88	1,953	64,818
70	9	8	0	124	930	161,582
2,357	3,453	5,767	1,646	24,739	364,337	8,974,740
717	653	1,130	930	6,978	142,470	3,301,526
0	0	0	0	110	12,638	426,113
343	479	737	328	3,527	57,998	1,352,324

LANCASTER COUNTY DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN YEARS

<u>YEAR</u>	(C) <u>POPULATION</u>	(C) <u>PER CAPITA PERSONAL INCOME</u>	(B) <u>TOTAL PERSONAL INCOME</u>	(C) <u>MEDIAN AGE</u>	(D) <u>EDUCATIONAL ATTAINMENT: BACHELOR'S DEGREE OR HIGHER</u>	(A) (E) <u>UNEMPLOYMENT RATE</u>	(A) <u>CIVILIAN LABOR FORCE</u>	(A) <u>EMPLOYMENT</u>	(C) <u>TAXABLE PROPERTY VALUES</u>
2017	542,903	N/A	N/A	N/A	28.0%	3.8%	280,293	269,590	\$ 32,533,073,000
2016	538,500	\$45,839	\$24,684,347	38.5	25.7%	4.2%	280,499	268,837	32,357,078,200
2015	536,624	44,995	24,145,511	38.4	25.2%	4.0%	275,300	265,500	32,239,497,600
2014	533,320	41,712	22,245,595	38.3	24.7%	4.1%	272,400	261,100	31,936,268,900
2013	529,600	41,116	21,774,881	38.7	29.6%	4.9%	268,570	252,124	31,700,851,400
2012	526,823	40,088	12,520,532	38.5	29.1%	6.6%	275,000	256,900	31,416,491,700
2011	523,594	37,535	11,912,956	38.2	28.5%	6.2%	272,800	255,900	31,275,212,500
2010	519,445	36,366	11,574,850	38.2	24.1%	6.8%	267,200	247,100	31,115,345,800
2009	507,766	36,336	11,157,021	38.1	23.7%	7.5%	269,700	250,200	30,857,244,900
2008	503,807	37,066	12,015,036	37.7	26.3%	5.1%	271,800	260,200	30,473,374,000

SOURCES:

(A) PENNSYLVANIA DEPARTMENT OF LABOR AND INDUSTRY

(B) TOTAL PERSONAL INCOME OBTAINED FROM PA DEPARTMENT OF REVENUE ANNUAL PERSONAL INCOME REPORTS AND REPRESENTS INCOME TAXABLE FOR PA INCOME TAX PURPOSES. PERSONAL INCOME INCLUDES COMPENSATION; INTEREST; DIVIDENDS; NET PROFITS FROM BUSINESS OPERATIONS; NET GAINS FROM DISPOSITION OF PROPERTY, RENTS, ROYALTIES, PATENTS AND COPYRIGHTS; NET ESTATE AND TRUST INCOME; GAMBLING AND LOTTERY WINNINGS

(C) COUNTY OF LANCASTER COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED DECEMBER 31, 2017

(D) U. S. CENSUS, AMERICAN COMMUNITY SURVEY. REPRESENTS NATIONAL EDUCATIONAL ATTAINMENT

(E) ANNUAL CALENDAR YEAR UNEMPLOYMENT RATE

N/A - INFORMATION NOT AVAILABLE

**LANCASTER COUNTY
PRINCIPAL EMPLOYERS
CALENDAR YEARS 2017 AND 2008**

EMPLOYER	2017 CALENDAR YEAR			2008 CALENDAR YEAR		
	RANK	EMPLOYEES	PERCENT OF TOTAL COUNTY EMPLOYMENT	RANK	EMPLOYEES	PERCENT OF TOTAL COUNTY EMPLOYMENT
LANCASTER GENERAL HOSPITAL	1	8,253	3.45%	1	7,251	3.15%
DART CONTAINER CORPORATION OF PA	2	2,256	0.94%	7	1,700	0.74%
COUNTY OF LANCASTER	3	1,918	0.80%	4	2,145	0.93%
TURKEY HILL CO INC	4	1,651	0.69%	9	1,409	0.61%
MASONIC VILLAGES	5	1,626	0.68%	10	1,404	0.61%
SCHOOL DISTRICT OF LANCASTER	6	1,546	0.65%	8	1,647	0.72%
LSC Communications (R.R. DONNELLEY)	7	1,429	0.60%	2	2,894	1.26%
WEIS MARKETS, INC	8	1,400	0.60%	*		
MANHEIM REMARKETING INC.	9	1,347	0.56%	3	2,523	1.10%
GIANT FOOD STORES	10	1,343	0.56%	*		
EPHRATA COMMUNITY HOSPITAL INC.				5	1,923	0.84%
ARMSTRONG WORLD INDUSTRIES INC.				6	1,725	0.75%
SUBTOTAL		<u>22,769</u>	<u>9.54%</u>		<u>24,621</u>	<u>10.71%</u>
TOTAL COUNTY EMPLOYMENT (A)		<u>238,945</u>			<u>230,049</u>	

SOURCE - 2017 LANCASTER COUNTY COMPREHENSIVE FINANCIAL REPORT

* - INFORMATION NOT AVAILABLE

**SOLANCO SCHOOL DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

<u>FUNCTION</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
GOVERNMENTAL ACTIVITIES					
INSTRUCTIONAL SERVICES					
TEACHERS	230.8	233.6	237.6	236.8	227.1
AIDES	95.6	91.5	88.3	77.9	70.9
SUPPORT SERVICES					
PUPIL PERSONNEL	25.3	18.1	18.0	17.4	18.2
INSTRUCTION STAFF SERVICES	11.1	13.5	14.4	14.0	12.2
ADMINISTRATIVE SERVICES	22.8	24.8	23.5	22.1	24.6
PUPIL HEALTH SERVICES	6.5	8.7	8.8	8.8	8.3
BUSINESS SERVICES	9.4	6.3	5.6	7.2	5.2
PLANT OPERATION AND MAINTENANCE	30.9	30.0	31.2	32.7	30.2
PUPIL TRANSPORTATION	3.6	6.8	9.0	10.2	11.5
CENTRAL SUPPORT SERVICES	6.8	6.7	6.1	6.1	6.1
NONINSTRUCTIONAL SERVICES	<u>1.4</u>	<u>1.4</u>	<u>1.5</u>	<u>1.9</u>	<u>1.4</u>
TOTAL FULL-TIME EQUIVALENT EMPLOYEES GOVERNMENTAL ACTIVITIES	<u>444.2</u>	<u>441.3</u>	<u>444.0</u>	<u>435.1</u>	<u>415.5</u>
BUSINESS-TYPE ACTIVITIES					
TOTAL FULL-TIME EQUIVALENT EMPLOYEES FOOD SERVICES - BUSINESS-TYPE ACTIVITIES	<u>20.4</u>	<u>19.7</u>	<u>23.8</u>	<u>20.3</u>	<u>25.7</u>
TOTAL PRIMARY GOVERNMENT FULL-TIME EQUIVALENT EMPLOYEES					
	<u>464.6</u>	<u>461.0</u>	<u>467.8</u>	<u>455.4</u>	<u>441.2</u>
STUDENT/TEACHER RATIO (A)	15.0	15.2	14.7	15.0	15.8

SOURCE: SOLANCO SCHOOL DISTRICT PAYROLL RECORDS

FULL-TIME EQUIVALENCY BASED ON 2,080 HOURS PER FISCAL YEAR; FULL-TIME EQUIVALENCY FOR INSTRUCTIONAL SERVICES PERSONNEL BASED ON 1,365 HOURS PER FISCAL YEAR.

(A) CALCULATION BASED ON OCTOBER 1 STUDENT ENROLLMENT AND ANNUAL TEACHER FTE

SOLANCO SCHOOL DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Continued)

<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
221.6	230.0	236.8	235.8	233.2
67.4	70.1	71.8	73.3	70.6
20.8	20.4	20.2	18.2	18.9
13.0	12.3	16.8	16.6	16.1
23.0	22.5	22.1	23.2	24.0
8.4	8.5	8.3	8.4	8.3
5.0	6.0	5.5	6.0	6.2
29.6	30.5	30.6	32.3	32.8
8.7	9.8	9.3	9.8	10.8
6.3	6.5	9.0	6.1	8.0
<u>1.5</u>	<u>1.5</u>	<u>1.8</u>	<u>2.0</u>	<u>2.5</u>
<u>405.3</u>	<u>418.0</u>	<u>432.2</u>	<u>431.7</u>	<u>431.4</u>
<u>17.7</u>	<u>18.0</u>	<u>17.3</u>	<u>19.4</u>	<u>18.4</u>
<u>423.0</u>	<u>436.0</u>	<u>449.5</u>	<u>451.1</u>	<u>449.8</u>
16.6	16.2	15.8	16.1	16.3

**SOLANCO SCHOOL DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM

GOVERNMENTAL ACTIVITIES	2017-18	2016-17	2015-16	2014-15	2013-14
INSTRUCTIONAL SERVICES SQUARE FOOTAGE OCCUPIED VEHICLE	596,950 1	557,800 1	557,800 1	557,800 1	553,236 1
STUDENT SUPPORT SERVICES SQUARE FOOTAGE OCCUPIED ATHLETIC FIELDS TENNIS COURTS	18,636 28 3	18,636 28 3	18,636 28 3	18,636 28 3	18,636 28 3
ADMINISTRATIVE SERVICES SQUARE FOOTAGE OCCUPIED	29,699	29,699	29,699	29,699	29,224
PLANT OPERATION AND MAINTENANCE SQUARE FOOTAGE OCCUPIED VEHICLES SEWAGE PROCESSING FACILITY	40,627 10 2	40,627 10 2	40,627 10 2	40,627 10 2	40,627 9 2
PUPIL TRANSPORTATION SQUARE FOOTAGE OCCUPIED VEHICLES	424 14	424 17	424 15	424 16	424 26
BUSINESS-TYPE ACTIVITIES					
FOOD SERVICES SQUARE FOOTAGE OCCUPIED	39,057	39,057	39,057	39,057	39,057
RENTAL INCOME SQUARE FOOTAGE OCCUPIED	0	0	0	0	0

SOURCE: SOLANCO SCHOOL DISTRICT CAPITAL ASSET RECORDS AND PLANT OPERATIONS AND MAINTENANCE RECORDS

A DESCRIPTION OF THE DISTRICT'S CAPITALIZATION AND DEPRECIATION POLICY IS INCLUDED IN NOTE 1 OF THE NOTES TO THE BASIC FINANCIAL STATEMENTS.

SOLANCO SCHOOL DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Continued)

2012-13	2011-12	2010-11	2009-10	2008-09
553,236 1	553,236 1	553,236 1	553,236 1	553,236 1
18,636 28 3	18,636 28 3	18,636 28 3	18,636 28 3	18,636 28 3
29,224	29,224	29,224	29,224	29,224
40,627 9 2	40,627 9 2	40,627 9 2	40,627 8 2	40,627 8 2
424 26	424 26	424 26	424 25	424 25
39,057	39,057	39,057	39,057	39,057
0	0	0	0	0

**SOLANCO SCHOOL DISTRICT
SCHEDULE OF INSURANCE POLICIES
FISCAL YEAR ENDED JUNE 30, 2018**

<u>TYPE OF COVERAGE</u>	<u>AMOUNTS OR LIMITS</u>	<u>POLICY PERIOD</u>	<u>POLICY NUMBER</u>	<u>ANNUAL PREMIUM</u>	<u>COMPANY</u>		
BUILDING AND PERSONAL PROPERTY	\$ 127,571,558	7/1/2017 through 6/30/2018	CBP9604227	\$ 62,108	Excelsior Insurance Company		
Additional Specific Commercial Property							
Solanco High School	\$ 500,000						
Equipment Breakdown	\$ 250,000						
Data Compromise	\$ 100,000						
Commerical Inland Marine							
Musical Instruments, Related Equipment and Accessories	\$ 227,266						
Miscellaneous Property	\$ 35,000			\$ 1,211			
Band Uniforms, Athletic Equipment	\$ 100,000						
COMMERCIAL GENERAL LIABILITY		7/1/2017 through 6/30/2018	CBP9604227	\$ 33,718	Excelsior Insurance Company		
Each Occurrence	\$ 1,000,000						
Damage to Premises	\$ 300,000						
Medical Expense	\$ 15,000						
Personal & Advertising Injury Each Person	\$ 1,000,000						
General Aggregate	\$ 3,000,000						
Products & Completed Work Aggregate	\$ 3,000,000						
Poulltion Liability	\$ 1,000,000						
Violent Event Response	\$ 300,000						
Errors & Ommissions	\$ 1,000,000						
Public Officials Bond						\$ 565	
Crime						\$ 445	
Employee Dishonesty	\$ 100,000						
Employee Benefits Liability	\$ 1,000,000						
Sexual Misconduct and Molestation	\$ 1,000,000						
TERRORISM RISK	\$ 1,000,000		CBP9604227	\$ 10,142	Excelsior Insurance Co.		
COMMERCIAL AUTOMOBILE	\$ 1,000,000	7/1/2017 through 6/30/2018	BA9605229	\$ 18,394	The Netherlands Insurance Company		
Underinsured Motorists	\$ 500,000						
Uninsured Motorists	\$ 500,000						
Medical Payments - First Party	\$ 10,000						

SOURCE: DISTRICT INSURANCE POLICIES AND RECORDS

DISCLAIMER - THIS DOCUMENT IS FOR ILLUSTRATIVE PURPOSES. IT CONTAINS GENERALIZED INFORMATION AND IS NOT INTENDED TO BE A FULL AND COMPLETE.

DESCRIPTION OF THE ACTUAL INSURANCE POLICIES. POLICIES MUST BE READ FOR SPECIFIC POLICY PROVISIONS OR DETAILS.

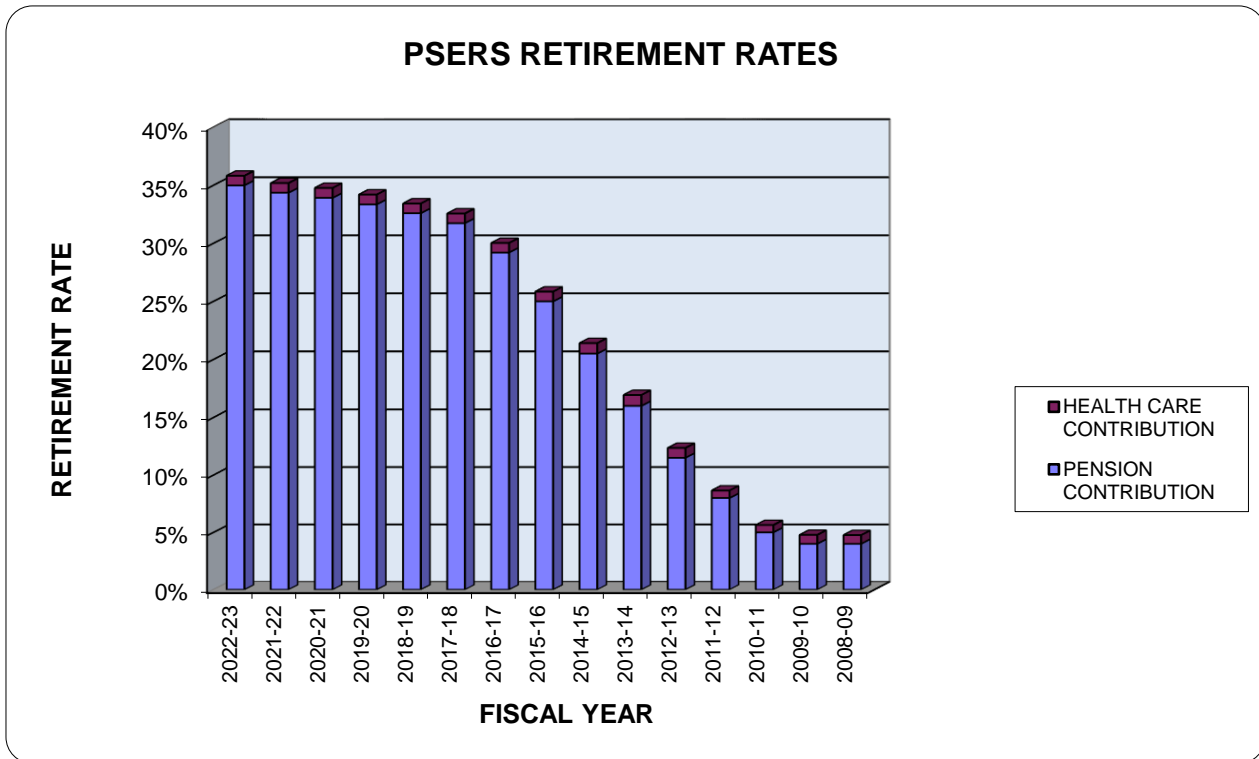
**SOLANCO SCHOOL DISTRICT
SCHEDULE OF INSURANCE POLICIES
FISCAL YEAR ENDED JUNE 30, 2018**

(Continued)

<u>TYPE OF COVERAGE</u>	<u>AMOUNTS OR LIMITS</u>	<u>POLICY PERIOD</u>	<u>POLICY NUMBER</u>	<u>ANNUAL PREMIUM</u>	<u>COMPANY</u>
COMMERCIAL UMBRELLA Each Occurrence Aggregate Self-Insured Retention	\$ 8,000,000 \$ 8,000,000 \$ 10,000	7/1/2017 through 6/30/2018	CU9606059	\$ 12,401	Peerless Insurance Company
ACCIDENT & HEALTH-ALL STUDENTS Accident Medical Accident Dental Care & Surgical Benefit Life and Death Insurance Accidental Death & Dismemberment (Sports)	\$ 1,000,000 \$ 100,000 \$ 300,000 \$ 15,000	8/3/2017 through 8/2/2019	KAMB-65688- 4120	\$ 24,065	Axis Insurance Company
LIFE INSURANCE Administrators Professional Staff Full-Time Support Staff	2 times salary \$ 48,000 \$ 48,000	7/1/2017 through 6/30/2018	N/A	\$0.12 per \$1,000 covered payroll	CM Regent Solutions- Sun Life
ACCIDENTAL DEATH & DISMEMBERMENT Administrators Professional Staff Full-Time Support Staff	2 times salary \$ 48,000 \$ 48,000	7/1/2017 through 6/30/2018	N/A	\$0.02 per \$1,000 covered payroll	CM Regent Solution- Sun Life
LONG TERM DISABILITY Administrators /Directors	annual salary \$162,765	7/1/2017 through 6/30/2018	N/A	\$0.42 per \$100	CM Regent Solutions- Sun Life
WORKERS' COMPENSATION Employers' Liability Limit - Occurrence or Accident	\$ 1,000,000	7/1/2017 through 6/30/2018	SP4054965	\$ 124,027	Safety National Casualty

SOLANCO SCHOOL DISTRICT PSERS RETIREMENT RATES

<u>FISCAL YEAR</u>		<u>PENSION CONTRIBUTION</u>	<u>HEALTH CARE CONTRIBUTION</u>	<u>TOTAL PSERS RATE</u>
2022-23	(A)	34.99	0.83	35.82
2021-22	(A)	34.36	0.83	35.19
2020-21	(A)	33.92	0.85	34.77
2019-20		33.36	0.84	34.29
2018-19		32.60	0.83	33.43
2017-18		31.74	0.83	32.57
2016-17		29.20	0.83	30.03
2015-16		25.00	0.84	25.84
2014-15		20.50	0.90	21.40
2013-14		16.00	0.93	16.93
2012-13		11.50	0.86	12.36
2011-12		8.00	0.65	8.65
2010-11		5.00	0.64	5.64
2009-10		4.00	0.78	4.78
2008-09		4.00	0.76	4.76



(A) PSERS PROJECTED RETIREMENT RATES
SOURCE: PSERS DECEMBER 2018 PUBLICATION

GLOSSARY OF TERMS

SOLANCO SCHOOL DISTRICT GLOSSARY OF TERMS

This glossary contains definitions of terms used in this report and such additional terms as seem necessary to enhance understanding concerning financial accounting procedures for schools. Several terms, which are not primarily financial accounting terms, have been included because of their significance to school financial accounting.

AAL (ACTUARIAL ACCRUED LIABILITY) - The present value of benefits promised to employees as compensation for services already rendered. Since it is an actuarial rather than an accounting liability, it is not reported in the basic financial statements but is included as required supplementary information in the Schedule of Funding Progress – Other Postemployment Benefits.

ACCOUNTING SYSTEM - The total structure of records and procedures which discover, record, classify and report information on the financial position and operations of a school district or any of its funds, balanced account groups or organizational components.

ACCRUAL BASIS - The basis of accounting under which revenues are recorded when levies are made, and expenditures are recorded as soon as they result in liabilities regardless of when the revenue is actually received or the payment is actually made.

ACCRUE - Record revenues when earned or when levies are made, and to record expenditures as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made. Sometimes, the term is used in a restricted sense to denote the recording of revenues earned but not yet due, such as accrued interest on investments and the recording of expenditures which result in liabilities that are payable in another accounting period, such as accrued interest on bonds. See also ACCRUAL BASIS.

APPROPRIATION - An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. Note: An appropriation is usually limited in amount and as to the time when it may be expended.

ARC (ANNUAL REQUIRED CONTRIBUTION) - represents the amount needed to fund the cost of Other Postemployment Benefits attributed to the current year plus an amortized portion of the unfunded liability.

ASSIGNED - Amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority.

AUTHORITY, SCHOOL - Appointed body created by state law and vested with the responsibility of securing capital finances for school boards to build new buildings or additions.

BALANCE SHEET - A summarized statement as of a given date, of the financial position of a local education agency for a specific fund and/or all funds showing assets, deferred outflow of resources, liabilities, deferred inflow of resources and fund balance.

BOARD OF SCHOOL DIRECTORS - The elected or appointed body that has been created according to state law and vested with the responsibility for educational activities in a given geographical area.

BOND RATING - An evaluation of credit-worthiness performed by an independent rating service.

(Continued)

GLOSSARY OF TERMS

(Continued)

BONDED DEBT - The portion of indebtedness represented by outstanding bonds.

BUDGET - A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them.

BUILDINGS AND BUILDING IMPROVEMENTS - capital asset account that reflects the acquisition value of permanent structures used to house persons and property owned by the local education agency. If buildings are purchased or constructed, the amount includes the purchase or contract price of permanent buildings and fixtures attached to and forming a permanent part of such buildings. If buildings are acquired by gift, the amount reflects the appraised value of the buildings at the time of acquisition.

BUSINESS-TYPE ACTIVITIES - The financial activities of programs in which the School District charges fees and receives federal and state reimbursements to cover the costs of providing goods and services.

CAPITAL ASSETS - These are assets that are physical in nature (furniture, fixtures, equipment, buildings and land) and are used to help run or operate the government. Under ordinary circumstances, capital assets are expected to be held for long term and not to be converted to cash to pay bills.

CAPITAL PROJECT - The major construction, renovation or acquisition of a building or land. A plan is set forth for each project or maintenance item to enable appropriate funds to be designated. The resulting asset will have a life longer than one year and entail a major expenditure.

CAPITAL OUTLAY - Expenditures resulting in the acquisition of or addition to the District's capital assets.

COMBINED FINANCIAL STATEMENT - This statement is the highest level of summarization or aggregation. For example, a government may have two or more debt service funds. In the combined statement, these would be presented in one column as debt service fund.

COMMITTED - Fund Balance amounts that may be used only for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision authority, the Board of Directors.

COMBINING FINANCIAL STATEMENT - This statement or schedule is at the second level of aggregation below the combined level. If each fund in a fund type is presented on one page this is a combining level.

COMPLIANCE - Compliance assesses whether actual money raising and spending adhere to budget mandates set by the legislative body. All financial statements can help judge compliance, but the one detailing budget versus actual is best used to assess compliance.

CONTRACTED SERVICES - The labor, material and other costs for services rendered by personnel who are not on the payroll of the local education agency. These are classified as either purchased professional & technical or purchased property service objects.

CURRENT - An accounting term to designate assets, liabilities and expenditures that are reasonably expected to be realized in cash, paid or consumed during the present fiscal year.

GLOSSARY OF TERMS

(Continued)

DEFEASED - Bonds in which the funding for future debt service has been forwarded to a third party custodian for administration on behalf of the bond issuer. A defeased bond is removed from the bond issuer's long-term debt obligation and ceases to be considered an outstanding liability on the bond issuer's financial statements.

DEBT - Debt is an obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of local education agencies include bonds, warrants and notes, etc.

DEBT SERVICE - Expenditures for the retirement of principal and for interest on debt, except principal and interest on current loans.

DEFERRED INFLOW OF RESOURCES – An acquisition of net assets by the government that is applicable to a future reporting period.

DEFERRED OUTFLOW OF RESOURCES – Consumption of net assets by the government that is applicable to a future reporting period.

DEPRECIATION - The allocation of a capital asset's cost over its estimated useful life in a systematic and rational manner.

ENCUMBRANCES - Purchase orders, contract, and/or other commitments that are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid; when actual liability is established, as in accounts payable; or when canceled.

EQUIPMENT - Those moveable items used for school operation that are of a nonexpendable and mechanical nature, i.e., perform an operation. Typewriters, projectors, vacuum cleaners, accounting machines, computers, lathes, clocks, machinery, and vehicles, etc. are classified as equipment. (Heating and air conditioning systems; lighting fixtures; and similar items permanently attached to or within a building are considered as part of the building.)

ESTIMATED REVENUE - When the accounts are kept on an accrual basis, this term designates the amount of revenue attributable to a given period regardless of whether or not it is all to be collected during the period.

EXPENDITURES - This includes total charges incurred, whether paid or unpaid, for current expense, capital outlay and debt service.

FIDUCIARY FUNDS - Funds in which the District serves as a trustee or agent for student organizations and scholarship trusts. The assets of these funds belong to the organization or trust and not the School District. These activities are excluded from the district-wide financial statements since the District cannot use the assets to finance its operations.

FISCAL YEAR - A twelve-month period of time, to which the annual budget applies and at the end of which a local education agency determines its financial position and the results of its operations.

FUND - A fund is usually established by legislation to provide an accounting mechanism for keeping track of money raised and spent for a specific activity or set of activities.

FUND, AGENCY - The fund used to account for assets held by the District as an agent for an individual or group.

GLOSSARY OF TERMS

(Continued)

FUND BALANCE - The difference between assets, liabilities, deferred inflows and deferred outflows of resources of a governmental fund. A positive fund balance indicates assets and deferred outflow of resources exceed liabilities and deferred inflows of resources; a negative fund balance indicates liabilities and deferred inflows of resources exceed assets and deferred outflows of resources. Fund balance is comprised of four classifications, which represent the relative strength of the spending constraints: nonspendable, restricted, committed, assigned and unassigned. The fund balance is a residual amount and not necessarily a cash amount.

FUND FINANCIAL STATEMENTS - Financial statements that focus on individual parts of the District and report operations in greater detail than the District-wide statements. Fund financial statements present the most significant funds or major funds individually with all other non-major funds presented in total in one column.

FUND, CAPITAL PROJECT FUND - Fund used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FUND, DEBT SERVICE - The fund used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

FUND, ENTERPRISE - A proprietary fund used to account for operations that are financed or for costs that are recovered through user charges or reimbursement plans. The food service fund is an enterprise fund.

FUND, GENERAL - The fund used to finance the ordinary operations of the local education agency. It is available for a legally authorized purpose and consists of money not specifically designated for some other particular purpose.

FUND, INTERNAL SERVICE - The fund used to account for the financing of services provided by one department to other departments of the District on a cost reimbursement basis.

FUND, SPECIAL REVENUE - The fund used to account for specific revenues that are legally restricted to expenditures for specific purposes. The capital reserve fund is a special revenue fund, provided revenues are legally restricted for specific capital expenditures.

FUND, TRUST - The fund used to account for assets held by the District in a trustee capacity.

GAAP - (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES) Principles that practitioners use to produce financial statements. They can become accepted via due process or via long-term practice or both. It is the GAAP that help make financial statements compatible from year to year and jurisdiction to jurisdiction.

GENERAL REVENUES - Revenues received by the School District that do not correlate to specific school programs. A significant portion of general revenues is derived from property taxes and state aid, which is determined through formula calculations, such as the basic education subsidy.

GOVERNMENTAL ACTIVITIES - Most of the School District's programs and services are reported here including regular and special education instruction, support services, administration, plant operation and maintenance, pupil transportation, community services and extracurricular activities. Property and Earned Income taxes in addition to state formula aid, finance most of these activities.

GLOSSARY OF TERMS

(Continued)

GOVERNMENTAL FUNDS - Funds, which focus on the inflow and outflow of money and the balance available for spending in future periods. Most of the district's activities are reported in these funds; including the General Fund, Capital Projects and Debt Service funds.

INTERNAL BALANCES - A line item on the district-wide statement of net assets to report interfund receivables and payables in a net amount.

INVESTMENTS - Securities held for the production of revenues in the form of interest, dividends and capital gains.

LEVY - (verb) To impose taxes or special assessments. (noun) The total of taxes or special assessments imposed by a governmental unit.

LIABILITY - A future sacrifice of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LIEN - Attached to properties when delinquent taxes are not paid within a specific period of time as established by statute.

LONG-TERM - Refers to a period lasting more than one year.

MD&A - (MANAGEMENT'S DISCUSSION AND ANALYSIS) Required supplementary information preceding the basic financial statements and notes. The MD&A introduces the financial statements and provides the reader with an analysis of the district's financial activities.

MILL - One dollar per one thousand dollars of assessed valuation.

MILLAGE - Rate used in calculating taxes based upon the value of property; expressed in mills per dollar of property value.

NET OPEB OBLIGATION - The cumulative difference between the annual OPEB cost and the employer's contributions to the plan. It is the amount that appears as a liability on the employer's financial statements.

NET PENSION LIABILITY - The school district's proportionate share of pension plan future employee benefit costs. The liability is derived from an actuarial present value of projected benefit payments attributed to past employee service net the proportionate value of plan assets.

NET POSITION - The difference between the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources. Net position is reported on the balance sheet. (formerly referred to as net assets)

NONSPENDABLE - Amounts that are not in spendable form (such as inventory and prepaid items) or are required to be legally or contractually maintained intact.

NOTES TO THE FINANCIAL STATEMENTS - The notes are considered an integral part of the financial statements. The statements themselves are quantitatively presented; the notes are usually a verbal elaboration, although notes can be numerical in nature. Notes explain or expand on the financial statements.

GLOSSARY OF TERMS

(Continued)

OPEB (OTHER POSTEMPLOYMENT BENEFITS) - Benefits, other than pensions and termination incentives, provided to former employees. OPEB includes postemployment healthcare benefits.

PROGRAM - The definition of an effort to accomplish a specific objective or objectives consistent with funds or resources available. Budgets and actual revenue and expenditure records may be maintained per program.

PROGRAM REVENUES - Revenues received by the District, which are utilized for specific program expenditures. Grants and state subsidies utilized in the operation of school programs, which are not derived from formula calculations and monies received from the performance of District services are reported as program revenues. Food Service revenue, tuition and transportation fees and athletic event ticket sales are reported as program revenues.

PROPRIETARY FUNDS - An activity for which the district charges a fee and for which revenues are expected to cover all expenses is reported as a proprietary fund. The food service fund is a proprietary fund.

PURTA - (PENNSYLVANIA UTILITY REAL ESTATE TAX AUTHORITY) The governing body authorized to assess real estate taxes on regulated public utility property.

RESTRICTED - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

REVENUES - Increases in the net current assets of a fund type from other than expenditure refunds and residual equity transfers.

SCHOOL - A division of the school system consisting of a group of pupils with one or more teachers to give instruction of a defined type, and housed in a school plant of one or more buildings. More than one school may be housed in one school plant, as is the case when the elementary and secondary programs are housed in the same school plant.

SCHOOL, ELEMENTARY - A school classified as elementary by state and local practice and composed of any span of grades not above grade six. Solanco School District grade structure currently includes students in grades kindergarten through fifth.

SCHOOL, MIDDLE - A school offering the transition years between elementary and high school grades. Solanco School District grade structure currently includes students in grades six through eight.

SCHOOL, HIGH - A school offering the final years of education necessary for graduation invariably preceded by a middle school and elementary school in the same system. Solanco School District grade structure currently includes students in grades nine through 12.

STANDARD AND POORS - A division of McGraw Hill Companies which provides independent financial information, analytical services and credit ratings to the world's financial market. Standard and Poors analyzes state education performance in a national context and provides four-year trends on student achievement, spending and other statewide factors. The state education analysis is available to the public through the Standard and Poors' website.

GLOSSARY OF TERMS

(Continued)

STATEMENT OF ACTIVITIES - A district-wide statement that reports information about the district as a whole using accounting methods similar to those used by private-sector companies. Revenues, expenses and the change in net assets of the district during the fiscal year for governmental and business-type activities are presented in this statement.

STATEMENT OF NET POSITION - A district-wide statement that reports information about the district as a whole using accounting methods similar to those used by private-sector companies. The district's assets, liabilities and net assets at fiscal year-end for governmental and business-type activities are presented in this statement.

TAXES - Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit. The term includes licenses and permits. It does not include special assessments.

TRANSFERS - Since governmental financial statements are based on funds, there is often a transfer among the funds. For example, the general fund may transfer money to the debt service fund so that fund can pay interest due on bonds. Because funds are the main accounting entity in government no effort is made to eliminate any double counting among funds and produce a consolidated statement for the entire government.

UAAL (UNFUNDED ACTUARIAL ACCRUED LIABILITY) - The difference between the actuarial accrued liability and the actuarial value of the resources accumulated to satisfy it. The unfunded actuarial accrued liability is not reported on the face of the financial statements because it is not an accounting liability but is included as required supplementary information in the Schedule of Funding Progress – Other Postemployment Benefits.

UNASSIGNED - Spendable amounts (the residual) of the general fund that do not satisfy the definition of assigned, restricted or committed and are deemed to be available for general use by the School District.

VOCATIONAL SCHOOL - A secondary school which is separately organized under a principal for the purpose of offering training in one or more skilled or semi-skilled trades or occupations.

SINGLE AUDIT SECTION

Solanco School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2017	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2018	Passed Through to Subrecipients
Child Nutrition Cluster												
U.S. Department of Agriculture	Pennsylvania Department of Education	School Breakfast Program	I	10.553	N/A	07/01/17 - 06/30/18	N/A	\$ -0-	\$ 173,799	\$ 210,840	\$ 37,041	\$ -0-
U.S. Department of Agriculture	Pennsylvania Department of Education	School Breakfast Program	I	10.553	N/A	07/01/16 - 06/30/17	N/A	32,500	32,500	-0-	-0-	-0-
Total				10.553				32,500	206,299	210,840	37,041	-0-
U.S. Department of Agriculture	Pennsylvania Department of Education	National School Lunch Program	I	10.555	N/A	07/01/17 - 06/30/18	N/A	-0-	507,357	605,511	98,154	-0-
U.S. Department of Agriculture	Pennsylvania Department of Education	National School Lunch Program	I	10.555	N/A	07/01/16 - 06/30/17	N/A	92,650	92,650	-0-	-0-	-0-
U.S. Department of Agriculture	Pennsylvania Department of Agriculture	National School Lunch Program (Note 2)	I	10.555	N/A	07/01/16 - 06/30/17	N/A	(5,235) A	73,859 B	73,573 C	(5,521) D	-0-
Total				10.555				87,415	673,866	679,084	92,633	-0-
Total Child Nutrition Cluster												
								119,915	880,165	889,924	129,674	-0-
Special Education Cluster												
U.S. Department of Education	Lancaster-Lebanon Intermediate Unit #13	Special Education - Grants to States	I	84.027	062-180033	07/01/17 - 06/30/18	10,000	-0-	9,603	9,603	-0-	-0-
U.S. Department of Education	Lancaster-Lebanon Intermediate Unit #13	Special Education - Grants to States	I	84.027	062-180013	07/01/17 - 09/30/18	696,380	-0-	696,380	696,380	-0-	-0-
Total				84.027				-0-	705,983	705,983	-0-	-0-
U.S. Department of Education	Lancaster-Lebanon Intermediate Unit #13	Special Education - Preschool Grants	I	84.173	131-170013	07/01/17 - 06/30/18	2,958	-0-	-0-	2,958	2,958	-0-
Total Special Education Cluster								\$ -0-	\$ 705,983	\$ 708,941	\$ 2,958	\$ -0-

Solanco School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2018

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2017	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2018	Passed Through to Subrecipients
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	013-180390	07/18/17 - 09/30/18	1,544,452	\$ -0-	\$ 1,132,598	\$ 1,504,491	\$ 371,893	\$ -0-
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	013-170390	07/24/16 - 09/30/17	1,716,613	299,400	566,782	267,382	-0-	-0-
Total				84.010				299,400	1,699,380	1,771,873	371,893	-0-
U.S. Department of Education	Pennsylvania Department of Education	Improving Teacher Quality State Grants	I	84.367	020-180390	07/18/17 - 09/30/18	239,470	-0-	208,704	239,470	30,766	-0-
U.S. Department of Education	Pennsylvania Department of Education	Improving Teacher Quality State Grants	I	84.367	020-170390	07/24/16 - 09/30/17	241,890	15,849	15,849	-0-	-0-	-0-
Total				84.367				15,849	224,553	239,470	30,766	-0-
U.S. Department of Education	Northwest Tri-County Intermediate Unit 5	Race to the Top - Early Learning Challenge	I	84.412A	N/A	10/01/17 - 05/31/18	6,000	-0-	6,000	6,000	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	Student Support and Academic Enrichment Program	I	84.424	144-180390	07/27/17 - 09/30/18	34,899	-0-	20,939	34,899	13,960	-0-
TANF Cluster												
U.S. Department of Health and Human Services	Workforce Investment Board	Temporary Assistance for Needy Families	I	93.558	17 - TANF-01	07/01/17 - 06/30/18	8,000	-0-	8,000	8,000	-0-	-0-
U.S. Department of Health and Human Services	Workforce Investment Board	Temporary Assistance for Needy Families	I	93.558	16 - TANF-01	07/01/16 - 06/30/17	8,000	1,512	1,512	-0-	-0-	-0-
Total TANF Cluster					93.558			\$ 1,512	\$ 9,512	\$ 8,000	\$ -0-	\$ -0-

See independent auditors' report.

Solanco School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2018

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2017	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2018	Passed Through to Subrecipients
Medicaid Cluster												
U.S. Department of Health and Human Services	Pennsylvania Department of Human Services	Medical Assistance Program	I	93.778	N/A	07/01/17 - 06/30/18	N/A	\$ -0-	\$ 1,419	\$ 1,419	\$ -0-	\$ -0-
U.S. Department of Health and Human Services	Pennsylvania Department of Human Services	Medical Assistance Program	I	93.778	N/A	07/01/16 - 06/30/17	N/A	539	539	-0-	-0-	-0-
Total Medicaid Cluster								<u>539</u>	<u>1,958</u>	<u>1,419</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENDITURES of FEDERAL AWARDS								<u>\$ 437,215</u>	<u>\$ 3,548,490</u>	<u>\$ 3,660,526</u>	<u>\$ 549,251</u>	<u>\$ -0-</u>

Legend

I = Indirect funding

CFDA = Catalog of Federal Domestic Assistance

See independent auditors' report.

Solanco School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2018

NOTES to SCHEDULE of EXPENDITURES of FEDERAL AWARDS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

NOTE 2 - NATIONAL SCHOOL LUNCH PROGRAM - PASSED THROUGH the PENNSYLVANIA DEPARTMENT of AGRICULTURE

- A) Beginning inventory at July 1.
- B) Total amount of commodities received from the Department of Agriculture.
- C) Total amount of commodities used.
- D) Ending inventory at June 30.

NOTE 3 - DE MINIMIS INDIRECT COST RATE

The School District did not elect to use the 10% de minimis indirect cost rate.

NOTE 4 - ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. Reimbursements are federal money but are classified as fee-for-service revenues and are not considered federal financial assistance. Because only federal financial assistance is included on the schedule of expenditures of federal awards, ACCESS reimbursements are not included on the schedule. The amount of ACCESS funding received for the year ended June 30, 2018, was \$98,420. Of this amount, \$40,000 is listed on the PDE confirmation as program #044-007390 and \$58,420 was received through the Lancaster-Lebanon Intermediate Unit #13 and another School District.

**INDEPENDENT AUDITORS' 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**

To the Board Officers and Members
Solanco School District
Lancaster County, 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 **Solanco School District** as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise **Solanco School District's** basic financial statements, and have issued our report thereon dated January 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Solanco School District'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 **Solanco School District's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Solanco School District'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.

SERVICE | ANSWERS | TRUST

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CAPITAL REGION OFFICE: 5000 Ritter Road, Suite 104, Mechanicsburg, PA 17055 • 717-697-2900 • Fax 717-697-2002

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Solanco School District's** financial statements are free of 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.

January 23, 2019
Lancaster, Pennsylvania

Trout, Ebersole & Groff, LLP
TROUT, EBERSOLE & GROFF, LLP
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT on COMPLIANCE for each MAJOR PROGRAM
and on INTERNAL CONTROL over COMPLIANCE REQUIRED by the UNIFORM GUIDANCE**

To the Board Officers and Members
Solanco School District
Lancaster County, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited **Solanco School District's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on **Solanco School District's** major federal program for the year ended June 30, 2018. **Solanco School District's** major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for **Solanco School District's** major federal program 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 **Solanco School District'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 the major federal program. However, our audit does not provide a legal determination of **Solanco School District's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Solanco School District** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

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Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item #2018-001. Our opinion on the major federal program is not modified with respect to this matter.

Solanco School District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. **Solanco School District's** response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of **Solanco School District** 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 **Solanco School District's** internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 **Solanco School District'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 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.

January 23, 2019
Lancaster, Pennsylvania

Trout, Ebersole & Groff, LLP
TROUT, EBERSOLE & GROFF, LLP
Certified Public Accountants

Solanco School District
SCHEDULE of FINDINGS and QUESTIONED COSTS
Year Ended June 30, 2018

A. Summary of Auditors' Results

1. The independent auditors' report expresses unmodified opinions on the financial statements of **Solanco School District**.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' 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 **Solanco School District** were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal program are reported in the Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award program for **Solanco School District** expresses an unmodified opinion.
6. Audit findings relative to the major federal award program for **Solanco School District** are reported in part C of this schedule.
7. The program tested as a major federal program is: School Breakfast Program - CFDA #10.553 and National School Lunch Program - CFDA #10.555.
8. The threshold for distinguishing type A and B programs was \$750,000.
9. **Solanco School District** was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

Solanco School District
SCHEDULE of FINDINGS and QUESTIONED COSTS
(Continued)
Year Ended June 30, 2018

C. Findings and Questioned Costs - Major Federal Awards Programs Audit

Compliance Finding

#2018-001 - School Breakfast Program - CFDA #10.553 and National School Lunch Program - CFDA #10.555, year ended June 30, 2018.

Criteria: The School District is required to verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced meals. If the verification process determines changes to applicant free and reduced status, the School District is required to make those changes.

Statement of Condition: The School District sampled the correct number of free and reduced applicant households. However, the School District did not document why certain applications did not include overtime in the gross pay calculation for determining income eligibility. Including overtime in the gross pay calculation would have made the household ineligible for free or reduced lunch and breakfast.

Cause and Effect: Lack of documentation with regards to communication with household applicants led to the status of two of the verified free and reduced households to be potentially incorrectly classified. Due to human error, the School District also incorrectly classified a student as eligible for free meals when the income provided supported, they should have received reduced price meals. The School District corrected this error as soon as they became aware of the error.

Questioned Costs: None over reportable threshold of \$25,000.

Recommendation: Procedures should be established to ensure that the School District properly documents all conversations with applicant households regarding income and the income detail provided supports the household classification.

Management Response: Management reviewed its procedures and revised how verification of household applications will be completed in the future so documentation is properly recorded for all household applications selected for verification. Any communication with households selected for verification will be documented directly on the selection of verification letter or the documentation attached to the verification letter. The Director of Food Service, or his/her designee, will contact households with applications selected for verification, which included overtime pay, to determine the frequency of overtime pay and if the overtime pay should be included in the total annual income calculation.

Solanco School District
SUMMARY SCHEDULE of PRIOR AUDIT FINDINGS
Year Ended June 30, 2018

There were no findings from the prior year.



Solanco School District

"Our mission is to provide educational opportunities which enable all students to become contributing members of society."



Robert J. Dangler, Ed. D.
Assistant Superintendent

Brian A. Bliss, Ed. D.
Superintendent

Sandra S. Tucker, CPA
Business Manager

Corrective Action Plan

January 23, 2019

Solanco School District respectfully submits the following corrective action plan for the year ending June 30, 2018.

Oversight Agency for Audit: U.S. Department of Education

Name and address of independent public accounting firm: Trout, Ebersole & Groff, LLP, 1705 Oregon Pike, Lancaster, Pennsylvania 17601-4200

Audit Period: July 1, 2017 through June 30, 2018.

The finding from the Schedule of Findings and Questioned Costs for the year ended June 30, 2018 is discussed below. The finding is numbered consistently with the number assigned in the schedule:

Findings - Financial Statements Audit

None

Findings – Federal Award Programs Audits

Compliance Finding

#2018-001 - School Breakfast Program - CFDA #10.553 and National School Lunch Program - CFDA #10.555, year ended June 30, 2018

Criteria: The School District is required to verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced meals. If the verification process determines changes to applicant free and reduced status, the School is required to make those changes.

Statement of Condition: The School District sampled the correct number of free and reduced applicant households. However, the School District did not document why certain applications did not include overtime in the gross pay calculation for determining income eligibility. Including overtime in the gross pay calculation would have made the household ineligible for free or reduced lunch and breakfast.

Cause and Effect: Lack of documentation with regards to communication with household applicants led to the status of two of the verified free and reduced households to be potentially incorrectly classified. Due to human error, the School District also incorrectly classified a student as eligible for free meals when the income provided supported, they should have received reduced price meals. The District corrected this error as soon as they became aware of the error.

Questioned Costs: None over reportable threshold of \$25,000.

Recommendation: Procedures should be established to ensure that the School properly documents all conversations with applicant households regarding income and the income detail provided supports the household classification.

Management Response: Management reviewed its procedures and revised how verification of household applications will be completed in the future so documentation is properly recorded for all household applications selected for verification. Any communication with households selected for verification will be documented directly on the selection of verification letter or the documentation attached to the verification letter. The Director of Food Service, or his/her designee, will contact households with applications selected for verification, which included overtime pay, to determine the frequency of overtime pay and if the overtime pay should be included in the total annual income calculation.

If the United States Department of Education has questions regarding this plan, please contact Megan Brown, Assistant Business Manager at (717)786-5610.

Sincerely,

Sandra Tucker

Sandra Tucker
Business Manager
Solanco School District

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Solanco Statement of Expectations:

We, the students, staff, parents and administrators, of the Solanco School District, as a part of the greater Solanco Community, seek to build and support that community through words and actions that display respect, responsibility, courage and kindness. Therefore, we expect all members of the Solanco School District to:

- Treat themselves and each other with Respect**
- Act Responsibly and take Responsibility for their actions**
- Act with Courage every day**
- Act with Kindness when dealing with others**



The
**Solanco
School
District**
Quarryville, Pennsylvania

The Solanco School District is an equal opportunity employer. Any discriminatory harassment will not be tolerated in our schools.