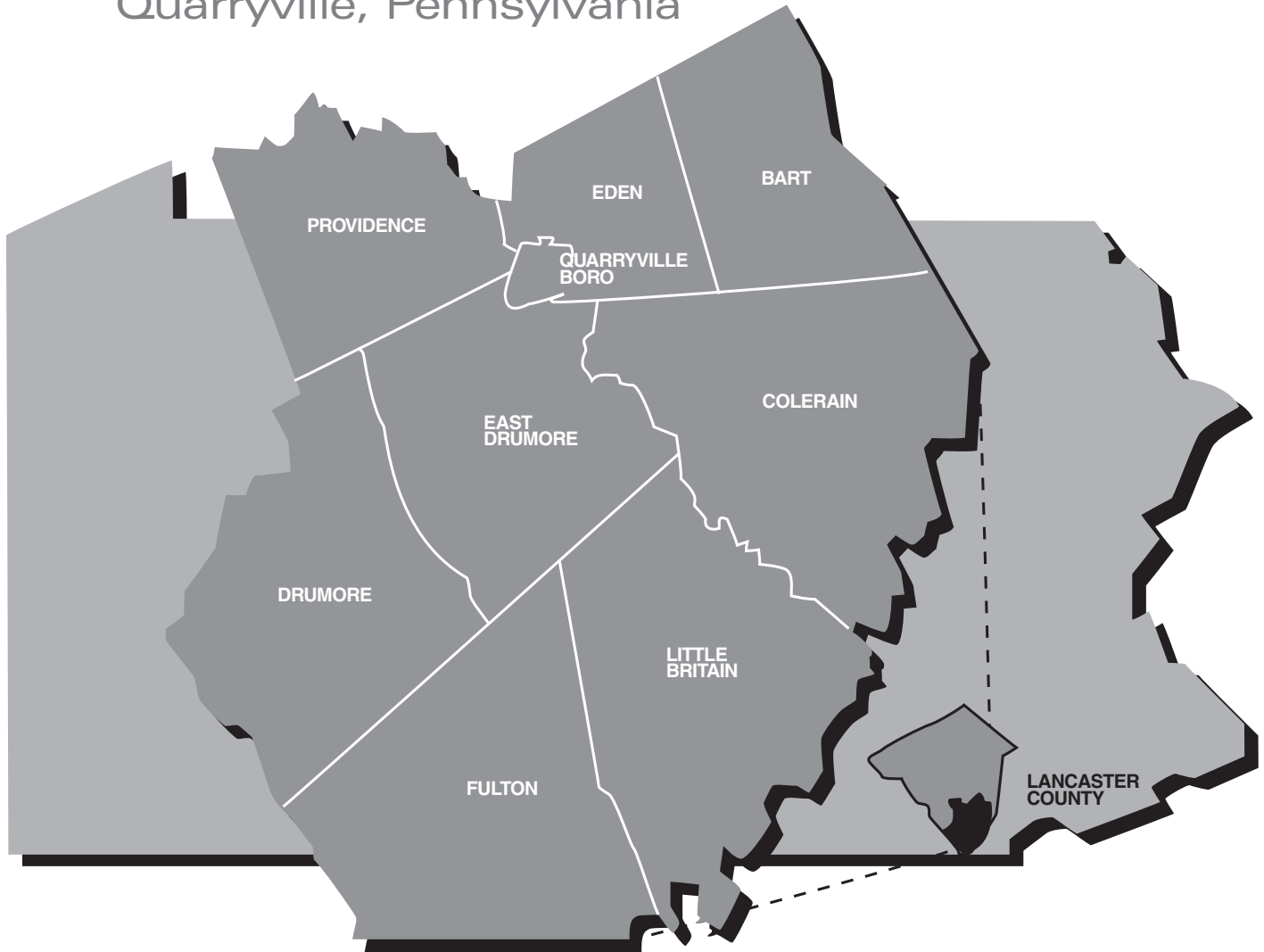


The
**Solanco
School
District**
Quarryville, Pennsylvania



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020



QUARRYVILLE, PENNSYLVANIA

PREPARED BY THE BUSINESS OFFICE

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

**MEGAN A. BROWN
ASSISTANT BUSINESS MANAGER**

SOLANCO SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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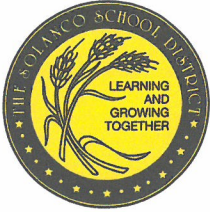
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Solanco School District

Connecting • Inspiring • Empowering



Robert J. Dangler, Ed. D.
Assistant Superintendent

Brian A. Bliss, Ed. D.
Superintendent

Sandra S. Tucker, CPA
Business Manager

December 18, 2020

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, 2020. 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, 2020.

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.

Barbacane, Thorton and Company, Certified Public Accountants, have issued unmodified ("clean") opinions on the Solanco School District's financial statements for the fiscal year ended June 30, 2020. 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 Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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 5.8 percent of the county's population.

The District provides a comprehensive educational program for approximately 3,294 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 2019-2020 fiscal year is provided in the following table.

Number of Classroom Teachers	223
Percentage of Certified Teachers	100%
% of Teachers with Bachelor's Degree	59.64%
% of Teachers with Master's Degree	40.36%
Average Teacher Salary	\$60,083
Average Years of Service	14.5 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 1401 kindergarten through fifth grade students. Two middle schools, George A. Smith Middle School and Swift Middle School, house 815 students in grades six through eight. Solanco High School provides instruction to 1078 students in grades nine through twelve. The central administration building holds the offices of the superintendent, assistant superintendent, the business office, and the directors for special education, 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 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 11.9 percent decline of students during the past ten-year period. Enrollment reported for the 2010-2011 school year was 3,742 students and 3,294 students were reported for 2019-2020. 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 33.6 percent of total students during 2010-2011 to 43.1 percent of total students during 2019-2020, an increase of 9.5 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 5.0 percent over the past ten years, from 519,445, reported for the 2010 calendar year to 545,724 during 2019. The annual County unemployment rate fluctuated during the past ten years from a minimal rate of 3.4 percent, reported for the 2018 and 2019 calendar years, to the maximum rate of 6.8 percent reported for calendar year 2010. The unemployment rate reported for October 2019 was 3.5 percent. Lancaster County's unemployment rate is 0.9 percent lower than the state rate of 4.4 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 37.7 percent during the past ten years, from the 2010 year assessed value of \$34.7 billion to the 2019 assessed value of \$47.8 billion. Per capita personal income grew steadily from the 2010 year total of \$36,336 to the 2018 total of \$52,664, an increase of 44.9 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 2019-2020 general fund budget on June 3, 2019 at a duly advertised public meeting. The budget proposed total expenditures and other financing uses of \$59,162,727. Actual total expenditures and other financing uses for the 2019-2020 fiscal year were \$535 thousand 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, 2020. 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 Barbacane, Thorton and Company of Wilmington, Delaware 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 \$1.3 million to the capital project fund during the fiscal year ended June 30, 2020.

LONG-TERM FINANCIAL PLANNING

The school board committed \$2,325,000 of the general fund balance at June 30, 2020 to mitigate the anticipated loss of real estate tax and earned income tax revenues during the 2020-2021 and 2021-2022 fiscal years as a result of the COVID pandemic.

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 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. Solanco School District's adjusted Act 1 index for the 2019-2020 fiscal year was 3.1%. Recognizing the financial hardship experienced by residents during the pandemic, the school district increased its millage rate by only 1.25% or 0.1353 mills from the prior 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 a five-year period. Both middle schools have been renovated with the addition of an auditorium and additional classrooms. The renovation of the George A. Smith Middle School reached the final stage of the project during 2019-2020. The majority of the Swift Middle School renovation was completed in 2019-2020. The Clermont Elementary School was also renovated with the addition of a gymnasium and additional classrooms. The Swift Middle School and Clermont Elementary School projects which began in 2016 should be completed during the 2020-2021 school year. In March 2018, the High School Wrestling Building (renamed The High School Activities Building) suffered storm damage. The school board approved a plan to reconstruct the building utilizing insurance claim proceeds and loan funds. The majority of the renovations were completed in 2018-2019 and the building was fully functional by December 2019.

The School District has utilized cash and obtained short-term financing to pay for these construction projects. The School District borrowed \$27.3 million to complete the renovation and additions to George A. Smith Middle School, Swift Middle School and Clermont Elementary School, and the reconstruction of the High School Activities Building. The outstanding debt on these loans is \$20.8 million as of June 30, 2020.

MAJOR INITIATIVES

The District comprehensive plan, which was approved by the board on October 1, 2018, defines the District's mission, goals, strategies and activities for the three-year period beginning 2019-2020 through 2021-2022. 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. Inspire/Engage 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.
2. Innovative/Relevant Instructional Practices: The District focuses on the professional development of teachers to use high quality, research-based teaching techniques to maximize the learning of all students.
3. Physical/Emotional Safety: The District utilizes research-based strategies and techniques incorporating practices that increases, celebrates, and supports equity to ensure student dignity and honor.
4. Future Focused: The District makes decisions around, and engages in practices that position students well for their future world.

Academic, capital, technological and administrative initiatives undertaken during the 2019-2020 fiscal year include:

- Hired an Itinerant Autistic Support Teacher and an in-house Occupational Therapist to replace previously contracted support services.
- Hired an Innovations Facilitator for the middle schools.
- Purchased the East Fourth Street Lot adjacent to the District Warehouse to expand the warehouse property.
- Replaced roof sections at Bart-Colerain Elementary and Providence Elementary Schools.
- Completed upgrade of water chemical and monitoring systems at Providence Elementary School, Swift Middle School and Solanco High School.
- Partnered with IU 13 to install technology fiber and expand communication channels to 10 GB. The project will be paid over a 4-year period.

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. Due to the COVID pandemic, the Spring Keystone and PSSA assessments for the 2019-2020 school year were cancelled. Student accomplishments for the 2019-2020 school year are highlighted below.

2019-2020 School Year Accomplishments

- Bart Colerain, Clermont, Providence and Quarryville Elementary schools exceeded the college and career performance standard benchmark.
- George A. Smith and Swift Middle schools and the Solanco High School exceeded the college and career performance standard benchmark.
- Solanco High School's four and five-year graduation rates exceeded the state average.
- Bart-Colerain Elementary, Clermont Elementary, Providence Elementary, Quarryville Elementary, Smith, & Swift Middle schools exceeded the state average for regular attendance.
- A Solanco High School senior was recognized by the National Hispanic Recognition Program (NHRP) as one of the top scholars in the United States out of the 400,000 students nationwide. The student scored among the top 1-percent of all students taking the PSAT.
- Eleven Solanco High School students earned distinguished Scholastic Writing Awards and two high school students earned Gold Key Awards for literary excellence.
- Solanco art students earned 10 Gold Awards, including two Gold Art Portfolio Awards, and an opportunity to have their work forwarded to New York for national adjudication.
- Two Solanco students qualified for the National MathCon Competition placing in the 99th percentile of competitors.

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 \$17,137 per student during the

2019-2020 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, 2019. This was the twenty-third 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, 2020.

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 Barbacane, Thorton and Company, for their professional expertise and valuable assistance in preparing this report.

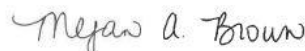
Respectfully submitted,



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, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

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

David J. Lewis
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, 2019

Christopher P. Morill

Executive Director/CEO

SOLANCO SCHOOL DISTRICT

BOARD OF SCHOOL DIRECTORS AND PRINCIPAL OFFICIALS

Fiscal Year Ended June 30, 2020

BOARD OF SCHOOL DIRECTORS

Paul F. Plechner, President

Brian P. Musser, Vice President

Justin W. Kreider, Treasurer

Charles "Chip" Roten, Assistant Treasurer

Kurt W. Kreider, Assistant Secretary

Jane M. Ausel

Craig C. Chubb

Byron W. Graybeal

Lee S. Kauffman

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

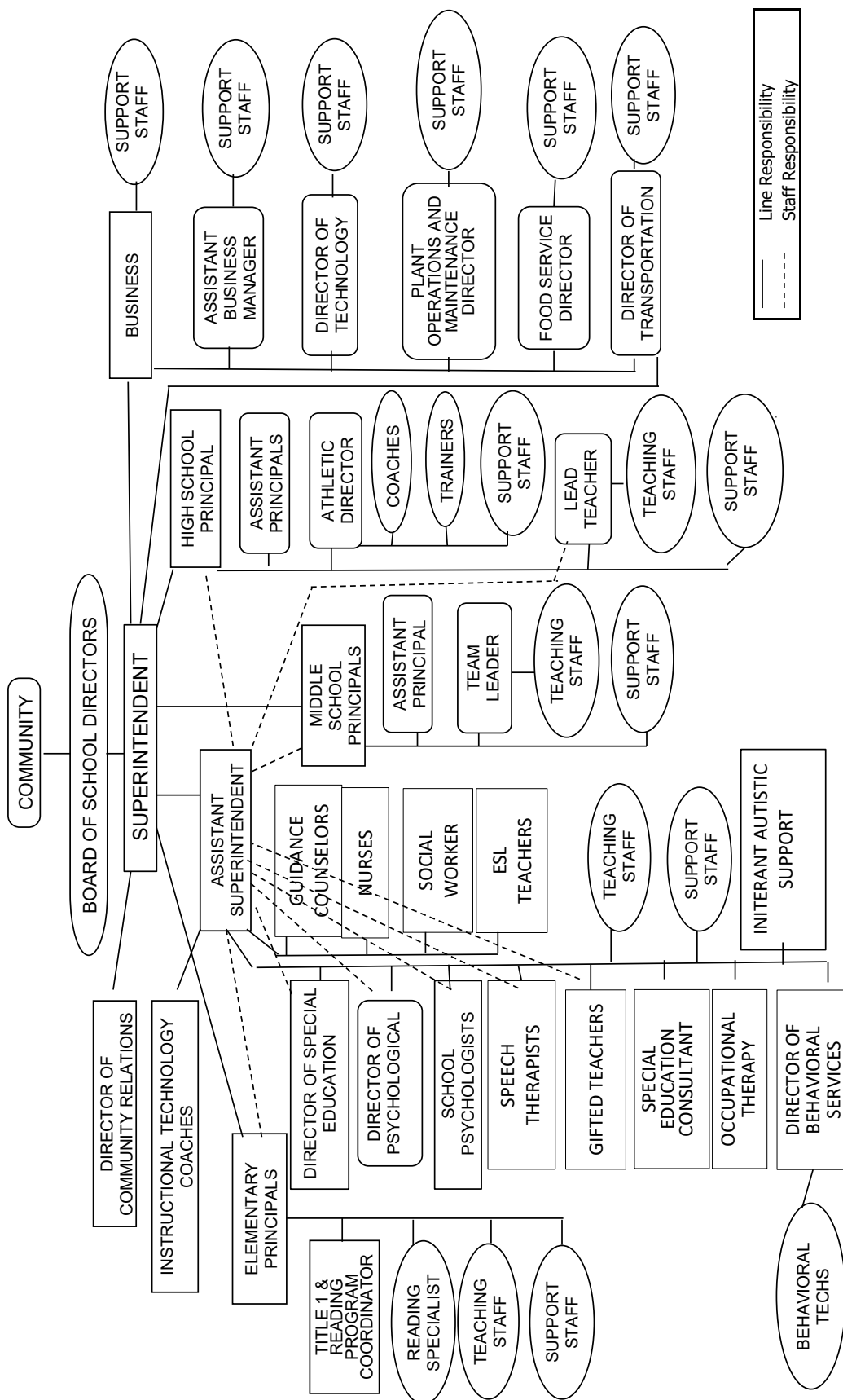
Monica M. Miller, Board Secretary

Kegel, Kelin, Almy & Lord, Esquires, Solicitors

SOLANCO SCHOOL DISTRICT

ORGANIZATIONAL CHART

2019 - 2020





INDEPENDENT AUDITOR'S REPORT

December 22, 2020

Board of School Directors
Solanco School District
Quarryville, 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 the Solanco School District ("the District"), Quarryville, Pennsylvania, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

Board of School Directors
Solanco School District

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Solanco School District, Quarryville, Pennsylvania, as of June 30, 2020, 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.

Emphasis of a Matter

As discussed in Notes 1 to the financial statements, Solanco School District has adopted the requirements of GASB Statement No. 84, "Fiduciary Activities." The statement provides additional guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. As a result, the School now presents a statement of changes in fiduciary net position for its custodial fund. Our opinion is 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 post-employment (OPEB), health care plans benefit information, pension information, budgetary comparison information, and the related notes to these schedules on pages F-75 through F-85 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.

Board of School Directors
Solanco School District

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining individual fund statements, budget schedules and statistical section are presented for the 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* ("Uniform Guidance"), and is also not a required part of the basic financial statements.

The combining individual fund statements, budget schedules 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 individual fund statements, budget schedules 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 December 22, 2020, on our consideration of the 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 of the effectiveness of 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 the District's internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020

This section of the Solanco School District ("the 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, 2020. 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, supplemental information and statistical information which can be found on pages I-1 through I-9, F-20 through F-120 and S-2 through S-60 of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2020 are as follows:

- Total net deficit of the School District decreased by \$4.1 million or 33.3 percent. Total revenues grew by \$1.5 million or 2.5 percent with tax revenues representing 76.2 percent of the growth. Total expenses decreased by \$397 thousand or 0.7 percent during the same period with growth exhibited through costs associated with Operation and Maintenance of Plant Services and Interest on Long-Term Debt and reductions noted at Instruction and Administration and Financial Support.
- Program revenues represent 24.8 percent and general revenues represent 75.2 percent of total School District revenues for the fiscal year ended June 30, 2020. Program revenues consist of charges for services, operating grants, capital grants and contributions. Taxes, basic education state subsidy, investment earnings and miscellaneous income comprise general revenues.
- Aggregate School District expenses reported for the fiscal year ended June 30, 2020 totaled \$56.4 million, of which \$15.0 million or 26.6 percent were funded directly from program revenues in the form of charges for services, operating grants, capital grants, and contributions. The remaining 73.4 percent of total expenses were funded from general revenues.
- Total net deficit of the School District's food service program, the only business-type activity, increased by \$228 thousand during the 2019-2020 fiscal year. The general fund did not subsidize food service operations during the fiscal year ended June 30, 2020.
- As of June 30, 2020, the School District's governmental funds reported combined ending fund balances of \$16.6 million, an increase of \$3.7 million or 28.8 percent in comparison with the prior year. Approximately 75.5 percent or \$12.6 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, 2020 for three General Obligation Notes totaled \$20.8 million. The total legal debt capacity at June 30, 2020 was \$128.0 million. Approximately \$107.2 million remains available for future debt obligations and provides the School District with significant borrowing capacity.
- Capital assets, net of accumulated depreciation, as reported on the statement of net position for governmental and business-type activities, totaled \$68.5 million for the fiscal year ended June 30, 2020, a net increase of \$5.2 million or 8.2 percent compared to the prior year. Capital asset additions of \$8.2 million exceeded depreciation expense of \$2.9 million. Approximately \$7.0 million of the \$7.0 million borrowed in 2019-2020 was used to fund capital asset additions.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(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 the 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 the 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 as well as additional information about the District's other postemployment benefits and pension.

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 (UNAUDITED)
Year Ended June 30, 2020
(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 information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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. Deferred inflows of resources are also included (unavailable tax revenue)	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 (UNAUDITED)
Year Ended June 30, 2020
(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, deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting. Amounts shown as "Due to/Due from" in 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. In the School District's internal service funds are also included in the governmental 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 three types of funds: governmental, proprietary, and fiduciary 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 (UNAUDITED)
Year Ended June 30, 2020
(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 School District on June 30, 2020, the sum of total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$8.3 million. \$55.5 million of total net position at June 30, 2020, reflects the School District's net 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 an increase in both total assets and total liabilities for the fiscal year ended June 30, 2020. Total assets increased \$8.4 million or 9.4 percent, primarily from the increase in capital asset additions in the current year. Total liabilities increased \$1.2 million or 1.1 percent and is attributable to the increase in outstanding debt.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(Continued)

Net Position (Continued)

Deferred outflows of resources decreased \$1.3 million or 12.0 percent and deferred inflows of resources grew by \$1.7 million or 51.7 percent during the same period. The deferrals associated with Other Postemployment Benefits represents 6.7 percent of aggregate deferred outflows and 11.4 percent of aggregate deferred inflows at June 30, 2020. 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, 2020 compared to June 30, 2019.

Figure 2
Net Position
June 30, 2020 and 2019
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Totals	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Assets						
Current Assets	\$ 28,659	\$ 25,286	\$ 849	\$ 1,045	\$ 29,508	\$ 26,331
Capital Assets	68,409	63,192	61	72	68,470	63,264
Total Assets	<u>97,068</u>	<u>88,478</u>	<u>910</u>	<u>1,117</u>	<u>97,978</u>	<u>89,595</u>
Deferred Outflows of Resources						
Pension/OPEB	<u>9,423</u>	<u>10,700</u>	<u>184</u>	<u>215</u>	<u>9,607</u>	<u>10,915</u>
Liabilities						
Current Liabilities	10,347	10,654	62	48	10,409	10,702
Noncurrent Liabilities	98,755	97,182	1,626	1,680	100,381	98,862
Total Liabilities	<u>109,102</u>	<u>107,836</u>	<u>1,688</u>	<u>1,728</u>	<u>110,790</u>	<u>109,564</u>
Deferred Inflows of Resources						
Pension/OPEB	<u>4,959</u>	<u>3,267</u>	<u>91</u>	<u>61</u>	<u>5,050</u>	<u>3,328</u>
Net Position						
Net Investment in Capital Assets	55,389	48,303	61	72	55,450	48,375
Unrestricted (Deficit)	<u>(62,959)</u>	<u>(60,228)</u>	<u>(746)</u>	<u>(529)</u>	<u>(63,705)</u>	<u>(60,757)</u>
Net Position, End of Year	\$ <u><u>(7,570)</u></u>	\$ <u><u>(11,925)</u></u>	\$ <u><u>(685)</u></u>	\$ <u><u>(457)</u></u>	\$ <u><u>(8,255)</u></u>	\$ <u><u>(12,382)</u></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 (UNAUDITED)
Year Ended June 30, 2020
(Continued)

Changes in Net Position (Continued)

Figure 3 provides a comparison of revenues and expenses for the fiscal years ended June 30, 2020 and 2019.

Figure 3
Statement of Activities
Fiscal Years Ended June 30, 2020 and June 30, 2019
(Amounts in Thousands)

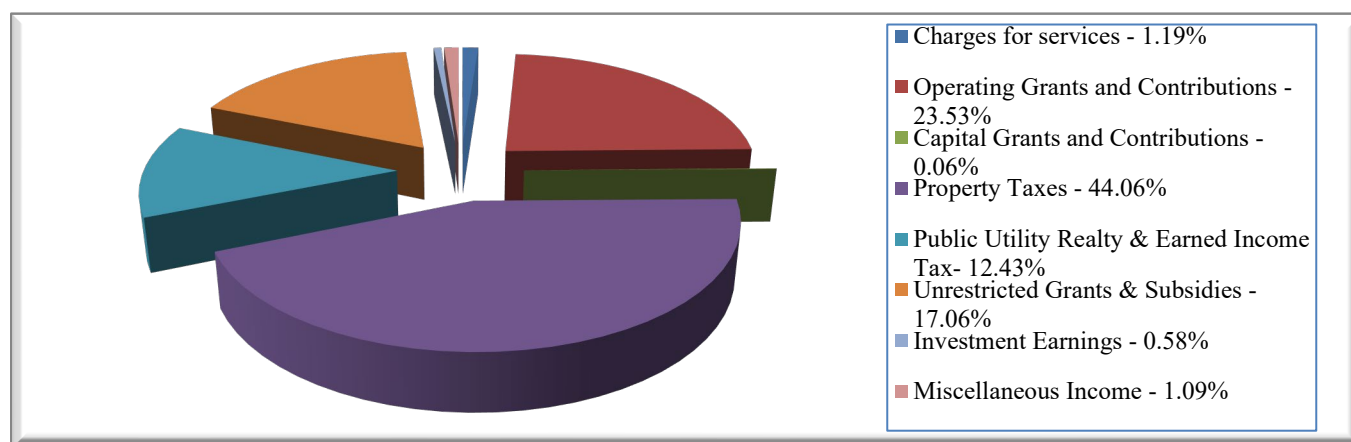
	Governmental Activities		Business-Type Activities		Totals	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Program Revenues						
Charges for Services	\$ 335	\$ 172	\$ 385	\$ 553	\$ 720	\$ 725
Operating Grants and Contributions	13,455	13,162	799	1,015	14,254	14,177
Capital Grants and Contributions	39	38	-	-	39	38
Total Program Revenue	<u>13,829</u>	<u>13,372</u>	<u>1,184</u>	<u>1,568</u>	<u>15,013</u>	<u>14,940</u>
General Revenues						
Property Taxes	26,689	25,554	-	-	26,689	25,554
Public Utility Realty and Earned Income Taxes	7,527	7,685	-	-	7,527	7,685
Unrestricted Grants and Subsidies	10,335	10,148	-	-	10,335	10,148
Investment Earnings	338	691	13	21	350	712
Miscellaneous Income	662	39	-	-	662	39
Total General Revenues	<u>45,550</u>	<u>44,117</u>	<u>13</u>	<u>21</u>	<u>45,563</u>	<u>44,138</u>
Total Revenues	<u>59,379</u>	<u>57,489</u>	<u>1,197</u>	<u>1,589</u>	<u>60,576</u>	<u>59,078</u>
Expenses						
Instruction	34,803	35,259	-	-	34,803	35,259
Instructional Student Support	4,787	4,717	-	-	4,787	4,717
Administrative and Financial Support Services	5,085	5,142	-	-	5,085	5,142
Operation and Maintenance of Plant Services	4,778	4,466	-	-	4,778	4,466
Pupil Transportation	3,858	4,030	-	-	3,858	4,030
Student Activities	1,048	1,142	-	-	1,048	1,142
Community Services	45	56	-	-	45	56
Interest on Long-Term Debt	620	466	-	-	620	466
Food Services	-	-	1,425	1,568	1,425	1,568
Total Expenses	<u>55,024</u>	<u>55,278</u>	<u>1,425</u>	<u>1,568</u>	<u>56,449</u>	<u>56,846</u>
Change in Net Position	<u>4,355</u>	<u>2,211</u>	<u>(228)</u>	<u>21</u>	<u>4,127</u>	<u>2,232</u>
Beginning Net Position	<u>(11,925)</u>	<u>(14,136)</u>	<u>(457)</u>	<u>(478)</u>	<u>(12,382)</u>	<u>(14,614)</u>
Ending Net Position	<u>\$ (7,570)</u>	<u>\$ (11,925)</u>	<u>\$ (685)</u>	<u>\$ (457)</u>	<u>\$ (8,255)</u>	<u>\$ (12,382)</u>

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(Continued)

Changes in Net Position (Continued)

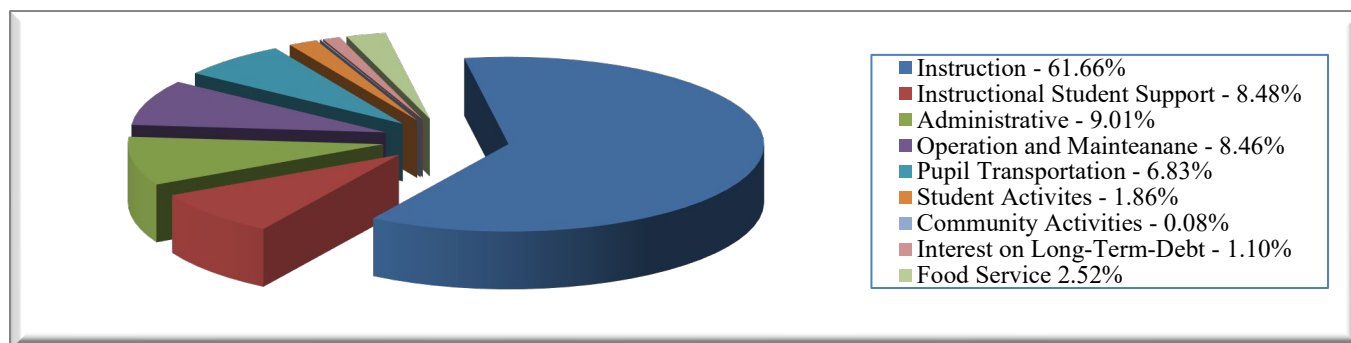
Total program revenues for the fiscal year ended June 30, 2020 were \$15.0 million, an increase of \$73 thousand or 0.5 percent from the prior year. Total general revenues expanded \$1.4 million or 3.2 percent and total expenses decreased \$397 thousand or 0.7 percent during the same period. Increases in total revenue sources from the state accounts for the overall growth in total program revenues generated by governmental activities. Real estate tax collections represent \$1.1 million or 4.4 percent of the total growth in general revenues during the year ended June 30, 2020. 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, 2020.

Figure 4
Government-wide Revenues as a % of Total Revenues
Fiscal Year Ended June 30, 2020



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, 2020 is reflected in Figure 5. Instruction expenses comprise 61.66 percent of total government-wide expenses. A comparison of total School District spending during the 2020 and 2019 fiscal years reflects a decrease of total expenses by \$397 thousand or 0.7 percent. Instruction and Instruction Student Support expenses decreased \$386 thousand or 1.0 percent, Administrative and Financial Support costs decreased \$57 thousand or 1.1 percent, Operation and Maintenance of Plant Services expenses increased \$312 thousand or 7.0 percent, and Interest on Long-Term Debt accounts increased \$154 thousand or 33.1%.

Figure 5
Government-wide Expenses as a % of Total Expenses
Fiscal Year Ended June 30, 2020



Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(Continued)

Governmental Activities

Total expenses generated from governmental activities decreased \$254 thousand or 0.5 percent during the fiscal year ended June 30, 2020. 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 School District taxpayers for each of the program services. The total net cost of services for governmental activities during the 2019-2020 fiscal year totaled \$41.2 million, a decrease of \$711 thousand or 1.7 percent. 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, 2020 and June 30, 2019.

Figure 6
Governmental Activities
Fiscal Years Ended June 30, 2020 and June 30, 2019

	Total Cost of Services		Net Cost of Services		% Change of Net Cost
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
Instruction	\$ 34,803,499	\$ 35,259,206	\$ 25,081,439	\$ 25,755,609	(2.6) %
Support Services:					
Instructional Student Support	4,787,017	4,716,596	4,140,566	4,047,635	2.3 %
Administrative and Financial					
Support Services	5,084,921	5,142,579	4,388,557	4,650,327	(5.6) %
Operation and Maintenance of					
Plant Services	4,777,881	4,465,921	4,430,796	4,040,035	9.7 %
Pupil Transportation	3,857,835	4,029,687	1,638,883	1,955,204	(16.2) %
Student Activities	1,048,236	1,142,097	890,445	974,756	(8.6) %
Community Services	44,697	56,068	43,772	55,261	(20.8) %
Interest on Long-Term Debt	620,097	465,906	580,865	427,701	35.8 %
<u>Total Governmental</u>					
<u>Activities Expenses</u>	<u>\$ 55,024,183</u>	<u>\$ 55,278,060</u>	<u>\$ 41,195,323</u>	<u>\$ 41,906,528</u>	(1.7) %

The net cost of governmental activities reduced primarily as a result of the school closures due to COVID-19, in addition the district brought back several special education students from educational placements to in-house education in the district. There is a heavy reliance on tax revenues to fund the operations of the School District. Tax revenues represented 58.6 percent of total general revenues generated by governmental activities during the 2019-2020 year. The net cost of governmental activities totaled \$41.2 million and was financed from general revenues totaling \$45.6 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 8.2 percent of total net position at June 30, 2020. Revenues generated from business-type activities during the 2019-2020 fiscal year totaled \$1.2 million, a decrease of \$392 thousand or 24.7 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 2019-2020 fiscal year.

Total expenses generated by business-type activities during the same period decreased from the 2018-2019 fiscal year by \$143 thousand or 9.1 percent. The decrease in total expenses results from the decrease in food

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(Continued)

Business-type Activities (continued)

purchased offset by the increased cost of supplies and maintenance. The net position of business-type activities decreased \$228 thousand or 49.8 percent during the 2019-2020 fiscal year. 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, 2020, the School District's governmental funds reported combined ending fund balances of \$16.6 million, an increase of \$3.7 million or 28.8 percent in comparison with the prior year. The general fund is the chief operating fund of the School District, comprising \$8.9 million or 53.2 percent of the total combined governmental fund balance at June 30, 2020. The capital project fund represents \$7.8 million or 46.8 percent of the total combined fund balance. A comparison of the general fund's unassigned fund balance of \$3.9 million, with the total aggregate general fund balance of \$8.9 million provides a measure of the fund's liquidity. Approximately 43.6 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 \$3.9 million, represents 6.9 percent of total general fund expenditures and other financing uses of \$56.1 million, for the fiscal year ended June 30, 2020 and 6.4 percent of budgeted expenditures, totaling \$60.2 million, for the 2020-2021 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, 2020 and June 30, 2019.

Figure 7
Governmental Fund Balances
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Difference</u>	<u>% of Change</u>
General Fund				
Nonspendable	\$ 372,850	\$ 258,668	\$ 114,182	44.1 %
Committed	2,325,000	325,000	2,000,000	615.4 %
Assigned	2,300,524	2,032,216	268,308	13.2 %
Unassigned	3,856,559	3,593,706	262,853	7.3 %
Total General Fund	<u>8,854,933</u>	<u>6,209,590</u>	<u>2,645,343</u>	42.6 %
Capital Project				
Nonspendable	-	25,762	(25,762)	(100.0) %
Restricted	1,379,564	1,006,536	373,028	37.1 %
Assigned	6,404,661	5,680,578	724,083	12.7 %
Total Capital Project Fund	<u>7,784,225</u>	<u>6,712,876</u>	<u>1,071,349</u>	16.0 %
Total Governmental Funds	<u>\$ 16,639,158</u>	<u>\$ 12,922,466</u>	<u>\$ 3,716,692</u>	28.80 %

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(Continued)

Governmental Funds (Continued)

Inventory increased \$68 thousand and prepaid balances increased \$20 thousand during the fiscal year 2019-2020, resulting in total nonspendable fund balance increase of \$88 thousand, compared to the prior year. The June 2020 committed balance of \$2,325,000 is to mitigate anticipated future decrease in real estate and earned income tax revenues.

A fund balance of \$7.8 million was reported for the capital projects fund as of June 30, 2020 and reflects an increase of \$1.1 million or 16.0 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. 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, 2020 represents 46.8 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 \$719 thousand or 13.6 percent from the prior year while expenses decreased \$680 thousand or 13.0 percent during the same period. The total net position for the internal service fund reported at June 30, 2020 was \$3.9 million and \$3.5 million for year ended June 30, 2019. 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, 2020, totaled \$68.5 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, 2020 and June 30, 2019
(Net of Depreciation)

	<u>2020</u>		<u>2019</u>
Land and Site Improvements	\$ 3,083,566	\$	2,966,947
Buildings and Building Improvements	61,956,229		27,823,946
Governmental Furniture and Equipment	2,933,101		2,627,477
Vehicles	134,170		128,763
Library Books	141,158		144,545
Construction in Progress	160,720		29,500,224
Business-Type Food Service Equipment	61,045		71,995
Totals	\$ <u>68,469,989</u>	\$	<u>63,263,897</u>

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(Continued)

Capital Assets (Continued)

The School District's total investment in capital assets for the fiscal year ended June 30, 2020, increased \$5.2 million or 8.2 percent compared with the previous year. Capital Asset additions of \$8.2 million exceeded depreciation expense of \$2.9 million during the 2019-2020 fiscal year. Major capital project expenditures incurred during the 2019-2020 fiscal year included:

- Renovation and improvement projects at multiple district buildings totaling \$7,465,253.

Approximately \$7.0 million of the debt proceeds in 2019-2020 was utilized to fund capital asset additions for the 2019-2020 fiscal year. Future commitments on capital projects in progress at June 30, 2020 total \$1.4 million and a portion of these commitments are related to the construction and renovation of the Clermont Elementary School and Swift Middle School. 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 \$128.0 million. The School District has \$20.8 million of outstanding general obligation note debt at June 30, 2020 with \$107.2 million debt capacity available for future borrowing needs.

The School District is financially responsible for a portion, approximately 6.03 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, 2020, totaled \$22.3 million and is comprised of general obligation debt, estimated liabilities for compensated absences and accrued retirement bonus, of which \$2.6 million is due within one year. Refer to Notes 11 through 13 for additional information on long-term debt. Compensated absences increased \$9 thousand while estimated retirement bonuses increased \$5 thousand.

Details regarding the long-term debt balances at June 30, 2020 and June 30, 2019 follow.

Figure 9
Outstanding Long-Term Debt
Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Increase</u>	<u>% of Change</u>
General Obligation Debt	\$ 20,803,929	\$ 15,895,000	\$ 4,908,929	30.9 %
Compensated Absences	458,517	449,450	9,067	2.0 %
Accrued Retirement Bonus	1,026,362	1,021,257	5,105	0.5 %
Totals	\$ <u>22,288,808</u>	\$ <u>17,365,707</u>	\$ <u>4,923,101</u>	28.3 %

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(Continued)

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 2019-2020 final budgeted revenue totals to actual totals is presented in Figure 10. Total budget estimates exceed actual revenue by \$534 thousand or 0.9 percent.

Figure 10
2019-2020 Budgeted to Actual Revenue Totals

	2019-2020 Final Budget	2019-2020 Actual Totals	Final Budget vs. Actual Variance	
Revenue				
Local	\$ 35,626,033	\$ 35,857,848	\$ 231,815	0.7 %
State	20,533,563	20,629,535	95,972	0.4 %
Federal	2,398,131	2,123,977	(274,154)	(11.4) %
Other Financing Sources	605,000	16,370	(588,630)	(97.3) %
Total Revenue	<u>\$ 59,162,727</u>	<u>\$ 58,627,730</u>	<u>\$ (534,997)</u>	(0.9) %

Federal revenues were \$274 thousand or 11.4 percent below budget estimates. The budgeted transfer of \$600,000 from the self-insurance hospitalization fund to the general fund was not realized during the fiscal year.

Actual 2019-2020 expenditures were lower than final budgeted expenditures by \$5.1 million or 8.4 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 2019-2020 final budgeted expenditure totals to actual totals is presented in Figure 11.

Figure 11
2019-2020 Budgeted to Actual Expenditure Totals

	2019-2020 Final Budget	2019-2020 Actual Totals	Final Budget vs. Actual Variance	
Expenditures				
Current - Instructional Services	\$ 37,647,434	\$ 32,973,351	\$ 4,674,083	12.4 %
Support Services	18,156,066	17,597,991	558,075	3.1 %
Operation of Noninstructional Services	1,125,646	1,046,747	78,899	7.0 %
Other Financing Uses	4,265,797	4,432,466	(166,669)	(3.9) %
Total Expenditures and Other Financing Uses	<u>\$ 61,194,943</u>	<u>\$ 56,050,555</u>	<u>\$ 5,144,388</u>	8.4 %

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(Continued)

2019-2020 General Fund Budget (Continued)

Actual expenditures were lower than budget estimates primarily as a result of the school closures related to COVID-19.

2020-2021 Budget Process

The 2020-2021 general fund budget was adopted during June 2020. 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 2020-2021 fiscal year totaled \$57.9 million, a decrease of \$732 thousand or 1.2 percent from 2019-2020 actual revenues. Budgeted expenditures for the same period totaled \$60.2 million, an increase of \$4.1 million or 7.3 percent from 2019-2020 actual expenditures. The following items were considered during the development of the 2020-2021 general fund budget.

- The School Board approved a reduced tax increase of 1.25% due to COVID-19 and the current weak economic outlook.
- A slight decline in district-wide student enrollment.
- The County-wide reassessment and expansion of the School District's taxable property assessed values.
- Estimated reduction in earned income tax collection and real estate collection due to COVID-19.
- 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.
- Unforeseen costs due to COVID-19.

FACTS BEARING on the SCHOOL DISTRICT'S FUTURE

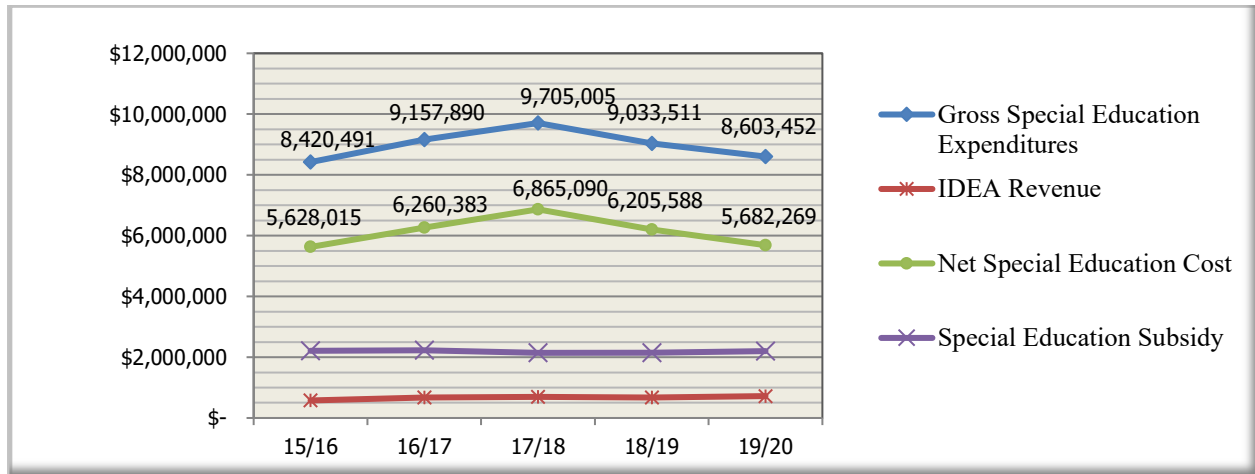
Solanco School District maintains a financially strong position as conveyed in the preceding narrative and figures. Positive fund balance reserves exist in all governmental funds. Routine investments in capital assets enable the School District to maintain a quality campus in which to provide comprehensive 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 \$54 thousand, or 0.96 percent growth in the net special education cost at June 30, 2020 when compared to 2015-2016 school year. The number of students qualifying for special education services increased 19.49 percent during this five-year period.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(Continued)

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

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>
19/20	\$ 457,525	\$ 253,768	\$ 4,311,626	16.5%
18/19	456,161	259,866	5,014,256	14.3%
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%

- **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 34.29% for the 2019-2020 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, 2024. The agreement must provide compensation and benefits that promote employment longevity while minimizing long-term costs for the School District.

Solanco School District
MANAGEMENT'S DISCUSSION and ANALYSIS (UNAUDITED)
Year Ended June 30, 2020
(Continued)

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

- **Completion of Demographic Study.** The School District contracted with a demographer to complete a demographic study during the 2019-2020 fiscal year. This study provided important information to the School District as it develops plans and strategies for satisfying the educational needs of its current and future students. According to the demographic study, enrollment is predicted to decline up to 8% over the next ten year period.
- **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 Quarryville warehouse, 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, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 20,986,649	\$ 790,857	\$ 21,777,506
Investments	2,675,000	-	2,675,000
Taxes Receivable, net	2,079,282	-	2,079,282
Due from Other Governments	2,264,073	8,369	2,272,442
Other Receivables	247,110	314	247,424
Inventories	233,800	49,114	282,914
Prepaid Items	173,170	-	173,170
<u>Total Current Assets</u>	28,659,084	848,654	29,507,738
Noncurrent Assets:			
Non-Depreciable	1,392,763	-	1,392,763
Depreciable, net	67,016,181	61,045	67,077,226
<u>Total Noncurrent Assets</u>	68,408,944	61,045	68,469,989
 <u>TOTAL ASSETS</u>	 97,068,028	 909,699	 97,977,727
 <u>DEFERRED OUTFLOWS of RESOURCES</u>			
Deferred Outflows - Pension	8,793,824	172,375	8,966,199
Deferred Outflows - Other Postemployment Benefits	628,987	11,919	640,906
<u>TOTAL DEFERRED OUTFLOWS of RESOURCES</u>	9,422,811	184,294	9,607,105

See notes to financial statements.

Solanco School District
STATEMENT of NET POSITION
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Internal Balance	(17)	17	-
Accounts Payable	3,673,625	775	3,674,400
Notes Payable Due Within One Year	2,225,000	-	2,225,000
Compensated Absences Due Within One Year	25,915	-	25,915
Accrued Retirement Bonus Due Within One Year	340,027	-	340,027
Accrued Salaries and Benefits	3,647,657	2,547	3,650,204
Accrued Interest	166,040	-	166,040
Payroll Deductions and Withholdings	155,459	-	155,459
Unearned Revenues	6,659	58,575	65,234
Other Current Liabilities	106,545	-	106,545
<u>Total Current Liabilities</u>	<u>10,346,910</u>	<u>61,914</u>	<u>10,408,824</u>
Noncurrent Liabilities:			
Long-Term Portion of Notes Payable	18,578,929	-	18,578,929
Long-Term Portion of Compensated Absences	432,602	-	432,602
Accrued Retirement Bonus	686,335	-	686,335
Total Postemployment Benefit Liability	5,986,286	125,311	6,111,597
Net Pension Liability	73,070,630	1,500,370	74,571,000
<u>Total Noncurrent Liabilities</u>	<u>98,754,782</u>	<u>1,625,681</u>	<u>100,380,463</u>
 <u>TOTAL LIABILITIES</u>	 <u>109,101,692</u>	 <u>1,687,595</u>	 <u>110,789,287</u>
 <u>DEFERRED INFLOWS of RESOURCES</u>			
Deferred Inflows - Pension	4,388,067	87,177	4,475,244
Deferred Inflows - Other Postemployment Benefits	571,005	3,731	574,736
<u>TOTAL DEFERRED INFLOWS of RESOURCES</u>	<u>4,959,072</u>	<u>90,908</u>	<u>5,049,980</u>
 <u>NET POSITION (DEFICIT)</u>			
Net Investment in Capital Assets	55,389,240	61,045	55,450,285
Unrestricted (Deficit)	(62,959,165)	(745,555)	(63,704,720)
 <u>TOTAL NET POSITION (DEFICIT)</u>	 \$ <u>(7,569,925)</u>	 \$ <u>(684,510)</u>	 \$ <u>(8,254,435)</u>

See notes to financial statements.

Solanco School District
STATEMENT of ACTIVITIES
Year Ended June 30, 2020

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	\$ 34,803,499	\$ 12,764	\$ 9,709,296	\$ -	\$ (25,081,439)	\$ -	\$ (25,081,439)
Instructional Student Support	4,787,017	-	646,451	-	(4,140,566)	-	(4,140,566)
Administrative and Financial Support Services	5,084,921	212,979	483,385	-	(4,388,557)	-	(4,388,557)
Operation and Maintenance of Plant Services	4,777,881	50,105	296,980	-	(4,430,796)	-	(4,430,796)
Pupil Transportation	3,857,835	3,554	2,215,398	-	(1,638,883)	-	(1,638,883)
Student Activities	1,048,236	55,974	101,817	-	(890,445)	-	(890,445)
Community Services	44,697	-	925	-	(43,772)	-	(43,772)
Interest on Long-Term Debt	620,097	-	-	39,232	(580,865)	-	(580,865)
<u>Total Governmental Activities</u>	<u>55,024,183</u>	<u>335,376</u>	<u>13,454,252</u>	<u>39,232</u>	<u>(41,195,323)</u>	<u>-</u>	<u>(41,195,323)</u>
Business-Type Activities:							
Food Services	1,424,825	384,813	799,629	-	-	(240,383)	(240,383)
<u>Total Government</u>	<u>\$ 56,449,008</u>	<u>\$ 720,189</u>	<u>\$ 14,253,881</u>	<u>\$ 39,232</u>	<u>(41,195,323)</u>	<u>(240,383)</u>	<u>(41,435,706)</u>
General Revenues:							
Taxes:							
Property Taxes,							
Levied for General Purposes, net					26,688,609	-	26,688,609
Public Utility Realty and Earned Income Taxes,							
Levied for General Purposes, net					7,527,411	-	7,527,411
Unrestricted Grants and Subsidies					10,334,847	-	10,334,847
Investment Earnings					337,520	12,681	350,201
Miscellaneous Income					<u>661,725</u>	<u>-</u>	<u>661,725</u>
<u>Total General Revenues</u>					<u>45,550,112</u>	<u>12,681</u>	<u>45,562,793</u>
CHANGES in NET POSITION					\$ 4,354,789	\$ (227,702)	\$ 4,127,087

See notes to financial statements.

(Continued)

Solanco School District
STATEMENT of ACTIVITIES
Year Ended June 30, 2020
(Continued)

Functions/Programs (continued)	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
<u>NET POSITION</u>						
Beginning					\$ (11,924,714)	\$ (456,808)
Ending					\$ (7,569,925)	\$ (684,510)
					<u>\$ (12,381,522)</u>	<u>\$ (8,254,435)</u>

See notes to financial statements.

Solanco School District
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2020

	<u>Major Funds</u>			
	<u>General</u>	<u>Capital</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Project</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 12,191,402	\$ 6,767,349	\$ -	\$ 18,958,751
Investments	987,000	-	-	987,000
Taxes Receivable, net	2,079,282	-	-	2,079,282
Due from Other Funds	17	1,318,258	-	1,318,275
Due from Other Governments	2,264,073	-	-	2,264,073
Other Receivables	119,036	-	-	119,036
Inventories	233,800	-	-	233,800
Prepaid Items	139,050	-	-	139,050
<u>TOTAL ASSETS</u>	<u>18,013,660</u>	<u>8,085,607</u>	<u>-</u>	<u>26,099,267</u>
<u>LIABILITIES, DEFERRED INFLOWS of RESOURCES</u> <u>and FUND BALANCES</u>				
<u>LIABILITIES</u>				
Due to Other Funds	1,718,258	-	-	1,718,258
Due to Other Governments	167,529	-	-	167,529
Accounts Payable	2,937,524	301,382	-	3,238,906
Accrued Salaries and Benefits	3,647,657	-	-	3,647,657
Payroll Deductions and Withholdings	155,459	-	-	155,459
Unearned Revenues	6,659	-	-	6,659
<u>TOTAL LIABILITIES</u>	<u>8,633,086</u>	<u>301,382</u>	<u>-</u>	<u>8,934,468</u>
<u>DEFERRED INFLOWS of RESOURCES</u>	<u>525,641</u>	<u>-</u>	<u>-</u>	<u>525,641</u>
<u>FUND BALANCES</u>				
Nonspendable	372,850	-	-	372,850
Restricted	-	1,379,564	-	1,379,564
Committed	2,325,000	-	-	2,325,000
Assigned	2,300,524	6,404,661	-	8,705,185
Unassigned	3,856,559	-	-	3,856,559
<u>TOTAL FUND BALANCES</u>	<u>8,854,933</u>	<u>7,784,225</u>	<u>-</u>	<u>16,639,158</u>
<u>TOTAL LIABILITIES, DEFERRED</u> <u>INFLOWS of RESOURCES, and FUND</u> <u>BALANCES</u>	<u>\$ 18,013,660</u>	<u>\$ 8,085,607</u>	<u>\$ -</u>	<u>\$ 26,099,267</u>

See notes to financial statements.

Solanco School District
RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET
to the STATEMENT of NET POSITION
June 30, 2020

Total fund balances - governmental funds \$ 16,639,158

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 \$127,732,966 and the accumulated depreciation is \$59,324,022. 68,408,944

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. 3,904,357

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. 525,641

In the statement of activities, interest is accrued on long-term debt, whereas in the governmental funds, an interest expenditure is recorded when due. (166,040)

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	(73,070,630)	
Notes Payable	(20,803,929)	
Accrued Retirement Bonus	(1,026,362)	
Compensated Absences	(458,517)	
Total Postemployment Benefit Liability	<u>(5,986,286)</u>	(101,345,724)

Deferred outflows of resources - pension and OPEB are not due and payable in the current period and, therefore, are not reported in the funds. 9,422,811

Deferred inflows of resources - pension and OPEB are not due and collectable in the current period and, therefore, are not reported in the funds. (4,959,072)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (7,569,925)

See notes to financial statements.

Solanco School District
STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Major Funds		Other	Total
	General	Capital	Governmental	Governmental
	Fund	Project	Fund	Funds
		Fund		
<u>REVENUES</u>				
Local Sources:				
Real Estate Taxes and Penalties	\$ 26,073,450	\$ -	\$ -	\$ 26,073,450
Other Taxes	8,104,184	-	-	8,104,184
Investment Earnings	270,273	67,247	-	337,520
Revenue from School District Activities	53,828	-	-	53,828
Revenue from Intermediate Sources	997,784	-	-	997,784
Tuition	2,240	-	-	2,240
Other Revenue	<u>356,089</u>	<u>3,735</u>	<u>-</u>	<u>359,824</u>
<u>Total Local Sources</u>	<u>35,857,848</u>	<u>70,982</u>	<u>-</u>	<u>35,928,830</u>
State Sources	20,629,535	-	-	20,629,535
Federal Sources	<u>2,123,977</u>	<u>-</u>	<u>-</u>	<u>2,123,977</u>
<u>Total Revenues</u>	<u>58,611,360</u>	<u>70,982</u>	<u>-</u>	<u>58,682,342</u>
<u>EXPENDITURES</u>				
Current:				
Instructional Services	32,973,351	-	-	32,973,351
Support Services	17,597,991	-	-	17,597,991
Operation of Noninstructional Services	<u>1,046,747</u>	<u>-</u>	<u>-</u>	<u>1,046,747</u>
<u>Total Current</u>	<u>51,618,089</u>	<u>-</u>	<u>-</u>	<u>51,618,089</u>
Capital Outlay:				
Facilities Acquisition, Construction, and Improvement Services	<u>-</u>	<u>7,959,768</u>	<u>-</u>	<u>7,959,768</u>
Debt Service:				
Principal	-	-	2,155,571	2,155,571
Interest	<u>-</u>	<u>-</u>	<u>558,637</u>	<u>558,637</u>
<u>Total Debt Service</u>	<u>-</u>	<u>-</u>	<u>2,714,208</u>	<u>2,714,208</u>
<u>Total Expenditures</u>	<u>51,618,089</u>	<u>7,959,768</u>	<u>2,714,208</u>	<u>62,292,065</u>
<u>EXCESS (DEFICIENCY) of</u>				
<u>REVENUES over EXPENDITURES</u>	\$ <u>6,993,271</u>	\$ <u>(7,888,786)</u>	\$ <u>(2,714,208)</u>	\$ <u>(3,609,723)</u>

See notes to financial statements.

Solanco School District
STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2020
(Continued)

	<u>Major Funds</u>			
	<u>General</u>	<u>Capital</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Project</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Capital Assets	\$ 16,370	\$ -	\$ -	\$ 16,370
Insurance Recoveries	-	641,877	-	641,877
Issuance of Debt	-	7,000,000	-	7,000,000
Transfers In (Out)	<u>(4,432,466)</u>	<u>1,318,258</u>	<u>2,714,208</u>	<u>(400,000)</u>
<u>Total Other Financing</u>				
<u>Sources (Uses)</u>	<u>(4,416,096)</u>	<u>8,960,135</u>	<u>2,714,208</u>	<u>7,258,247</u>
 <u>NET CHANGES in FUND BALANCES</u>	 2,577,175	 1,071,349	 -	 3,648,524
 <u>FUND BALANCES - Beginning of Year</u>	 6,209,590	 6,712,876	 -	 12,922,466
 Increase in Reserve for Inventory	 <u>68,168</u>	 <u>-</u>	 <u>-</u>	 <u>68,168</u>
 <u>FUND BALANCES - End of Year</u>	 \$ <u>8,854,933</u>	 \$ <u>7,784,225</u>	 \$ <u>-</u>	 \$ <u>16,639,158</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, 2020

Total net changes in fund balances - governmental funds	\$	3,648,524
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. 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	(2,928,798)	
Capital Outlays	8,164,077	5,235,279

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.	38,384
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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.	(71,926)
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A proportionate share of pension expense and related obligation are recorded in the statement of activities but not included in the governmental funds.	20,624
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The governmental funds follow the purchase method of inventory, however, the statement of net position uses the consumption method to record inventory.	68,168
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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.	4,362
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Internal service funds are used by management to charge the costs of insurance to individual funds. Interfund transfers to governmental funds is reported with governmental activities	400,000
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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, 2020
 (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	(7,000,000)	
Principal Repayment on Notes Payable	<u>2,155,571</u>	(4,844,429)

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.

(18,237)

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.

(125,960)

<u>CHANGES in NET POSITION of GOVERNMENTAL ACTIVITIES</u>	\$	<u><u>4,354,789</u></u>
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See notes to financial statements.

Solanco School District
STATEMENT of NET POSITION -
PROPRIETARY FUNDS
June 30, 2020

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 790,857	\$ 2,027,898
Investments	-	1,688,000
Due from Other Funds	-	400,000
Due from Other Governments	8,369	-
Other Receivables	314	128,074
Inventories	49,114	-
Prepaid Items	-	34,120
<u>Total Current Assets</u>	<u>848,654</u>	<u>4,278,092</u>
Noncurrent Assets:		
Furniture and Equipment, net of Accumulated Depreciation	<u>61,045</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>909,699</u>	<u>4,278,092</u>
<u>DEFERRED OUTFLOWS of RESOURCES</u>		
Pension	172,375	-
Other Postemployment Benefits	<u>11,919</u>	<u>-</u>
<u>TOTAL DEFERRED OUTFLOWS of RESOURCES</u>	<u>184,294</u>	<u>-</u>
<u>TOTAL ASSETS and DEFERRED OUTFLOWS of RESOURCES</u>	<u>\$ 1,093,993</u>	<u>\$ 4,278,092</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Due to Other Funds	\$ 17	\$ -
Accounts Payable	775	-
Claims Payable	-	373,735
Accrued Salaries and Benefits	2,547	-
Unearned Revenues	<u>58,575</u>	<u>-</u>
<u>Total Current Liabilities</u>	<u>61,914</u>	<u>373,735</u>
Noncurrent Liabilities:		
Net Pension Liability	1,500,370	-
Total Postemployment Benefit Liability	<u>125,311</u>	<u>-</u>
<u>Total Noncurrent Liabilities</u>	<u>1,625,681</u>	<u>-</u>
<u>TOTAL LIABILITIES</u>	<u>1,687,595</u>	<u>373,735</u>
<u>DEFERRED INFLOWS of RESOURCES</u>		
Pension	87,177	-
Other Postemployment Benefits	<u>3,731</u>	<u>-</u>
<u>TOTAL DEFERRED INFLOWS of RESOURCES</u>	<u>90,908</u>	<u>-</u>
<u>TOTAL LIABILITIES and DEFERRED INFLOWS of RESOURCES</u>	<u>1,778,503</u>	<u>373,735</u>
<u>NET POSITION</u>		
Investment in Capital Assets	61,045	-
Unrestricted	<u>(745,555)</u>	<u>3,904,357</u>
<u>TOTAL NET POSITION</u>	<u>\$ (684,510)</u>	<u>\$ 3,904,357</u>

See notes to financial statements.

Solanco School District
STATEMENT of REVENUES, EXPENSES, and
CHANGES in NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2020

	Enterprise Fund	Internal Service Fund
	<u>Fund</u>	<u>Fund</u>
<u>OPERATING REVENUES</u>		
Food Service Revenue	\$ 369,624	\$ -
Charges for Services	15,189	4,494,766
Miscellaneous Income	2,541	-
<u>Total Operating Revenues</u>	<u>387,354</u>	<u>4,494,766</u>
<u>OPERATING EXPENSES</u>		
Salaries	435,697	-
Employee Benefits	276,573	4,355,056
Purchased Professional and Technical Service	104	197,799
Purchased Property Service	64,817	-
Other Purchased Services	3,388	-
Supplies	633,139	-
Dues and Fees	158	-
Depreciation	10,949	-
<u>Total Operating Expenses</u>	<u>1,424,825</u>	<u>4,552,855</u>
<u>OPERATING LOSS</u>	(1,037,471)	(58,089)
<u>NONOPERATING REVENUES</u>		
Investment Earnings	12,681	62,451
State Subsidies	123,723	-
Federal Subsidies	673,365	-
<u>Total Nonoperating Revenues</u>	<u>809,769</u>	<u>62,451</u>
<u>CHANGES in NET POSITION</u> <u>BEFORE TRANSFER IN</u>	(227,702)	4,362
<u>TRANSFER IN</u>	<u>-</u>	<u>400,000</u>
<u>CHANGES in NET POSITION</u>	(227,702)	404,362
<u>NET POSITION</u>		
Beginning of Year	<u>(456,808)</u>	<u>3,499,995</u>
<u>NET POSITION - End of Year</u>	\$ <u><u>(684,510)</u></u>	\$ <u><u>3,904,357</u></u>

See notes to financial statements.

Solanco School District
STATEMENT of CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2020

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<u>CASH FLOWS from OPERATING ACTIVITIES</u>		
Cash Received from Users	\$ 374,641	\$ -
Cash Received from Assessments Made to Other Funds	-	4,388,407
Cash Payments to Employees for Services	(705,142)	-
Cash Payments for Insurance Services	-	(4,199,874)
Cash Payments to Suppliers for Goods and Services	(693,450)	-
Cash Payments for Other Operating Expenses	(158)	(197,544)
<u>Net Cash Used by Operating Activities</u>	<u>(1,024,109)</u>	<u>(9,011)</u>
<u>CASH FLOWS from NONCAPITAL FINANCING ACTIVITIES</u>		
State Subsidies	119,525	-
Federal Subsidies	700,851	-
<u>Net Cash Provided by Noncapital Financing Activities</u>	<u>820,376</u>	<u>-</u>
<u>CASH FLOWS from INVESTING ACTIVITIES</u>		
Investment Earnings	12,681	69,663
Deposits to Investment Pools	-	138,000
<u>Net Cash Provided by Investing Activities</u>	<u>12,681</u>	<u>207,663</u>
<u>(DECREASE) INCREASE in CASH and CASH EQUIVALENTS</u>	(191,052)	198,652
<u>CASH and CASH EQUIVALENTS</u>		
Beginning of Year	981,909	1,829,246
End of Year	\$ <u>790,857</u>	\$ <u>2,027,898</u>

See notes to financial statements.

Solanco School District
STATEMENT of CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2020
(Continued)

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<u>RECONCILIATION of OPERATING LOSS</u>		
<u>to NET CASH USED by OPERATING ACTIVITIES</u>		
Operating Loss	\$ <u>(1,037,471)</u>	\$ <u>(58,089)</u>
<u>ADJUSTMENTS to RECONCILE OPERATING LOSS</u>		
<u>to NET CASH USED by OPERATING ACTIVITIES</u>		
Depreciation	10,949	-
GASB 68 & 75 Retirement and OPEB Expense	6,282	-
Decrease (Increase) in Accounts Receivables	857	(106,359)
Increase in Inventories	(18,695)	-
Increase in Prepaid Expenses	-	255
(Decrease) Increase in Accounts and Claims Payable	(447)	155,182
Increase in Accrued Salaries and Benefits	846	-
Increase in Unearned Revenues	<u>13,570</u>	<u>-</u>
<u>Total Adjustments</u>	<u>13,362</u>	<u>49,078</u>
<u>Net Cash Used by Operating Activities</u>	\$ <u>(1,024,109)</u>	\$ <u>(9,011)</u>
<u>NONCASH NONCAPITAL FINANCING ACTIVITIES</u>		
Receipt of U.S. Department of Agriculture Donated Commodities	\$ <u>60,648</u>	\$ <u>-</u>

See notes to financial statements.

Solanco School District
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	Private Purpose Trust Fund	Custodial Fund
	<u>Fund</u>	<u>Fund</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 287,526	\$ 136,937
Investments	<u>150,000</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>437,526</u>	<u>136,937</u>
<u>LIABILITIES</u>		
Accounts Payable	<u>89,650</u>	<u>-</u>
<u>NET POSITION</u>		
Restricted for Scholarships	347,876	-
Restricted for Student Activities	<u>-</u>	<u>136,937</u>
<u>TOTAL NET POSITION</u>	<u>347,876</u>	<u>136,937</u>
<u>TOTAL LIABILITIES and NET POSITION</u>	\$ <u>437,526</u>	\$ <u>136,937</u>

See independent auditor's report.

Solanco School District
STATEMENT of CHANGES in NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2020

	Private Purpose Trust Fund	Custodial Fund
	<u>Fund</u>	<u>Fund</u>
<u>ADDITIONS</u>		
Gifts and Contributions	\$ 88,485	\$ -
Student Activity Receipts	-	200,294
Investment Earnings	<u>6,197</u>	<u>1,797</u>
 <u>TOTAL ADDITIONS</u>	 <u>94,682</u>	 <u>202,091</u>
 <u>DEDUCTIONS</u>		
Scholarships	73,851	-
Student Activity Disbursements	<u>-</u>	<u>194,844</u>
 <u>TOTAL DEDUCTIONS</u>	 <u>73,851</u>	 <u>194,844</u>
 <u>CHANGES in NET POSITION</u>	 20,831	 7,247
 <u>NET POSITION</u> - Beginning of Year	 <u>327,045</u>	 <u>129,690</u>
 <u>NET POSITION</u> - End of Year	 \$ <u>347,876</u>	 \$ <u>136,937</u>

See notes to financial statements.

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 3,294 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, 2020, was approximately \$1,364,410. The School District paid tuition expenses for 43 students enrolled in LCCTC half-day programs and 69 students enrolled in full-day programs during the 2019-2020 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 \$18,185,000 on June 30, 2020, and the School District's share of the outstanding debt obligation is \$1,112,576. 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, 2020. 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, 2020, was \$1,040,269. Average daily membership of Solanco School District students in LLIU special education programs during the fiscal year approximated 56.276 students. The School District received 1,477 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, 2020, for 10 student reservations was \$48,500. 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, 2020, was \$99,848. 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. 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. 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 and custodial funds are accounted for on a flow of economic resources 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 for 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.

Custodial 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.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

Basis of Accounting (Continued)

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.

Custodial fund financial statements report all assets and liabilities using the accrual basis of accounting. 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 liability and other postemployment benefit liability, 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, 2020, and which are not available to finance fiscal 2020 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.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

Basis of Accounting (Continued)

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.

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, PA Local Government Investment Trust, and PA School District Liquid Asset Fund accounts which are carried at cost plus accrued interest.

Investments

The District's investments are valued at amortized cost, which approximates fair value.

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 nonspendable 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, 2020, 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.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences and Retirement Bonuses (Continued)

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.

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.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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.

Implementation of New Accounting Pronouncements

During the current year, the School District adopted GASB 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. This implementation of this statement did not have a material impact on these financial statements.

During the current year, the School District adopted GASB 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, 2020 financial statements. This implementation of this statement did not have a material impact on these financial statements.

Pending Changes in Accounting Principles

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.

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.

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

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

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.

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, 2020, the carrying amount of the School District's deposits was \$22,201,969 and the bank balance was \$22,458,429. Of the deposits balance, \$250,000 was covered by federal depository insurance and \$10,930,518 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) 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 like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share. PLGIT and PSDLAF are rated by a nationally recognized statistical rating organization and are subject to an independent audit.

Uninsured and Uncollateralized	\$ -0-
Collateralized with Securities Held by the Pledging Financial Institution	250,000
Uninsured and Collateral Held by the Pledging Bank's Trust	
Deposits not in the School District's Name	<u>10,930,518</u>
	<u>\$ 11,180,518</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

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

Reconciliation of Cash and Cash Equivalents to the Financial Statements

Uninsured Amount Above	\$ 10,930,518
Plus: Collateralized Amount	<u>250,000</u>
Bank Balance	11,180,518
Less: Reconciling items	<u>(256,460)</u>

Carrying Amount - Bank Balances	10,924,058
Plus: Pooled Cash Equivalents	<u>11,277,911</u>
<u>Total Cash and Cash Equivalents Per Financial Statements</u>	<u>\$ 22,201,969</u>

Cash and Cash Equivalents:

Governmental Funds	\$ 18,958,751
Proprietary Funds	2,818,755
Fiduciary Funds	<u>424,463</u>
<u>Total Cash and Cash Equivalents</u>	<u>\$ 22,201,969</u>

Investments

At June 30, 2020, the School District holds the following investments recorded at cost or amortized cost:

PSDLAF CD Purchase Program	\$ 240,000
PLGIT CD Purchase Program	<u>2,585,000</u>
	<u>\$ 2,825,000</u>

The PSDLAF and PLGIT Collateralized CD Pool and are valued at amortized 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.

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, 2020, was 10.8251 mills as levied by the Board of School Directors.

The schedule for real estate taxes levied for the fiscal year ended June 30, 2020, 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.)

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

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, 2020, 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	\$ 494,604	\$ 14,176	\$ 480,428	\$ 11,673	\$ 468,755
Earned Income	1,503,265	-0-	1,503,265	1,503,265	-0-
Interim	56,886	-0-	56,886	-0-	56,886
Realty Transfer	<u>38,703</u>	<u>-0-</u>	<u>38,703</u>	<u>38,703</u>	<u>-0-</u>
	<u>\$ 2,093,458</u>	<u>\$ 14,176</u>	<u>\$ 2,079,282</u>	<u>\$ 1,553,641</u>	<u>\$ 525,641</u>

NOTE 5 - Interfund Receivables, Payables, and Transfers

The general fund reported a \$17 balance due, \$17 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 \$1,318,258. 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. The internal service funds reported a balance due from the general fund of \$400,000. The school district accumulates monies in the internal service funds for the purpose of funding healthcare and unemployment costs. Interfund receivables and payables for the fiscal year ended June 30, 2020, follow:

<u>Fund</u>	Due from <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ 17	\$ 1,718,258
Capital Project Fund	1,318,258	-0-
Enterprise Fund - Food Service	-0-	17
Internal Service Funds	<u>400,000</u>	<u>-0-</u>
	<u>\$ 1,718,275</u>	<u>\$ 1,718,275</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 \$1,318,258, is due to the capital project fund at June 30, 2020. The general fund transferred \$2,714,208 to the debt service fund during the fiscal year to facilitate debt service payments as they become due. The general fund also transferred \$400,000 to the unemployment fund to subsidize unemployment claims.

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, 2020, follow:

<u>Fund</u>	<u>Transfer from Other Funds</u>	<u>Transfer to Other Funds</u>
General Fund	\$ -0-	\$ 4,432,466
Capital Project Fund	1,318,258	-0-
Debt Service Fund	2,714,208	-0-
Internal Service Funds	400,000	-0-
	<u>\$ 4,432,466</u>	<u>\$ 4,432,466</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, 2020, 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	\$ 219,881	\$ -0-
Title 2A Grant	56,303	-0-
Title 4 Grant	19,123	-0-
ACCESS Medical Assistance Reimbursement	13,395	-0-
Federal-Funded Food Nutrition Subsidy	-0-	7,696
State Sources:		
State Retirement Subsidy	1,479,812	306
State FICA Subsidy	315,072	68
State-Funded Grants and Subsidies	52,608	-0-
State-Funded Food Nutrition Subsidy	-0-	299
Local Sources:		
Pass Through Federal and State Grants	107,879	-0-
	<u>\$ 2,264,073</u>	<u>\$ 8,369</u>

NOTE 7 - Other Receivables

Other receivables consist of payments not received by June 30, 2020, 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)

Other receivables include:

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Interest Receivable	\$ 5,949	\$ -0-	\$ -0-	\$ 2,257	\$ 8,206
Miscellaneous Receivables	<u>113,087</u>	<u>-0-</u>	<u>314</u>	<u>125,817</u>	<u>239,218</u>
	<u>\$ 119,036</u>	<u>\$ -0-</u>	<u>\$ 314</u>	<u>\$ 128,074</u>	<u>\$ 247,424</u>

NOTE 8 - Changes in Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2020, follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Historical Cost:				
Capital Assets, not being Depreciated:				
Land	\$ 1,135,285	\$ 96,758	\$ -0-	\$ 1,232,043
Construction in Progress	<u>29,500,224</u>	<u>7,206,029</u>	<u>(36,545,533)</u>	<u>160,720</u>
<u>Total Capital Assets, not being Depreciated</u>	<u>30,635,509</u>	<u>7,302,787</u>	<u>(36,545,533)</u>	<u>1,392,763</u>
Capital Assets being Depreciated:				
Buildings and Building Improvements	72,682,713	36,251,617	(201,515)	108,732,815
Site Improvements	5,798,910	222,643	(592,599)	5,428,954
Furniture and Equipment	9,975,065	848,958	(1,480,260)	9,343,763
Vehicles	742,319	45,335	(75,432)	712,222
Library Books	<u>2,135,168</u>	<u>38,270</u>	<u>(50,989)</u>	<u>2,122,449</u>
<u>Total Capital Assets being Depreciated</u>	<u>91,334,175</u>	<u>37,406,823</u>	<u>(2,400,795)</u>	<u>126,340,203</u>
Accumulated Depreciation:				
Buildings and Building Improvements	44,858,767	2,119,334	(201,515)	46,776,586
Site Improvements	3,967,248	202,782	(592,599)	3,577,431
Furniture and Equipment	7,347,588	539,097	(1,476,023)	6,410,662
Vehicles	613,556	25,928	(61,432)	578,052
Library Books	<u>1,990,623</u>	<u>41,657</u>	<u>(50,989)</u>	<u>1,981,291</u>
<u>Total Accumulated Depreciation</u>	<u>58,777,782</u>	<u>2,928,798</u>	<u>(2,382,558)</u>	<u>59,324,022</u>
Net Capital Assets being Depreciated	<u>32,556,393</u>	<u>34,478,025</u>	<u>(18,237)</u>	<u>67,016,181</u>
<u>Net Capital Assets</u>	<u>\$ 63,191,902</u>	<u>\$ 41,780,812</u>	<u>\$(36,563,770)</u>	<u>\$ 68,408,944</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, 2020, follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Historical Cost:				
Capital Assets being Depreciated:				
Furniture and Equipment	\$ 325,984	\$ -0-	\$ -0-	\$ 325,984
Less: Accumulated Depreciation:				
Furniture and Equipment	<u>253,989</u>	<u>10,949</u>	<u>-0-</u>	<u>264,939</u>
Net Capital Assets being Depreciated	<u>71,995</u>	<u>(10,949)</u>	<u>-0-</u>	<u>61,045</u>
<u>Net Capital Assets</u>	<u>\$ 71,995</u>	<u>\$ (10,949)</u>	<u>\$ -0-</u>	<u>\$ 61,045</u>

Depreciation expenses were charged to governmental functions as follows:

Instruction	\$ 1,855,828
Instructional Student Support	208,312
Administrative and Financial Support Services	239,984
Operation and Maintenance of Plant Services	384,067
Pupil Transportation	194,039
Student Activities	<u>46,568</u>
	<u>\$ 2,928,798</u>

Depreciation expenses were charged to business-type activities as follows:

Food Service	\$ <u>10,949</u>
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NOTE 9 - Accrued Salaries and Benefits

At June 30, 2020, the School District was liable for payroll, which is payable during July and August 2020, 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, 2020 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, 2020:

	<u>General Fund</u>	<u>Food Service Fund</u>
Payroll	\$ 2,573,557	\$ 1,787
Social Security	196,500	137
Retirement	849,055	613
Workers' Compensation	843	10
Health Benefits	<u>27,702</u>	<u>-0-</u>
	<u>\$ 3,647,657</u>	<u>\$ 2,547</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 10 - Unearned Revenues

Unearned revenues consist of the following as of June 30, 2020:

	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Grants Advanced	\$ 6,659	\$ -0-	\$ 6,659
Unearned Revenues - Value of Unused Donated Commodities	-0-	19,037	19,037
Unearned Revenues - Food Service Prepayments	<u>-0-</u>	<u>39,538</u>	<u>39,538</u>
	<u>\$ 6,659</u>	<u>\$ 58,575</u>	<u>\$ 65,234</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, 2020, as follows:

<u>Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Principal Amount Outstanding at June 30, 2020</u>
Series 2017 Note	April 1, 2027	2.53%	\$ 5,790,000
Series 2018 Note	April 1, 2029	3.09%	8,260,000
Series 2019 Note	April 1, 2029	3.02%	<u>6,753,929</u>
			<u>\$20,803,929</u>

On September 7, 2017, the School District issued the Series 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, 2020, was \$5,790,000 due in various amounts through April 1, 2027. Principal due within one year is \$835,000.

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, 2020, was \$8,260,000 due in various amounts through April 1, 2029. Principal due within one year is \$840,000.

On February 1, 2019, the School District issued the Series of 2019 General Obligation Note in the amount of \$10,000,000. The proceeds will be used for the purpose of funding new capital projects and the payment of the costs associated with the loan. The School District is still drawing down on this loan and has only drawn down \$8,000,000 at June 30, 2020. The principal outstanding at June 30, 2020, was \$6,753,929 due in various amounts through April 1, 2028. Principal due within one year is \$550,000.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 11 - Long-Term Liabilities (Continued)

Change in Long-Term Liabilities

Long-term liability activity can be summarized as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
<u>Governmental Activities</u>				
General Obligation Debt	\$ 15,895,000	\$ 7,000,000	\$ 2,091,071	\$ 20,803,929
Estimated Liability for				
Compensated Absences	449,450	27,737	18,670	458,517
Net Pension Liability	76,068,676	-0-	2,998,046	73,070,630
Total Postemployment				
Benefit Liability	5,919,796	66,490	-0-	5,986,286
Estimated Liability for				
Accrued Retirement Bonus	<u>1,021,257</u>	<u>5,105</u>	<u>-0-</u>	<u>1,026,362</u>
Total Governmental Activities	<u>\$ 99,354,179</u>	<u>\$ 7,099,332</u>	<u>\$ 5,107,787</u>	<u>\$ 101,345,724</u>

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
<u>Business-type Activities</u>				
Net Pension Liability	\$ 1,555,324	\$ -0-	\$ 54,954	\$ 1,500,370
Total Postemployment				
Benefit Liability	<u>124,969</u>	<u>342</u>	<u>-0-</u>	<u>125,311</u>
Business-type Activities	<u>\$ 1,680,293</u>	<u>\$ 342</u>	<u>\$ 54,954</u>	<u>\$ 1,625,681</u>

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, 2020, is detailed below:

	<u>Current Portion</u>	<u>Noncurrent Portion</u>
Estimated Liability for		
Compensated Absences	\$ 25,915	\$ 432,602
Estimated Liability for		
Accrued Retirement Bonus	340,027	686,335
Notes Payable	<u>2,225,000</u>	<u>18,578,929</u>
	<u>\$ 2,590,942</u>	<u>\$ 19,697,866</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 School District pays the long-term obligations of the business type activities from the food service fund.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 11 - Long-Term Liabilities (Continued)

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>
2021	\$ 664,159	\$ 2,225,000	\$ 2,889,159
2022	600,468	2,295,000	2,895,468
2023	534,725	2,365,000	2,899,725
2024	466,953	2,440,000	2,906,953
2025	397,003	2,515,000	2,912,003
2026-2029	<u>777,933</u>	<u>8,963,929</u>	<u>9,741,862</u>
	\$ <u>3,441,241</u>	\$ <u>20,803,929</u>	\$ <u>24,245,170</u>

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, 2020:

Professional Staff and Administration:	
Accumulated Sick Leave	\$ 15,030
Accumulated Vacation Leave	299,017
Employer Social Security and Medicare on Leave Amounts Above (net of State Reimbursement)	<u>16,130</u>
	<u>330,177</u>
Support Staff:	
Accumulated Sick Leave	19,610
Accumulated Vacation Leave	104,002
Employer Social Security and Medicare on Leave Amounts Above (net of State Reimbursement)	<u>4,728</u>
	<u>128,340</u>
<u>Total Accumulated Compensated Absences</u>	<u>\$ 458,517</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, 2020:

Professional Staff (Collective Bargaining Agreement):	
Estimated Accrued Retirement Benefit	\$ 967,025
Employer Social Security and Medicare on Retirement Bonus (net of State Reimbursement)	<u>36,989</u>
	<u>1,004,014</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 13 - Accrued Retirement Bonus (Continued)

Administration and Support Staff (Act 93 Agreement):	
Estimated Accrued Retirement Benefit	21,524
Employer Social Security and Medicare on Retirement Bonus (net of State Reimbursement)	<u>824</u>
	<u>22,348</u>
<u>Total Accrued Retirement Bonus</u>	\$ <u>1,026,362</u>

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, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	26
Inactive Employees Entitled to but not yet Receiving Benefits	-0-
Active Employees	<u>343</u>
	369

Total OPEB Liability and OPEB Expense

The School District's total OPEB liability of \$2,721,597 was measured as of July 1, 2019, and was determined by an actuarial valuation as of July 1, 2018 rolled forward to July 1, 2019.

For the year ended June 30, 2020, the School District recognized net negative OPEB expense of \$13,062 related to this plan.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

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

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2018 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: 3.36%, 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 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
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, 2018 valuation were based on the results of an actuarial experience study for the period ended July 1, 2018.

Changes in the Total OPEB Liability

Balance, June 30, 2019	\$ 2,673,765
Changes for the Year	
Service Cost	201,155
Interest	83,105
Changes of Benefit Terms	-0-
Differences Between Expected and Actual Experience	-0-
Changes of Assumptions	(77,393)
Benefit Payments	<u>(159,035)</u>
Net Changes	47,832
Balance, June 30, 2020	\$ <u>2,721,597</u>

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	
2.36% Discount Rate (1.0% Decrease)	2,928,923
3.36% Discount Rate (Current Rate)	2,721,597
4.36% Discount Rate (1.0% Increase)	2,526,578

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

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

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	
1% Decrease	2,384,699
Current Rate	2,721,597
1% Increase	3,128,825

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 Options Program (HOP). As of June 30, 2019, 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, 2019, there were no assumed future benefit increases to participating eligible retirees. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Participants

As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of \$1,200 per year.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

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

Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2020, was 0.84% 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 \$187,596 for the year ended June 30, 2020.

OPEB Liabilities and OPEB Expense

At June 30, 2020, the School District reported a liability of \$3,390,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. 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, 2019, the School District's proportion was 0.1594 percent, which was a decrease of 0.0023 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized net negative OPEB expense of \$44,081 related to this plan.

Actuarial Assumptions

The total OPEB Liability as of June 30, 2019, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2018 to June 30, 2019, 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: 2.79%, 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.

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, 2019, determined the employer contribution rate for fiscal year 2020.

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.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

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

Actuarial Assumptions (Continued)

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	Target <u>Allocation</u>	Long-Term Expected Real <u>Rate of Return</u>
Cash	13.20%	0.20%
US Core Fixed Income	83.10%	1.00%
Fixed Income	<u>3.70%</u>	0.00%
	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, 2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.79%, a decrease from 2.98% in the previous year. 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 2.79% which represents the S&P 20- year municipal bond rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

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

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	
1.79% Discount Rate (1.0% Decrease)	3,862,000
2.79% Discount Rate (Current Rate)	3,390,000
3.79% Discount Rate (1.0% Increase)	2,999,000

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	3,390,000
Current Rate	3,390,000
1% Increase	3,391,000

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>.

AGGREGATE OPEB INFORMATION

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$57,143. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>PSERS</u>		<u>Single Employer</u>		<u>Aggregate</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions and Benefit Payments After the Measurement Date	\$ 187,596	\$ -0-	\$ 166,545	\$ 0-	\$ 354,141	\$ -0-
Difference between Projected and Actual Investment Earnings	5,708	-0-	-0-	-0-	5,708	-0-
Changes of Assumptions	112,325	100,752	149,072	71,865	261,397	100,752
Difference between Expected and Actual Experience	19,060	-0-	-0-	294,062	19,060	365,927
Difference between Employer Contributions and Proportionate Share of Total Contributions	600	1,057	-0-	-0-	600	1,057
Changes in Proportion	-0-	107,000	-0-	-0-	-0-	107,000
	<u>\$ 325,289</u>	<u>\$ 208,809</u>	<u>\$ 315,617</u>	<u>\$ 365,927</u>	<u>\$ 640,906</u>	<u>\$ 574,736</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$354,141 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, 2021. 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:

Fiscal Year Ended			
June 30:	<u>PSERS</u>	<u>Single Employer</u>	<u>Aggregate</u>
2021	\$ (21,479)	\$ (16,491)	\$ (37,970)
2022	(21,479)	(16,491)	(37,970)
2023	(22,336)	(16,491)	(38,827)
2024	(23,295)	(16,491)	(39,786)
2025	12,797	(16,491)	(3,694)
Thereafter	<u>4,676</u>	<u>(134,400)</u>	<u>(129,724)</u>
Total	\$ <u>(71,116)</u>	\$ <u>(216,855)</u>	\$ <u>(287,971)</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.

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:

Fiscal Year	School District Share
<u>Ended June 30,</u>	<u>Projected Future Minimum</u>
	<u>Rental Payments</u>
2021	\$ 82,890
2022	82,819
2023	82,496
2024	82,150
2025	82,365
2026-2030	409,594
2031-2035	404,123
2036-2037	<u>161,175</u>
Total	\$ <u>1,387,612</u>

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 15 - Operating Lease (Continued)

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 \$145,232 during the year ended June 30, 2020.

Minimum future rental payments under these operating leases having remaining terms in excess of one year as of June 30, 2020, are as follows:

2021	\$ 78,871
2022	<u>78,871</u>
Total	\$ <u>157,742</u>

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 \$160,000. The EHCC pool reimburses monies to the School District for individual claims above \$160,000 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 \$160,000 per individual and \$6,146,621 in total for hospitalization claims for the year ended June 30, 2020.

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, 2020 and paid subsequently is recorded in the amount of \$334,718 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, 2020, the liability for claims incurred prior to June 30, 2020 and paid subsequently was \$334,718.

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, 2020, are estimated to be \$39,017 and are recorded as a liability in the internal service fund. For the year ended June 30, 2020, the liability for claims incurred prior to June 30, 2020 and paid subsequently was \$39,017.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 16 - Risk Management (Continued)

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, 2020, 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, 2020, and the three previous fiscal years.

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 2020 and 2019 were:

	<u>Year Ended June 30, 2020</u>		
	<u>Hospitalization</u>	<u>Unemployment</u>	<u>Total</u>
Claim Liability at			
July 1, 2019	\$ 215,989	\$ 2,564	\$ 218,553
Current Year Claims and			
Changes in Estimates	4,507,391	45,464	4,552,855
Claim Payments	<u>(4,388,662)</u>	<u>(9,011)</u>	<u>(4,397,673)</u>
Claim Liability at			
June 30, 2020	\$ <u>334,718</u>	\$ <u>39,017</u>	\$ <u>373,735</u>
	<u>Year Ended June 30, 2019</u>		
	<u>Hospitalization</u>	<u>Unemployment</u>	<u>Total</u>
Claim Liability at			
July 1, 2018	\$ 316,632	\$ 39	\$ 316,671
Current Year Claims and			
Changes in Estimates	5,220,554	12,702	5,233,256
Claim Payments	<u>(5,321,197)</u>	<u>(10,177)</u>	<u>(5,331,374)</u>
Claim Liability at			
June 30, 2019	\$ <u>215,989</u>	\$ <u>2,564</u>	\$ <u>218,553</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, 2020.

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>			
Inventory	\$ 233,800	\$ -0-	\$ 233,800
Prepaid Items	<u>139,050</u>	<u>-0-</u>	<u>139,050</u>
Total Nonspendable	<u>372,850</u>	<u>-0-</u>	<u>372,850</u>
<u>Restricted</u>			
Debt Proceeds	<u>-0-</u>	<u>1,379,564</u>	<u>1,379,564</u>
<u>Committed</u>			
Future Tax Revenue Decrease Mitigation	<u>2,325,000</u>	<u>-0-</u>	<u>2,325,000</u>
<u>Assigned</u>			
Budgeted 2020-2021 General Fund Operating Deficit	2,300,524	-0-	2,300,524
Future Capital Projects	<u>-0-</u>	<u>6,404,661</u>	<u>6,404,661</u>
Total Assigned	<u>2,300,524</u>	<u>7,784,225</u>	<u>8,705,185</u>
<u>Unassigned</u>	<u>3,856,559</u>	<u>-0-</u>	<u>3,856,559</u>
Total Fund Balances	\$ <u>8,854,933</u>	\$ <u>7,784,225</u>	\$ <u>16,639,158</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 2019-2020. 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 15th 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, 2020 and is, therefore, not recorded as a liability in the long-term debt obligation. During the school year 2019-2020, benefits totaling \$7,348 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. Benefits paid to employees from the sick leave bank during the fiscal year ended June 30, 2020 totaled \$11,615.

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. Benefit terms and contributions may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

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.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(Continued)

NOTE 19 - Defined Benefit Pension Plan (Continued)

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.

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, 2020, the rate of employer's contribution was 34.29% of covered payroll. The rate is comprised of a contribution rate of 33.36% for pensions and 0.84% 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 Contribution</u>		<u>Members' Contribution</u>	
	<u>Dollars</u>	<u>Percentage</u>	<u>Dollars</u>	<u>Percentage</u>
For the Year Ended:				
June 30, 2020	7,470,356	33.36%	1,957,791	8.77%
2019	7,139,298	32.60%	1,703,996	7.78%
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%

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

At June 30, 2020, the School District reported a liability of \$74,571,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. 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, 2018, the School District's proportion was .1594%, which was a decrease of .0023% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized a negative pension expense of \$13,731. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$ 410,648	\$ 2,471,627
Changes in Assumptions	712,872	-0-
Net Difference between Projected and Actual Investment Earnings	-0-	213,617
Change in Proportions	252,750	1,790,000
Difference between Employer Contributions and Proportionate Share of Total Contributions	119,573	-0-
Contributions Subsequent to the Measurement Date	<u>7,470,356</u>	<u>-0-</u>
	\$ <u>8,966,199</u>	\$ <u>4,475,244</u>

Deferred outflows of resources related to pensions totaling \$7,470,356, 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, 2021. 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:

2021	\$ (32,591)
2022	(1,879,378)
2023	(1,017,962)
2024	<u>(49,470)</u>
	\$ <u>(2,979,401)</u>

Actuarial Assumptions

The total pension liability as of June 30, 2019, was determined by rolling forward PSERS' total pension liability as of the June 30, 2018 actuarial valuation to June 30, 2019, 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, 2019.

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%	5.6%
Global Fixed Income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute Return	10.0%	3.4%
Risk Parity	10.0%	4.1%
MLPs/Infrastructure	8.0%	5.5%
Real Estate	10.0%	4.1%
Alternative Investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	<u>(20.0%)</u>	0.7%
	<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, 2019.

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 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
School District's Proportionate Share of the Net Pension Liability	\$ 92,887,000	\$ 74,571,000	\$ 59,063,000

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, 2020, the School District reported a payable of \$2,110,568 for the outstanding amount of employer contributions to PSERS required for the year ended June 30, 2020. These amounts relate to the second quarter of 2020 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 design options 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 at various school buildings totaled \$1,403,109. The project commitments will be paid from the capital project fund during the 2020-2021 school year.

Solanco School District
NOTES to the FINANCIAL STATEMENTS
(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 - Uncertainties

As a result of the spread of the COVID-19 coronavirus which is ongoing at June 30 2020, economic and operational uncertainties have arisen which may impact the District in fiscal year 2021. There exist uncertainties surrounding the District’s operations in the 2020-2021 school year in terms of whether instruction will continue to be remote or hybrid and for what length of time. The uncertainties surrounding the on-site operations will have a direct impact on individual revenue and expense items that are dependent on services being provided to students while on site. The extent of the potential impact is unknown as the COVID-19 pandemic continues to develop.

NOTE 22 - Subsequent Events

The School District has evaluated all subsequent events through December 22, 2020, the date the financial statements were available to be issued.

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

	MEASUREMENT DATE		
	<u>July 1, 2019</u>	<u>July 1, 2018</u>	<u>July 1, 2017</u>
<u>TOTAL OPEB LIABILITY</u>			
Service Cost	\$ 201,155	\$ 207,788	\$ 194,735
Interest	83,105	93,663	66,943
Change of Benefit Terms	-0-	-0-	-0-
Differences Between Expected and Actual			
Experience	-0-	(343,072)	-0-
Change of Assumptions	(77,393)	1,552	188,035
Benefit Payments	<u>(159,035)</u>	<u>(154,482)</u>	<u>(163,927)</u>
<u>NET CHANGE in TOTAL OPEB LIABILITY</u>	47,832	(194,551)	285,786
<u>TOTAL OPEB LIABILITY</u>			
Beginning	<u>2,673,765</u>	<u>2,868,316</u>	<u>2,582,530</u>
Ending	\$ <u>2,721,597</u>	\$ <u>2,673,765</u>	\$ <u>2,868,316</u>
<u>COVERED PAYROLL</u>	\$ 18,904,418	\$ 18,904,418	\$ 18,883,896
<u>TOTAL OPEB LIABILITY as a PERCENTAGE of</u> <u>COVERED PAYROLL</u>	14.40%	14.14%	15.19%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

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 date July 1, 2018:

Discount rate was decreased from 3.13% to 2.98%.

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

Measurement Date 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%
2018	0.1617%	3,371,000	21,773,349	15.48%	5.56%
2019	0.1594%	3,390,000	21,899,687	15.48%	5.56%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

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

<u>Fiscal Year Ended June</u> <u>30</u>	<u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contributions</u> <u>from</u> <u>Employer</u>	<u>Contributions</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Payroll</u>	<u>Contributions</u> <u>as a Percentage</u> <u>of Covered</u> <u>Payroll</u>
2015	190,000	190,000	-	21,074,629	0.90%
2016	181,000	181,000	-	21,568,000	0.84%
2017	180,000	180,000	-	21,686,667	0.83%
2018	181,000	181,000	-	21,773,349	0.83%
2019	181,767	181,767	-	21,899,639	0.83%
2020	187,596	187,596	-	22,332,857	0.84%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

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, 2019:

Discount rate was decreased from 2.98% to 2.79%.

Measurement period ending June 30, 2018

Discount rate was decreased from 3.13% to 2.98%.

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>
2011	1,092,870	1,092,870	-	21,857,394	5.00%
2012	1,737,609	1,737,609	-	21,720,116	8.00%
2013	2,433,717	2,433,717	-	20,945,532	11.62%
2014	3,390,625	3,390,625	-	21,104,703	16.07%
2015	4,338,060	4,338,060	-	21,074,629	20.58%
2016	5,440,016	5,440,016	-	21,568,000	25.22%
2017	6,361,000	6,361,000	-	21,686,677	29.33%
2018	6,927,000	6,927,000	-	21,773,349	31.81%
2019	7,139,298	7,139,298	-	21,899,687	32.60%
2020	7,470,356	7,470,356	-	22,393,153	33.36%

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

Measurement Date 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%
2018	0.1617%	77,624,000	21,773,349	356.51%	54.00%
2019	0.1594%	74,571,000	21,899,687	340.51%	55.66%

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.

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.

Solanco School District
SCHEDULE of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
BUDGET and ACTUAL -
GENERAL FUND
Year Ended June 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	
<u>REVENUES</u>				
Local Sources:				
Real Estate Taxes and Penalties	\$ 26,106,981	\$ 26,106,981	\$ 26,073,450	\$ (33,531)
Other Taxes	8,104,987	8,104,987	8,104,184	(803)
Investment Earnings	225,000	225,000	270,273	45,273
Revenue from School District Activities	60,000	60,000	53,828	(6,172)
Revenue from Intermediate Sources	869,065	869,065	997,784	128,719
Tuition	11,000	11,000	2,240	(8,760)
Other Revenue	<u>249,000</u>	<u>249,000</u>	<u>356,089</u>	<u>107,089</u>
<u>Total Local Sources</u>	<u>35,626,033</u>	<u>35,626,033</u>	<u>35,857,848</u>	<u>231,815</u>
State Sources	20,533,563	20,533,563	20,629,535	95,972
Federal Sources	<u>2,398,131</u>	<u>2,398,131</u>	<u>2,123,977</u>	<u>(274,154)</u>
<u>Total Revenues</u>	<u>58,557,727</u>	<u>58,557,727</u>	<u>58,611,360</u>	<u>53,633</u>
<u>EXPENDITURES</u>				
Current - Instructional Services:				
Regular Programs	23,380,618	23,210,618	21,129,471	(2,081,147)
Special Programs	10,954,122	10,844,122	8,603,451	(2,240,671)
Vocational Programs	2,650,803	2,760,803	2,727,482	(33,321)
Other Instructional Programs	622,316	622,316	484,078	(138,238)
Nonpublic School Programs	39,575	39,575	28,869	(10,706)
Support Services:				
Pupil Personnel Services	2,767,541	2,767,541	2,607,885	(159,656)
Instructional Staff Services	1,732,519	1,702,519	1,454,491	(248,028)
Administrative Services	2,951,016	2,917,016	2,891,063	(25,953)
Pupil Health Services	580,911	541,911	513,573	(28,338)
Business Services	853,500	896,500	881,014	(15,486)
Operation and Maintenance of				
Plant Services	4,171,100	4,419,100	4,405,010	(14,090)
Pupil Transportation Services	4,021,082	3,873,082	3,841,812	(31,270)
Central Support Services	1,005,397	1,005,397	971,287	(34,110)
Other Support Services	33,000	33,000	31,856	(1,144)
Operation of Noninstructional Services:				
Student Activities	1,119,000	1,073,000	1,002,057	(70,943)
Community Services	<u>46,646</u>	<u>52,646</u>	<u>44,690</u>	<u>(7,956)</u>
<u>Total Expenditures</u>	<u>\$ 56,929,146</u>	<u>\$ 56,759,146</u>	<u>\$ 51,618,089</u>	<u>\$ (5,141,057)</u>

See independent auditor's report.

Solanco School District
SCHEDULE of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
BUDGET and ACTUAL -
GENERAL FUND
Year Ended June 30, 2020
(Continued)

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	
<u>EXCESS of REVENUES over</u>				
<u>EXPENDITURES</u>	\$ <u>1,628,581</u>	\$ <u>1,798,581</u>	\$ <u>6,993,271</u>	\$ <u>5,194,690</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	600,000	600,000	-	(600,000)
Proceeds from Sale of Capital Assets	5,000	5,000	16,370	11,370
Transfers Out	(4,015,797)	(4,435,797)	(4,432,466)	3,331
Budgetary Reserve	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Other Financing Uses</u>	<u>(3,660,797)</u>	<u>(3,830,797)</u>	<u>(4,416,096)</u>	<u>(585,299)</u>
<u>NET CHANGES in</u>				
<u>FUND BALANCES</u>	(2,032,216)	(2,032,216)	2,577,175	4,609,391
<u>FUND BALANCES</u> - Beginning of Year	6,209,590	6,209,590	6,209,590	-
Increase in Reserve for Inventory	<u>-</u>	<u>-</u>	<u>68,168</u>	<u>68,168</u>
<u>FUND BALANCES</u> - End of Year	\$ <u>4,177,374</u>	\$ <u>4,177,374</u>	\$ <u>8,854,933</u>	\$ <u>4,677,559</u>

See independent auditor's 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.

COMBINING INDIVIDUAL FUND
STATEMENTS AND BUDGET SCHEDULES
(SUPPLEMENTAL FINANCIAL INFORMATION)

Solanco School District
SCHEDULE of GENERAL FUND REVENUES and OTHER FINANCING SOURCES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2020

	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance With Final Budget
<u>REVENUES from LOCAL SOURCES</u>					
<u>Taxes</u>					
Current Real Estate Taxes	\$ 25,421,981	\$ -	\$ 25,421,981	\$ 25,374,366	\$ (47,615)
Interim Real Estate Taxes	160,000	-	160,000	165,104	5,104
Public Utility Realty	32,500	-	32,500	27,210	(5,290)
Payments in Lieu of Current Taxes	109	-	109	109	-
Earned Income Tax	7,547,378	-	7,547,378	7,500,091	(47,287)
Real Estate Transfer Tax	525,000	-	525,000	576,774	51,774
Delinquent Real Estate Taxes	525,000	-	525,000	533,980	8,980
<u>Total Taxes</u>	<u>34,211,968</u>	<u>-</u>	<u>34,211,968</u>	<u>34,177,634</u>	<u>(34,334)</u>
<u>Other Local Revenues</u>					
Investment Earnings	225,000	-	225,000	270,273	45,273
Revenue from School District Activities	60,000	-	60,000	53,828	(6,172)
Federal Revenue Passed through Local Sources	869,065	-	869,065	997,784	128,719
Rent of School Facilities	68,000	-	68,000	50,105	(17,895)
Contributions and Donations	21,000	-	21,000	38,442	17,442
Tuition	11,000	-	11,000	2,240	(8,760)
Miscellaneous	160,000	-	160,000	267,542	107,542
<u>Total Other Local Revenues</u>	<u>1,414,065</u>	<u>-</u>	<u>1,414,065</u>	<u>1,680,214</u>	<u>266,149</u>
<u>Total Revenues from Local Sources</u>	<u>35,626,033</u>	<u>-</u>	<u>35,626,033</u>	<u>35,857,848</u>	<u>231,815</u>
<u>REVENUES from STATE SOURCES</u>					
Basic Education Funding	10,270,000	-	10,270,000	10,334,847	64,847
Tuition for Orphans and Children	60,000	-	60,000	40,889	(19,111)
Vocational Education	120,000	-	120,000	115,194	(4,806)
Migratory Children	500	-	500	1,178	678
Special Education Funding	2,190,000	-	2,190,000	2,200,598	10,598
Other Program Subsidies	-	-	-	189,513	189,513
Transportation Subsidy	1,950,000	-	1,950,000	2,189,802	239,802
Rental and Sinking Fund Subsidies	12,290	-	12,290	39,232	26,942
Health Services	64,000	-	64,000	60,091	(3,909)
State Property Tax Reduction	548,986	-	548,986	548,986	-
Ready to Learn Grant	427,715	-	427,715	427,715	-
Other State Revenue	30,000	-	30,000	17,754	(12,246)
Social Security Reimbursement	812,668	-	812,668	708,383	(104,285)
Retirement Reimbursement	4,047,404	-	4,047,404	3,755,353	(292,051)
<u>Total Revenues from State Sources</u>	<u>\$ 20,533,563</u>	<u>\$ -</u>	<u>\$ 20,533,563</u>	<u>\$ 20,629,535</u>	<u>\$ 95,972</u>

See independent auditor's report.

(Continued)

Solanco School District
SCHEDULE of GENERAL FUND REVENUES and OTHER FINANCING SOURCES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2020

	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance With Final Budget
<u>REVENUES from FEDERAL SOURCES</u>					
Title I	\$ 1,915,421	\$ -	\$ 1,915,421	\$ 1,662,401	\$ (253,020)
Title II	282,710	-	282,710	283,441	731
Title V	100,000	-	100,000	143,425	43,425
Medical Assistance Reimbursements	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>34,710</u>	<u>(65,290)</u>
<u>Total Revenues from</u> <u>Federal Sources</u>	<u>2,398,131</u>	<u>-</u>	<u>2,398,131</u>	<u>2,123,977</u>	<u>(274,154)</u>
<u>OTHER FINANCING SOURCES</u>					
Proceeds from Sale of Capital Assets	5,000	-	5,000	16,370	11,370
Transfers In	<u>600,000</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>(600,000)</u>
<u>Total Other Financing Sources</u>	<u>605,000</u>	<u>-</u>	<u>605,000</u>	<u>16,370</u>	<u>(588,630)</u>
<u>TOTAL GENERAL FUND</u> <u>REVENUES and OTHER</u> <u>FINANCING SOURCES</u>					
	\$ <u>59,162,727</u>	\$ <u>-</u>	\$ <u>59,162,727</u>	\$ <u>58,627,730</u>	\$ <u>(534,997)</u>

See independent auditor's report.

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2020

	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance With Final Budget
<u>EXPENDITURES</u>					
Current - Instructional Services:					
<u>Regular Programs</u>					
Salaries	\$ 12,416,582	\$ (163,000)	\$ 12,253,582	\$ 11,599,628	\$ 653,954
Employee Benefits	8,377,257	(70,000)	8,307,257	7,255,513	1,051,744
Purchased Professional and Technical Services	383,043	-	383,043	272,968	110,075
Purchased Property Services	215,000	-	215,000	143,605	71,395
Other Purchased Services	800,000	-	800,000	690,730	109,270
Supplies	1,071,436	63,000	1,134,436	1,134,192	244
Property and Equipment	110,000	-	110,000	26,696	83,304
Other Objects	7,300	-	7,300	6,139	1,161
<u>Total Regular Programs</u>	<u>23,380,618</u>	<u>(170,000)</u>	<u>23,210,618</u>	<u>21,129,471</u>	<u>2,081,147</u>
<u>Special Programs</u>					
Salaries	3,323,500	-	3,323,500	2,953,373	370,127
Employee Benefits	2,164,222	(9,000)	2,155,222	1,683,627	471,595
Purchased Professional and Technical Services	4,102,500	(93,000)	4,009,500	3,029,413	980,087
Purchased Property Services	36,500	-	36,500	-	36,500
Other Purchased Services	1,266,050	(25,000)	1,241,050	863,886	377,164
Supplies	54,200	17,000	71,200	70,367	833
Property and Equipment	4,000	-	4,000	-	4,000
Other Objects	3,150	-	3,150	2,785	365
<u>Total Special Programs</u>	<u>10,954,122</u>	<u>(110,000)</u>	<u>10,844,122</u>	<u>8,603,451</u>	<u>2,240,671</u>
<u>Vocational Programs</u>					
Salaries	708,000	11,000	719,000	718,520	480
Employee Benefits	490,853	(12,400)	478,453	449,106	29,347
Purchased Professional and Technical Services	250	9,000	9,250	8,511	739
Purchased Property Services	90,800	25,000	115,800	115,588	212
Other Purchased Services	1,292,500	76,000	1,368,500	1,368,030	470
Supplies	42,250	14,000	56,250	55,354	896
Property and Equipment	25,100	(14,000)	11,100	9,954	1,146
Other Objects	1,050	1,400	2,450	2,419	31
<u>Total Vocational Programs</u>	<u>\$ 2,650,803</u>	<u>\$ 110,000</u>	<u>\$ 2,760,803</u>	<u>\$ 2,727,482</u>	<u>\$ 33,321</u>

See independent auditor's report.

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2020

	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance With Final Budget
<u>EXPENDITURES (Continued)</u>					
Current - Instructional Services (Continued):					
<u>Other Instructional Programs</u>					
Salaries	\$ 325,883	\$ -	\$ 325,883	\$ 285,451	\$ 40,432
Employee Benefits	225,933	-	225,933	142,264	83,669
Purchased Professional and Technical Services	11,500	-	11,500	3,791	7,709
Other Purchased Services	29,000	(10,000)	19,000	13,483	5,517
Supplies	30,000	-	30,000	29,808	192
Property and Equipment	-	10,000	10,000	9,281	719
<u>Total Other Instructional Programs</u>	<u>622,316</u>	<u>-</u>	<u>622,316</u>	<u>484,078</u>	<u>138,238</u>
<u>Nonpublic School Programs</u>					
Purchased Professional and Technical Services	39,575	-	39,575	28,869	10,706
<u>Total Current - Instructional Services</u>	<u>37,647,434</u>	<u>(170,000)</u>	<u>37,477,434</u>	<u>32,973,351</u>	<u>4,504,083</u>
Support Services:					
<u>Pupil Personnel</u>					
Salaries	1,496,000	7,000	1,503,000	1,502,660	340
Employee Benefits	1,035,436	(7,000)	1,028,436	967,383	61,053
Purchased Professional and Technical Services	184,400	(4,000)	180,400	92,888	87,512
Purchased Property Services	200	-	200	-	200
Other Purchased Services	11,450	3,000	14,450	14,067	383
Supplies	37,350	-	37,350	29,550	7,800
Property and Equipment	2,000	-	2,000	-	2,000
Other Objects	705	1,000	1,705	1,337	368
<u>Total Pupil Personnel</u>	<u>\$ 2,767,541</u>	<u>\$ -</u>	<u>\$ 2,767,541</u>	<u>\$ 2,607,885</u>	<u>\$ 159,656</u>

See independent auditor's report.

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2020

	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance With Final Budget
<u>EXPENDITURES (Continued)</u>					
Support Services (Continued):					
<u>Instructional Staff Services</u>					
Salaries	\$ 804,500	\$ (35,000)	\$ 769,500	\$ 702,148	\$ 67,352
Employee Benefits	550,569	(35,000)	515,569	436,434	79,135
Purchased Professional and Technical Services	54,950	-	54,950	52,864	2,086
Purchased Property Services	18,500	-	18,500	15,066	3,434
Other Purchased Services	89,850	70,000	159,850	152,426	7,424
Supplies	94,800	(60,000)	34,800	-	34,800
Property and Equipment	117,500	(70,000)	47,500	-	47,500
Other Objects	1,850	100,000	101,850	95,553	6,297
<u>Total Instructional Staff Services</u>	<u>1,732,519</u>	<u>(30,000)</u>	<u>1,702,519</u>	<u>1,454,491</u>	<u>248,028</u>
<u>Administrative Services</u>					
Salaries	1,505,950	50,000	1,555,950	1,550,397	5,553
Employee Benefits	1,044,066	(40,000)	1,004,066	997,930	6,136
Purchased Professional and Technical Services	242,700	(28,000)	214,700	214,367	333
Purchased Property Services	4,450	-	4,450	3,700	750
Other Purchased Services	65,900	(9,000)	56,900	47,206	9,694
Supplies	36,350	10,000	46,350	45,403	947
Other Objects	51,600	(17,000)	34,600	32,060	2,540
<u>Total Administrative Services</u>	<u>2,951,016</u>	<u>(34,000)</u>	<u>2,917,016</u>	<u>2,891,063</u>	<u>25,953</u>
<u>Pupil Health Services</u>					
Salaries	222,000	(15,000)	207,000	195,937	11,063
Employee Benefits	153,911	(15,000)	138,911	127,820	11,091
Purchased Professional and Technical Services	190,000	(7,000)	183,000	180,142	2,858
Purchased Property Services	500	-	500	-	500
Other Purchased Services	-	1,000	1,000	72	928
Supplies	14,500	(3,000)	11,500	9,602	1,898
<u>Total Pupil Health Services</u>	<u>\$ 580,911</u>	<u>\$ (39,000)</u>	<u>\$ 541,911</u>	<u>\$ 513,573</u>	<u>\$ 28,338</u>

See independent auditor's report.

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2020

	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance With Final Budget
<u>EXPENDITURES (Continued)</u>					
Support Services (Continued):					
<u>Business Services</u>					
Salaries	\$ 425,000	\$ 33,000	\$ 458,000	\$ 451,373	\$ 6,627
Employee Benefits	294,650	3,000	297,650	295,169	2,481
Purchased Professional and Technical Services	50,000	16,000	66,000	65,098	902
Purchased Property Services	13,850	(2,000)	11,850	10,444	1,406
Other Purchased Services	47,000	(4,000)	43,000	42,391	609
Supplies	15,000	(3,000)	12,000	9,068	2,932
Property and Equipment	1,500	(1,000)	500	-	500
Other Objects	6,500	1,000	7,500	7,471	29
<u>Total Business Services</u>	<u>853,500</u>	<u>43,000</u>	<u>896,500</u>	<u>881,014</u>	<u>15,486</u>
<u>Operation and Maintenance of Plant Services</u>					
Salaries	1,335,500	(20,000)	1,315,500	1,308,729	6,771
Employee Benefits	796,750	(7,000)	789,750	788,099	1,651
Purchased Professional and Technical Services	168,500	29,000	197,500	197,053	447
Purchased Property Services	400,000	117,000	517,000	514,903	2,097
Other Purchased Services	167,350	32,000	199,350	199,011	339
Supplies	1,255,000	(59,000)	1,196,000	1,194,344	1,656
Property and Equipment	45,000	151,000	196,000	195,038	962
Other Objects	3,000	5,000	8,000	7,833	167
<u>Total Operation and Maintenance of Plant Services</u>	<u>4,171,100</u>	<u>248,000</u>	<u>4,419,100</u>	<u>4,405,010</u>	<u>14,090</u>
<u>Pupil Transportation Services</u>					
Salaries	166,750	(36,000)	130,750	123,121	7,629
Employee Benefits	115,607	(35,000)	80,607	78,917	1,690
Purchased Professional and Technical Services	10,250	-	10,250	9,925	325
Purchased Property Services	45,000	(32,000)	13,000	5,293	7,707
Other Purchased Services	3,632,000	(30,000)	3,602,000	3,593,266	8,734
Supplies	10,250	(5,000)	5,250	3,749	1,501
Property and Equipment	40,000	(10,000)	30,000	27,340	2,660
Other Objects	1,225	-	1,225	201	1,024
<u>Total Pupil Transportation Services</u>	<u>\$ 4,021,082</u>	<u>\$ (148,000)</u>	<u>\$ 3,873,082</u>	<u>\$ 3,841,812</u>	<u>\$ 31,270</u>

See independent auditor's report.

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2020

	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance With Final Budget
<u>EXPENDITURES (Continued)</u>					
Support Services (Continued):					
<u>Central Support Services</u>					
Salaries	\$ 339,739	\$ 42,000	\$ 381,739	\$ 381,662	\$ 77
Employee Benefits	235,537	8,000	243,537	243,121	416
Purchased Professional and Technical Services	187,000	-	187,000	185,602	1,398
Purchased Property Services	7,500	-	7,500	475	7,025
Other Purchased Services	28,300	24,000	52,300	51,991	309
Supplies	192,371	(66,000)	126,371	104,121	22,250
Property and Equipment	8,500	(8,000)	500	-	500
Other Objects	6,450	-	6,450	4,315	2,135
<u>Total Central Support Services</u>	<u>1,005,397</u>	<u>-</u>	<u>1,005,397</u>	<u>971,287</u>	<u>34,110</u>
<u>Other Support Services</u>					
Other Purchased Services	33,000	-	33,000	31,856	1,144
<u>Total Support Services</u>	<u>18,116,066</u>	<u>40,000</u>	<u>18,156,066</u>	<u>17,597,991</u>	<u>558,075</u>
Operation of Noninstructional Services:					
<u>Student Activities</u>					
Salaries	522,000	(20,000)	502,000	490,437	11,563
Employee Benefits	261,000	(20,000)	241,000	232,702	8,298
Purchased Professional and Technical Services	78,000	5,000	83,000	81,764	1,236
Purchased Property Services	40,000	(6,000)	34,000	18,303	15,697
Other Purchased Services	63,500	15,000	78,500	77,464	1,036
Supplies	123,000	(15,000)	108,000	94,896	13,104
Property and Equipment	26,000	(5,000)	21,000	3,350	17,650
Other Objects	5,500	-	5,500	3,141	2,359
<u>Total Student Activities</u>	<u>1,119,000</u>	<u>(46,000)</u>	<u>1,073,000</u>	<u>1,002,057</u>	<u>70,943</u>
<u>Community Services</u>					
Salaries	15,500	(5,000)	10,500	7,721	2,779
Employee Benefits	10,746	(5,000)	5,746	1,948	3,798
Purchased Professional and Technical Services	400	2,000	2,400	1,481	919
Other Purchased Services	-	1,000	1,000	961	39
Supplies	20,000	13,000	33,000	32,579	421
<u>Total Community Services</u>	<u>46,646</u>	<u>6,000</u>	<u>52,646</u>	<u>44,690</u>	<u>7,956</u>
<u>Total Operation of Noninstructional Services</u>	<u>1,165,646</u>	<u>(40,000)</u>	<u>1,125,646</u>	<u>1,046,747</u>	<u>78,899</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 56,929,146</u>	<u>\$ (170,000)</u>	<u>\$ 56,759,146</u>	<u>\$ 51,618,089</u>	<u>\$ 5,141,057</u>

See independent auditor's report.

Solanco School District
SCHEDULE of GENERAL FUND EXPENDITURES and OTHER FINANCING USES -
BUDGET to ACTUAL COMPARISON
Year Ended June 30, 2020
(Continued)

	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance With Final Budget
<u>OTHER FINANCING USES</u>					
Transfers Out	\$ 4,015,797	\$ 420,000	\$ 4,435,797	\$ 4,432,466	\$ 3,331
Budgetary Reserve	<u>250,000</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Uses</u>	<u>4,265,797</u>	<u>170,000</u>	<u>4,435,797</u>	<u>4,432,466</u>	<u>3,331</u>
 <u>TOTAL EXPENDITURES and</u>					
<u>OTHER FINANCING USES</u>	\$ <u>61,194,943</u>	\$ <u>-</u>	\$ <u>61,194,943</u>	\$ <u>56,050,555</u>	\$ <u>5,144,388</u>

See independent auditor's 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 Project 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 SCHEDULE - GOVERNMENTAL FUNDS -
CAPITAL PROJECT FUND
June 30, 2020

	Construction Project Sub-Fund	Capital Reserve Sub-Fund	Total Capital Project Fund
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,524,654	\$ 5,242,695	\$ 6,767,349
Due From Other Funds	<u>-</u>	<u>1,318,258</u>	<u>1,318,258</u>
<u>TOTAL ASSETS</u>	<u>1,524,654</u>	<u>6,560,953</u>	<u>8,085,607</u>
<u>LIABILITIES</u>			
Accounts Payable	<u>145,090</u>	<u>156,292</u>	<u>301,382</u>
<u>TOTAL LIABILITIES</u>	<u>145,090</u>	<u>156,292</u>	<u>301,382</u>
<u>FUND BALANCES</u>			
Restricted	1,379,564	-	1,379,564
Assigned	<u>-</u>	<u>6,404,661</u>	<u>6,404,661</u>
<u>TOTAL FUND BALANCES</u>	<u>1,379,564</u>	<u>6,404,661</u>	<u>7,784,225</u>
<u>TOTAL LIABILITIES and FUND BALANCES</u>	\$ <u>1,524,654</u>	\$ <u>6,560,953</u>	\$ <u>8,085,607</u>

See independent auditor's report.

Solanco School District
 COMBINING SCHEDULE of REVENUES, EXPENDITURES, and
 CHANGES in FUND BALANCE - GOVERNMENTAL FUNDS - CAPITAL PROJECT FUND
 Year Ended June 30, 2020

	Construction Project Sub-Fund	Capital Reserve Sub-Fund	Total Capital Project Fund
<u>REVENUES</u>			
Investment Earnings	\$ 31,905	\$ 35,342	\$ 67,247
Other Revenue	<u>-</u>	<u>3,735</u>	<u>3,735</u>
<u>Total Revenues</u>	<u>31,905</u>	<u>39,077</u>	<u>70,982</u>
<u>EXPENDITURES</u>			
Capital Outlay:			
Facilities Acquisition, Construction, and Improvement Services	<u>6,686,111</u>	<u>1,273,657</u>	<u>7,959,768</u>
<u>Total Expenditures</u>	<u>6,686,111</u>	<u>1,273,657</u>	<u>7,959,768</u>
<u>DEFICIENCY of REVENUES over EXPENDITURES</u>	(6,654,206)	(1,234,580)	(7,888,786)
<u>OTHER FINANCING SOURCES</u>			
Insurance Recoveries	27,234	614,643	641,877
Issuance of Debt	7,000,000	-	7,000,000
Transfers in	<u>-</u>	<u>1,318,258</u>	<u>1,318,258</u>
<u>Total Other Financing Sources</u>	<u>7,027,234</u>	<u>1,932,901</u>	<u>8,960,135</u>
<u>NET CHANGES in FUND BALANCES</u>	373,028	698,321	1,071,349
FUND BALANCES - Beginning of Year	<u>1,006,536</u>	<u>5,706,340</u>	<u>6,712,876</u>
<u>FUND BALANCES</u> - End of Year	\$ <u><u>1,379,564</u></u>	\$ <u><u>6,404,661</u></u>	\$ <u><u>7,784,225</u></u>

See independent auditor's 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, 2020

	Hospitalization Fund	Unemployment Compensation Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,990,387	\$ 37,511	\$ 2,027,898
Investments	1,588,000	100,000	1,688,000
Due From Other Funds	250,000	150,000	400,000
Other Receivables	125,817	2,257	128,074
Prepaid Items	<u>34,120</u>	<u>-</u>	<u>34,120</u>
<u>TOTAL ASSETS</u>	<u>3,988,324</u>	<u>289,768</u>	<u>4,278,092</u>
 <u>LIABILITIES</u>			
Current Liabilities:			
Claims Payable	<u>334,718</u>	<u>39,017</u>	<u>373,735</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>334,718</u>	<u>39,017</u>	<u>373,735</u>
 <u>NET POSITION</u>			
Unrestricted	\$ <u>3,653,606</u>	\$ <u>250,751</u>	\$ <u>3,904,357</u>

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of REVENUES, EXPENSES, and
CHANGES in NET POSITION - PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
Year Ended June 30, 2020

	Hospitalization Fund	Unemployment Compensation Fund	Total Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 4,494,766	\$ -	\$ 4,494,766
<u>Total Operating Revenues</u>	<u>4,494,766</u>	<u>-</u>	<u>4,494,766</u>
<u>OPERATING EXPENSES</u>			
Employee Benefits	4,311,626	43,430	4,355,056
Purchased Professional and Technical Service	<u>195,765</u>	<u>2,034</u>	<u>197,799</u>
<u>Total Operating Expenses</u>	<u>4,507,391</u>	<u>45,464</u>	<u>4,552,855</u>
 <u>OPERATING LOSS</u>	 (12,625)	 (45,464)	 (58,089)
<u>NONOPERATING REVENUES</u>			
Investments Earnings	<u>59,501</u>	<u>2,950</u>	<u>62,451</u>
<u>Total Nonoperating Revenues</u>	<u>59,501</u>	<u>2,950</u>	<u>62,451</u>
Transfers in	<u>250,000</u>	<u>150,000</u>	<u>400,000</u>
 <u>CHANGES in NET POSITION</u>	 296,876	 107,486	 404,362
<u>NET POSITION - Beginning of Year</u>	<u>3,356,730</u>	<u>143,265</u>	<u>3,499,995</u>
<u>NET POSITION - End of Year</u>	\$ <u>3,653,606</u>	\$ <u>250,751</u>	\$ <u>3,904,357</u>

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of CASH FLOWS -
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
Year Ended June 30, 2020

	Hospitalization Fund	Unemployment Compensation Fund	Total Internal Service Funds
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>CASH FLOWS from OPERATING ACTIVITIES</u>			
Cash Received from Assessments Made to Other Funds	\$ 4,388,407	\$ -	\$ 4,388,407
Cash Payments for Insurance Services	(4,192,897)	(6,977)	(4,199,874)
Cash Payments for Other Operating Expenses	(195,510)	(2,034)	(197,544)
<u>Net Cash Used by Operating Activities</u>	<u>-</u>	<u>(9,011)</u>	<u>(9,011)</u>
<u>CASH FLOWS from INVESTING ACTIVITIES</u>			
Investment Earnings	66,385	3,278	69,663
Deposits to Investment Pools	138,000	-	138,000
<u>Net Cash Provided by Investing Activities</u>	<u>204,385</u>	<u>3,278</u>	<u>207,663</u>
<u>INCREASE (DECREASE) in CASH and CASH EQUIVALENTS</u>	204,385	(5,733)	198,652
<u>CASH and CASH EQUIVALENTS</u>			
Beginning of Year	1,786,002	43,244	1,829,246
End of Year	1,990,387	37,511	2,027,898
<u>RECONCILIATION of OPERATING LOSS</u>			
<u>to NET CASH USED by OPERATING ACTIVITIES</u>			
Operating Loss	(12,625)	(45,464)	(58,089)
<u>ADJUSTMENTS to RECONCILE OPERATING LOSS</u>			
<u>to NET CASH USED by OPERATING</u>			
<u>ACTIVITIES</u>			
Increase in Accounts Receivables	(106,359)	-	(106,359)
Increase in Prepaid Items	255	-	255
(Decrease) in Accounts and Claims Payable	118,729	36,453	155,182
<u>Total Adjustments</u>	<u>12,625</u>	<u>36,453</u>	<u>49,078</u>
<u>Net Cash Used by Operating Activities</u>	\$ -	(9,011)	\$ (9,011)

See independent auditor's report.

FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS AND CUSTODIAL 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.

Custodial Funds are used to account for assets held by the School District as an agent for individuals or groups. A custodial 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 a custodial 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, 2020

	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	\$ 3,707	\$ 7,336	\$ 30,180	\$ 104,308	\$ 145,531
Investments	<u>1,934</u>	<u>3,828</u>	<u>15,744</u>	<u>54,416</u>	<u>75,922</u>
<u>TOTAL ASSETS</u>	<u>5,641</u>	<u>11,164</u>	<u>45,924</u>	<u>158,724</u>	<u>221,453</u>
<u>LIABILITIES and NET POSITION</u>					
<u>LIABILITIES</u>					
Accounts Payable	<u>500</u>	<u>250</u>	<u>1,200</u>	<u>54,000</u>	<u>55,950</u>
<u>NET POSITION</u>					
Restricted for Scholarships	<u>5,141</u>	<u>10,914</u>	<u>44,724</u>	<u>104,724</u>	<u>165,503</u>
<u>TOTAL NET POSITION</u>	\$ <u>5,141</u>	\$ <u>10,914</u>	\$ <u>44,724</u>	\$ <u>104,724</u>	\$ <u>165,503</u>

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2020

	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	\$ 421	\$ 10,553	\$ -	\$ 11,543	\$ 22,517
Investments	<u>220</u>	<u>5,506</u>	<u>-</u>	<u>6,022</u>	<u>11,748</u>
<u>TOTAL ASSETS</u>	<u>641</u>	<u>16,059</u>	<u>-</u>	<u>17,565</u>	<u>34,265</u>
<u>LIABILITIES and NET POSITION</u>					
<u>LIABILITIES</u>					
Accounts Payable	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>1,200</u>	<u>3,200</u>
<u>NET POSITION</u>					
Restricted for Scholarships	<u>641</u>	<u>14,059</u>	<u>-</u>	<u>16,365</u>	<u>31,065</u>
<u>TOTAL NET POSITION</u>	\$ <u>641</u>	\$ <u>14,059</u>	\$ <u>-</u>	\$ <u>16,365</u>	\$ <u>31,065</u>

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2020

	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	\$ -	\$ 1,044	\$ 1,532	\$ 10,534	\$ 13,110
Investments	-	545	800	5,495	6,840
<u>TOTAL ASSETS</u>	-	1,589	2,332	16,029	19,950
<u>LIABILITIES and NET POSITION</u>					
<u>LIABILITIES</u>					
Accounts Payable	-	100	300	500	900
<u>NET POSITION</u>					
Restricted for Scholarships	-	1,489	2,032	15,529	19,050
<u>TOTAL NET POSITION</u>	\$ -	\$ 1,489	\$ 2,032	\$ 15,529	\$ 19,050

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2020

	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	\$ 224	\$ 25,043	\$ 1,521	\$ 10,235	\$ 37,023
Investments	<u>116</u>	<u>13,065</u>	<u>793</u>	<u>5,339</u>	<u>19,313</u>
<u>TOTAL ASSETS</u>	<u>340</u>	<u>38,108</u>	<u>2,314</u>	<u>15,574</u>	<u>56,336</u>
<u>LIABILITIES and NET POSITION</u>					
<u>LIABILITIES</u>					
Accounts Payable	<u>150</u>	<u>2,250</u>	<u>100</u>	<u>13,000</u>	<u>15,500</u>
<u>NET POSITION</u>					
Restricted for Scholarships	<u>190</u>	<u>35,858</u>	<u>2,214</u>	<u>2,574</u>	<u>40,836</u>
<u>TOTAL NET POSITION</u>	\$ <u>190</u>	\$ <u>35,858</u>	\$ <u>2,214</u>	\$ <u>2,574</u>	\$ <u>40,836</u>

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2020

	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	\$ 793	\$ 13,642	\$ 291	\$ 3,104	\$ 17,830
Investments	<u>414</u>	<u>7,117</u>	<u>151</u>	<u>1,619</u>	<u>9,301</u>
<u>TOTAL ASSETS</u>	<u>1,207</u>	<u>20,759</u>	<u>442</u>	<u>4,723</u>	<u>27,131</u>
<u>LIABILITIES and NET POSITION</u>					
<u>LIABILITIES</u>					
Accounts Payable	<u>500</u>	<u>500</u>	<u>100</u>	<u>2,000</u>	<u>3,100</u>
<u>NET POSITION</u>					
Restricted for Scholarships	<u>707</u>	<u>20,259</u>	<u>342</u>	<u>2,723</u>	<u>24,031</u>
<u>TOTAL NET POSITION</u>	\$ <u>707</u>	\$ <u>20,259</u>	\$ <u>342</u>	\$ <u>2,723</u>	\$ <u>24,031</u>

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2020

	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	\$ 16,386	\$ 13,779	\$ 3,178	\$ 2,958	\$ 36,301
Investments	<u>8,548</u>	<u>7,189</u>	<u>1,658</u>	<u>1,543</u>	<u>18,938</u>
<u>TOTAL ASSETS</u>	<u>24,934</u>	<u>20,968</u>	<u>4,836</u>	<u>4,501</u>	<u>55,239</u>
<u>LIABILITIES and NET POSITION</u>					
<u>LIABILITIES</u>					
Accounts Payable	<u>8,000</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>9,000</u>
<u>NET POSITION</u>					
Restricted for Scholarships	<u>16,934</u>	<u>20,468</u>	<u>4,336</u>	<u>4,501</u>	<u>46,239</u>
<u>TOTAL NET POSITION</u>	<u>\$ 16,934</u>	<u>\$ 20,468</u>	<u>\$ 4,336</u>	<u>\$ 4,501</u>	<u>\$ 46,239</u>

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2020

	Class of 2013 Legacy Scholarship Trust Fund	Class of 2014 Scholarship Trust Fund	Class of 2016 Scholarship Trust Fund	Wyatt Teaman Memorial Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ 726	\$ 13,811	\$ 14,537
Investments	-	-	378	7,205	7,583
Other Receivables	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>-</u>	<u>-</u>	<u>1,104</u>	<u>21,016</u>	<u>22,120</u>
<u>LIABILITIES and NET POSITION</u>					
<u>LIABILITIES</u>					
Accounts Payable	-	-	500	1,000	1,500
<u>NET POSITION</u>					
Restricted for Scholarships	-	-	604	20,016	20,620
<u>TOTAL NET POSITION</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 604</u>	<u>\$ 20,016</u>	<u>\$ 20,620</u>

See independent auditor's report.

(Continued)

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
June 30, 2020

	Clermont Kreeger Scholarship Trust Fund	Private Purpose Trust Fund Totals
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 677	\$ 287,526
Investments	355	150,000
Other Receivables	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>1,032</u>	<u>437,526</u>
<u>LIABILITIES and NET POSITION</u>		
<u>LIABILITIES</u>		
Accounts Payable	<u>500</u>	<u>89,650</u>
<u>NET POSITION</u>		
Restricted for Scholarships	<u>532</u>	<u>347,876</u>
<u>TOTAL NET POSITION</u>	<u>\$ 532</u>	<u>\$ 347,876</u>

See independent auditor's report.

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Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2020

	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	\$ -	\$ -	\$ -	\$ 49,936	\$ 49,936
Investment Earnings	<u>89</u>	<u>174</u>	<u>721</u>	<u>1,926</u>	<u>2,910</u>
<u>TOTAL ADDITIONS</u>	<u>89</u>	<u>174</u>	<u>721</u>	<u>51,862</u>	<u>52,846</u>
<u>DEDUCTIONS</u>					
Scholarships Awarded	500	250	1,200	56,250	58,200
Administrative and Investment Fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL DEDUCTIONS</u>	<u>500</u>	<u>250</u>	<u>1,200</u>	<u>56,250</u>	<u>58,200</u>
<u>CHANGES in NET POSITION</u>	(411)	(76)	(479)	(4,388)	(5,354)
<u>NET POSITION - Beginning of Year</u>	<u>5,552</u>	<u>10,990</u>	<u>45,203</u>	<u>109,112</u>	<u>170,857</u>
<u>NET POSITION - End of Year</u>	\$ <u><u>5,141</u></u>	\$ <u><u>10,914</u></u>	\$ <u><u>44,724</u></u>	\$ <u><u>104,724</u></u>	\$ <u><u>165,503</u></u>

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2020

	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	\$ -	\$ 1,000	\$ -	\$ -	\$ 1,000
Investment Earnings	<u>12</u>	<u>246</u>	<u>-</u>	<u>278</u>	<u>536</u>
<u>TOTAL ADDITIONS</u>	<u>12</u>	<u>1,246</u>	<u>-</u>	<u>278</u>	<u>1,536</u>
<u>DEDUCTIONS</u>					
Scholarships Awarded	100	2,000	-	1,200	3,300
Administrative and Investment Fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL DEDUCTIONS</u>	<u>100</u>	<u>2,000</u>	<u>-</u>	<u>1,200</u>	<u>3,300</u>
<u>CHANGES in NET POSITION</u>	(88)	(754)	-	(922)	(1,764)
<u>NET POSITION - Beginning of Year</u>	<u>729</u>	<u>14,813</u>	<u>-</u>	<u>17,287</u>	<u>32,829</u>
<u>NET POSITION - End of Year</u>	\$ <u>641</u>	\$ <u>14,059</u>	\$ <u>-</u>	\$ <u>16,365</u>	\$ <u>31,065</u>

See independent auditor's report.

(Continued)

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2020

	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	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	<u>22</u>	<u>124</u>	<u>36</u>	<u>251</u>	<u>433</u>
<u>TOTAL ADDITIONS</u>	<u>22</u>	<u>124</u>	<u>36</u>	<u>251</u>	<u>433</u>
<u>DEDUCTIONS</u>					
Scholarships Awarded	4,092	100	300	500	4,992
Administrative and Investment Fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL DEDUCTIONS</u>	<u>4,092</u>	<u>100</u>	<u>300</u>	<u>500</u>	<u>4,992</u>
<u>CHANGES in NET POSITION</u>	(4,070)	24	(264)	(249)	(4,559)
<u>NET POSITION - Beginning of Year</u>	<u>4,070</u>	<u>1,465</u>	<u>2,296</u>	<u>15,778</u>	<u>23,609</u>
<u>NET POSITION - End of Year</u>	\$ <u>-</u>	\$ <u>1,489</u>	\$ <u>2,032</u>	\$ <u>15,529</u>	\$ <u>19,050</u>

See independent auditor's report.

(Continued)

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2020

	<u>Ophelia Scholarship Trust Fund</u>	<u>Presting Perserverance Scholarship Trust Fund</u>	<u>Pribitkin-Day Scholarship Trust Fund</u>	<u>Jeffrey Roth Memorial Scholarship Trust Fund</u>	<u>Private Purpose Trust Fund Subtotals</u>
<u>ADDITIONS</u>					
Gifts and Contributions	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000
Investment Earnings	<u>5</u>	<u>377</u>	<u>37</u>	<u>298</u>	<u>717</u>
<u>TOTAL ADDITIONS</u>	<u>5</u>	<u>20,377</u>	<u>37</u>	<u>298</u>	<u>20,717</u>
<u>DEDUCTIONS</u>					
Scholarships Awarded	150	-	100	4,000	4,250
Administrative and Investment Fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL DEDUCTIONS</u>	<u>150</u>	<u>-</u>	<u>100</u>	<u>4,000</u>	<u>4,250</u>
<u>CHANGES in NET POSITION</u>	(145)	20,377	(63)	(3,702)	16,467
<u>NET POSITION - Beginning of Year</u>	<u>335</u>	<u>15,481</u>	<u>2,277</u>	<u>6,276</u>	<u>24,369</u>
<u>NET POSITION - End of Year</u>	\$ <u><u>190</u></u>	\$ <u><u>35,858</u></u>	\$ <u><u>2,214</u></u>	\$ <u><u>2,574</u></u>	\$ <u><u>40,836</u></u>

See independent auditor's report.

(Continued)

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2020

	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>ADDITIONS</u>					
Gifts and Contributions	\$ -	\$ -	\$ 9	\$ -	\$ 9
Investment Earnings	<u>20</u>	<u>326</u>	<u>7</u>	<u>82</u>	<u>435</u>
<u>TOTAL ADDITIONS</u>	<u>20</u>	<u>326</u>	<u>16</u>	<u>82</u>	<u>444</u>
<u>DEDUCTIONS</u>					
Scholarships Awarded	500	500	100	1,000	2,100
Administrative and Investment Fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL DEDUCTIONS</u>	<u>500</u>	<u>500</u>	<u>100</u>	<u>1,000</u>	<u>2,100</u>
<u>CHANGES in NET POSITION</u>	(480)	(174)	(84)	(918)	(1,656)
<u>NET POSITION - Beginning of Year</u>	<u>1,187</u>	<u>20,433</u>	<u>426</u>	<u>3,641</u>	<u>25,687</u>
<u>NET POSITION - End of Year</u>	\$ <u>707</u>	\$ <u>20,259</u>	\$ <u>342</u>	\$ <u>2,723</u>	\$ <u>24,031</u>

See independent auditor's report.

(Continued)

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2020

	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	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	<u>424</u>	<u>329</u>	<u>77</u>	<u>71</u>	<u>901</u>
<u>TOTAL ADDITIONS</u>	<u>424</u>	<u>329</u>	<u>77</u>	<u>71</u>	<u>901</u>
<u>DEDUCTIONS</u>					
Scholarships Awarded	(2,000)	500	500	-	(1,000)
Administrative and Investment Fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL DEDUCTIONS</u>	<u>(2,000)</u>	<u>500</u>	<u>500</u>	<u>-</u>	<u>(1,000)</u>
<u>CHANGES in NET POSITION</u>	2,424	(171)	(423)	71	1,901
<u>NET POSITION - Beginning of Year</u>	<u>14,510</u>	<u>20,639</u>	<u>4,759</u>	<u>4,430</u>	<u>44,338</u>
<u>NET POSITION - End of Year</u>	\$ <u>16,934</u>	\$ <u>20,468</u>	\$ <u>4,336</u>	\$ <u>4,501</u>	\$ <u>46,239</u>

See independent auditor's report.

(Continued)

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2020

	Class of 2013 Legacy Scholarship Trust Fund	Class of 2014 Scholarship Trust Fund	Class of 2016 Scholarship Trust Fund	Wyatt Teaman Memorial Scholarship Trust Fund	Private Purpose Trust Fund Subtotals
<u>ADDITIONS</u>					
Gifts and Contributions	\$ -	\$ -	\$ -	\$ 17,540	\$ 17,540
Investment Earnings	-	-	18	230	248
<u>TOTAL ADDITIONS</u>	-	-	18	17,770	17,788
<u>DEDUCTIONS</u>					
Scholarships Awarded	7	2	500	1,000	1,509
Administrative and Investment Fees	-	-	-	-	-
<u>TOTAL DEDUCTIONS</u>	7	2	500	1,000	1,509
<u>CHANGES in NET POSITION</u>	(7)	(2)	(482)	16,770	16,279
<u>NET POSITION - Beginning of Year</u>	7	2	1,086	3,246	4,341
<u>NET POSITION - End of Year</u>	\$ -	\$ -	\$ 604	\$ 20,016	\$ 20,620

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS
Year Ended June 30, 2020

	Clermont Kreeger Scholarship Trust Fund	Private Purpose Trust Fund Totals
	<u> </u>	<u> </u>
<u>ADDITIONS</u>		
Gifts and Contributions	\$ -	\$ 88,485
Investment Earnings	<u> 17</u>	<u> 6,197</u>
<u>TOTAL ADDITIONS</u>	<u> 17</u>	<u> 94,682</u>
<u>DEDUCTIONS</u>		
Scholarships Awarded	500	73,851
Administrative and Investment Fees	<u> -</u>	<u> -</u>
<u>TOTAL DEDUCTIONS</u>	<u> 500</u>	<u> 73,851</u>
<u>CHANGES in NET POSITION</u>	(483)	20,831
<u>NET POSITION</u> - Beginning of Year	<u> 1,015</u>	<u> 327,045</u>
<u>NET POSITION</u> - End of Year	\$ <u> 532</u>	\$ <u> 347,876</u>

See independent auditor's report.

(Continued)

Solanco School District
COMBINING STATEMENT of NET POSITION -
FIDUCIARY FUNDS - CUSTODIAL FUNDS
June 30, 2020

	George A. Smith Middle <u>School</u>	Swift Middle <u>School</u>	Solanco High <u>School</u>	Custodial Fund <u>Totals</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 31,540	\$ 19,827	\$ 85,570	\$ 136,937
Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>31,540</u>	<u>19,827</u>	<u>85,570</u>	<u>136,937</u>
<u>LIABILITIES and NET POSITION</u>				
<u>LIABILITIES</u>				
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>				
Restricted for Student Activities	<u>31,540</u>	<u>19,827</u>	<u>85,570</u>	<u>136,937</u>
<u>TOTAL NET POSITION</u>	\$ <u><u>31,540</u></u>	\$ <u><u>19,827</u></u>	\$ <u><u>85,570</u></u>	\$ <u><u>136,937</u></u>

See independent auditor's report.

Solanco School District
COMBINING STATEMENT of CHANGES in NET POSITION -
FIDUCIARY FUNDS - CUSTODIAL FUNDS
Year Ended June 30, 2020

	George A. Smith Middle <u>School</u>	Swift Middle <u>School</u>	Solanco High <u>School</u>	Custodial Fund <u>Totals</u>
<u>ADDITIONS</u>				
Student Activity Receipts	\$ 90,428	\$ 17,675	\$ 92,191	\$ 200,294
Investment Earnings	<u>301</u>	<u>215</u>	<u>1,281</u>	<u>1,797</u>
<u>TOTAL ADDITIONS</u>	<u>90,729</u>	<u>17,890</u>	<u>93,472</u>	<u>202,091</u>
<u>DEDUCTIONS</u>				
Student Activity Disbursements	<u>75,617</u>	<u>12,319</u>	<u>106,908</u>	<u>194,844</u>
<u>TOTAL DEDUCTIONS</u>	<u>75,617</u>	<u>12,319</u>	<u>106,908</u>	<u>194,844</u>
<u>CHANGES in NET POSITION</u>	15,112	5,571	(13,436)	7,247
<u>NET POSITION</u> - Beginning of Year	<u>16,428</u>	<u>14,256</u>	<u>99,006</u>	<u>129,690</u>
<u>NET POSITION</u> - End of Year	\$ <u><u>31,540</u></u>	\$ <u><u>19,827</u></u>	\$ <u><u>85,570</u></u>	\$ <u><u>136,937</u></u>

See independent auditor's report.

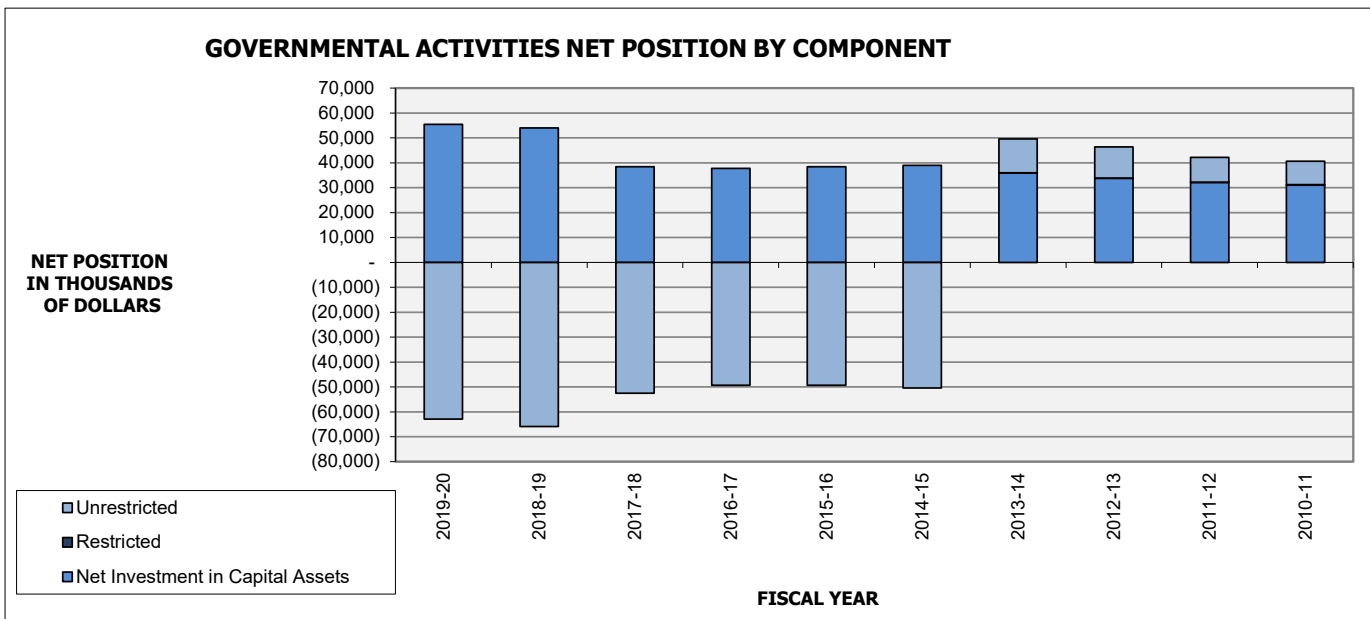
STATISTICAL SECTION

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>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
GOVERNMENTAL ACTIVITIES					
NET INVESTMENT IN CAPITAL ASSETS	\$ 55,389,240	\$ 54,009,778	\$ 38,375,747	\$ 37,780,225	\$ 38,439,441
RESTRICTED	-	-	-	-	-
UNRESTRICTED	(62,959,165)	(65,934,492)	(52,511,264)	(49,289,514)	(49,294,020)
TOTAL GOVERNMENTAL ACTIVITIES					
NET POSITION	(7,569,925)	(11,924,714)	(14,135,517)	(11,509,289)	(10,854,579)
BUSINESS-TYPE ACTIVITIES					
NET INVESTMENT IN CAPITAL ASSETS	61,045	71,995	79,620	69,515	89,230
UNRESTRICTED	(745,555)	(528,803)	(558,047)	(495,448)	(638,122)
TOTAL BUSINESS-TYPE ACTIVITIES					
NET POSITION	(684,510)	(456,808)	(478,427)	(425,933)	(548,892)
PRIMARY GOVERNMENT					
NET INVESTMENT IN CAPITAL ASSETS	55,450,285	54,081,773	38,455,367	37,849,741	38,528,671
RESTRICTED	-	-	-	-	-
UNRESTRICTED	(63,704,720)	(66,463,295)	(53,069,311)	(49,784,962)	(49,932,142)
TOTAL PRIMARY GOVERNMENT					
NET POSITION	\$ (8,254,435)	\$ (12,381,522)	\$ (14,613,944)	\$ (11,935,221)	\$ (11,403,471)



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>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 38,991,741	\$ 36,000,457	\$ 33,767,284	\$ 32,106,890	\$ 31,016,096
-	37,500	112,550	173,236	229,287
<u>(50,417,947)</u>	<u>13,497,936</u>	<u>12,467,170</u>	<u>9,911,689</u>	<u>9,420,096</u>
<u>(11,426,206)</u>	<u>49,535,893</u>	<u>46,347,004</u>	<u>42,191,815</u>	<u>40,665,479</u>
68,679	86,001	102,732	124,608	142,554
<u>(731,349)</u>	<u>478,036</u>	<u>330,598</u>	<u>304,952</u>	<u>83,882</u>
<u>(662,670)</u>	<u>564,037</u>	<u>433,330</u>	<u>429,560</u>	<u>226,436</u>
39,060,420	36,086,458	33,870,016	32,231,498	31,158,650
-	37,500	112,550	173,236	229,287
<u>(51,149,296)</u>	<u>13,975,972</u>	<u>12,797,768</u>	<u>10,216,641</u>	<u>9,503,978</u>
\$ <u>(12,088,876)</u>	\$ <u>50,099,930</u>	\$ <u>46,780,334</u>	\$ <u>42,621,375</u>	\$ <u>40,891,915</u>

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
GOVERNMENTAL ACTIVITIES			
PROGRAM REVENUES			
CHARGES FOR SERVICES			
SCHOOL TUITION	\$ 12,764	\$ 7,258	\$ 10,521
STUDENT ACTIVITIES	55,974	65,375	65,081
LOCAL TRANSPORTATION FEES	3,554	2,728	7,002
MISCELLANEOUS CHARGES	263,084	96,667	82,263
OPERATING GRANTS AND CONTRIBUTIONS			
INSTRUCTION	9,709,296	9,496,339	9,015,263
INSTRUCTIONAL STUDENT SUPPORT	646,451	668,961	723,332
ADMINISTRATIVE AND FINANCIAL SUPPORT	483,385	467,347	545,029
OPERATION AND MAINTENANCE OF PLANT SERVICES	296,980	354,124	383,204
PUPIL TRANSPORTATION	2,215,398	2,071,755	2,107,818
STUDENT ACTIVITIES	101,817	101,966	102,221
COMMUNITY SERVICES	925	807	42,551
CAPITAL GRANTS AND CONTRIBUTIONS	<u>39,232</u>	<u>38,205</u>	<u>12,195</u>
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	<u>13,828,860</u>	<u>13,371,532</u>	<u>13,096,480</u>
PROGRAM EXPENSES			
INSTRUCTION	34,803,499	35,259,206	35,905,182
INSTRUCTIONAL STUDENT SUPPORT	4,787,017	4,716,596	4,538,968
ADMINISTRATIVE AND FINANCIAL SUPPORT	5,084,921	5,142,579	5,002,233
OPERATION AND MAINTENANCE OF PLANT SERVICES	4,777,881	4,465,921	4,056,931
PUPIL TRANSPORTATION	3,857,835	4,029,687	3,774,144
STUDENT ACTIVITIES	1,048,236	1,142,097	1,139,339
COMMUNITY SERVICES	44,697	56,068	56,026
INTEREST ON LONG-TERM DEBT	<u>620,097</u>	<u>465,906</u>	<u>224,279</u>
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM EXPENSES	<u>55,024,183</u>	<u>55,278,060</u>	<u>54,697,102</u>
NET GOVERNMENTAL ACTIVITIES PROGRAM EXPENSE	(41,195,323)	(41,906,528)	(41,600,622)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
TAXES:			
PROPERTY TAXES, NET	26,688,609	25,553,857	24,449,549
EARNED INCOME TAXES, NET	7,500,092	7,652,775	7,325,951
OTHER TAXES, NET	27,319	31,802	30,776
UNRESTRICTED GRANTS AND SUBSIDIES	10,334,847	10,148,447	10,097,407
INVESTMENT EARNINGS	337,520	691,387	441,094
MISCELLANEOUS INCOME	661,725	39,063	436,617
TRANSFERS	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES			
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	<u>45,550,112</u>	<u>44,117,331</u>	<u>42,781,394</u>
TOTAL CHANGE IN NET POSITION	\$ <u>4,354,789</u>	\$ <u>2,210,803</u>	\$ <u>1,180,772</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>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>
\$ 19,038	\$ 34,757	\$ 24,736	\$ 29,539	\$ 38,457	\$ 42,155	\$ 89,556
47,953	55,285	43,371	43,449	48,068	50,803	54,876
11,794	17,627	29,216	24,535	72,250	28,185	50,746
95,572	50,895	50,607	38,417	52,582	47,735	46,287
8,669,160	8,027,444	7,832,616	7,331,175	6,806,309	6,293,665	8,426,284
778,429	671,360	605,265	744,181	676,489	577,784	923,170
493,844	444,302	392,782	454,112	369,981	205,683	319,816
278,209	451,604	247,259	196,099	197,863	181,740	172,088
1,950,835	1,874,328	1,738,436	1,617,086	1,612,163	1,698,245	1,687,969
91,699	85,093	70,226	62,212	46,754	39,785	37,483
39,796	40,631	44,241	33,277	33,212	36,768	47,402
234,860	-	348,977	553,896	552,220	552,458	670,480
<u>12,711,189</u>	<u>11,753,326</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>
36,038,371	33,402,590	31,692,411	29,711,935	28,318,674	28,219,901	29,285,411
4,682,552	4,381,066	4,223,982	3,783,300	3,516,524	3,648,442	3,854,612
4,817,625	4,523,724	4,251,869	3,847,846	3,714,470	3,670,752	3,573,191
3,933,764	3,788,748	3,951,180	3,584,864	3,299,090	3,089,729	3,195,045
3,795,429	3,631,051	3,473,769	3,247,363	3,007,331	2,952,485	2,890,919
1,070,669	1,015,047	954,395	889,858	825,602	840,267	879,436
38,034	39,129	50,300	37,320	32,908	36,878	49,502
-	-	36,483	136,206	267,921	353,365	446,384
<u>54,376,444</u>	<u>50,781,355</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>
(41,665,255)	(39,028,029)	(37,206,657)	(34,110,714)	(32,476,172)	(33,056,813)	(31,648,343)
23,497,238	22,539,279	21,732,300	20,977,012	20,216,157	19,476,831	18,656,658
7,297,915	7,212,916	7,046,945	6,728,477	7,016,102	5,772,632	4,888,591
32,429	32,326	34,576	32,191	32,262	31,408	32,695
10,019,564	9,744,228	9,534,551	9,534,470	9,328,508	9,350,760	8,245,694
147,759	54,428	33,776	13,977	16,938	33,252	57,968
15,640	16,479	11,407	13,476	21,394	15,802	57,388
-	-	-	-	-	(97,536)	(65,362)
<u>41,010,545</u>	<u>39,599,656</u>	<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>(654,710)</u>	\$ <u>571,627</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>

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
BUSINESS-TYPE ACTIVITIES				
PROGRAM REVENUES				
CHARGES FOR SERVICES				
DAILY SALES	\$ 369,624	\$ 518,193	\$ 547,658	\$ 584,955
OTHER CHARGES FOR SERVICES	15,189	34,285	33,811	28,292
OPERATING GRANTS AND CONTRIBUTIONS				
FOOD SERVICES	<u>799,629</u>	<u>1,015,367</u>	<u>1,023,226</u>	<u>1,067,100</u>
TOTAL BUSINESS-TYPE ACTIVITIES				
PROGRAM REVENUES	<u>1,184,442</u>	<u>1,567,845</u>	<u>1,604,695</u>	<u>1,680,347</u>
PROGRAM EXPENSES				
FOOD SERVICES	<u>1,424,825</u>	<u>1,567,495</u>	<u>1,594,334</u>	<u>1,564,224</u>
NET BUSINESS-TYPE ACTIVITIES				
PROGRAM EXPENSE	(240,383)	350	10,361	116,123
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
INVESTMENT EARNINGS	12,681	21,269	12,467	5,521
MISCELLANEOUS INCOME	-	-	1,677	1,316
TRANSFERS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES				
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION	<u>12,681</u>	<u>21,269</u>	<u>14,144</u>	<u>6,837</u>
TOTAL CHANGE IN NET POSITION	\$ <u>(227,702)</u>	\$ <u>21,619</u>	\$ <u>24,505</u>	\$ <u>122,960</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>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 624,197 35,248	\$ 621,543 37,392	\$ 677,161 40,393	\$ 736,843 42,664	\$ 813,780 59,223	\$ 842,973 66,312
<u>1,035,806</u>	<u>983,914</u>	<u>953,266</u>	<u>900,094</u>	<u>911,183</u>	<u>768,989</u>
<u>1,695,251</u>	<u>1,642,849</u>	<u>1,670,820</u>	<u>1,679,601</u>	<u>1,784,186</u>	<u>1,678,274</u>
<u>1,584,070</u>	<u>1,602,793</u>	<u>1,541,241</u>	<u>1,676,870</u>	<u>1,679,593</u>	<u>1,695,130</u>
111,181	40,056	129,579	2,731	104,593	(16,856)
1,808 789 —	723 861 —	365 763 —	299 740 —	264 731 97,536	586 901 65,362
<u>2,597</u>	<u>1,584</u>	<u>1,128</u>	<u>1,039</u>	<u>98,531</u>	<u>66,849</u>
\$ <u>113,778</u>	\$ <u>41,640</u>	\$ <u>130,707</u>	\$ <u>3,770</u>	\$ <u>203,124</u>	\$ <u>49,993</u>

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES			
CHARGES FOR SERVICES			
GOVERNMENTAL ACTIVITIES	\$ 335,376	\$ 172,028	\$ 164,867
BUSINESS-TYPE ACTIVITIES	384,813	552,478	579,939
OPERATING GRANTS AND CONTRIBUTIONS			
INSTRUCTION	9,709,296	9,496,339	9,015,263
INSTRUCTIONAL STUDENT SUPPORT	646,451	668,961	723,332
ADMINISTRATIVE AND FINANCIAL SUPPORT	483,385	467,347	545,029
OPERATION AND MAINTENANCE OF PLANT SERVICES	296,980	354,124	383,204
PUPIL TRANSPORTATION	2,215,398	2,071,755	2,107,818
STUDENT ACTIVITIES	101,817	101,966	102,221
COMMUNITY SERVICES	925	807	42,551
FOOD SERVICES	799,629	1,015,367	1,024,903
CAPITAL GRANTS AND CONTRIBUTIONS	<u>39,232</u>	<u>38,205</u>	<u>12,195</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>15,013,302</u>	<u>14,939,377</u>	<u>14,701,322</u>
PROGRAM EXPENSES			
INSTRUCTION	34,803,499	35,259,206	35,905,182
INSTRUCTIONAL STUDENT SUPPORT	4,787,017	4,716,596	4,538,968
ADMINISTRATIVE AND FINANCIAL SUPPORT	5,084,921	5,142,579	5,002,233
OPERATION AND MAINTENANCE OF PLANT SERVICES	4,777,881	4,465,921	4,056,931
PUPIL TRANSPORTATION	3,857,835	4,029,687	3,774,144
STUDENT ACTIVITIES	1,048,236	1,142,097	1,139,339
COMMUNITY SERVICES	44,697	56,068	56,026
INTEREST ON LONG-TERM DEBT	620,097	465,906	224,279
FOOD SERVICE	<u>1,424,825</u>	<u>1,567,495</u>	<u>1,594,334</u>
TOTAL PRIMARY GOVERNMENT PROGRAM EXPENSES	<u>56,449,008</u>	<u>56,845,555</u>	<u>56,291,436</u>
NET PRIMARY GOVERNMENT PROGRAM EXPENSE	(41,435,706)	(41,906,178)	(41,590,114)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION			
TAXES:			
PROPERTY TAXES, NET	26,688,609	25,553,857	24,449,549
EARNED INCOME TAXES ,NET	7,500,092	7,652,775	7,325,951
OTHER TAXES, NET	27,319	31,802	30,776
UNRESTRICTED GRANTS AND SUBSIDIES	10,334,847	10,148,447	10,097,407
INVESTMENT EARNINGS	350,201	712,656	453,561
MISCELLANEOUS INCOME	<u>661,725</u>	<u>39,063</u>	<u>438,147</u>
TOTAL PRIMARY GOVERNMENT GENERAL REVENUES AND OTHER CHANGES IN NET POSITION	<u>45,562,793</u>	<u>44,138,600</u>	<u>42,795,391</u>
TOTAL CHANGE IN NET POSITION	\$ <u>4,127,087</u>	\$ <u>2,232,422</u>	\$ <u>1,205,277</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

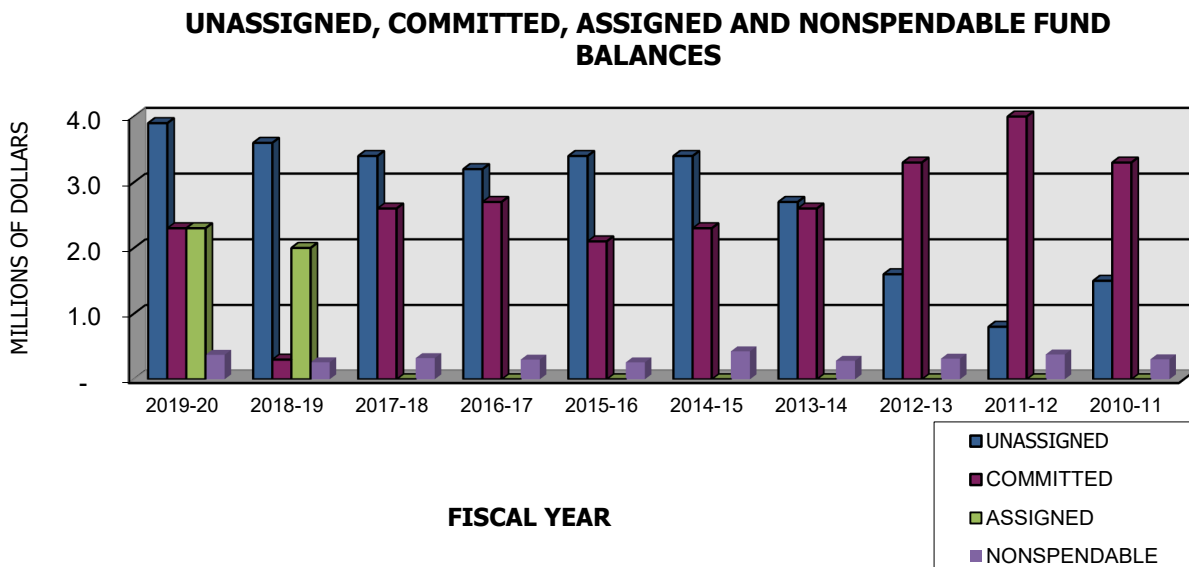
(Accrual Basis of Accounting)

(Continued)

<u>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>
\$ 174,357	\$ 158,564	\$ 147,930	\$ 135,940	\$ 211,357	\$ 168,878	\$ 241,465
613,247	659,445	658,935	717,554	779,507	873,003	909,285
8,669,160	8,027,444	7,832,616	7,331,175	6,806,309	6,293,665	8,426,284
778,429	671,360	605,265	744,181	676,489	577,784	923,170
493,844	444,302	392,782	454,112	369,981	205,683	319,816
278,209	451,604	247,259	196,099	197,863	181,740	172,088
1,950,835	1,874,328	1,738,436	1,617,086	1,612,163	1,698,245	1,687,969
91,699	85,093	70,226	62,212	46,754	39,785	37,483
39,796	40,631	44,241	33,277	33,212	36,768	47,402
1,067,100	1,035,806	983,914	953,266	900,094	911,183	768,989
234,860	-	348,977	553,896	552,220	552,458	670,480
<u>14,391,536</u>	<u>13,448,577</u>	<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>
36,038,371	33,402,590	31,692,411	29,711,935	28,318,674	28,219,901	29,285,411
4,682,552	4,381,066	4,223,982	3,783,300	3,516,524	3,648,442	3,854,612
4,817,625	4,523,724	4,251,869	3,847,846	3,714,470	3,670,752	3,573,191
3,933,764	3,788,748	3,951,180	3,584,864	3,299,090	3,089,729	3,195,045
3,795,429	3,631,051	3,473,769	3,247,363	3,007,331	2,952,485	2,890,919
1,070,669	1,015,047	954,395	889,858	825,602	840,267	879,436
38,034	39,129	50,300	37,320	32,908	36,878	49,502
-	-	36,483	136,206	267,921	353,365	446,384
<u>1,564,224</u>	<u>1,584,070</u>	<u>1,602,793</u>	<u>1,541,241</u>	<u>1,676,870</u>	<u>1,679,593</u>	<u>1,695,130</u>
<u>55,940,668</u>	<u>52,365,425</u>	<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>
(41,549,132)	(38,916,848)	(37,166,601)	(33,981,135)	(32,473,441)	(32,952,220)	(31,665,199)
23,497,238	22,539,279	21,732,300	20,977,012	20,216,157	19,476,831	18,656,658
7,297,915	7,212,916	7,046,945	6,728,477	7,016,102	5,772,632	4,888,591
32,429	32,326	34,576	32,191	32,262	31,408	32,695
10,019,564	9,744,228	9,534,551	9,534,470	9,328,508	9,350,760	8,245,694
153,280	56,236	34,499	14,342	17,237	33,516	58,554
<u>16,956</u>	<u>17,268</u>	<u>12,268</u>	<u>14,239</u>	<u>22,134</u>	<u>16,533</u>	<u>58,289</u>
<u>41,017,382</u>	<u>39,602,253</u>	<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>(531,750)</u>	\$ <u>685,405</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>

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
GENERAL FUND				
NONSPENDABLE:				
INVENTORY	\$ 233,800	\$ 165,633	\$ 239,341	\$ 194,313
PREPAID ITEMS	139,050	93,035	83,110	105,748
RESTRICTED:				
DEBT SERVICE	-	-	-	-
COMMITTED	2,325,000	325,000	2,578,777	2,702,452
ASSIGNED	2,300,524	2,032,216		
UNASSIGNED	<u>3,856,559</u>	<u>3,593,706</u>	<u>3,379,639</u>	<u>3,240,425</u>
TOTAL GENERAL FUND	<u>8,854,933</u>	<u>6,209,590</u>	<u>6,280,867</u>	<u>6,242,938</u>
ALL OTHER GOVERNMENTAL FUNDS				
NONSPENDABLE:				
CAPITAL PROJECTS	-	25,762	11,052	-
RESTRICTED:				
DEBT SERVICE	-	-	-	-
CAPITAL PROJECTS	1,379,564	1,006,536	8,124,550	-
ASSIGNED:				
CAPITAL PROJECTS	<u>6,404,661</u>	<u>5,680,578</u>	<u>12,714,790</u>	<u>11,103,697</u>
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>7,784,225</u>	<u>6,712,876</u>	<u>20,850,392</u>	<u>11,103,697</u>
TOTAL GOVERNMENT FUNDS	\$ <u>16,639,158</u>	\$ <u>12,922,466</u>	\$ <u>27,131,259</u>	\$ <u>17,346,635</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>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 203,117 54,708	\$ 230,314 195,673	\$ 218,262 63,692	\$ 277,399 37,344	\$ 316,145 61,705	\$ 256,223 47,995
-	-	37,498	112,549	173,236	229,285
2,098,778	2,280,263	2,636,658	3,289,810	3,955,010	3,275,000
<u>3,390,208</u>	<u>3,352,060</u>	<u>2,723,953</u>	<u>1,616,243</u>	<u>831,625</u>	<u>1,545,904</u>
<u>5,746,811</u>	<u>6,058,310</u>	<u>5,680,063</u>	<u>5,333,345</u>	<u>5,337,721</u>	<u>5,354,407</u>
-	-	-	-	-	-
-	-	2	1	1	2
-	-	-	-	-	-
<u>9,123,116</u>	<u>6,342,930</u>	<u>7,005,488</u>	<u>6,659,239</u>	<u>4,075,994</u>	<u>3,914,714</u>
<u>9,123,116</u>	<u>6,342,930</u>	<u>7,005,490</u>	<u>6,659,240</u>	<u>4,075,995</u>	<u>3,914,716</u>
\$ <u>14,869,927</u>	\$ <u>12,401,240</u>	\$ <u>12,685,553</u>	\$ <u>11,992,585</u>	\$ <u>9,413,716</u>	\$ <u>9,269,123</u>

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
REVENUES				
LOCAL SOURCES	\$ 35,928,830	\$ 35,104,605	\$ 33,259,981	\$ 32,335,599
STATE SOURCES	20,629,535	20,047,273	19,806,794	19,527,031
FEDERAL SOURCES	<u>2,123,977</u>	<u>2,264,864</u>	<u>2,145,726</u>	<u>2,039,305</u>
TOTAL REVENUES	<u>58,682,342</u>	<u>57,416,742</u>	<u>55,212,501</u>	<u>53,901,935</u>
EXPENDITURES				
CURRENT				
INSTRUCTIONAL	32,973,351	33,383,858	33,471,881	33,066,257
SUPPORT	17,597,991	17,247,108	16,164,057	15,664,747
NONINSTRUCTIONAL	1,046,747	1,141,946	1,126,230	1,014,167
CAPITAL OUTLAY	7,959,768	17,886,877	12,271,914	-
DEBT SERVICE				
PRINCIPAL	2,155,571	2,430,000	1,875,000	-
INTEREST	558,637	475,989	109,616	-
FISCAL CHARGES	<u>-</u>	<u>112</u>	<u>142,450</u>	<u>-</u>
TOTAL EXPENDITURES	<u>62,292,065</u>	<u>72,565,890</u>	<u>65,161,148</u>	<u>49,745,171</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,609,723)</u>	<u>(15,149,148)</u>	<u>(9,948,647)</u>	<u>4,156,764</u>
OTHER FINANCING SOURCES (USES)				
ISSUANCE OF DEBT	7,000,000	1,000,000	19,200,000	-
SALE OF CAPITAL ASSETS	16,370	1,689	21,312	2,624
INSURANCE RECOVERIES	641,877	37,374	466,932	553
TRANSFERS IN (OUT)	<u>(400,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>7,258,247</u>	<u>1,014,063</u>	<u>19,688,244</u>	<u>3,177</u>
NET CHANGE IN FUND BALANCES	\$ <u>3,648,524</u>	\$ <u>(14,135,085)</u>	\$ <u>9,739,597</u>	\$ <u>4,159,941</u>
DEBT SERVICE AS % OF NONCAPITAL EXPENDITURES (A)	5.01%	5.34%	3.77%	0.00%
DEBT SERVICE AS % OF TOTAL EXPENDITURES	4.36%	4.00%	3.05%	0.00%

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

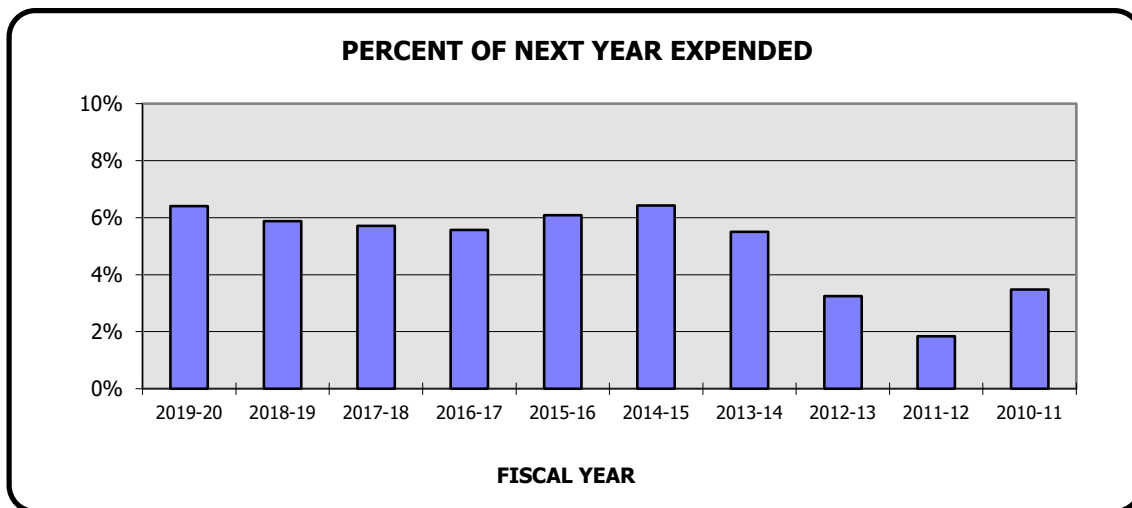
(Modified Accrual Basis of Accounting)

(Continued)

<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 30,986,070	\$ 29,821,804	\$ 28,635,526	\$ 28,293,861	\$ 26,278,643	\$ 24,842,109
18,311,720	17,781,054	17,136,128	16,407,104	16,129,851	15,242,907
<u>2,062,082</u>	<u>2,202,989</u>	<u>2,625,710</u>	<u>2,432,398</u>	<u>2,006,130</u>	<u>4,281,400</u>
<u>51,359,872</u>	<u>49,805,847</u>	<u>48,397,364</u>	<u>47,133,363</u>	<u>44,414,624</u>	<u>44,366,416</u>
31,099,335	29,082,969	28,469,246	26,498,793	25,962,951	27,091,082
15,179,515	14,568,451	13,661,206	12,927,985	12,816,451	12,938,333
992,917	925,695	894,272	856,296	871,287	928,161
1,600,107	2,517,386	1,197,505	823,538	478,029	519,334
-	2,750,000	3,200,000	3,065,000	2,960,000	2,780,000
-	75,000	225,100	346,475	458,575	559,200
-	500	1,500	1,500	1,500	4,000
<u>48,871,874</u>	<u>49,920,001</u>	<u>47,648,829</u>	<u>44,519,587</u>	<u>43,548,793</u>	<u>44,820,110</u>
<u>2,487,998</u>	<u>(114,154)</u>	<u>748,535</u>	<u>2,613,776</u>	<u>865,831</u>	<u>(453,694)</u>
-	-	-	-	-	-
7,772	66,526	3,571	2,240	3,053	16,925
113	1,263	-	1,599	13,323	28,557
<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>(797,536)</u>	<u>(150,362)</u>
<u>7,885</u>	<u>(182,211)</u>	<u>3,571</u>	<u>3,839</u>	<u>(781,160)</u>	<u>(104,880)</u>
\$ <u>2,495,883</u>	\$ <u>(296,365)</u>	\$ <u>752,106</u>	\$ <u>2,617,615</u>	\$ <u>84,671</u>	\$ <u>(558,574)</u>
0.00%	5.96%	7.37%	7.81%	7.94%	7.54%
0.00%	5.66%	7.19%	7.66%	7.85%	7.45%

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>	
2019-20	\$ 3,856,559	\$ 56,050,555	6.41%	(A)
2018-19	3,593,706	57,136,396	5.87%	
2017-18	3,379,639	55,073,426	5.72%	
2016-17	3,240,425	53,345,171	5.57%	
2015-16	3,390,208	52,194,303	6.08%	
2014-15	3,352,060	49,542,288	6.42%	
2013-14	2,723,953	49,837,698	5.50%	
2012-13	1,616,243	45,129,672	3.24%	
2011-12	831,625	44,497,287	1.84%	
2010-11	1,545,904	44,708,478	3.47%	



(A) % OF 2020-21 BUDGETED EXPENDITURES - \$60,204,756

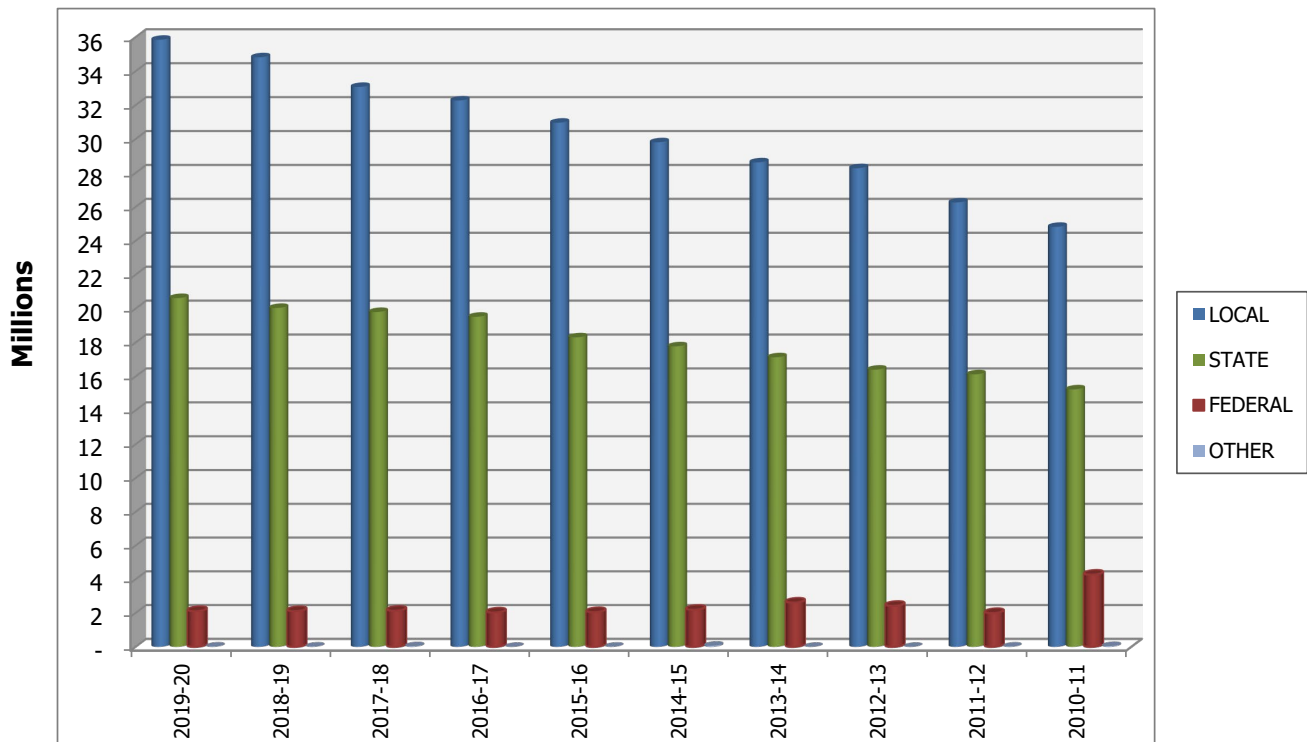
EFFECTIVE JULY 1, 2005, STATE LEGISLATION REQUIRED SCHOOL DISTRICT UNASSIGNED FUND BALANCES TO BE 8% OR LOWER OF BUDGETED EXPENDITURES FOR THE FOLLOWING FISCAL YEAR

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>
2019-20	\$	35,857,848	\$	20,629,535	\$	2,123,977	\$	16,370	\$	58,627,730
2018-19		34,825,001		20,047,273		2,123,977		16,370		57,012,621
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

REVENUE COMPARISON BY SOURCE IN DOLLARS



SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
LOCAL SOURCES				
CURRENT REAL ESTATE TAX	\$ 25,374,366	\$ 24,094,317	\$ 23,120,583	\$ 22,359,441
INTERIM REAL ESTATE TAX	165,104	244,123	77,178	162,310
PUBLIC UTILITY TAX	27,210	31,693	30,667	32,320
PAYMENT IN LIEU OF TAX	109	109	109	109
EARNED INCOME TAX	7,500,091	7,652,775	7,325,951	7,297,915
REALTY TRANSFER TAX	576,774	604,950	534,800	590,782
DELINQUENT TAXES	533,980	577,410	523,502	591,789
INVESTMENT EARNINGS	270,273	411,968	216,398	66,052
REVENUE FROM STUDENT ACTIVITIES	53,828	57,801	77,644	58,502
REVENUE FROM INTERMEDIATE	997,784	907,646	915,488	930,513
RENTALS	50,105	71,762	43,764	70,335
CONTRIBUTIONS/DONATIONS	38,442	21,234	41,520	23,981
TUITION	2,240	7,260	10,521	19,038
MISCELLANEOUS REVENUE	<u>267,542</u>	<u>141,953</u>	<u>160,843</u>	<u>77,501</u>
TOTAL LOCAL REVENUE	<u>35,857,848</u>	<u>34,825,001</u>	<u>33,078,968</u>	<u>32,280,588</u>
STATE SOURCES				
BASIC EDUCATION FUNDING	10,334,847	10,148,447	10,097,407	10,019,564
CHARTER SCHOOL TRANSFER	-	-	-	-
TUITION CHILD PLACED	40,889	74,752	83,704	64,728
VOCATIONAL EDUCATION	115,194	118,119	116,629	90,822
DRIVER EDUCATION	-	-	-	-
MIGRATORY CHILDREN	1,178	660	617	867
SPECIAL EDUCATION	2,200,598	2,149,400	2,143,535	2,227,676
OTHER PROGRAM SUBSIDIES	189,513	89,673	91,548	-
TRANSPORTATION	2,189,802	2,045,683	1,986,562	1,833,239
RENTAL/SINKING FUND	39,232	38,205	12,195	234,860
HEALTH SERVICES	60,091	62,723	63,468	65,077
REIMB OF BASIC ED EXPEND	548,986	548,128	545,938	545,973
READY TO LEARN/PA ACCOUNTABILITY GRANT	427,715	427,715	427,715	496,413
DUAL ENROLLMENT	17,754	-	-	-
SOCIAL SECURITY SUBSIDY	708,383	754,560	743,869	737,722
RETIREMENT SUBSIDY	3,755,353	3,589,208	3,482,437	3,199,264
MISCELLANEOUS GRANTS/REVENUE	<u>-</u>	<u>-</u>	<u>11,170</u>	<u>10,826</u>
TOTAL STATE REVENUE	<u>20,629,535</u>	<u>20,047,273</u>	<u>19,806,794</u>	<u>19,527,031</u>
FEDERAL SOURCES				
TITLE I	1,662,401	1,807,331	1,778,840	1,712,512
TITLE II	283,441	282,751	239,470	241,890
TITLE IV	143,425	116,764	34,899	-
ARRA TITLE 1	-	-	-	-
ARRA STATE FISCAL STABILIZATION	-	-	-	-
OTHER FEDERAL GRANTS/ACCESS	<u>34,710</u>	<u>58,018</u>	<u>92,517</u>	<u>84,903</u>
TOTAL FEDERAL REVENUE	<u>2,123,977</u>	<u>2,264,864</u>	<u>2,145,726</u>	<u>2,039,305</u>
OTHER FINANCING SOURCES				
PROCEEDS FROM SALE OF CAPITAL ASSETS	16,370	1,689	21,312	2,624
INSURANCE RECOVERIES	-	-	13,528	553
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>16,370</u>	<u>1,689</u>	<u>34,840</u>	<u>3,177</u>
TOTAL REVENUES	<u>\$ 58,627,730</u>	<u>\$ 57,138,827</u>	<u>\$ 55,066,328</u>	<u>\$ 53,850,101</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>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 21,279,420	\$ 20,610,920	\$ 19,857,373	\$ 19,016,920	\$ 18,239,513	\$ 17,422,516
109,319	58,899	111,303	142,939	124,162	149,063
32,217	34,467	32,083	32,153	31,298	32,586
109	109	109	109	109	109
7,212,916	7,046,945	6,728,477	7,016,102	5,772,632	4,888,591
495,841	443,847	341,402	357,759	340,044	312,987
678,650	615,709	649,267	691,692	765,405	729,656
20,349	13,828	-	2,566	12,807	32,779
66,466	51,679	51,974	58,120	61,090	-
710,126	740,924	610,328	682,650	692,851	921,019
25,966	26,428	19,261	27,276	23,442	10,587
10,332	21,804	19,107	20,735	18,774	8,391
34,757	24,736	29,539	38,457	42,155	89,556
292,271	123,717	180,121	199,599	144,225	229,688
<u>30,968,739</u>	<u>29,814,012</u>	<u>28,630,344</u>	<u>28,287,077</u>	<u>26,268,507</u>	<u>24,827,528</u>
9,744,228	9,534,551	9,534,470	9,340,757	9,350,762	8,245,709
-	-	-	-	-	129,505
70,521	57,204	79,223	50,902	53,360	69,209
8,425	100,427	53,140	121,344	89,320	56,976
-	-	-	-	2,695	3,045
650	106	320	360	120	480
2,215,550	2,189,957	2,082,971	2,029,034	2,095,366	2,029,034
-	-	-	-	-	-
1,793,302	1,648,213	1,549,575	1,558,498	1,536,172	1,629,284
-	348,977	553,896	552,220	552,458	670,480
66,388	66,933	69,589	70,222	69,722	69,589
553,770	529,192	529,191	585,507	571,882	565,590
359,017	330,147	150,624	150,624	150,624	383,378
-	-	-	-	-	2,360
758,985	736,073	732,191	713,384	740,222	793,418
2,740,883	2,227,500	1,800,938	1,234,252	917,148	594,850
-	11,774	-	-	-	-
<u>18,311,720</u>	<u>17,781,054</u>	<u>17,136,128</u>	<u>16,407,104</u>	<u>16,129,851</u>	<u>15,242,907</u>
1,748,451	1,905,361	2,195,086	1,979,037	1,531,405	1,518,268
249,204	249,817	251,301	270,184	261,401	311,574
-	-	-	-	-	-
-	-	-	-	7,875	393,914
-	-	-	-	-	1,141,197
64,428	47,811	179,323	183,177	205,264	916,262
<u>2,062,082</u>	<u>2,202,989</u>	<u>2,625,710</u>	<u>2,432,398</u>	<u>2,005,945</u>	<u>4,281,215</u>
7,772	66,526	3,571	2,240	3,053	16,925
113	1,263	-	1,599	13,323	28,557
-	2	-	-	-	-
<u>7,885</u>	<u>67,791</u>	<u>3,571</u>	<u>3,839</u>	<u>16,376</u>	<u>45,482</u>
\$ <u>51,350,426</u>	\$ <u>49,865,846</u>	\$ <u>48,395,753</u>	\$ <u>47,130,418</u>	\$ <u>44,420,679</u>	\$ <u>44,397,132</u>

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

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
INSTRUCTION				
REGULAR PROGRAM	\$ 21,129,471	\$ 21,270,797	\$ 20,864,000	\$ 20,879,559
SPECIAL PROGRAM	8,603,451	9,033,510	9,705,015	9,157,820
VOCATIONAL ED PROGRAM	2,727,482	2,543,840	2,380,357	2,522,108
OTHER INSTRUCT PROGRAM	512,947	535,711	522,509	506,770
REFUND OF PRIOR YEAR REVENUE	-	-	-	-
TOTAL INSTRUCTION	<u>32,973,351</u>	<u>33,383,858</u>	<u>33,471,881</u>	<u>33,066,257</u>
SUPPORT SERVICES				
PUPIL PERSONNEL	2,607,885	2,496,325	2,257,019	2,148,239
INSTRUCTIONAL STAFF	1,454,491	1,431,654	1,471,950	1,606,529
ADMINISTRATION	2,891,063	2,900,373	2,674,993	2,533,450
PUPIL HEALTH	513,573	544,976	506,653	499,223
BUSINESS	881,014	855,593	970,565	836,119
OPERATION & MAINTENANCE OF PLANT SERVICES	4,405,010	4,032,257	3,663,429	3,450,224
TRANSPORTATION	3,841,812	3,862,654	3,663,743	3,620,010
CENTRAL	971,287	1,091,459	923,578	938,949
OTHER SUPPORT	31,856	31,817	32,127	32,004
TOTAL SUPPORT SERVICES	<u>17,597,991</u>	<u>17,247,108</u>	<u>16,164,057</u>	<u>15,664,747</u>
NONINSTRUCTIONAL SERVICES				
STUDENT ACTIVITIES	1,002,057	1,085,977	1,070,024	976,146
COMMUNITY SERVICES	44,690	55,969	56,206	38,021
TOTAL NONINSTRUCTIONAL SERVICES	<u>1,046,747</u>	<u>1,141,946</u>	<u>1,126,230</u>	<u>1,014,167</u>
DEBT SERVICE/TRANSFERS OUT				
DEBT SERVICE/TRANSFERS OUT	-	-	1,984,616	-
TRANSFERS OUT	4,432,466	5,363,484	2,326,642	3,600,000
TOTAL DEBT SERVICE/TRANSFERS OUT	<u>4,432,466</u>	<u>5,363,484</u>	<u>4,311,258</u>	<u>3,600,000</u>
TOTAL EXPENDITURES	<u>\$ 56,050,555</u>	<u>\$ 57,136,396</u>	<u>\$ 55,073,426</u>	<u>\$ 53,345,171</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)

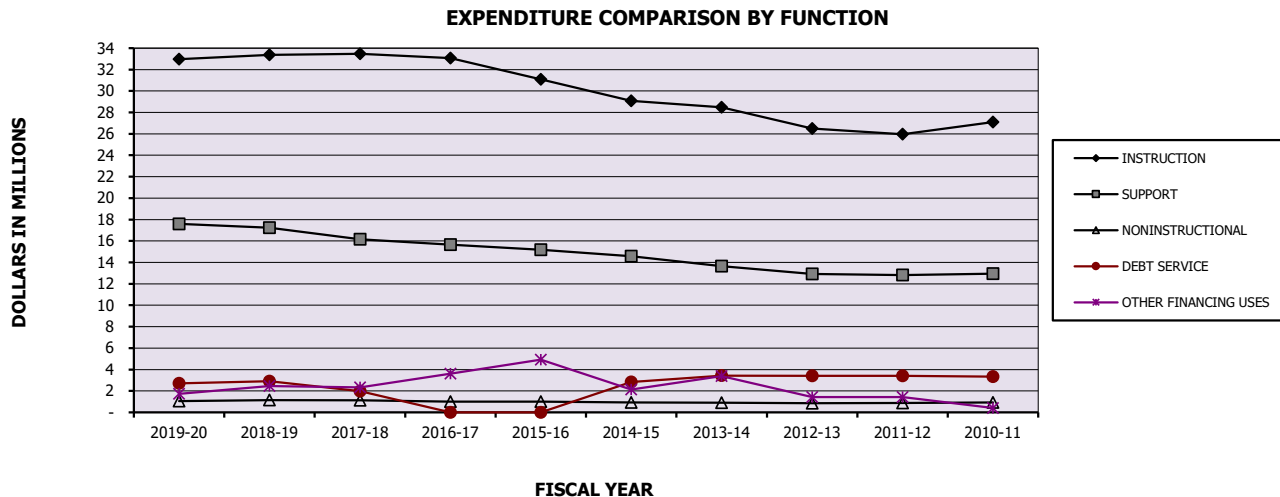
<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$ 19,891,642	\$ 19,527,347	\$ 19,314,245	\$ 18,028,684	\$ 17,752,682	\$ 18,487,153
8,420,491	7,089,596	6,949,027	6,291,184	6,117,780	6,252,243
2,306,065	2,055,181	1,963,309	1,877,993	1,875,425	1,870,939
481,137	410,845	242,665	288,418	217,062	480,731
-	-	-	12,514	2	16
<u>31,099,335</u>	<u>29,082,969</u>	<u>28,469,246</u>	<u>26,498,793</u>	<u>25,962,951</u>	<u>27,091,082</u>
1,992,763	1,814,254	1,841,582	1,759,615	1,757,629	1,753,136
1,587,702	1,587,789	1,353,379	1,288,496	1,308,251	1,541,198
2,593,540	2,448,255	2,435,949	2,335,474	2,426,918	2,230,073
524,158	465,277	427,709	385,222	379,655	372,975
720,748	730,036	621,006	613,316	577,905	579,622
3,385,050	3,585,731	3,237,449	3,031,916	2,862,408	3,001,406
3,490,230	3,269,432	3,086,560	2,924,406	2,874,132	2,846,776
853,128	635,623	625,087	557,081	598,524	578,658
32,195	32,054	32,485	32,459	31,029	34,489
<u>15,179,515</u>	<u>14,568,451</u>	<u>13,661,206</u>	<u>12,927,985</u>	<u>12,816,451</u>	<u>12,938,333</u>
953,874	875,804	856,686	823,368	834,409	878,659
39,043	49,891	37,586	32,928	36,878	49,502
<u>992,917</u>	<u>925,695</u>	<u>894,272</u>	<u>856,296</u>	<u>871,287</u>	<u>928,161</u>
2,825,500	3,426,599	3,412,974	3,420,073	3,420,073	3,336,090
2,097,036	1,538,574	3,400,000	1,426,525	1,426,525	414,812
<u>4,922,536</u>	<u>4,965,173</u>	<u>6,812,974</u>	<u>4,846,598</u>	<u>4,846,598</u>	<u>3,750,902</u>
\$ <u>52,194,303</u>	\$ <u>49,542,288</u>	\$ <u>49,837,698</u>	\$ <u>45,129,672</u>	\$ <u>44,497,287</u>	\$ <u>44,708,478</u>

SOLANCO SCHOOL DISTRICT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES BY FUNCTION

(Modified Accrual Basis of Accounting)

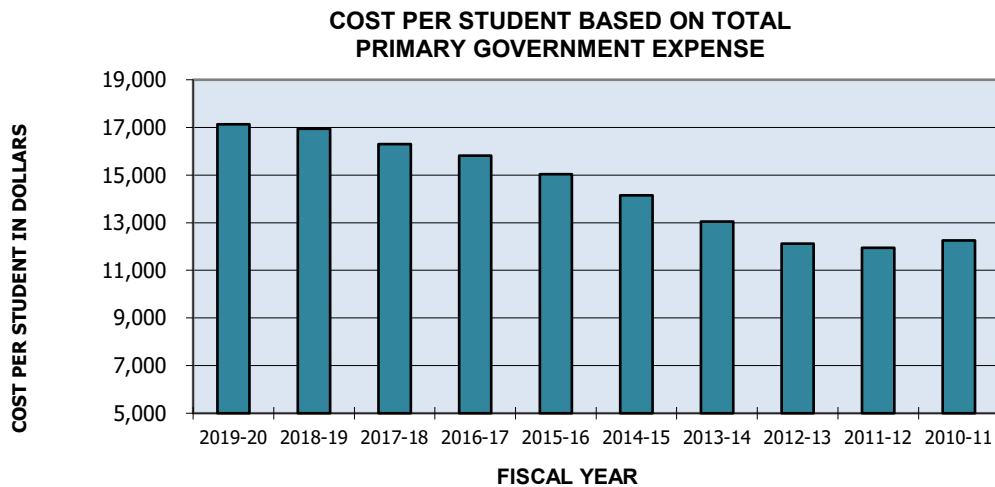
<u>FISCAL YEAR</u>	<u>INSTRUCTION</u>	<u>SUPPORT SERVICES</u>	<u>OPERATION OF NONINSTRUCTIONAL SERVICES</u>	<u>DEBT SERVICE</u>	<u>OTHER FINANCING USES</u>	<u>TOTAL</u>
2019-20	\$ 32,973,351	\$ 17,597,991	\$ 1,046,747	\$ 2,714,208	\$ 1,718,258	\$ 56,050,555
2018-19	33,383,858	17,247,108	1,141,946	2,905,989	2,457,495	57,136,396
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	-	3,600,000	53,345,171
2015-16	31,099,335	15,179,515	992,917	-	4,922,536	52,194,303
2014-15	29,082,969	14,568,451	925,695	2,825,000	2,140,173	49,542,288
2013-14	28,469,246	13,661,206	894,272	3,425,100	3,387,874	49,837,698
2012-13	26,498,793	12,927,985	856,296	3,411,475	1,435,123	45,129,672
2011-12	25,962,951	12,816,451	871,287	3,418,575	1,428,023	44,497,287
2010-11	27,091,082	12,938,333	928,161	3,339,200	411,702	44,708,478



SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

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

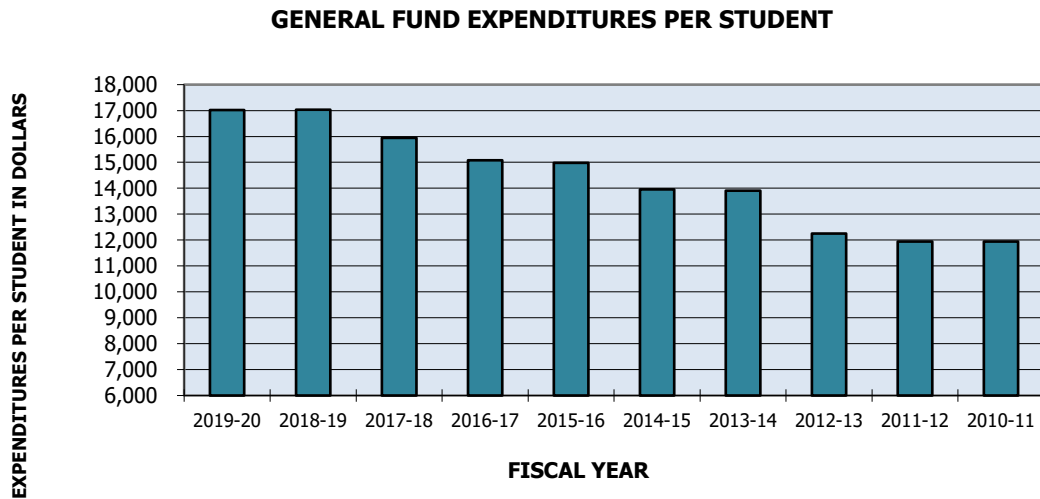
<u>FISCAL YEAR</u>	<u>TOTAL PRIMARY GOVERNMENT EXPENSE</u>	<u>STUDENT ENROLLMENT</u>	<u>TOTAL PRIMARY GOVERNMENT COST PER STUDENT</u>
2019-20	\$ 56,449,008	3294	\$ 17,137
2018-19	56,845,555	3355	16,944
2017-18	56,291,436	3454	16,297
2016-17	55,940,668	3537	15,816
2015-16	52,365,425	3483	15,035
2014-15	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



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>
2019-20	\$ 56,050,555	3294	\$ 17,016
2018-19	57,136,396	3355	17,030
2017-18	55,073,426	3454	15,945
2016-17	53,345,171	3537	15,082
2015-16	52,194,303	3483	14,985
2014-15	49,542,288	3550	13,956
2013-14	49,837,698	3585	13,902
2012-13	45,129,672	3683	12,254
2011-12	44,497,287	3726	11,942
2010-11	44,708,478	3742	11,948



NOTE: EXPENDITURES INCLUDE OTHER FINANCING USES

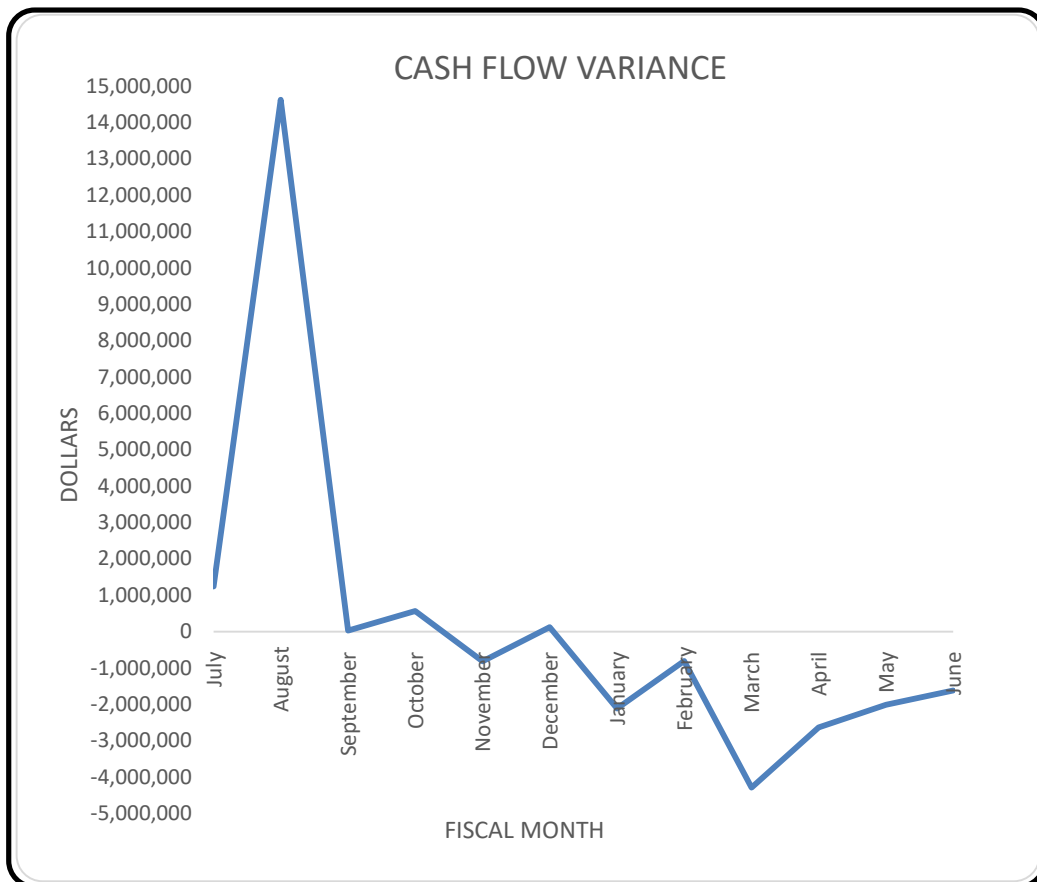
SOURCES: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS AND STUDENT ENROLLMENT RECORDS

SOLANCO SCHOOL DISTRICT

GENERAL FUND CASH FLOW ANALYSIS

2019-2020

<u>MONTH</u>		<u>CASH RECEIVED</u>	<u>CASH DISBURSED</u>	<u>VARIANCE</u>
July	2019	\$ 4,462,077	\$ 3,222,930	\$ 1,239,147
August	2019	18,583,932	3,957,254	14,626,679
September	2019	6,177,915	6,144,992	32,922
October	2019	4,753,474	4,188,196	565,278
November	2019	3,054,042	3,866,855	(812,813)
December	2019	5,143,196	5,019,446	123,751
January	2020	1,756,447	3,872,353	(2,115,906)
February	2020	3,380,263	4,185,580	(805,317)
March	2020	2,858,945	7,147,059	(4,288,114)
April	2020	2,204,236	4,834,635	(2,630,399)
May	2020	1,825,271	3,835,044	(2,009,773)
June	2020	<u>6,016,706</u>	<u>7,631,936</u>	<u>(1,615,230)</u>
TOTAL		<u>\$ 60,216,504</u>	<u>\$ 57,906,279</u>	<u>\$ 2,310,224</u>



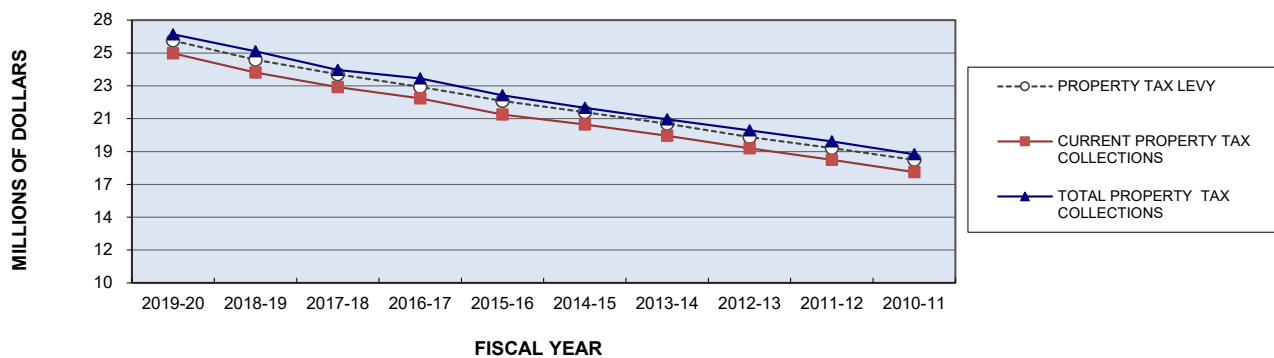
NOTE: CASH BASIS ONLY; DOES NOT REFLECT MODIFIED ACCRUAL ACCOUNTING PRINCIPLES, REPRESENTS COMBINATION OF CASH AND INVESTMENTS

SOURCE: MONTHLY GENERAL FUND FINANCIAL STATEMENTS PRESENTED TO THE BOARD OF SCHOOL DIRECTORS

SOLANCO SCHOOL DISTRICT PROPERTY TAX LEVY AND COLLECTIONS

FISCAL YEAR	(A) PROPERTY TAX LEVY	(B) CURRENT PROPERTY TAX COLLECTIONS	CURRENT PROPERTY TAX COLLECTION PERCENTAGE	(B) INTERIM PROPERTY TAX COLLECTIONS	(C) DELINQUENT PROPERTY TAX COLLECTIONS	(D) TOTAL PROPERTY TAX LEVY COLLECTION PERCENTAGE	(E) PROPERTY TRANSFER TAX COLLECTIONS	TOTAL PROPERTY TAX COLLECTIONS
2019-20	\$ 26,225,226	\$ 25,374,366	96.76%	\$ 165,104	\$ 533,980	98.6%	\$ 576,774	\$ 26,650,224
2018-19	24,954,821	24,094,317	96.55%	244,123	577,410	98.7%	604,950	25,520,800
2017-18	23,972,886	23,120,583	96.44%	77,178	523,502	98.4%	534,800	24,256,063
2016-17	23,138,480	22,359,441	96.63%	162,310	591,789	99.0%	590,782	23,704,322
2015-16	22,186,373	21,279,420	95.91%	109,319	678,650	98.7%	495,841	22,563,230
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

PROPERTY TAX LEVY AND TAX COLLECTIONS



SOURCES:

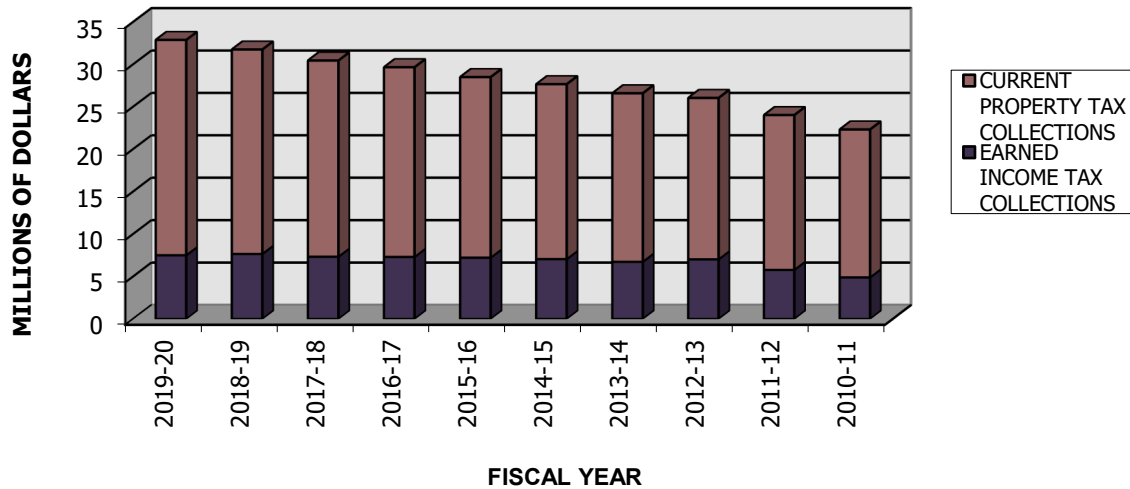
- (A) PROPERTY TAX LEVY OBTAINED FROM LANCASTER COUNTY ASSESSMENT OFFICE
- (B) SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS
- (C) DELINQUENT COLLECTIONS OBTAINED FROM LANCASTER COUNTY TAX CLAIM BUREAU AND PORTNOFF LAW ASSOCIATES, LTD.
DELINQUENT TAXES ARE REPORTED FOR FISCAL YEAR ORIGINALLY LEVIED WITH 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

FISCAL YEAR	DELINQUENT OCCUPATION & PER CAPITA TAX COLLECTIONS	(A) EARNED INCOME TAX COLLECTIONS	CURRENT PROPERTY TAX COLLECTIONS	TOTAL TAX COLLECTIONS
2019-20	\$ -	\$ 7,500,091	\$ 25,374,366	\$ 32,874,457
2018-19	-	7,652,775	24,094,317	31,747,092
2017-18	-	7,325,951	23,120,583	30,446,534
2016-17	-	7,297,915	22,359,441	29,657,356
2015-16	-	7,212,916	21,279,420	28,492,336
2014-15	-	7,046,945	20,610,920	27,657,865
2013-14	-	6,728,477	19,857,373	26,585,850
2012-13	-	7,016,102	19,016,920	26,033,022
2011-12	-	5,772,632	18,239,513	24,012,145
2010-11	-	4,888,591	17,422,516	22,311,107

EARNED INCOME AND PROPERTY TAXES



(A) EARNED INCOME TAX RATE - 1.15%

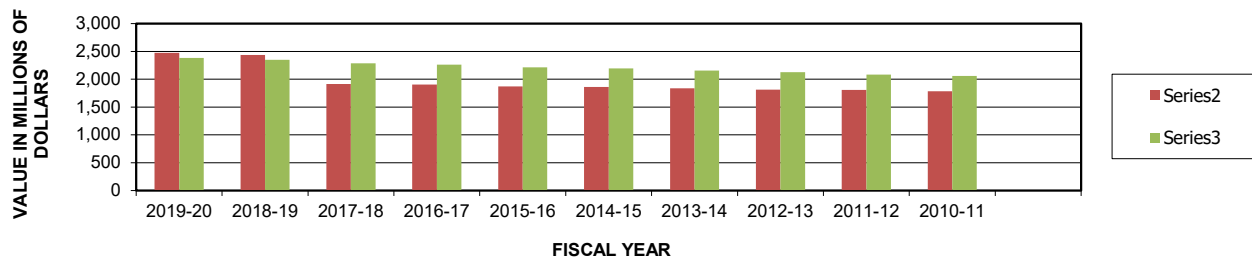
SOURCE: TAX COLLECTIONS OBTAINED FROM SCHOOL DISTRICT TAX OFFICE RECORDS

SOLANCO SCHOOL DISTRICT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

FISCAL YEAR		(A) (D) TOTAL ASSESSED VALUE	(A) (D) EXEMPT ASSESSED VALUE	(A) TAXABLE ASSESSED VALUE	(B) TOTAL DIRECT TAX RATE	(C) ESTIMATED ACTUAL VALUE	% OF TAXABLE ASSESSED TO ESTIMATED ACTUAL
2019-20	LAND	\$ -	\$ -	\$ 827,431,000			
	BUILDING	-	-	1,645,912,700			
	TOTAL	2,663,590,600	190,246,900	2,473,343,700	10.8251	\$ 2,382,943,997	103.79%
2018-19	LAND	\$ -	\$ -	\$ 827,994,100			
	BUILDING	-	-	1,610,351,900			
	TOTAL	2,624,500,600	186,154,600	2,438,346,000	10.4590	\$ 2,351,209,126	103.71%
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%

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>
2019	\$ 47,839,216,700	\$ 5,102,455,200	\$ 42,736,761,500	\$ 39,502,217,112	108%	2,416	\$ 490,718,500
2018	42,266,978,800	5,049,013,800	37,217,965,000	38,887,377,293	96%	2,689	519,725,100
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

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 2018 MARKET VALUES

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

	<u>2019-20</u>	<u>2018-19</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>
SOLANCO SCHOOL DISTRICT	10.8251	10.4590	12.8109	12.4499	12.0991	11.8040	11.5161	11.2243	10.8500	10.5442
MUNICIPALS:										
BART TOWNSHIP	0.4750	0.4750	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000	0.6000
COLERAIN TOWNSHIP	0.5180	0.5180	0.6620	0.6620	0.6620	0.6620	0.6620	0.6120	0.6120	0.6120
DRUMORE TOWNSHIP	0.8459	0.8459	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
EAST DRUMORE TOWNSHIP	0.3300	0.3300	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900
EDEN TOWNSHIP	0.9500	0.9500	1.1500	1.0500	1.0500	0.8000	0.8000	0.7000	0.7000	0.7000
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	0.3010	0.3010	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900
PROVIDENCE TOWNSHIP	0.3810	0.3810	0.6300	0.8075	0.8075	0.1580	0.1580	0.1580	0.1580	0.1580
QUARRYVILLE BOROUGH	4.6300	4.6300	6.0000	6.0000	6.0000	4.7500	4.7500	4.7500	4.7500	4.7500
LANCASTER COUNTY	2.911	2.911	3.735	3.735	3.735	3.735	3.735	3.416	3.416	3.416

SOURCE: LANCASTER COUNTY ASSESSMENT OFFICE

SCHOOL DISTRICT MILLAGE RATES EFFECTIVE JULY 1; MUNICIPAL MILLAGE RATES EFFECTIVE JANUARY 1

LANCASTER COUNTY SCHOOL DISTRICTS

SCHEDULE OF MILLAGE RATES

(IN MILLS)

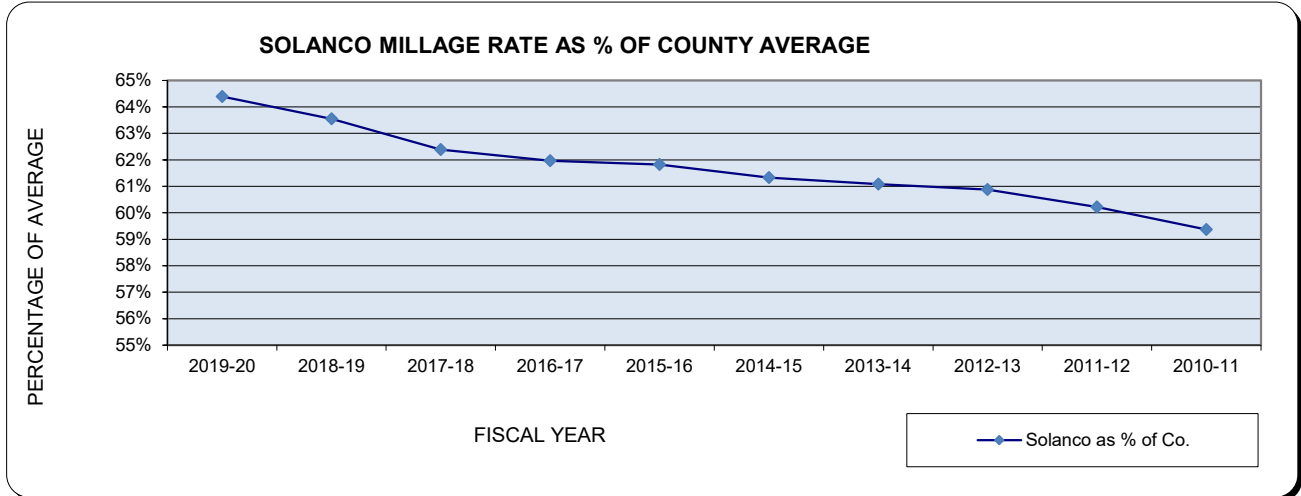
<u>School District</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
COCALICO	18.9739	18.6935	23.1600	22.8200	22.8200	22.3200	21.7600	21.3200	20.8900	20.5500
COLUMBIA	26.4600	25.8163	30.1908	29.3400	28.7600	28.2000	27.3700	26.0000	25.3700	25.3700
CONESTOGA VALLEY	13.7940	13.3940	16.3220	15.9240	15.2064	14.8330	14.5280	14.2865	14.0480	13.7730
DONEGAL	18.6211	18.1670	22.8790	22.4640	22.0243	22.0243	21.4453	20.9837	20.5320	20.1690
EASTERN LANCASTER CO.	12.5711	12.3854	15.3848	15.0400	14.6879	14.4141	14.1177	13.8410	13.4470	13.0877
ELIZABETHTOWN	17.0878	16.6063	20.8450	19.9000	19.1048	18.3700	17.8900	17.8900	17.5800	17.2700
EPHRATA	17.2500	16.9500	20.9600	20.4500	20.0500	19.6000	19.6000	19.4100	19.0200	19.0200
HEMPFIELD	16.3474	16.0034	20.3258	20.1246	19.6530	19.4590	19.0030	18.6310	18.2660	17.9789
LAMPETER-STRASBURG	16.9269	16.6440	20.5494	20.2458	19.8683	19.6133	19.4384	19.0760	18.7573	18.4620
LANCASTER	21.8734	21.3274	28.2568	27.7572	27.2129	26.6793	25.9224	25.2902	24.6972	24.2130
MANHEIM CENTRAL	14.6613	14.3317	17.7731	17.7731	17.3566	17.1848	16.9726	16.6889	16.4100	16.2500
MANHEIM TOWNSHIP	15.3103	15.1138	19.4128	19.0500	18.6409	18.6409	18.2575	17.9525	17.2680	17.0299
PENN MANOR	16.9800	16.4000	20.0600	19.2700	18.0100	17.6100	17.2500	16.9700	16.6900	16.4600
PEQUEA VALLEY	14.9225	14.6806	18.4841	18.1217	17.4735	17.4735	17.3866	16.8898	16.5619	16.3333
SOLANCO	10.8251	10.4590	12.8109	12.4499	12.0991	11.8040	11.5161	11.2243	10.8500	10.5442
WARWICK	16.3711	16.3711	21.1623	20.7474	20.1627	19.7094	19.2100	18.5700	17.9000	17.6600

AVERAGE LANCASTER

COUNTY SCHOOL

DISTRICT MILLAGE RATE

16.81	16.46	20.54	20.09	19.57	19.25	18.85	18.44	18.02	17.76
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SOURCE: LANCASTER-LEBANON SCHOOL BUSINESS OFFICIAL MILLAGE RATE HISTORY

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

	2019		2018		2017		2016		2015	
	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	148	0.06%	135	0.05%	123	0.05%	114	0.04%	128	0.05%
\$250,000 - \$999,999	2,753	1.17%	2,737	1.10%	2,622	1.02%	2,459	0.96%	2,253	0.88%
\$200,000 - \$249,999	1,629	0.69%	1,526	0.62%	1,483	0.58%	1,477	0.57%	1,325	0.52%
\$150,000 - \$199,999	3,717	1.58%	3,639	1.47%	3,403	1.32%	3,219	1.25%	3,020	1.21%
\$100,000 - \$149,999	12,501	5.30%	12,169	4.91%	11,546	4.49%	10,676	4.15%	10,175	4.08%
\$90,000 - \$99,999	6,131	2.60%	5,852	2.36%	5,648	2.20%	5,271	2.05%	4,933	1.98%
\$80,000 - \$89,999	8,978	3.81%	8,715	3.52%	8,174	3.18%	7,778	3.03%	7,522	3.02%
\$70,000 - \$79,999	12,812	5.43%	12,715	5.13%	12,323	4.79%	11,624	4.52%	11,334	4.55%
\$60,000 - \$69,999	16,852	7.14%	17,021	6.87%	16,565	6.44%	16,118	6.27%	15,404	6.18%
\$50,000 - \$59,999	21,433	9.08%	22,092	8.91%	22,606	8.79%	21,957	8.54%	21,306	8.55%
\$40,000 - \$49,999	25,285	10.72%	26,808	10.81%	28,017	10.90%	27,845	10.83%	26,840	10.77%
\$30,000 - \$39,999	28,131	11.92%	29,841	12.04%	32,080	12.48%	32,015	12.45%	30,940	12.41%
\$20,000 - \$29,999	26,035	11.04%	29,300	11.82%	31,604	12.29%	32,832	12.77%	32,117	12.88%
\$10,000 - \$19,999	28,542	12.10%	31,205	12.59%	33,314	12.96%	34,626	13.47%	33,998	13.64%
\$1 - \$9,999	40,970	17.37%	44,156	17.81%	47,585	18.51%	48,779	18.97%	48,028	19.25%
No Earned Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	235,917	100.00%	247,911	100.00%	257,093	100.00%	256,790	99.88%	249,323	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)

2014			2013			2012			2011			2010		
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	
115	0.05%		91	0.04%		98	0.03%		97	0.03%		78	0.03%	
2,081	0.83%		1,890	0.75%		1,826	0.64%		1,849	0.62%		1,614	0.53%	
1,212	0.49%		1,086	0.43%		1,061	0.37%		1,058	0.35%		1,029	0.34%	
2,692	1.08%		2,543	1.01%		2,294	0.81%		2,322	0.78%		2,178	0.72%	
9,288	3.73%		8,374	3.34%		7,974	2.81%		7,870	2.63%		7,400	2.44%	
4,518	1.81%		4,121	1.64%		3,842	1.35%		3,695	1.24%		3,556	1.17%	
6,975	2.80%		6,479	2.58%		5,891	2.08%		5,773	1.93%		5,504	1.81%	
10,593	4.25%		9,870	3.93%		9,405	3.32%		9,618	3.22%		9,094	2.99%	
14,723	5.91%		13,983	5.57%		13,533	4.77%		13,633	4.56%		13,557	4.46%	
20,716	8.31%		19,975	7.96%		19,623	6.92%		19,991	6.69%		19,862	6.54%	
26,903	10.79%		26,415	10.53%		26,271	9.26%		26,906	9.00%		27,133	8.93%	
31,542	12.65%		31,636	12.61%		32,101	11.32%		33,545	11.22%		34,796	11.46%	
33,407	13.40%		33,908	13.52%		34,869	12.30%		37,272	12.47%		38,313	12.61%	
35,824	14.37%		36,483	14.54%		37,433	13.20%		39,274	13.14%		40,892	13.46%	
50,293	20.17%		52,345	20.86%		53,385	18.83%		58,055	19.43%		60,571	19.94%	
N/A	N/A		N/A	N/A		33,958	11.98%		37,885	12.68%		38,133	12.56%	
250,882	100.63%		249,199	99.33%		283,564	100.00%		298,843	100.00%		303,710	100.00%	
N/A			N/A			\$26,736			\$28,370			\$27,827		

**SOLANCO SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
July 1, 2019 and July 1, 2011**

TAXPAYERS	July 1, 2019 ASSESSMENT				July 1, 2011 ASSESSMENT			
	ASSESSED VALUE	RANK	PERCENT OF TOTAL ASSESSMENT		ASSESSED VALUE	RANK	PERCENT OF TOTAL ASSESSMENT	
PECO ENERGY/EXELON	\$ 39,657,000	1	1.6034%		\$ 36,846,300	1	2.037%	
QUARRYVILLE PRESBYTERIAN								
RETIREMENT COMMUNITY	28,245,800	2	1.1420%		14,251,100	2	0.788%	
SOUTHERN END PROPERTIES LIMITED	6,852,700	3	0.2771%		4,370,500	4	0.242%	
WEISSER HOLDINGS LIMITED								
PARTNERSHIP	6,528,400	4	0.2640%		5,802,500	3	0.321%	
TOWNS EDGE ASSOCIATES INC.	4,487,300	5	0.1814%		3,866,000	6	0.214%	
INDIVIDUAL - A	4,412,800	6	0.1784%		3,418,300	9	0.189%	
FOUR CORNERS PROPERTIES LLC	3,654,500	7	0.1478%					
B&E PROPERTY MANAGEMENT LTD	3,631,000	8	0.1468%		3,023,600	10	0.167%	
INDIVIDUAL - B	3,312,100	9	0.1339%					
HOPE VALLEY FARMS	2,909,800	10	0.1176%					
INDIVIDUAL - C	2,869,700	11	0.1160%					
INDIVIDUAL - D	2,815,200	12	0.1138%					
BUCK IRON INC	2,766,100	13	0.1118%					
GOODS STORE LTD PART	2,724,200	14	0.1101%					
INDIVIDUAL - E	2,595,800	15	0.1050%					
BLACK ROCK RETREAT ASSOCIATION					3,888,700	5	0.215%	
TANGLEWOOD MANOR, INC					3,425,100	8	0.189%	
GRAYWOOD FARMS								
REALTY AND AFFILIATIONS					3,606,700	7	0.199%	
	<u>\$ 117,462,400</u>		<u>4.7491%</u>		<u>\$ 82,498,800</u>		<u>4.562%</u>	
 TOTAL TAXABLE ASSESSED VALUATION	 <u>\$ 2,473,343,700</u>				 <u>\$ 1,808,469,000</u>			

NOTE: PROPERTY ASSESSMENTS BASED ON 100% OF 2019 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		(E) BONDED DEBT PER CAPITA		(F) TOTAL PERSONAL INCOME		RATIO OF BONDED DEBT TO PERSONAL INCOME		(G) STUDENT ENROLLMENT		BONDED DEBT PER STUDENT	
2019-20	\$	2,473,343,700	\$	20,803,929	0.84%		28,393		\$	733	N/A		N/A		3294		\$	6,316
2018-19		2,438,346,000		15,895,000	0.65%		28,914			550	N/A		N/A		3355			4,738
2017-18		1,913,924,100		17,325,000	0.91%		28,920			599	N/A		N/A		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

(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 2020 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	<u>GOVERNMENTAL ACTIVITIES</u>		PERCENTAGE OF PERSONAL INCOME (A)	DEBT PER CAPITA (A)
	GENERAL OBLIGATION BOND DEBT	TOTAL PRIMARY GOVERNMENT		
2019-20	\$ 20,803,929	\$ 20,803,929	N/A	\$ 733
2018-19	15,895,000	15,895,000	N/A	550
2017-18	17,325,000	17,325,000	N/A	599
2016-17	-	-	N/A	60
2015-16	-	-	N/A	67
2014-15	-	-	N/A	63
2013-14	2,761,047	2,761,047	N/A	163
2012-13	5,993,964	5,993,964	10.08%	230
2011-12	9,124,958	9,124,958	15.90%	339
2010-11	9,124,958	9,124,958	22.26%	411

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.

N/A - INFORMATION NOT AVAILABLE

SOLANCO SCHOOL DISTRICT

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2020

<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)	\$ 20,803,929	100.00%	\$ 20,803,929
OVERLAPPING:			
LANCASTER COUNTY (B)	186,206,533	5.57%	<u>10,367,602</u>
TOTAL DIRECT AND OVERLAPPING DEBT:			<u>\$ 31,171,531</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, 2019 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, 2019

(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, 2019- \$47,839,216,700

SOLANCO SCHOOL DISTRICT TOTAL ASSESSED VALUE AT JULY 1, 2019 - \$2,663,590,600

SOURCE: LANCASTER COUNTY TAX ASSESSMENT OFFICE TAX ROLLS BY SCHOOL DISTRICT AS OF JULY 1, 2019

SOLANCO SCHOOL DISTRICT
COMPUTATION OF NONELECTORAL DEBT MARGIN (A)
JUNE 30, 2020

	FOR THE FISCAL YEAR ENDED JUNE 30:		
FORMULA FOR DEBT:	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL GENERAL FUND REVENUES	\$ 58,627,730	\$ 57,138,827	\$ 55,066,328
LESS REQUIRED DEDUCTIONS INCLUDED IN THE ABOVE REVENUES			
A. RENTAL AND SINKING FUND REIMBURSEMENT	39,232	38,205	12,195
B. REFUNDS FROM PRIOR YEAR EXPENDITURES	-	-	-
C. PROCEEDS FROM SALE OF CAPITAL ASSETS & NON-RECURRING REVENUES	<u>16,370</u>	<u>1,689</u>	<u>34,840</u>
NET REVENUE	<u>\$ 58,572,128</u>	<u>\$ 57,098,933</u>	<u>\$ 55,019,293</u>
TOTAL NET REVENUES FOR THREE YEARS	<u>170,690,354</u>		
 BORROWING BASE: AVERAGE NET REVENUES FOR THREE YEAR PERIOD	 56,896,785 (A)		
DEBT LIMIT PERCENTAGE	<u>225%</u>		
LEGAL DEBT LIMIT	128,017,766		
LESS: CURRENT OUTSTANDING APPLICABLE DEBT	<u>20,803,929</u>		
TOTAL DEBT MARGIN	<u>\$ 107,213,837</u>		

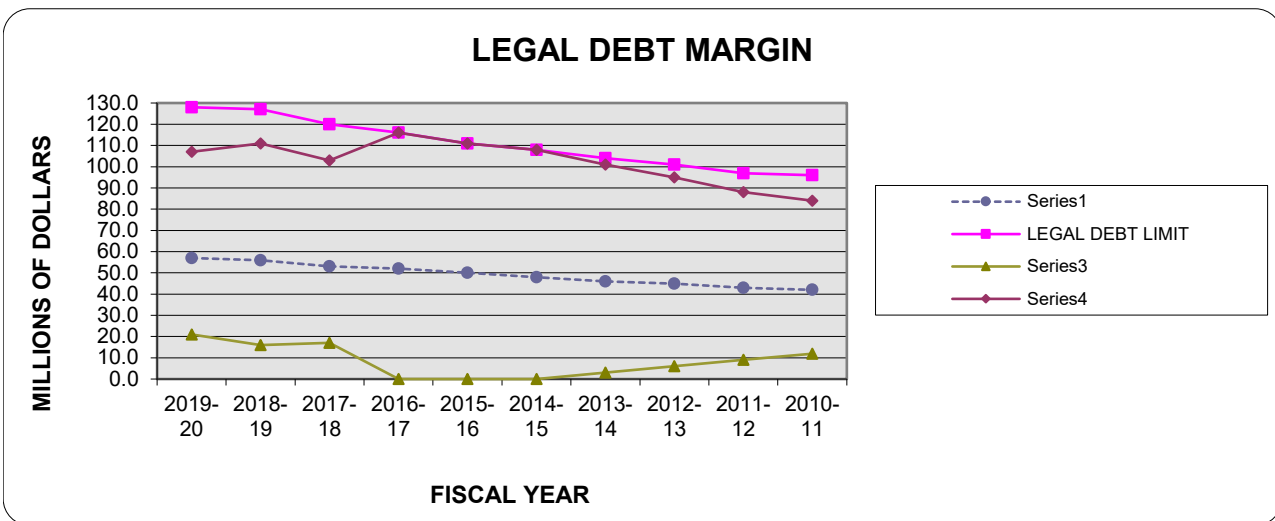
NOTE: THE LOCAL GOVERNMENT DEBT ACT (ACT 52 OF 1978, RE-ENACTING AND AMENDING ACT 185 OF 1972) DESCRIBES DEBT LIMITS FOR ALL LOCAL GOVERNMENTS IN PENNSYLVANIA. THE "DEBT ACT" IS ADMINISTERED BY THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AFFAIRS.

(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 ACCEPTED 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 %
2019-20	\$ 56,896,785	\$ 128,017,766	\$ 20,803,929	\$ 107,213,837	83.75%
2018-19	56,405,720	126,912,869	15,895,000	111,017,869	87.48%
(C) 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%
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%



(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.

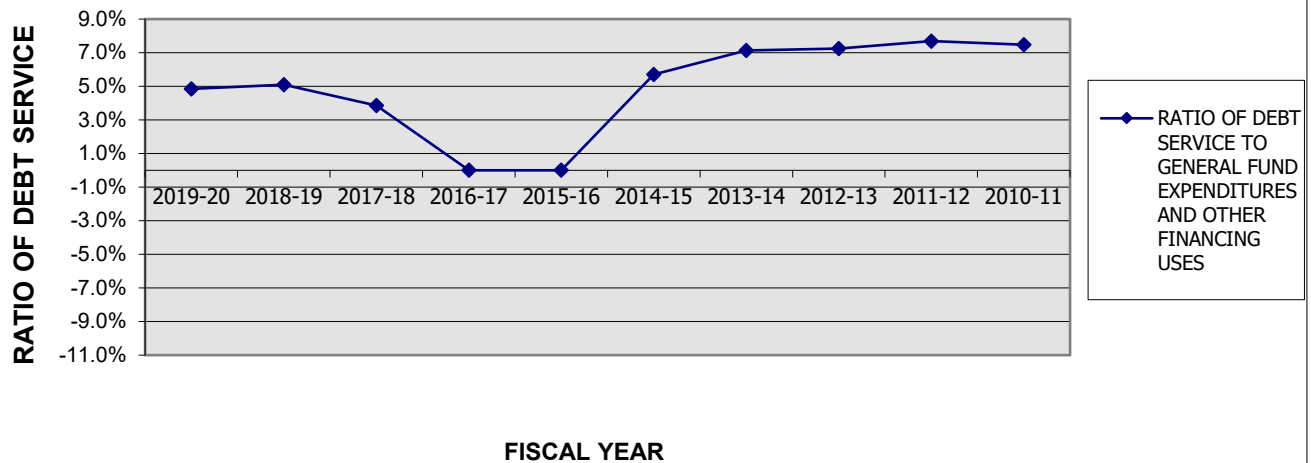
SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

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
2019-20	\$ 2,155,571	\$ 558,637	\$ 2,714,208	\$ 56,050,555	4.84%
2018-19	2,430,000	476,101	2,906,101	57,136,396	5.09%
2017-18	1,875,000	252,066	2,127,066	55,073,426	3.86%
2016-17	-	-	-	53,345,171	0.00%
2015-16	-	-	-	52,194,303	0.00%
2014-15	2,750,000	75,500	2,825,500	49,542,288	5.71%
2013-14	3,200,000	226,600	3,426,600	49,837,698	7.14%
2012-13	3,065,000	347,975	3,412,975	45,129,672	7.24%
2011-12	2,960,000	460,075	3,420,075	44,497,287	7.69%
2010-11	2,780,000	563,200	3,343,200	44,708,478	7.48%

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



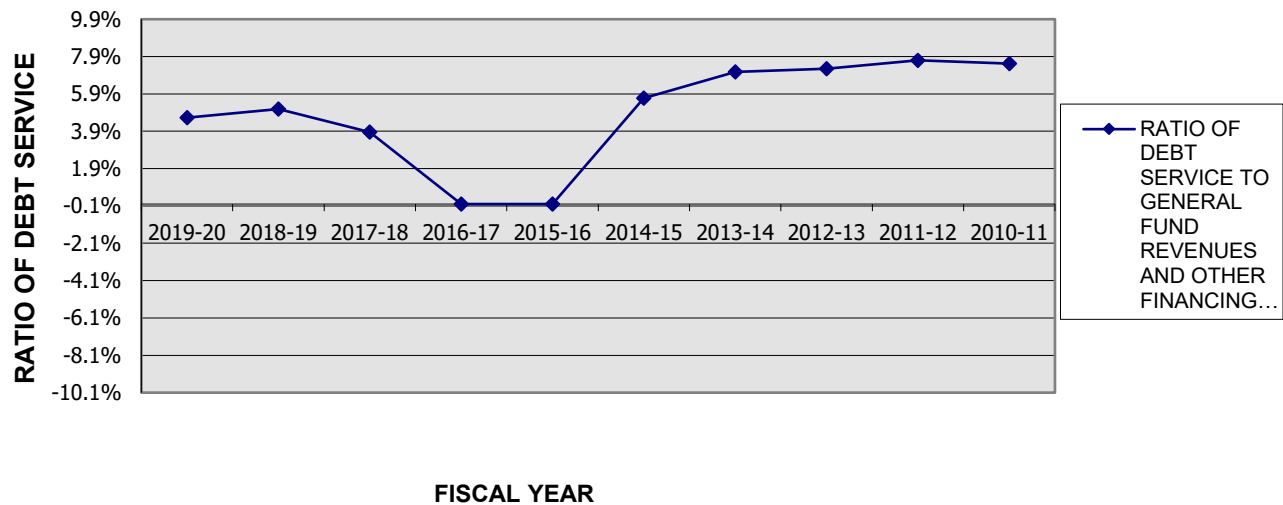
SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

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
2019-20	\$ 2,155,571	\$ 558,637	\$ 2,714,208	\$ 58,627,730	4.63%
2018-19	2,430,000	476,101	2,906,101	57,012,621	5.10%
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	226,600	3,426,600	48,395,753	7.08%
2012-13	3,065,000	347,975	3,412,975	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%

RATIO OF DEBT SERVICE TO GENERAL FUND REVENUES & OTHER SOURCES

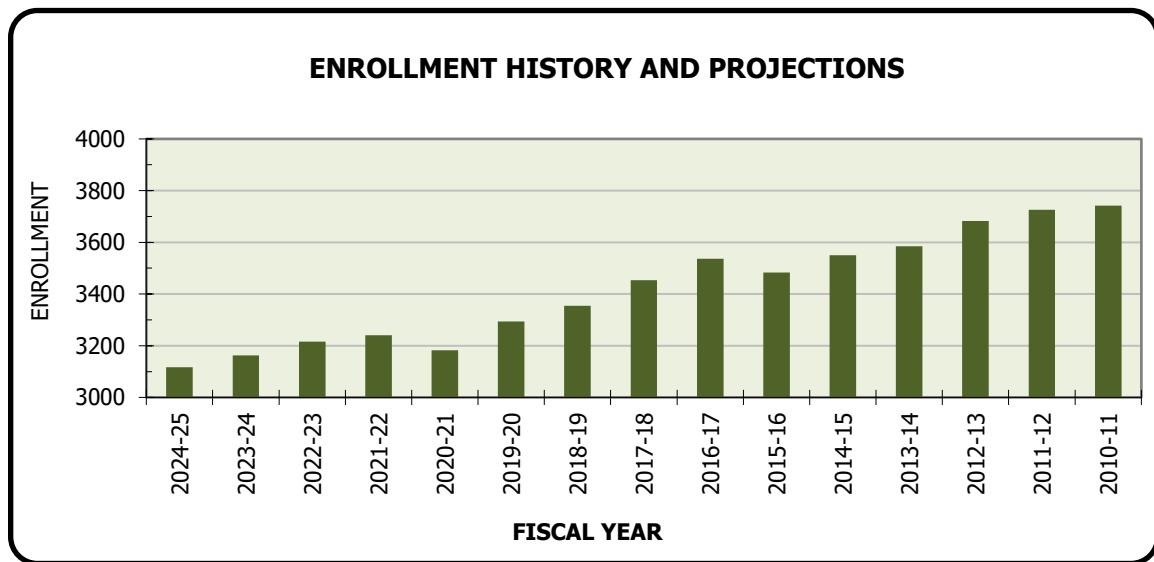


SOURCE: SOLANCO SCHOOL DISTRICT FINANCIAL RECORDS

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)	2024-25	1396	703	1018	3117	N/A
(B)	2023-24	1357	736	1069	3162	N/A
(B)	2022-23	1364	731	1121	3216	N/A
(B)	2021-22	1388	742	1111	3241	N/A
(A)	2020-21	1333	751	1098	3182	43.2%
(A)	2019-20	1401	815	1078	3294	43.1%
(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) SOURCE: SCHOOL DISTRICT OCTOBER 1 ENROLLMENT REPORTS

(B) PROJECTION

N/A = NOT AVAILABLE

SOLANCO SCHOOL DISTRICT

DISTRICT BUILDING INFORMATION

JUNE 30, 2020

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	1,078
1 ROOM SCHOOL HOUSE	circa 1875			800	on S.H.S. site	N/A	N/A	N/A	N/A	N/A
ACTIVITIES BLDG	1992	1996 2004 2019	2019	19,496	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	114,825	30	6 - 8	663	26	30	431
SWIFT MIDDLE SCHOOL	1968		1992 2020	116,759	45.9	6 - 8	531	22	27	384
BART-COLERAIN ELEMENTARY SCHOOL	1960	2002	2002	52,432	27	K - 5	350	14	15	205
CLERMONT ELEMENTARY SCHOOL	1992		2020	74,259	on Swift site	K - 5	600	26	29	442
PROVIDENCE ELEMENTARY SCHOOL	1954	1981 2002	1985 2002	65,848	39.1	K - 5	570	20	23	344
QUARRYVILLE ELEMENTARY SCHOOL	1951	1961 1988 2014		60,560	13.6 0.3	K - 5	630 N/A	24 N/A	27 N/A	410 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
E FOURTH STREET LAND (A)	purchased 2019				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, 2019 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) 2019 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)	545,724	(B)	12,807,060
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

YEAR	(C) POPULATION	(C) PER CAPITA PERSONAL INCOME	(B) TOTAL PERSONAL INCOME	(C) MEDIAN AGE	(D) EDUCATIONAL ATTAINMENT: BACHELOR'S DEGREE OR HIGHER	(A) (E) UNEMPLOYMENT RATE	(A) CIVILIAN LABOR FORCE	(A) EMPLOYMENT	(C) TAXABLE PROPERTY VALUES
2019	545,724	N/A	N/A	N/A	28.3%	3.4%	285,300	275,400	\$ 42,736,761,500
2018	543,557	\$52,664	\$ 28,625,770	38.7	28.5%	3.4%	281,433	271,891	37,217,965,000
2017	542,903	49,207	26,714,515	38.5	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	31,115,435,800

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, 2019

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

(E) ANNUAL CALENDAR YEAR UNEMPLOYMENT RATE

N/A - INFORMATION NOT AVAILABLE

LANCASTER COUNTY

<u>EMPLOYER</u>	<u>2019 CALENDAR YEAR</u>			<u>2010 CALENDAR YEAR</u>		
	<u>RANK</u>	<u>EMPLOYEES</u>	<u>PERCENT OF TOTAL COUNTY EMPLOYMENT</u>	<u>RANK</u>	<u>EMPLOYEES</u>	<u>PERCENT OF TOTAL COUNTY EMPLOYMENT</u>
LANCASTER GENERAL HOSPITAL	1	9,260	3.74%	1	7,066	3.24%
GIANT FOOD STORES	2	*			*	
EUROFIN LANCASTER LABORATORIES	3	2,299	0.93%		*	
DART CONTAINER CORPORATION OF PA	4	1,935	0.78%	8	1,510	0.69%
COUNTY OF LANCASTER	5	1,861	0.75%	5	2,008	0.92%
MASONIC VILLAGES	6	1,797	0.72%	9	1,476	0.68%
SCHOOL DISTRICT OF LANCASTER	7	1,662	0.67%	6	1,645	0.75%
NORDSTROM	8	1,523	0.61%		*	
LSC Communications (R.R. DONNELLEY)	9	*		2	2,740	1.26%
LANCASTER LEBANON IU 13	10	1,331	0.54%		*	
EPHRATA COMMUNITY HOSPITAL INC.				3	2,093	0.96%
COX AUTOMOTIVE CORP. SVC (MANHEIM AUTC				4	2,026	0.93%
ARMSTRONG WORLD INDUSTRIES INC.				7	1,549	0.71%
TURKEY HILL CO INC				10	1,440	0.66%
SUBTOTAL		<u>21,668</u>			<u>23,553</u>	
TOTAL COUNTY EMPLOYMENT (A)		<u>247,907</u>			<u>217,929</u>	

SOURCE - 2019 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>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
GOVERNMENTAL ACTIVITIES				
INSTRUCTIONAL SERVICES				
TEACHERS	224.0	226.4	230.8	233.6
AIDES	87.9	89.5	95.6	91.5
SUPPORT SERVICES				
PUPIL PERSONNEL	30.4	27.8	25.3	18.1
INSTRUCTION STAFF SERVICES	9.6	9.8	11.1	13.5
ADMINISTRATIVE SERVICES	22.8	22.8	22.8	24.8
PUPIL HEALTH SERVICES	3.5	6.5	6.5	8.7
BUSINESS SERVICES	8.8	8.7	9.4	6.3
PLANT OPERATION AND MAINTENANCE	31.3	28.0	30.9	30.0
PUPIL TRANSPORTATION	3.2	3.6	3.6	6.8
CENTRAL SUPPORT SERVICES	7.0	7.0	6.8	6.7
NONINSTRUCTIONAL SERVICES	<u>1.5</u>	<u>1.5</u>	<u>1.4</u>	<u>1.4</u>
TOTAL FULL-TIME EQUIVALENT EMPLOYEES GOVERNMENTAL ACTIVITIES	<u>429.9</u>	<u>431.4</u>	<u>444.2</u>	<u>441.3</u>
BUSINESS-TYPE ACTIVITIES				
TOTAL FULL-TIME EQUIVALENT EMPLOYEES FOOD SERVICES - BUSINESS-TYPE ACTIVITIES	<u>19.6</u>	<u>19.9</u>	<u>20.4</u>	<u>19.7</u>
TOTAL PRIMARY GOVERNMENT FULL-TIME EQUIVALENT EMPLOYEES	<u>449.5</u>	<u>451.3</u>	<u>464.6</u>	<u>461.0</u>
 STUDENT/TEACHER RATIO (A)	 14.7	 14.8	 15.0	 15.2

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>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
237.6	236.8	227.1	221.6	230.0	236.8
88.3	77.9	70.9	67.4	70.1	71.8
18.0	17.4	18.2	20.8	20.4	20.2
14.4	14.0	12.2	13.0	12.3	16.8
23.5	22.1	24.6	23.0	22.5	22.1
8.8	8.8	8.3	8.4	8.5	8.3
5.6	7.2	5.2	5.0	6.0	5.5
31.2	32.7	30.2	29.6	30.5	30.6
9.0	10.2	11.5	8.7	9.8	9.3
6.1	6.1	6.1	6.3	6.5	9.0
<u>1.5</u>	<u>1.9</u>	<u>1.4</u>	<u>1.5</u>	<u>1.5</u>	<u>1.8</u>
<u>444.0</u>	<u>435.1</u>	<u>415.5</u>	<u>405.3</u>	<u>418.0</u>	<u>432.2</u>
<u>23.8</u>	<u>20.3</u>	<u>25.7</u>	<u>17.7</u>	<u>18.0</u>	<u>17.3</u>
<u>467.8</u>	<u>455.4</u>	<u>441.2</u>	<u>423.0</u>	<u>436.0</u>	<u>449.5</u>
14.7	15.0	15.8	16.6	16.2	15.8

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

FUNCTION/PROGRAM

GOVERNMENTAL ACTIVITIES	2019-20	2018-19	2017-18	2016-17
INSTRUCTIONAL SERVICES SQUARE FOOTAGE OCCUPIED VEHICLE	643,817 1	596,950 1	596,950 1	557,800 1
STUDENT SUPPORT SERVICES SQUARE FOOTAGE OCCUPIED ATHLETIC FIELDS TENNIS COURTS	26,019 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
PLANT OPERATION AND MAINTENANCE SQUARE FOOTAGE OCCUPIED VEHICLES SEWAGE PROCESSING FACILITY	40,627 10 2	40,627 11 2	40,627 10 2	40,627 10 2
PUPIL TRANSPORTATION SQUARE FOOTAGE OCCUPIED VEHICLES	424 11	424 14	424 14	424 17
BUSINESS-TYPE ACTIVITIES				
FOOD SERVICES SQUARE FOOTAGE OCCUPIED	39,057	39,057	39,057	39,057
RENTAL INCOME SQUARE FOOTAGE OCCUPIED	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)

2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
557,800 1	557,800 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	18,636 28 3
29,699	29,699	29,224	29,224	29,224	29,224
40,627 10 2	40,627 10 2	40,627 9 2	40,627 9 2	40,627 9 2	40,627 9 2
424 15	424 16	424 26	424 26	424 26	424 26
39,057	39,057	39,057	39,057	39,057	39,057
0	0	0	0	0	0

**SOLANCO SCHOOL DISTRICT
SCHEDULE OF INSURANCE POLICIES
FISCAL YEAR ENDED JUNE 30, 2020**

<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 Additional Specific Commercial Property Solanco High School Equipment Breakdown Commerical Inland Marine Musical Instruments, Related Equipment and Accessories Miscellaneous Property Band Uniforms, Athletic Equipment	\$ 136,413,054 \$ 510,000 \$ 250,000 \$ 227,266 \$ 35,000 \$ 100,000	7/1/2019 through 6/30/2020	CBP9604227	\$ 84,106 \$ 1,211	Excelsior Insurance Co.
COMMERCIAL GENERAL LIABILITY Each Occurrence Damage to Premises Medical Expense Personal & Advertising Injury Each Person General Aggregate Products & Completed Work Aggregate Pollution Liability Violent Event Response Errors & Omissions Public Officials Bond Crime Employee Dishonesty Employee Benefits Liability Sexual Misconduct and Molestation	\$ 1,000,000 \$ 5,000,000 \$ 15,000 \$ 1,000,000 \$ 3,000,000 \$ 3,000,000 \$ 1,000,000 \$ 1,000,000 \$ 1,000,000 \$ 1,000,000 \$ 100,000 \$ 1,000,000 \$ 1,000,000	7/1/2019 through 6/30/2020	CBP9604227	\$ 37,175 \$ 565 \$ 556	Excelsior Insurance Co.
TERRORISM RISK	\$ 1,000,000		CBP9604227	\$ 10,453	Excelsior Insurance Co.
COMMERCIAL INLAND MARINE Builders Risk	\$ 16,572,000	7/17/2019- 7/17/2020	BM059010279	\$ 25,762	Ohio Casualty Insurance Co.

SOURCE: DISTRICT INSURANCE POLICIES AND RECORDS

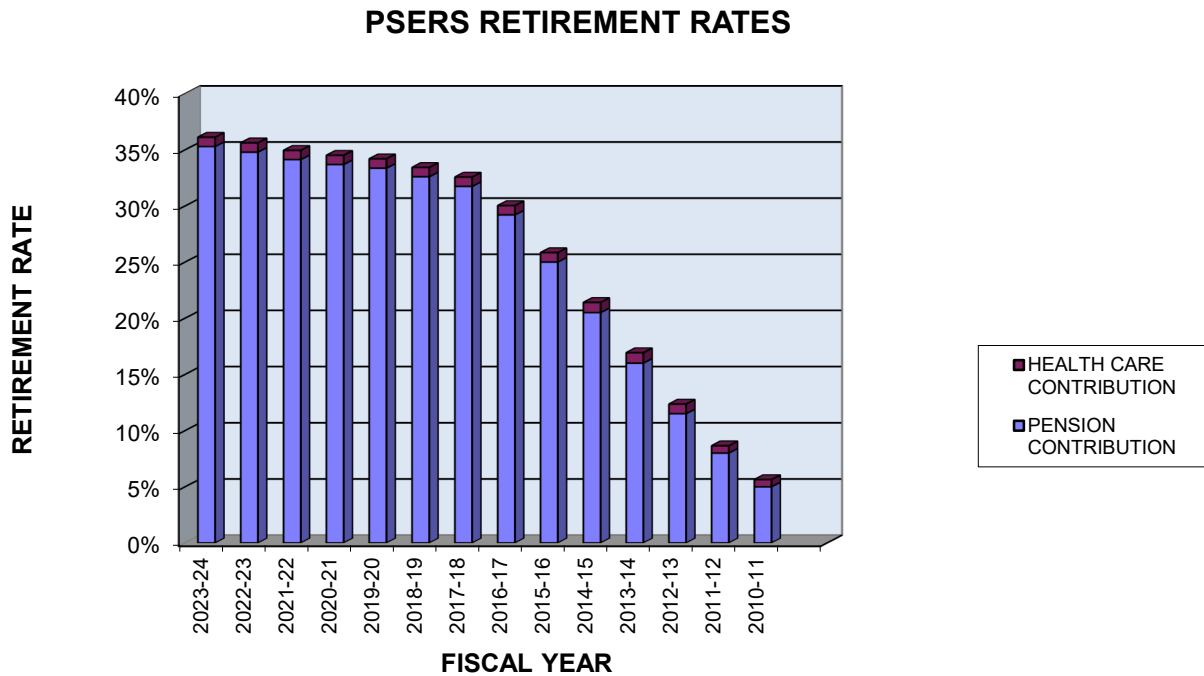
DISCLAIMER - THIS DOCUMENT IS FOR ILLUSTRATIVE PURPOSES. IT CONTAINS GENERALIZED INFORMATION AND IS NOT INTENDED TO BE A FULL AND COMPLETE DESCRIPTION OF THE ACTUAL INSURANCE POLICIES. POLICIES MUST BE READ FOR SPECIFIC POLICY PROVISIONS OR DETAILS.

**SOLANCO SCHOOL DISTRICT
SCHEDULE OF INSURANCE POLICIES
FISCAL YEAR ENDED JUNE 30, 2020**
(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 AUTOMOBILE Underinsured Motorists Uninsured Motorists Medical Payments - First Party	\$ 1,000,000 \$ 500,000 \$ 500,000 \$ 10,000	7/1/2019 through 6/30/2020	BA9605229	\$ 16,364	The Netherlands Insurance Company
COMMERCIAL UMBRELLA Each Occurrence Aggregate Self-Insured Retention	\$ 8,000,000 \$ 8,000,000 \$ 10,000	7/1/2019 through 6/30/2020	CU9606059	\$ 13,942	Peerless Insurance Company
CYBER LIABILITY Aggregate	\$1,000,000	7/1/2019 through 6/30/2020	C-4LS1-003763	\$ 26,138	Agentic Insurance
ACCIDENT & HEALTH-Sports Coverage Accident Medical Accident Dental Care & Surgical Benefit Life and Death Insurance Accidental Death & Dismemberment (Sports)	\$ 1,000,000 \$ 100,000 \$ 300,000 \$ 15,000	8/2/2019 through 8/1/2020	KAMB-65688-3	\$ 8,700	Axis Insurance Company
LIFE INSURANCE Administrators Professional Staff Full-Time Support Staff	2 times salary \$ 48,000 \$ 48,000	7/1/2019 through 6/30/2020	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	7/1/2019 through 6/30/2020	N/A	\$0.02 per \$1,000 covered payroll	CM Regent Solution- Sun Life
LONG TERM DISABILITY Administrators /Directors	annual salary \$167,515	7/1/2019 through 6/30/2020	N/A	\$0.42 per \$100	CM Regent Solutions- Sun Life
WORKERS' COMPENSATION Employers' Liability Limit - Occurrence or Accident	\$ 1,000,000	7/1/2019 through 6/30/2020	SP4058746	\$ 118,627	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>
2023-24	(A)	35.29	0.83	36.12
2022-23	(A)	34.79	0.83	35.62
2021-22	(A)	34.13	0.82	34.95
2020-21	(A)	33.69	0.82	34.51
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



(A) PSERS PROJECTED RETIREMENT RATES

SOURCE: PSERS DECEMBER 2019 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.

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.

(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 position by the government that is applicable to a future reporting period.

DEFERRED OUTFLOW OF RESOURCES - Consumption of net position 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, CUSTODIAL - 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 position 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 position 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 position 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



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

December 22, 2020

Board of School Directors
Solanco School District
Quarryville, 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 the Solanco School District ("the District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2020.

Internal Control Over Financial Reporting

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

Board of School Directors
Solanco School District

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

Compliance and Other Matters

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

Purpose of This Report

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

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP



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

December 22, 2020

Board of School Directors
Solanco School District
Quarryville, Pennsylvania

Report on Compliance for Major Federal Program

We have audited the Solanco School District's ("the District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

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.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each of 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 each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of School Directors
Solanco School District

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.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

SOLANCO SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |
| • Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Federal Awards

Internal control over major program:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

 Yes X No

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

84.027 and 84,173

Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

SOLANCO SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (cont'd)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

Solanco School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
Year Ended June 30, 2020

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 (Unearned) Revenue at July 1, 2019	Total Received for the Year	Revenue Reorganized	Expenditures	Accrued (Unearned) Revenue at June 30, 2020	Passed Through to Subrecipients
Child Nutrition Cluster													
U.S. Department of Agriculture	Pennsylvania Department of Education	School Breakfast Program	I	10.553	N/A	07/01/19 - 06/30/20	N/A	\$ -0-	\$ 143,751	\$ 146,732	\$ 146,732	\$ 2,981	\$ -0-
U.S. Department of Agriculture	Pennsylvania Department of Education	School Breakfast Program	I	10.553	N/A	07/01/18 - 06/30/19	N/A	7,436	7,436	-0-	-0-	-0-	-0-
		Total		10.553				7,436	151,187	146,732	146,732	2,981	-0-
U.S. Department of Agriculture	Pennsylvania Department of Education	National School Lunch Program	I	10.555	N/A	07/01/19 - 06/30/20	N/A	-0-	461,270	465,985	465,985	4,715	-0-
U.S. Department of Agriculture	Pennsylvania Department of Education	National School Lunch Program	I	10.555	N/A	07/01/18 - 06/30/19	N/A	22,144	22,144	-0-	-0-	-0-	-0-
U.S. Department of Agriculture	Pennsylvania Department of Agriculture	National School Lunch Program (Note 2)	I	10.555	N/A	07/01/19 - 06/30/20	N/A	(13,435)	66,250	60,648	60,648	(19,037)	-0-
		Total		10.555				8,709	549,664	526,633	526,633	(14,322)	-0-
		Total Child Nutrition Cluster						16,145	700,851	673,365	673,365	(11,341)	-0-
Special Education Cluster													
U.S. Department of Education	Lancaster-Lebanon Intermediate Unit #13	Special Education - Grants to States	I	84.027	062-190013	07/01/19 - 09/30/20	720,585	-0-	720,585	720,585	720,585	-0-	-0-
		Total		84.027				-0-	720,585	720,585	720,585	-0-	-0-
U.S. Department of Education	Lancaster-Lebanon Intermediate Unit #13	Special Education - Preschool Grants	I	84.173	131-180013	07/01/19 - 06/30/20	3,366	-0-	3,366	3,366	3,366	-0-	-0-
		Total		84.173				-0-	3,366	3,366	3,366	-0-	-0-
		Total Special Education Cluster						\$ -0-	\$ 723,951	\$ 723,951	\$ 723,951	\$ -0-	\$ -0-

Solanco School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2020

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 (Unearned) Revenue at July 1, 2019	Total Received for the Year	Revenue Reconciled	Expenditures	Accrued (Unearned) Revenue at June 30, 2020	Passed Through to Subrecipients
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	013-190390	07/22/19 - 9/30/20	1,950,695	\$ -0-	\$ 1,300,533	\$ 1,520,414	\$ 1,520,414	\$ 219,881	\$ -0-
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	013-180390	08/03/18 - 09/30/19	1,916,324	406,179	548,166	141,987	141,987	-0-	-0-
		Total		84.010				406,179	1,848,699	1,662,401	1,662,401	219,881	-0-
U.S. Department of Education	Pennsylvania Department of Education	Improving Teacher Quality State Grants	I	84.367	020-190390	07/22/19 - 09/30/20	283,441	-0-	227,138	283,441	283,441	56,303	-0-
U.S. Department of Education	Pennsylvania Department of Education	Improving Teacher Quality State Grants	I	84.367	020-180390	08/03/18 - 09/30/19	282,751	60,622	60,622	-0-	-0-	-0-	-0-
		Total		84.367				60,622	287,760	283,441	283,441	56,303	-0-
U.S. Department of Education	Pennsylvania Department of Education	Student Support and Academic Enrichment Program	I	84.424	144-190390	07/22/19 - 09/30/20	143,475	-0-	124,302	143,425	143,425	19,123	-0-
U.S. Department of Education	Pennsylvania Department of Education	Student Support and Academic Enrichment Program	I	84.424	144-180390	08/03/18 - 09/30/19	111,764	7,983	7,983	-0-	-0-	-0-	-0-
		Total		84.424				7,983	132,285	143,425	143,425	19,123	-0-

See independent auditor's report.

Solanco School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2020

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 (Unearned) Revenue at July 1, 2019	Total Received for the Year	Revenue Reorganized	Expenditures	Accrued (Unearned) Revenue at June 30, 2020	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	07/01/19 - 06/30/20	N/A	-0-	1,315	4,710	4,710	3,395	-0-
U.S. Department of Health and Human Services	Pennsylvania Department of Human Services	Medical Assistance Program	I	93.778	N/A	07/01/18 - 06/30/19	N/A	1,085	1,085	-0-	-0-	-0-	-0-
Total				93.778				1,085	2,400	4,710	4,710	3,395	-0-
								\$ 492,014	\$ 3,695,946	\$ 3,491,293	\$ 3,491,293	\$ 287,361	\$ -0-
TOTAL EXPENDITURES of FEDERAL AWARDS													
Total Received from U.S. Department of Education													
Total Received from U.S. Department of Agriculture													
Total Received from U.S. Department of Health and Human Services													
								474,784	2,992,695	2,813,218	2,813,218	295,307	-0-
								16,145	700,851	673,365	673,365	(11,341)	-0-
								-0-	1,315	4,710	4,710	3,395	-0-
								\$ 490,929	\$ 3,694,861	\$ 3,491,293	\$ 3,491,293	\$ 287,361	\$ -0-
TOTAL EXPENDITURES of FEDERAL AWARDS													

Legend
I = Indirect funding
CFDA = Catalog of Federal Domestic Assistance

See independent auditor's report.

Solanco School District
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2020

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, 2020, was \$111,265. Of this amount, \$60,000 is listed on the PDE confirmation as program #044-007390 and \$51,265 was received through the Lancaster-Lebanon Intermediate Unit #13 and another School District.

See independent auditor's report.

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.