

Audited
Financial
Statements

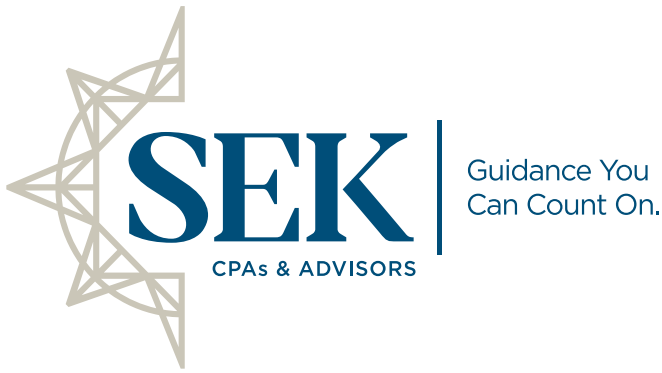
June 30,
2020

Gettysburg Area School District



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gettysburg Area School District
Gettysburg, 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 Gettysburg Area School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Gettysburg Area School District, 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.

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 4 through 20, the budgetary comparison schedule on pages 69 to 70, and the schedules related to the pension and OPEB liabilities on pages 71 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gettysburg Area School District's 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021, on our consideration of Gettysburg Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gettysburg Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gettysburg Area School District's internal control over financial reporting and compliance.

Smith Elliott Hearn + Company, LLC

York, Pennsylvania
February 8, 2021

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2020

The discussion and analysis of Gettysburg Area School District's financial performance provides an overall review of the School District's financial activities 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. Readers should also review the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the School District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

School District Mission Statement

Gettysburg Area School District, in partnership with the family and community, is dedicated to excellence and committed to maximizing every student's opportunity to reach their full potential for achievement. Our purpose is to provide a safe and healthy environment in which all students can learn. We embrace our responsibility in developing a caring school community that enables all students to become active and productive members of our diverse and ever-changing global society.

School District Vision

Gettysburg Area School District provides a safe and caring learning environment where students develop skills to learn in an ever-changing world and accept responsibility to use these skills to achieve and graduate ready to learn, work, serve, and succeed in today's world and in a world we cannot yet define or imagine.

Financial Highlights

The trends and existing forecasts indicated that during the fiscal year 2019-2020, the Gettysburg Area School District General Fund would experience a year of significant increases in the costs for employee salaries/wages as well as increases in purchased services, and supplies. In the budgeting process, the Board of School Directors balanced the budget with a real estate tax rate increase to the School District's taxpayers of 1.00% or 0.109 mills which was well below the 2.3% allowable rate increase per Act 1. The results of operation of the General Fund showed actual revenues and other financing sources received of \$63,679,167 exceeded the originally budgeted revenue projections of \$63,243,415 by \$435,752 or 1%. Of this difference \$132,498 was in local revenues, \$54,499 was in state revenues, \$243,482 in federal revenues, and \$5,273 in other revenues.

General Fund actual expenditures and other financing uses of \$63,290,801 were less than the original budget of \$67,517,595 by \$4,226,794 or 6%. Expenditures were under budget by \$2,476,794 and other financing uses were under budget by \$1,750,000.

For the fiscal year ended June 30, 2020, the General Fund had an increase in fund balance of \$388,366.

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2020

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *Statement of Activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that only result in cash flows in future or prior fiscal periods (e.g., uncollected taxes earned, but not received; unused compensated absences; and items received or services provided in 2019-2020, but paid for in a different year).

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating. However, to assess the overall health of the School District, you will need to also consider additional non-financial factors, such as changes in the School District's property tax base, earned income tax base, and overall student achievement and performance.

The Government-Wide Financial Statements outline functions of the School District and are divided into two categories:

- 1) **Governmental Activities:** These are the functions of the School District that are principally supported by local taxes, including property and earned income taxes, and intergovernmental revenues, including state and federal subsidies and grants. The governmental activities of the School District include all of the basic services such as instruction, support services, administration, operation and maintenance of plant and facilities, student transportation, operation of non-instructional services, and community services.

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2020

Government-Wide Financial Statements - continued

- 2) **Business-Type Activities:** These are the functions of the School District that are run similarly to private sector business and supported by local fees and charges. The only business-type activity currently operated by the School District is the food services operation. Food services are available and provided to all participating students, staff, and visitors at a cost, based on a pricing structure developed by the School District and in conjunction with the National School Lunch program.

The Government-Wide Financial Statements can be found on pages 21 through 23 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For example, some funds are required by state law and by bond requirements. The School District's Fund Financial Statements provide information about the most significant funds - not the School District as a whole. All of the funds of the School District can be divided into three categories:

- 1) **Governmental Funds:** These funds include most of the School District's activities and are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on the determination of financial position and change in financial position, not on income determination. They 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 operations and the services it provides as opposed to the longer-term view of Government-Wide Financial Statements. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs and operations.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the School District's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are on pages 25 and 27, respectively.

The Governmental Fund Financial Statements can be found on pages 24 and 26 of this report.

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2020

Fund Financial Statements - continued

- 2) **Proprietary Funds:** These funds are used to account for the School District activities that are similar to business operations in the private sector, where the reporting focus is on determining net income, financial position, and changes in financial position. Typically, a significant portion of funding is through user charges.

When the School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The Food Service Fund is the School District's only Proprietary Fund and is the same as the business-type activities we report in the Government-Wide Statements. However, we provide more detail and additional information in the fund financial statements, such as cash flow reporting.

The Proprietary Fund Financial Statements can be found on pages 28 through 30.

- 3) **Fiduciary Funds:** These funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of those funds are not available to support the School District's own programs. The accrual basis of accounting is used for Fiduciary Funds. Fiduciary Funds maintained by the School District include a Student Activities fund that accounts for financial transactions of various student clubs and activities.

The Fiduciary Fund Financial Statements can be found on page 31 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential for understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 68 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain other supplementary information concerning the School District's finances and operations, beginning on page 69.

Government-Wide Financial Analysis (The School District as a Whole)

Net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflow of resources exceeded assets and deferred outflows of resources by \$2,963,588 as of June 30, 2020. Table A-1 presents a summary of the School District's net position for the fiscal years ended June 30, 2019 and 2020.

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2020

Government-Wide Financial Analysis (The School District as a Whole) - continued

A significant portion of the School District's Net Position reflects its investment in capital assets (e.g., land and improvements, infrastructure, buildings and improvements, and machinery and equipment) less any related debts used to acquire those assets that are still outstanding, and the impact on the School District for its share of the PSERS state-wide net pension liability.

The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot typically be used to liquidate these liabilities.

The School District's financial position is the product of many financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, the depreciation of capital assets, the financial impacts of the State-mandated pension program (PSERS) and the School District's participation in a self-insured healthcare trust. During the year, investment in capital assets increased by \$1,264,891 and \$3,846,168 of capital depreciation was reflected.

Changes in Net Position

The School District's total revenues and other financing sources for the fiscal year ended June 30, 2020, were \$65,315,379. The total cost of all programs and services was \$64,574,493. Table A-2 presents a summary of the changes in net assets for the fiscal year ended June 30, 2019 and 2020.

Governmental Activities

Table A-3 presents the cost of the ten major School District functional activities: instruction, instructional student support, administrative and financial support services, operation and maintenance, pupil transportation, central and other support services, student activities, community services, interest on long-term debt, and refunds of prior year receipts. It shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Business-Type Activities

Table A-4 presents the summary of activities for the Food Services program, the only Business-Type Activity of the School District.

Financial Analysis of the School District's Funds

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

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2020

Governmental Funds

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

The financial performance of the School District as a whole is reflected in its Governmental Funds. As the School District completed the year, its Governmental Funds reported a combined fund balance of \$31,443,890 an overall increase of \$371,141, however, General fund operations resulted in a net increase in total fund balance of \$388,366. The primary reasons for the General Fund results as explained earlier in the financial highlights section was mostly due to actual revenues that were higher than projections and actual expenses lower than projections which resulted in a much lower use of fund balance than planned with the 2019-20 General Fund budget. Capital Projects Reserve Fund had a net increase in fund balance of \$462,215 due to transfers from General Fund related to planned capital projects throughout the School District. Capital Projects Bond Fund had a net decrease in fund balance of \$479,440 related to timing of current capital projects and the School District issuing General Obligation Bond, Series of 2020 subsequent to year-end.

\$7,617,954 or 24% of the total governmental fund balance constitutes unassigned fund balance, which is available for spending at the School District's discretion. The remaining fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for spending as shown in Table A-5. For June 30, 2020 the School District included in its assigned fund balance its planned net use of fund balance, \$4,438,581 to balance the 2020-21 final budget as approved by the Board of School Directors in June 2020.

Budgetary Highlights

During the fiscal year, the Board of School Directors (the Board) 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 after the end of the fiscal year, as permitted by state law. A schedule showing the School District's original and final budget amounts compared with the amounts actually paid and received is provided on pages 69 and 70.

The School District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. For certain changes in local, state and federal funding, corresponding changes are also required for expenses related to those programs.

Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur in the payroll, benefits, and contracted substitutes areas, so that items budgeted generally, such as for substitutes and tuition reimbursement, are redistributed to the specific budgetary accounts where those funds are expended throughout the year. Attrition and other staffing changes during the year are another source of changing budget needs. Other budget transfers are made throughout the year as each budget site meets its changing needs for operations or adjusts priorities due to ongoing initiatives.

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2020

Budgetary Highlights - continued

The budgetary reserve account was established at \$550,000 or about 0.8% of expenses for unplanned contingencies during the year. Establishing a budgetary reserve is a regular practice of the School District, as such items can arise that are not provided for elsewhere in the budget. Uses of this account only occur with Board approval. Budgetary reserve was not utilized for the year ended June 30, 2020.

For the year, budget performance was \$4,664,546 better than projected overall, which is due to several significant items. In local revenues, tax collections, primarily real estate and local earned income taxes, were actually \$34,850 below estimates and interest earnings were only \$9,116 higher than projected. However, in summary, overall revenues and other funding sources were \$435,752 higher than budget.

In expenses, salary and benefits were better than projected and were mostly a result of retirements and open or unfilled positions resulting from COVID 19. Major object code 100, salaries, was \$552,805 better than projected. Benefits, as factor of salary, include PSERS and FICA, and employee medical benefits resulted in an overall \$576,089 cost below estimates. Special education costs for Lincoln Intermediate Unit educational services were \$945,872 better than projected, in part due to absorbing certain services into School District operations, however, charter school tuition costs exceeded our estimates by \$28,625. A \$1,200,000 budgeted expense was to recognize a planned multi-year commitment of funds toward future facility improvements. This was the fourth year of a five-year plan for the sole purpose to establish annual funding to support HVAC renovations for the High School and Lincoln Elementary School and other related capital needs as identified in the five-year capital funding plan. Moreover, as noted above, \$0 of the budgetary reserve account was used during the year, leaving \$550,000 unspent. In summary, the overall expenditures and other financing sources were \$4,226,794 below budget.

Capital Assets

As of June 30, 2020, the School District had invested \$137,092,647 of its Governmental Funds in capital assets, including land and land improvements, infrastructures, school buildings and building improvements, athletic facilities, vehicles, computers and other equipment. Accumulated depreciation as of June 30, 2020, is \$61,721,175, resulting in net capital assets of \$75,371,472.

The schedule in Table A-6 presents capital asset balances net of depreciation for the fiscal years ended June 30, 2019 and 2020, including Governmental and Business-Type (Food Service) funds.

Additional information on the School District's capital assets can be found in Note C to the financial statements.

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2020

Debt Administration

At year-end, the School District had \$31,523,000 in general obligation bonds and direct borrowings (notes), of which \$4,013,000 of principal is due within one year. Table A-7 presents a summary of the School District's outstanding long-term debt for the fiscal year ended June 30, 2019 and 2020.

Other obligations include accrued vacation pay and sick leave for specific employees of the School District.

The School District maintains an AA- rating from S&P Global Ratings a division of Standard & Poor's Financial Services LLC. This rating was renewed by S&P Global Ratings June 2020. Any explanation of the significance of such rating may only be obtained from the rating agency. The School District furnishes to such rating agency certain information and material with respect to the Bonds and the School District. Generally, rating agencies base their rating on such information, material, investigations, studies and assumptions by the rating agency. There is additional security for bonds provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for the undistributed state aid to be diverted to bond holders in the event of default. The School District's general obligation debt rating can be enhanced by insurance policies through a variety of insurers; however, that is reviewed and determined at the time of each issuance of debt.

State statutes currently limit the amount of general obligation debt a School District may issue to 225 percent of its total "Borrowing Base". The current debt limitation for the School District, as calculated for the reporting period ending June 30, 2020, is \$137,202,134, which exceeds the School District's outstanding general obligation debt by \$105,679,134.

Additional information on the School District's long-term liabilities can be found in Note H of the financial statements.

Economic Factors and Next Year's Budgets and Rates

While considering economic growth in Adams County, the Board of Directors and the Administration needed a long-range view on what enrollment trends say for Gettysburg Area School District, therefore a comprehensive demographic study was produced by Stewman Demographics, LLC, and Dr. Shelby Stewman. The report was received in December 2019 of which included a 10-year enrollment projection. The study was meant to help understand and prepare for future growth, and as the results were determined, Gettysburg Area School District is not to foresee any significant changes to enrollment in the near- or long-term future.

Before COVID 19, residential growth continued slowly throughout Adams County, which has been affected by economic factors over the past several years. Just prior to this economic downturn, the Adams County Planning Office had published projections that indicated significant population growth in many of the municipalities that make up the Gettysburg Area School District. The growth, however, is somewhat limited within the Borough of Gettysburg and the areas in and around the Gettysburg National Military Park Battlefield. Residential growth that does occur within the School District does not significantly affect enrollment due to the growing retiree demographic in this area.

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2020

Economic Factors and Next Year's Budgets and Rates - continued

Commercial growth flattened due to the economy, but there are signs of changes possibly in the future. The growth that does occur is thought to reduce the numbers of area residents who travel out of the county for work, helping to maintain relatively low unemployment rates as compared to other areas of the Commonwealth and the nation. We believe there remains a significant probability that growth in this area will continue as the recent period of economic instability moves farther into the past.

Moreover, whether it be residential or commercial growth, the School District's tax base is one based on stability and allows for credit worthiness in light of COVID 19 and the recession to follow. Property taxes continue to generate 69% of general fund revenues. Earned income is estimated to see a slight decline, however, management continues to monitor and make any necessary adjustments as needed. Liquidity and fund balance will likely be strong to support the School District needs until COVID 19 and recession unfold.

The revenue budget for the 2020-21 year is overall \$949,129 more than the original budget for 2019-20. This represents a slight change in assessment value, an increase in state revenue, and an increase in federal funding. In terms of local revenue, there was a 0% increase in the local real estate tax rate, leaving the mill rate at 11.0187, same as 19/20 year. The total local funding is expected to draw on fund balance. The School District expects to receive an increase in state funding of .6% overall. This is in part due to the PSERS rate increase and resulting state subsidy. The expenditure budget for the 2020-2021 year is \$1,705,583 more than the original budget for 2019-2020, or a 2.5% increase.

A comparison of revenue and expenditure categories can be found in Table A-8.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the resources it receives. If you have questions about these reports or need additional information, please contact Belinda M. Wallen, Business Manager/Board Secretary at Gettysburg Area School District, 900 Biglerville Road, Gettysburg, PA 17325-7897, (717) 334-6254, extension 1226.

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

Table A-1
Net Position

	Fiscal Year Ended June 30, 2019 (restated)			Fiscal Year Ended June 30, 2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 40,813,654	\$ 2,143,530	\$ 42,957,184	\$ 41,495,238	\$ 2,206,658	\$ 43,701,896
Capital assets	78,336,757	630,153	78,966,910	75,371,472	567,079	75,938,551
Deferred outflows of resources	12,632,758	324,945	12,957,703	12,146,075	315,158	12,461,233
Total assets and deferred outflows of resources	\$ 131,783,169	\$ 3,098,628	\$ 134,881,797	\$ 129,012,785	\$ 3,088,895	\$ 132,101,680
Current liabilities	\$ 12,209,829	\$ 69,676	\$ 12,279,505	\$ 12,940,987	\$ 86,006	\$ 13,026,993
Long-term liabilities	120,702,556	2,084,345	122,786,901	115,455,001	2,024,038	117,479,039
Deferred inflows of resources	3,417,814	102,052	3,519,866	4,421,882	137,354	4,559,236
Total liabilities and deferred inflows of resources	\$ 136,330,199	\$ 2,256,073	\$ 138,586,272	\$ 132,817,870	\$ 2,247,398	\$ 135,065,268
Net position						
Net investment in capital assets	\$ 41,285,062	\$ 630,153	\$ 41,915,215	\$ 42,613,027	\$ 567,079	\$ 43,180,106
Restricted	4,487,653	106,586	4,594,239	11,164,368	103,233	11,267,601
Unrestricted	(50,319,745)	105,816	(50,213,929)	(57,582,480)	171,185	(57,411,295)
Total net position	\$ (4,547,030)	\$ 842,555	\$ (3,704,475)	\$ (3,805,085)	\$ 841,497	\$ (2,963,588)

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

Table A-2
Changes in Net Position

	Fiscal Year Ended June 30, 2019			Fiscal Year Ended June 30, 2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Property taxes	\$ 33,052,954	\$ -	\$ 33,052,954	\$ 33,191,259	\$ -	\$ 33,191,259
Other taxes	7,621,153	-	7,621,153	7,632,728	-	7,632,728
Grants, subsidies and contributions:						
Unrestricted	7,968,509	-	7,968,509	8,213,314	-	8,213,314
Restricted - operating	10,667,488	1,228,052	11,895,540	11,202,626	1,065,152	12,267,778
Restricted - capital	323,641	-	323,641	332,367	-	332,367
Investment earnings	848,110	37,317	885,427	697,330	26,551	723,881
Refunds of prior year expenses	198,089	-	198,089	4,748	-	4,748
Gain/(loss) on disposal of fixed assets	19,842	-	19,842	5,712	-	5,712
Miscellaneous income	22,633	-	22,633	47,198	-	47,198
Charges for services	2,262,742	593,931	2,856,673	2,441,184	455,210	2,896,394
Total revenues	62,985,161	1,859,300	64,844,461	63,768,466	1,546,913	65,315,379
Expenses						
Instruction	38,306,067	-	38,306,067	40,003,696	-	40,003,696
Instructional student support	4,272,890	-	4,272,890	4,485,665	-	4,485,665
Administrative and financial support	4,477,738	-	4,477,738	4,616,069	-	4,616,069
Operation and maintenance of plant	5,946,639	-	5,946,639	6,685,319	-	6,685,319
Pupil transportation	3,219,028	-	3,219,028	3,099,556	-	3,099,556
Central and other support services	1,531,830	-	1,531,830	1,724,475	-	1,724,475
Student activities	1,318,140	-	1,318,140	1,343,228	-	1,343,228
Community services	22,691	-	22,691	16,182	-	16,182
Debt service expenses	868,830	-	868,830	1,047,505	-	1,047,505
Refunds of prior year receipts	138,817	-	138,817	4,827	-	4,827
Food services	-	1,637,369	1,637,369	-	1,547,971	1,547,971
Total expenses	60,102,670	1,637,369	61,740,039	63,026,522	1,547,971	64,574,493
Change in net position	\$ 2,882,491	\$ 221,931	\$ 3,104,422	\$ 741,944	\$ (1,058)	\$ 740,886

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

Table A-3
Needs From Local Taxes and Other Revenues

	Fiscal Year Ended June 30, 2019		Fiscal Year Ended June 30, 2020	
	Total Expenses	Net Expense/ (Revenue)	Total Expenses	Net Expense/ (Revenue)
<u>Governmental Activities</u>				
Instruction	\$ 38,306,067	\$ 30,065,846	\$ 40,003,696	\$ 31,116,996
Instructional student support	4,272,890	3,612,614	4,485,665	3,778,754
Administrative and financial support	4,477,738	3,884,720	4,616,069	4,022,181
Operation and maintenance of plant	5,946,639	4,695,764	6,685,319	5,417,419
Pupil transportation	3,219,028	1,306,874	3,099,556	1,139,012
Central and other support services	1,531,830	1,531,830	1,724,475	1,724,475
Student activities	1,318,140	1,048,204	1,343,228	1,117,789
Community services	22,691	18,941	16,182	13,754
Interest on long-term debt	868,830	868,830	1,047,505	715,138
Refunds of prior year receipts	138,817	138,817	4,827	4,827
Total governmental activities	<u>\$ 60,102,670</u>	47,172,440	<u>\$ 63,026,522</u>	49,050,345
Less: Unrestricted grants, subsidies and contributions		<u>(7,968,509)</u>		<u>(8,213,314)</u>
Total needs from local taxes & other revenues		<u>\$ 39,203,931</u>		<u>\$ 40,837,031</u>

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

Table A-4
 Business-Type Activities (Food Service)

	Fiscal Year Ended June 30, 2019		Fiscal Year Ended June 30, 2020	
	Total Expenses	Net Revenue/ (Expense)	Total Expenses	Net Revenue/ (Expense)
<u>Business-Type Activities</u>				
Food services	\$ 1,637,369	\$ 184,614	\$ 1,547,971	\$ (27,609)
Investment earnings		37,317		26,551
Total business-type activities - revenue/(loss)		\$ 221,931		\$ (1,058)

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

Table A-5
Fund Balance - Nonspendable, Restricted, Committed, & Unassigned

	Fiscal Year Ended June 30, 2019 (restated)				Fiscal Year Ended June 30, 2020			
	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Const. Fund	Total	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Const. Fund	Total
Nonspendable:								
Inventories	\$ 88,942	\$ -	\$ -	\$ 88,942	\$ 99,170	\$ -	\$ -	\$ 99,170
Prepaid expenses	214,894	-	-	214,894	226,314	-	-	226,314
Restricted:								
Lincoln Benefit Trust	4,487,653	-	-	4,487,653	4,180,290	-	-	4,180,290
Capital improvements	3,050,000	6,521,863	-	9,571,863		6,984,078	-	6,984,078
Committed:								
Capital improvements	-	-	-	-	4,250,000	-	-	4,250,000
Retirement/PSERS	4,221,934	-	-	4,221,934	3,647,503	-	-	3,647,503
Assigned:								
19-20 Budgetary reserve	4,274,180	-	-	4,274,180	4,438,581	-	-	4,438,581
Sub-Totals	16,337,603	6,521,863	-	22,859,466	16,841,858	6,984,078	-	23,825,936
Unassigned:	8,213,283	-	-	8,213,283	8,097,394	-	(479,440)	7,617,954
Totals	\$ 24,550,886	\$ 6,521,863	\$ -	\$ 31,072,749	\$ 24,939,252	\$ 6,984,078	\$ (479,440)	\$ 31,443,890

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

Table A-6
Net Capital Assets

	Fiscal Year Ended June 30, 2019			Fiscal Year Ended June 30, 2020		
	Governmental Funds	Business-Type Funds	Total	Governmental Funds	Business-Type Funds	Total
Land, land improvements and infrastructure	\$ 2,371,492	\$ -	\$ 2,371,492	\$ 2,267,916	\$ -	\$ 2,267,916
Buildings and improvements	73,114,543	-	73,114,543	70,551,791	-	70,551,791
Vehicles, furniture, and equipment	2,850,722	630,153	3,480,875	2,551,765	567,079	3,118,844
Total	\$ 78,336,757	\$ 630,153	\$ 78,966,910	\$ 75,371,472	\$ 567,079	\$ 75,938,551

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

Table A-7
 Outstanding Long-Term Debt

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2020
General obligation bonds	\$ 23,545,000	\$ 20,800,000
General obligation notes	11,891,000	10,723,000
Total	\$ 35,436,000	\$ 31,523,000

GETTYSBURG AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

Table A-8
Original General Fund Budget Revenues and Expenditures

	Fiscal Year Ended June 30, 2019		Fiscal Year Ended June 30, 2020		Fiscal Year Ended June 30, 2021	
	Amount	%	Amount	%	Amount	%
Budgeted revenues:						
Local sources	\$ 41,740,917	68.22%	\$ 43,153,252	68.23%	\$ 43,318,294	67.48%
State sources	18,401,785	30.07%	19,007,253	30.05%	19,128,142	29.80%
Federal sources	1,044,572	1.71%	1,080,910	1.71%	1,744,108	2.72%
Other sources	2,000	0.00%	2,000	0.00%	2,000	0.00%
Total	<u>\$ 61,189,274</u>	<u>100.00%</u>	<u>\$ 63,243,415</u>	<u>99.99%</u>	<u>\$ 64,192,544</u>	<u>100.00%</u>
Budgeted expenditures:						
Salaries and wages	\$ 23,364,864	35.85%	\$ 23,878,127	35.38%	\$ 24,693,032	35.66%
Employee benefits	16,411,632	25.18%	16,939,015	25.09%	17,364,410	25.08%
Professional services	5,914,224	9.07%	6,173,770	9.14%	6,401,085	9.25%
Property services	863,099	1.32%	873,860	1.29%	739,631	1.07%
Other purchased services	7,991,020	12.26%	8,085,206	11.97%	8,440,316	12.19%
Supplies	2,961,633	4.54%	2,793,625	4.14%	2,765,853	4.00%
Property and equipment	172,075	0.26%	225,655	0.33%	434,725	0.63%
Interest and other objects	1,842,191	2.83%	1,927,459	2.85%	1,672,648	2.42%
Other financing uses	5,664,578	8.69%	6,620,878	9.81%	6,711,478	9.70%
Total	<u>\$ 65,185,316</u>	<u>100.00%</u>	<u>\$ 67,517,595</u>	<u>100.00%</u>	<u>\$ 69,223,178</u>	<u>100.00%</u>

GETTYSBURG AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 30,229,973	\$ 1,974,206	\$ 32,204,179
Interest receivable	111,235	-	111,235
Taxes receivable	2,653,244	-	2,653,244
Due from other governments	3,757,880	23,669	3,781,549
Internal balances	251	(251)	-
Other receivables	236,881	1,404	238,285
Inventories	99,170	96,204	195,374
Prepaid expenses	226,314	8,193	234,507
Total current assets	37,314,948	2,103,425	39,418,373
NONCURRENT ASSETS			
Capital assets			
Land	1,530,471	-	1,530,471
Site improvements and infrastructure, net	760,171	-	760,171
Building and building improvements, net	70,529,068	-	70,529,068
Machinery, equipment and vehicles, net	2,551,762	567,079	3,118,841
Total capital assets, net	75,371,472	567,079	75,938,551
Lincoln Benefit Trust reserves	4,180,290	103,233	4,283,523
Total noncurrent assets	79,551,762	670,312	80,222,074
Total assets	116,866,710	2,773,737	119,640,447
DEFERRED OUTFLOWS OF RESOURCES	12,146,075	315,158	12,461,233
	\$ 129,012,785	\$ 3,088,895	\$ 132,101,680

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION - continued
JUNE 30, 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Governmental Activities	Business-Type Activities	Total
CURRENT LIABILITIES			
Due to other governments	\$ 238,857	\$ -	\$ 238,857
Accounts payable	761,167	11,355	772,522
Accrued salaries and benefits/withholdings	6,477,799	19,184	6,496,983
Accrued interest	518,285	-	518,285
Other current liabilities	486,319	52,469	538,788
Current portion of long-term debt	4,369,864	-	4,369,864
Current portion of compensated absences	88,696	2,998	91,694
	12,940,987	86,006	13,026,993
NONCURRENT LIABILITIES			
Long-term debt, net of current portion	28,388,581	-	28,388,581
Compensated absences, net of current portion	1,685,216	56,962	1,742,178
Pension liability	75,824,681	1,694,319	77,519,000
Other post-employment benefits (OPEB) liability	9,556,523	272,757	9,829,280
	115,455,001	2,024,038	117,479,039
Total noncurrent liabilities	115,455,001	2,024,038	117,479,039
Total liabilities	128,395,988	2,110,044	130,506,032
DEFERRED INFLOWS OF RESOURCES	4,421,882	137,354	4,559,236
NET POSITION (DEFICIT)			
Net investment in capital assets	42,613,027	567,079	43,180,106
Restricted	11,164,368	103,233	11,267,601
Unrestricted	(57,582,480)	171,185	(57,411,295)
	(3,805,085)	841,497	(2,963,588)
Total net position	(3,805,085)	841,497	(2,963,588)
	\$ 129,012,785	\$ 3,088,895	\$ 132,101,680

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Program Revenues			Net (Expense) Revenue 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	\$ 40,003,696	\$ 1,555,374	\$ 7,331,326	\$ -	\$ (31,116,996)	\$ -	\$ (31,116,996)
Instructional student support	4,485,665	8,719	698,192	-	(3,778,754)	-	(3,778,754)
Administrative and financial support services	4,616,069	34,594	559,294	-	(4,022,181)	-	(4,022,181)
Operation and maintenance of plant services	6,685,319	723,662	544,238	-	(5,417,419)	-	(5,417,419)
Pupil transportation	3,099,556	-	1,960,544	-	(1,139,012)	-	(1,139,012)
Central and other support services	1,724,475	-	-	-	(1,724,475)	-	(1,724,475)
Student activities	1,343,228	118,835	106,604	-	(1,117,789)	-	(1,117,789)
Community services	16,182	-	2,428	-	(13,754)	-	(13,754)
Debt service	1,047,505	-	-	332,367	(715,138)	-	(715,138)
Refund of prior year receipts	4,827	-	-	-	(4,827)	-	(4,827)
 Total governmental activities	 63,026,522	 2,441,184	 11,202,626	 332,367	 (49,050,345)	 -	 (49,050,345)
BUSINESS-TYPE ACTIVITIES							
Food service	1,547,971	455,210	1,065,152	-	-	(27,609)	(27,609)
 Total	 <u>\$ 64,574,493</u>	 <u>\$ 2,896,394</u>	 <u>\$ 12,267,778</u>	 <u>\$ 332,367</u>	 (49,050,345)	 (27,609)	 (49,077,954)
GENERAL REVENUES							
Property taxes levied for general purposes, net					33,191,259	-	33,191,259
Other taxes					7,632,728	-	7,632,728
Grants, subsidies and contributions not restricted					8,213,314	-	8,213,314
Investment earnings					697,330	26,551	723,881
Refunds of prior year expenses					4,748	-	4,748
Gain on sale of fixed assets					5,712	-	5,712
Miscellaneous income					47,198	-	47,198
					<u>49,792,289</u>	<u>26,551</u>	<u>49,818,840</u>
 CHANGE IN NET POSITION					 741,944	 (1,058)	 740,886
 NET POSITION - BEGINNING (originally stated)					 (1,225,361)	 1,186,953	 (38,408)
Restatement (Note O)					(3,321,668)	(344,398)	(3,666,066)
 NET POSITION - BEGINNING (restated)					 (4,547,029)	 842,555	 (3,704,474)
 NET POSITION - ENDING					 <u>\$ (3,805,085)</u>	 <u>\$ 841,497</u>	 <u>\$ (2,963,588)</u>

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2020

ASSETS

	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Fund	Total Governmental Funds
Cash and cash equivalents	\$ 23,386,144	\$ 6,843,829	\$ -	\$ 30,229,973
Interest receivable	104,366	6,869	-	111,235
Taxes receivable	2,653,244	-	-	2,653,244
Due from other governments	3,757,880	-	-	3,757,880
Due from other funds	51,256	182,048	-	233,304
Other receivables	236,881	-	-	236,881
Inventories	99,170	-	-	99,170
Prepaid expenses	226,314	-	-	226,314
Lincoln Benefit Trust reserves	4,180,290	-	-	4,180,290
	<u>\$ 34,695,545</u>	<u>\$ 7,032,746</u>	<u>\$ -</u>	<u>\$ 41,728,291</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 439,932	\$ 21,344	\$ 299,891	761,167
Due to other funds	26,182	27,324	179,549	233,055
Due to other governments	238,857	-	-	238,857
Accrued salaries and benefits	6,181,322	-	-	6,181,322
Payroll withholdings	296,477	-	-	296,477
Other current liabilities	486,319	-	-	486,319
	<u>7,669,089</u>	<u>48,668</u>	<u>479,440</u>	<u>8,197,197</u>

DEFERRED INFLOWS OF RESOURCES

	2,087,204	-	-	2,087,204
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FUND BALANCES

Nonspendable:				
Inventories	99,170	-	-	99,170
Prepaid expenses	226,314	-	-	226,314
Restricted:				
Lincoln Benefit Trust	4,180,290	-	-	4,180,290
Capital improvements	-	6,984,078	-	6,984,078
Committed:				
Capital improvements	4,250,000	-	-	4,250,000
Retirement/PSERS	3,647,503	-	-	3,647,503
Assigned:				
20/21 Budgetary reserve	4,438,581	-	-	4,438,581
Unassigned:				
General Fund	8,097,394	-	-	8,097,394
Capital Projects Bond Fund	-	-	(479,440)	(479,440)
	<u>24,939,252</u>	<u>6,984,078</u>	<u>(479,440)</u>	<u>31,443,890</u>
	<u>\$ 34,695,545</u>	<u>\$ 7,032,746</u>	<u>\$ -</u>	<u>\$ 41,728,291</u>

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 31,443,890

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund balance sheet, but are reported in the governmental activities of the Statement of Net Position. The value of capitalized fixed assets, net of accumulated depreciation is: 75,371,474

Certain taxes and other receivables are not available to pay current period expenditures and therefore are deferred in the fund financial statements, but are reported as revenue in governmental activities of the Statement of Net Position. 2,087,204

Long-term liabilities and other payables are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and other payables consist of:

Bonds and notes payable, net of deferred charge on bond refunding	(31,470,161)
Compensated absences	(1,773,912)
Net pension liability	(75,824,681)
Deferred outflows related to pension liability	9,862,131
Deferred inflows related to pension liability	(4,088,259)
OPEB liability	(9,556,523)
Deferred outflows related to OPEB liability	995,660
Deferred inflows related to OPEB liability	(333,623)
Accrued interest	(518,285)
	(100,000,000)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (3,805,085)**

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Reserve Fund	Capital Projects Bond Fund	Total Governmental Funds
REVENUES				
Local sources	\$ 43,285,750	\$ 88,089	\$ -	\$ 43,373,839
State sources	19,061,752	-	-	19,061,752
Federal sources	1,324,392	-	-	1,324,392
Total revenue	63,671,894	88,089	-	63,759,983
EXPENDITURES				
Instruction	37,570,799	-	-	37,570,799
Support services	17,864,779	375,782	-	18,240,561
Non-instructional services	1,185,051	501	-	1,185,552
Debt service (principal, interest and bond issue costs)	5,144,006	-	-	5,144,006
Facility acquisition and improvement	18,288	757,469	479,440	1,255,197
Total expenditures	61,782,923	1,133,752	479,440	63,396,115
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,888,971	(1,045,663)	(479,440)	363,868
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	1,507,878	-	1,507,878
Interfund transfers out	(1,507,878)	-	-	(1,507,878)
Proceeds from sale of fixed assets	7,273	-	-	7,273
Total other financing sources (uses)	(1,500,605)	1,507,878	-	7,273
NET CHANGE IN FUND BALANCES	388,366	462,215	(479,440)	371,141
Fund balance - beginning (originally stated)	25,478,086	6,521,863	-	31,999,949
Prior period adjustment (Note O)	(927,200)	-	-	(927,200)
Fund balance - beginning (restated)	24,550,886	6,521,863	-	31,072,749
FUND BALANCE - ENDING	\$ 24,939,252	\$ 6,984,078	\$ (479,440)	\$ 31,443,890

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 371,141**

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, in the Statement of Activities, the outlay is allocated over the estimated useful lives of the assets as depreciation expense for the period.

Capital outlays, net of disposals	739,591
Depreciation expense, net of disposals	(3,704,875)

Governmental funds do not present revenues that are unavailable to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

2,770

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

3,913,000

Governmental funds report prepaid bond insurance, issue costs, bond discounts / premiums and payments to refund bonds as expenditures and other financing uses or sources when the bonds are issued. However in the Statement of Activities the cost of those items are amortized over the life of the related bond.

Bond premiums	380,250
Deferred charge on bond refunding	(234,233)

Governmental funds report bond and note interest as expenditures when paid. However in the Statement of Activities interest expense is accrued and recorded as a liability on the Statement of Net Position. The change in accrued interest was:

37,484

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds. This is the difference between the amount incurred and the amount paid of:

Compensated absences	(82,125)
Net pension liability	764,555
Deferred outflows related to pension liability	(480,777)
Deferred inflows related to pension liability	(901,277)
OPEB liability	(189,095)
Deferred outflows related to OPEB liability	228,327
Deferred inflows related to OPEB liability	(102,792)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 741,944

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Food Service Fund
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,974,206
Due from other governments	23,669
Due from other funds	23,682
Other receivables	1,404
Inventories	96,204
Prepaid expenses	8,193
Total current assets	2,127,358
NONCURRENT ASSETS	
Machinery and equipment, net	567,079
Lincoln Benefit Trust reserves	103,233
Total noncurrent assets	670,312
Total assets	2,797,670
DEFERRED OUTFLOWS OF RESOURCES	
	315,158
	\$ 3,112,828

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CURRENT LIABILITIES	
Due to other funds	\$ 23,933
Current portion of compensated absences	2,998
Accounts payable	11,355
Accrued salaries and benefits	19,184
Other current liabilities	52,469
Total current liabilities	109,939
NONCURRENT LIABILITIES	
Compensated absences, net of current portion	56,962
Pension liability	1,694,319
Other post-employment benefits (OPEB) liability	272,757
Total noncurrent liabilities	2,024,038
Total liabilities	2,133,977
DEFERRED INFLOWS OF RESOURCES	
	137,354
NET POSITION	
Net investment in capital assets	567,079
Restricted - Lincoln Benefit Trust	103,233
Unrestricted	171,185
	841,497
	\$ 3,112,828

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020

	Food Service Fund
OPERATING REVENUES	
Food service revenue	\$ 450,959
Charges for services	4,251
Total operating revenues	455,210
OPERATING EXPENSES	
Salaries	500,643
Employee benefits	369,834
Purchased professional and technical service	3,077
Purchased property service	26,366
Other purchased service	1,689
Supplies	582,099
Depreciation	63,074
Dues and fees	1,189
Total operating expenses	1,547,971
OPERATING LOSS	(1,092,761)
NONOPERATING REVENUES	
Earnings on investments	26,551
Donated commodities	115,274
State sources	145,638
Federal sources	804,240
Total nonoperating revenues	1,091,703
NET POSITION - BEGINNING (originally stated)	1,186,953
Restatement (Note O)	(344,398)
NET POSITION - BEGINNING (restated)	842,555
CHANGE IN NET POSITION	(1,058)
NET POSITION - ENDING	\$ 841,497

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 478,723
Cash payments to employees for services	(900,419)
Cash payments to suppliers for goods and services	(535,389)
Cash payments for other operating expenses	(7,459)
Net cash from operating activities	(964,544)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State subsidies	152,762
Federal subsidies	920,573
Net cash from noncapital financing activities	1,073,335
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	28,566
NET CHANGE IN CASH	137,357
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,836,849
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,974,206
Reconciliation of operating loss to net cash from operating activities:	
Operating loss	\$ (1,092,761)
Adjustments:	
Depreciation	63,074
Donated commodities	115,274
(Increase) decrease in:	
Inventory	(43,685)
Other receivables	640
Due from other funds	(6,074)
Prepaid expenses	(196)
Deferred outflows	9,787
Lincoln Benefit Trust reserve	3,353
Increase (decrease) in:	
Compensated absences	(2,132)
Other post employment benefits liability	2,163
Accounts payable	(2,807)
Due to other funds	9,060
Accrued salaries and benefits	(2,206)
Pension liability	(60,445)
Other current liabilities	22,873
Deferred inflows	19,538
Total adjustments	128,217
Net cash from operating activities	\$ (964,544)

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

ASSETS

	<u>Agency Fund</u>
	<u>Student Activities</u>
ASSETS	
Cash and cash equivalents	\$ 174,790
Due from General Fund	37,847
Total assets	\$ 212,637

LIABILITIES AND NET POSITION

LIABILITIES	
Accounts payable	\$ 5,127
Due to student groups	207,510
Total liabilities	212,637
NET POSITION	-
Total liabilities and net position	\$ 212,637

See accompanying notes.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Board of School Directors (Board), constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Pennsylvania Local Educational Agency (LEA). The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" since Board members are elected by the public and have decision making authority, the power to designate management, and the accountability for fiscal matters.

The School District, for financial reporting purposes, includes all of the funds relevant to the operations of the Gettysburg Area School District. The financial statements presented do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Gettysburg Area School District.

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. Government Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", establishes the criteria for determining the activities, functions and organizations to be included in the financial statements of the reporting entity. This statement requires that a component unit be included if the School District's elected officials are financially accountable for the component unit. The School District is financially accountable if it appoints a voting majority of the component unit's governing body and (1) it is able to impose its will on the component unit, or (2) there is a potential for the School District to provide specific financial benefits to or impose specific financial burdens on the component unit. The School District may be financially accountable if an organization is fiscally dependent on the School District regardless of whether the School District has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The School District has evaluated its relationship with Lincoln Intermediate Unit #12 to determine if the financial information of the unit should be included in the financial statements. Based on this evaluation, the unit has not been included as a component unit of the School District's reporting entity because of the limited oversight responsibility and limited accountability for fiscal matters.

GETTYSBURG AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. The statements include the primary government, except for the fiduciary funds of the primary government.

Separate rows and columns are used to distinguish between the governmental and business-type activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. These activities are usually reported in Governmental Funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in Proprietary Funds.

Measurement Focus and Basis of Accounting - Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities are prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33.

Policy for Eliminating Internal Activity - Government-Wide Financial Statements

In the process of aggregating data for the Statement of Net Position, some amounts reported as interfund balances in the funds are eliminated or reclassified. Eliminations are made in the Statement of Net Position to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Policy for Capitalizing Assets and Estimating Useful Lives - Government-Wide Financial Statements

The School District reports capital assets at historical cost or estimated historical cost. Capital assets include land, improvements, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations and that have useful lives extending beyond a single reporting period. The School District's policy is to capitalize assets with costs in excess of \$1,500. Estimated depreciation expense is calculated using the straight-line method over the useful lives of capital assets ranging from 3 to 50 years.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Program Revenues - Government-Wide Financial Statements

The Statement of Activities reports three categories of program revenues: (a) charges for services, (b) program specific operating grants and contributions and (c) program specific capital grants and contributions. Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. As a whole, they reduce the net cost of the function to be financed from the government's general revenues.

Policy for Defining Operating and Non-Operating Revenues of Proprietary Funds

The School District defines proprietary fund operating revenues based on how the individual transaction would be categorized for purposes of preparing the Statement of Cash Flows. Transactions for which cash flows are reported as capital and related financing activities, non-capital finance activities or investing activities would normally not be reported as operating revenues.

Policy Regarding Applying Restricted or Unrestricted Revenues

The School District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Accounting

The accounts of the School District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds are used by the School District:

Governmental Funds

General Fund

The General Fund accounts for all financial resources of the School District except those that are specifically required by laws to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use, unless classified as nonspendable, restricted, committed or assigned.

Capital Projects Reserve Fund

The Capital Projects Reserve Fund is an unbudgeted fund that accounts for transfers of surplus from the General Fund designated to be spent on capital improvements.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Governmental Funds - continued

Capital Projects Bond Fund

The Capital Projects Bond Fund is an unbudgeted fund that accounts for the proceeds and expenditures relating to bond issues, renovations and construction projects.

Proprietary Fund Types

Enterprise Fund

The Enterprise Fund, an unbudgeted fund, is used to account for all revenue and expenses pertaining to cafeteria operations. The Enterprise Fund is utilized to account for operations that are financed and operated similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered through user charges.

The School District's Enterprise Fund is the Food Service Fund which accounts for the costs of providing meals to students during the school year. Revenue is received from student payments, from state and federal subsidies.

Fiduciary Fund Types

Agency Funds

The Agency Funds are unbudgeted funds and account for activities of student groups and other types of activities requiring clearing accounts (Activity Funds authorized by Section 511 of the Public School Code of 1949). These funds have no net position, assets are equal to liabilities, and do not include revenues and expenses for general operations of the School District.

Measurement Focus/Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds of the School District are accounted for using a current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the fund balances reflect spendable or appropriable resources. The operating statements of these funds reflect increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus/Basis of Accounting - continued

The proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities (current and non-current) associated with the operation of the funds are included on its Statement of Net Position. The proprietary fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Modified Accrual Basis

The modified accrual basis of accounting is followed for all governmental type funds of the School District. Under the modified accrual basis of accounting, expenditures (other than interest and principal payments on long-term debt which are recorded on their payment dates) are recorded when the fund liability is incurred. Revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the School District's operations. Available means collectible within 60 days after fiscal year-end. The modified accrual basis of accounting is used as follows:

Revenue from Local Sources

The School District has followed the principles recommended by the National Council on Governmental Accounting (NCGA) with respect to recognition of property tax revenues. Presuming all property taxes are collectible from a legal point of view, all previously levied, but uncollected property taxes were accrued at June 30, 2020. Of this total, the portion collected within 60 days after June 30, 2020, was recognized in current revenues, and the balance was recorded as deferred inflows of resources.

Revenue from State Sources

State subsidies due the School District as current fiscal year entitlements are recognized as revenue in the current fiscal year even though such funds may be received in a subsequent fiscal year.

Revenue from Federal Sources

Federal program funds applicable to expenditures for the same program in the current fiscal year, but expected to be received in the next fiscal year are accrued as current revenue at the end of the current fiscal year along with the recognition of the federal funds receivable. Likewise, any excess of revenues at the fiscal year end over the program expenditures are recorded as deferred inflows in resources.

Accrual Basis

Under the accrual basis of accounting, revenues are recognized in the accounting period they are earned and become measurable; expenses are recognized in the period incurred. The accrual basis of accounting is used for the Proprietary Funds.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - Fund Financial Statements

Under the School District's method of accounting, capital assets are recorded as expenditures at the time of purchase in the governmental funds. Accordingly, no depreciation has been provided on capital assets in those funds. Proprietary Fund capital assets are accounted for in the Enterprise Fund and are recorded at cost. Depreciation is provided for on a straight-line basis over 3 to 20 years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property and equipment are valued at their estimated acquisition value on the date donated.

Budgets and Budgetary Accounting

The School District follows these procedures in establishing the budgetary data presented in the financial statements:

- a. The official school budget was prepared for adoption for the General Fund only. The budget was formally adopted by the Board of School Directors at a duly advertised public meeting prior to the expenditure of funds. The budget was properly amended by the Board as needed throughout the year.
- b. The budget amounts shown in the financial statements are both the original and the final authorized amounts as revised during the year.
- c. Unused appropriations for the General Fund typically lapse at the end of the year, except for some balances, including elementary and middle school activity funds, local grant funds and athletic team accounts.

Fund Balance Classification

Governmental funds classify fund balances on the relative strength of spending constraints for which resources can be used. The classifications are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School District has classified inventories and prepaid expenses as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Lincoln Benefit Trust reserves are considered restricted funds. Amounts in the Capital Project Reserve Fund are considered restricted funds.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Balance Classification – continued

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School District has classified Capital Improvements and amounts for future retirement/PSERS needs as committed.

- **Assigned:** This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Business Manager and Superintendent through the budgetary process. The 2020/2021 budget excess of expenditures over revenues is considered assigned.

- **Unassigned:** This classification includes the residual fund balance for the General Fund and the amount established for minimum funding which represents the portion of the General Fund balance that has been established by Policy Number 622. If the unassigned portion of the fund balance falls below the threshold of six percent of budgeted expenditures, the Board will pursue variations of increasing revenues and decreasing expenditures, or a combination of both until six percent is attained. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Board would typically use Unassigned fund balances first, followed by Assigned resources, and then Committed resources, unless otherwise directed by the Board.

Inventories

The General Fund inventory is valued at cost and consists of general school and custodial supplies.

The Enterprise Fund inventory consists of government donated commodities which were valued at government declared value, and purchased commodities and supplies valued at cost.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments with a maturity of one year or less when purchased to be cash equivalents.

For Governmental funds, the School District also considers all highly liquid investments with a maturity of one year or less when purchased to be cash equivalents.

The School District invests funds with The Pennsylvania School District Liquid Asset Fund (PSDLAF) and Pennsylvania Local Government Investment Trust (PLGIT), as well as regional financial institutions. Investments in these funds have either daily or weekly liquidity and are valued at the current cost. These funds invest in federal securities backed by the full faith and credit of the United States Government, its agencies and instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth.

All of the School District's cash and cash equivalents are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000 per institution and funds on deposit in excess of this coverage are collateralized as provided by law of Act 72 of 1971.

Revenue Recognition - Property Taxes

Property taxes are levied on July 1st. Taxes are collected at a discount until August 31st; at their face amount from September 1st through October 31st. Real estate tax bills have a penalty period of November 1st through December 31st. After April 30th, the local tax collectors turn over the unpaid balances to the Adams County Tax Claim Bureau. The 2019-2020 millage for real estate taxes was 11.0187 mills. Interim taxes are assessed at various times during the year as appropriate.

Taxes receivable as reported on the Balance Sheet - Governmental Funds represent unpaid property taxes outstanding at June 30, 2020. Taxes receivable not deemed available under accounting principles generally accepted in the United States of America are included in deferred revenues. Since all property taxes are presumably collectible, no provision for uncollectible taxes has been made.

Interfund Transactions

During the course of normal operations, the School District has numerous transactions between funds, including expenditures and transfers of resources to provide services and service debt. Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through various due from and due to accounts.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows and inflows of resources, which represents a consumption or receipt of net position that applies to a future period(s) and will not be recognized as an outflow (expense) or inflow (revenue) of resources until then.

The School District's deferred outflows as of June 30, 2020 on the Statement of Net Position consist of:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Pension related items (Note I)	\$ 9,862,131	\$ 220,371	\$ 10,082,502
Deferred charge on bond refunding	1,288,284	-	1,288,284
OPEB related items (Note J)	<u>995,660</u>	<u>94,787</u>	<u>1,090,447</u>
Total	<u>\$ 12,146,075</u>	<u>\$ 315,158</u>	<u>\$ 12,461,233</u>

The School District's deferred inflows as of June 30, 2020 on the Statement of Net Position consist of:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Pension related items (Note I)	\$ 4,088,259	\$ 91,353	\$ 4,179,612
OPEB related items (Note J)	333,623	6,910	340,533
Deferred USDA commodities	<u>-</u>	<u>39,091</u>	<u>39,091</u>
Total	<u>\$ 4,421,882</u>	<u>\$ 137,354</u>	<u>\$ 4,559,236</u>

The School District's deferred inflows of \$2,087,204 as of June 30, 2020 for the General Fund on the Balance Sheet - Governmental Funds represents \$1,282,259 of unavailable tax revenues and \$804,945 of unavailable PlanCon revenues.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE B - CASH AND CASH EQUIVALENTS

Section 440.1 of the Pennsylvania School Code and Act 10 of 2016 define allowable investments for school districts, which are summarized as follows:

- U.S. Treasury Bills
- Short term obligations of the U.S. Government or its agencies
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund 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 therefore shall be pledged by the depository
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the respective governmental entity
- Shares of an investment company registered under the Investment Company Act of 1940
- Obligations, participations or other instruments of any federal agency, instrumentality or United States government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent
- Commercial paper issues by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the banker's acceptances do not exceed 180 days
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less

Cash Custodial Credit Risk - Deposits

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. The School District does not have a policy for custodial credit risk. As of June 30, 2020, \$22,590,578 of the School District's bank balance of \$22,840,578 was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance (FDIC)	\$ 250,000
Secured by pooled collateral as permitted by Act 72 of the Commonwealth of Pennsylvania	<u>22,590,578</u>
Total	<u>\$22,840,578</u>

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE B - CASH AND CASH EQUIVALENTS - continued

Cash Reconciliation to Financial Statements

Plus: Insured amount	\$ 250,000
Plus: Funds covered under Act 72	22,590,578
Less: Outstanding checks	<u>(613,829)</u>
 Carrying amount	 22,226,749
 Plus: Petty cash	 13,345
Plus: Deposits in pooled accounts considered cash equivalents (PSDLAF and PLGIT)	 <u>10,138,875</u>
 Total cash and cash equivalents per financial statements	 <u><u>\$ 32,378,969</u></u>

Interest Rate Risk

Gettysburg Area School District's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The School District's practice is to invest in financial instruments whose fair market value does not fluctuate.

Credit Risk

Gettysburg Area School District's investment policy does not limit its investment choices to certain credit ratings. As of June 30, 2020, the School District's funds were held in pooled accounts at financial institutions that were rated as:

<u>Financial Institution</u>	<u>Standard & Poor's</u>
Pennsylvania Local Government Investment Trust	AAAm
Pennsylvania School District Liquid Asset Fund	AAAm

Policies Followed at PSDLAF and PLGIT

PSDLAF and PLGIT are not registered with the Securities and Exchange Commission (SEC); however, PSDLAF and PLGIT follow investment procedures similar to those followed by SEC registered money market funds. There is no regulatory oversight for the pools which are governed by the Board of Trustees. The School District's investments in PSDLAF and PLGIT are valued at amortized cost, which approximates fair value and is determined by the pools' share price.

The School District has no limitations or restrictions on withdrawals on accounts held at PSDLAF or PLGIT.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C – CAPITAL ASSETS

A summary of machinery and equipment of the Enterprise Fund (Food Services) as of June 30, 2020, is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Machinery and equipment	\$ 1,190,160	-	-	\$ 1,190,160
Accumulated depreciation	(560,007)	(63,074)	-	(623,081)
Total capital assets, net	<u>\$ 630,153</u>	<u>\$ (63,074)</u>	<u>\$ -</u>	<u>\$ 567,079</u>

Set forth below is a summary of capital assets in governmental activities reported in the Statement of Net Position:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Land	\$ 1,530,471	-	-	\$ 1,530,471
Site improvements	3,118,074	-	-	3,118,074
Infrastructure	227,264	-	-	227,264
Building and building improvements	122,541,104	750,119	-	123,291,223
Machinery, equipment and vehicles	8,936,144	69,251	(79,780)	8,925,615
Totals	<u>\$136,353,057</u>	<u>\$ 819,370</u>	<u>\$ (79,780)</u>	<u>\$137,092,647</u>

Less accumulated depreciation:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Site improvements	\$ 2,413,413	\$ 80,850	-	\$ 2,494,263
Infrastructure	90,904	22,726	-	113,630
Building and building improvements	49,426,558	3,312,871	-	52,739,429
Machinery, equipment and vehicles	6,085,425	366,647	(78,219)	6,373,853
Totals	<u>\$ 58,016,300</u>	<u>\$ 3,783,094</u>	<u>\$ (78,219)</u>	<u>\$ 61,721,175</u>
Total capital assets, net	<u>\$ 78,336,757</u>	<u>\$ (2,963,724)</u>	<u>\$ (1,561)</u>	<u>\$ 75,371,472</u>

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE C – CAPITAL ASSETS - continued

Current depreciation expense totaled \$3,783,094 and is charged to each of the functions in the Statement of Activities as follows:

Instruction	\$ 1,891,579
Instructional student support	401,733
Administration and financial support	230,581
Maintenance and plant service	694,880
Transportation service	45,377
Support services	352,376
Student activities	<u>166,568</u>
	<u>\$ 3,783,094</u>

NOTE D - TAXES RECEIVABLE AND DEFERRED REVENUE

Taxes receivable at the fund level represent the face amount of taxes levied, but unpaid, as of June 30, 2020. Those taxes which are not collected within 60 days after June 30, 2020 are shown as deferred revenue.

Taxes receivable	\$ 2,653,244
Deferred inflows of resources - tax revenues	<u>(1,282,259)</u>
Taxes receivable included in current year tax revenue	<u>\$ 1,370,985</u>

Deferred inflows of resources related to tax revenues consists of the following:

Taxes receivable which were not collected within sixty days subsequent to June 30, 2020	<u>\$ 1,282,259</u>
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NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables by individual fund are summarized as follows:

	Interfund	
	<u>Receivables</u>	<u>Payables</u>
General	\$ 53,464	\$ 66,235
Capital projects – reserve fund	182,048	27,324
Capital projects – bond fund	-	179,549
Enterprise	23,682	23,933
Fiduciary	<u>40,053</u>	<u>2,206</u>
Total	<u>\$299,247</u>	<u>\$ 299,247</u>

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE F - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2020, consisted of the following:

Amounts due from:

Commonwealth of Pennsylvania	\$ 3,142,132
Federal government as passed through the Pennsylvania state agencies	287,930
Various of schools and governmental units	<u>351,487</u>
Total	<u><u>\$ 3,781,549</u></u>

NOTE G - INTERGOVERNMENTAL PAYABLES

Intergovernmental payables at June 30, 2020, consisted of the following:

Amounts due to:

Other school districts (and charter schools) - tuition for 2019-2020	\$ 69,243
Prison education	48,983
Other school districts	<u>120,631</u>
Total	<u><u>\$ 238,857</u></u>

NOTE H – LONG-TERM LIABILITIES

Changes in long-term liabilities during the year ended June 30, 2020, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Governmental Activities:						
General Obligation Bonds:						
Series of 2016	\$ 23,545,000	\$ -	\$ (2,745,000)	\$ 20,800,000	\$ 2,830,000	\$ 17,970,000
General Obligation Notes - Direct						
Borrowing:						
Series of 2015	2,126,000	-	(1,058,000)	1,068,000	1,068,000	-
Series of 2017	9,765,000	-	(110,000)	9,655,000	115,000	9,540,000
Bond premium	1,615,695		(380,250)	1,235,445	356,864	878,581
Subtotal bonds/notes payable	<u>37,051,695</u>	<u>-</u>	<u>(4,293,250)</u>	<u>32,758,445</u>	<u>4,369,864</u>	<u>28,388,581</u>
Compensated absences	<u>1,691,787</u>	<u>324,125</u>	<u>(242,000)</u>	<u>1,773,912</u>	<u>88,696</u>	<u>1,685,216</u>
Total long term liabilities	<u><u>\$ 38,743,482</u></u>	<u><u>\$ 324,125</u></u>	<u><u>\$ (4,535,250)</u></u>	<u><u>\$ 34,532,357</u></u>	<u><u>\$ 4,458,560</u></u>	<u><u>\$ 30,073,797</u></u>
Business-Type Activities:						
Compensated absences	\$ 62,092	\$ 11,700	\$ (13,832)	\$ 59,960	\$ 2,998	\$ 56,962
Total long term liabilities	<u><u>\$ 62,092</u></u>	<u><u>\$ 11,700</u></u>	<u><u>\$ (13,832)</u></u>	<u><u>\$ 59,960</u></u>	<u><u>\$ 2,998</u></u>	<u><u>\$ 56,962</u></u>

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H – LONG-TERM LIABILITIES – continued

Bonds/Notes Payable

The following is a summary of bonds/notes payable at June 30, 2020, which were issued to finance various school facility renovations and improvements:

<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding Face Amount</u>
A) August 20, 2015 - Series of 2015	November 15, 2020	1.87%	\$ 1,068,000
B) December 22, 2016 - Series of 2016	January 15, 2026	0.85% - 4.00%	20,800,000
C) February 15, 2017 - Series of 2017	January 15, 2027	2.28%	9,655,000
			<u>\$ 31,523,000</u>

- A. On August 20, 2015, the School District issued General Obligation Note, Series of 2015 in the aggregate amount of \$7,246,000. The proceeds of the note were used to refund the School District's General Obligation Bonds, Series of 2009 and 2010 and the related costs of issuance.
- B. On December 22, 2016, the School District issued General Obligation Bond, Series of 2016 in the aggregate amount of \$24,145,000. The proceeds of the note were used to partially refund the School District's General Obligation Bonds, Series of 2011 and the related costs of issuance.
- C. On February 15, 2017, the School District issued General Obligation Note, Series of 2017 in the aggregate amount of \$10,000,000. The proceeds of the note were used to refund the School District's General Obligation Bonds, Series of 2011 and the related costs of issuance.

The School District's general obligation bond and notes contain a provision that in the event of default for non-payment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District subsidies and pay any past due amounts directly to the paying agent for payment to the bond holders.

A schedule of the School District's debt service requirements as of June 30, 2020, which are financed by the General Fund, are as follows:

<u>Year Ending June 30</u>	<u>Bonds</u>		<u>Direct Borrowings</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,830,000	\$ 904,100	\$ 1,183,000	\$ 230,120	\$ 4,013,000	\$ 1,134,220
2022	4,000,000	802,450	115,000	217,512	4,115,000	1,019,962
2023	4,145,000	656,550	120,000	214,890	4,265,000	871,440
2024	4,335,000	469,200	120,000	212,154	4,455,000	681,354
2025	4,535,000	264,950	125,000	209,418	4,660,000	474,368
2026-2027	955,000	38,200	9,060,000	323,304	10,015,000	361,504
	<u>\$ 20,800,000</u>	<u>\$ 3,135,450</u>	<u>\$ 10,723,000</u>	<u>\$ 1,407,398</u>	<u>\$ 31,523,000</u>	<u>\$ 4,542,848</u>

Interest expense totaled \$1,047,505 for the year ended June 30, 2020.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H – LONG-TERM LIABILITIES – continued

Compensated Absences

Professional

Contractual provisions with the bargaining unit members of the Gettysburg Area Education Association's employees require that each employee shall be granted four scheduled workdays of personal leave of absence per year, without loss of pay. These employees may choose to carry over a maximum of one day to the following year (with a maximum balance of five days) and/or add any remaining unused personal leave days to the previously accumulated sick leave of the employee for the following years.

Contractual provisions for these employees also require that when an employee gives proper notice, retires and accepts an annuity from the Public School Employees' Retirement Board and has a minimum of twenty years public school service or is fifty-five years of age or older, he/she will receive a benefit per a formula to a maximum of \$16,000 at the time of retirement or \$100 for each unused and accumulated sick day as of the retirement date, with the maximum to be paid under this option being \$20,000; whichever is greater. The formula is .0075 times his/her highest year's salary times the number of years' experience acquired in the School District or component school districts. The value of this retirement benefit as of June 30, 2020, totals \$1,394,912 and is recorded on the Statement of Net Position.

Administrative

Per a written agreement under Pennsylvania Act 93 of 1984 and Board Policy, administrative employees are entitled to retirement benefit according to the same formula as that provided for professional employees above or based on the current substitute daily rate multiplied by the number of unused sick days at the time of retirement, whichever is greater. In no case shall this payment exceed \$20,000. As of June 30, 2020, this retirement pays totals \$151,815 and is recorded on the Statement of Net Position.

Classified

School District policy entitles classified employees to retirement terminal pay at retirement when they provide proper notice and accept an annuity from the Public School Employees' Retirement Board and have a minimum of 10 years' service to the School District. The calculation for this payment is the greater of the following:

Option 1 - Based on Unused Sick Days

\$50 for each unused sick day for full time employees and \$30 for each unused sick day for part time employees. The maximum amounts are \$15,000 for full-time and \$9,000 for part-time.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE H – LONG-TERM LIABILITIES – continued

Compensated Absences - continued

Option 2 - Based on Years of Service

The minimum amounts are based solely upon years of service for full time and part time employees. The minimum amounts are as follows:

	<u>Full Time</u>	<u>Part Time</u>
For 10 years of service to the School District	\$ 1,000	\$ 500
For 15 years of service to the School District	2,000	1,000
For 20 years of service to the School District	3,000	1,500
For 25 years of service to the School District	4,000	2,000
For 30 years of service to the School District	5,000	2,500
For 35 years of service to the School District	6,000	3,000

As of June 30, 2020, the amount of accumulated retirement pay for General Fund Employees was \$227,185 and is recorded on the Statement of Net Position. Likewise, Food Service Fund employees' accumulated retirement terminal pay totaled \$59,960 and is recorded in the Food Service Fund.

NOTE I - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies:

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.

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania (the "System"). The members eligible to participate in the System 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.state.pa.us.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I - DEFINED BENEFIT PENSION PLAN – continued

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of services 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% 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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC).

- Class T-G and Class T-H members qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 97 with a minimum 35 years of service.
- Defined benefits for T-G and T-H are 1.25% of 1.00%, 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. A members' right to a defined benefit is vested in 10 years.

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

GETTYSBURG AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE I - DEFINED BENEFIT PENSION PLAN - continued

Benefits Provided

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

Contributions

Employer Contributions:

The School District's contractually required contribution rate for fiscal year ended June 30, 2020 was 33.36% of covered payroll for the defined benefit portion and 0.09% of covered payroll for the defined contribution portion. This is actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$7,809,395 for the year ended June 30, 2020. In addition, the School District's contribution related to the defined contribution plan was \$21,069 for the year ended June 30, 2020.

Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.5% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class 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%.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I - DEFINED BENEFIT PENSION PLAN – continued

Contributions - continued

Member Contributions - continued:

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class 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%.

Members who joined the System after June 30, 2019, are defaulted into Membership Class T-G rate of 8.25% (base rate) of the member's qualifying compensation. Members may elect Class T-H which has a rate of 7.50%. Each of these classes are a hybrid of defined benefit and defined contribution plans. Members may also elect Class DC, which is a defined contribution plan with a rate of 7.50%.

State Funding

The School District typically receives a 50% reimbursement from the Commonwealth of Pennsylvania for its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2020, the School District recognized revenue of \$4,026,156 as reimbursement for its current year pension payments.

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

At June 30, 2020, the School District reported a liability of \$77,519,000 for its proportionate share of the System's total 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 the System'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 related to the total one-year reported covered payroll. At June 30, 2019, the School District's proportion was 0.1657 percent, which was an increase of 0.0025 percent from its proportion measured as of June 30, 2018.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I - DEFINED BENEFIT PENSION PLAN – continued_

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

For the year ended June 30, 2020, the School District recognized pension expense of \$8,401,383.

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	\$ 427,000	\$ 2,569,000
Changes in assumptions	741,000	-
Net difference between projected and actual investment earnings	-	222,000
Changes in proportions	999,000	1,364,000
Difference between employer contributions and proportionate share of total contributions	106,107	24,612
Contributions subsequent to the measurement date	<u>7,809,395</u>	<u>-</u>
	<u>\$ 10,082,502</u>	<u>\$ 4,179,612</u>

\$7,809,395 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date 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 be recognized in pension expense as follows:

Year ended June 30:

2021	\$ 98,000
2022	(1,699,116)
2023	(458,227)
2024	<u>152,838</u>
Total	<u>\$ (1,906,505)</u>

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I - DEFINED BENEFIT PENSION PLAN - continued

Changes in Actuarial Assumptions

The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability as of the 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 % of pay
- Investment return - 7.25%, includes inflation at 2.75%
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit and seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

Investments

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

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

The following 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.6%
Fixed income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLPs	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>	

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE I - DEFINED BENEFIT PENSION PLAN - continued

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 contributions 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 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 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease</u> <u>6.25%</u>	<u>Current</u> <u>Discount Rate</u> <u>7.25%</u>	<u>1% Increase</u> <u>8.25%</u>
School District's proportionate Share of the net pension liability	<u>\$ 96,558,000</u>	<u>\$ 77,519,000</u>	<u>\$ 61,397,000</u>

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 the System's website at www.psers.state.pa.us.

Payables to the Pension Plan

As of June 30, 2020, the School District had \$3,008,887 included in accrued benefits liability, of which \$2,260,954 is for the contractually required contribution for the second quarter of 2020 and \$747,933 is related to the accrued payroll liability for wages incurred as of June 30, 2020.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions

School District Plan

Name of Plan: Gettysburg Area School District Postemployment Benefits Plan.

Type of Plan: Single employer defined OPEB plan.

Financial Report: The School District obtains a comprehensive bi-annual financial report that includes the actuarial valuation and required supplementary information for the plan. A copy of the report may be obtained by writing to Conrad Siegel Actuaries, 501 Corporate Circle, P.O. Box 5900, Harrisburg, PA 17110-0900.

Date of report: The actuarial valuation was completed as of July 1, 2018 and then rolled forward to July 1, 2019.

Summary of Plan Provisions

- Former Superintendent
 - Eligibility: N/A - Already retired
 - Coverage: Medical, prescription drug, dental and vision
 - Premium sharing: The School District will contribute 50% of the annual school district family premium toward coverage.
 - Dependents: Spouses included
 - Duration: Until the Member reaches Medicare age
- Current Superintendent and all other Administrators
 - Eligibility: Must be eligible for PSERS retirement
 - Coverage: Medical, prescription drug, dental and vision
 - Premium sharing: The School District will contribute a percentage of the annual school district premium toward coverage. The School District contribution percentage is based on years of service with the school district:
 - 7-9 years of service - 50% of the single premium
 - 10-14 years of service - 60% of the single premium
 - 15-19 years of service - 65% of the premium based on the tier member was at during the last year of employment. The tier of coverage used to determine the school district subsidy may not be higher than the actual tier of coverage that is elected.
 - 20+ years of service - 70% of the premium based on the tier member was at during the last year of employment. The tier of coverage used to determine the school district subsidy may not be higher than the actual tier of coverage that is elected.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - OTHER POST-EMPLOYMENT BENEFITS – continued

Plan Descriptions - continued

School District Plan - continued

Summary of Plan Provisions - continued

- The School District subsidy will run ten years from the date of retirement at which point the retiree and spouse may continue coverage at their own expense until Medicare age. If the member or spouse reaches Medicare age before the School District subsidy period is exhausted, the participant's portion of the school district (as calculated using the School District's non-Medicare plan premium) may be used to pay for the Medicare premium and/or Medicare supplement plans purchased through the School District or through PSERS. The School District's contribution for a participant post-65 may not exceed the premium paid for the Medicare supplemental plan and other Medicare benefits.
 - Dependents: Spouses and families included
 - Duration: Ten years
- Teachers
 - Eligibility: Must be eligible for PSERS retirement
 - Coverage: Medical, prescription drug, and dental
 - Premium sharing: Member can continue coverage by paying COBRA premium rate for benefits above
 - Dependents: Spouses and families included
 - Duration: Until Member is eligible for Medicare
- Support Personnel
 - Eligibility: Must be eligible for PSERS retirement
 - Coverage: Medical, prescription drug, and dental
 - Premium sharing: Member can continue coverage by paying COBRA premium rate for benefits above
 - Dependents: Spouses and families included
 - Duration: Until Member is eligible for Medicare

*Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - OTHER POST-EMPLOYMENT BENEFITS – continued

Plan Descriptions - continued

PSERS

In addition to the other postemployment benefit detailed above, the Public School Employees' Retirement System (PSERS) also provides a health insurance premium assistance program for all eligible employees, which is a governmental cost-sharing multiple employer defined benefit plan. 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. Healthcare cost trends were applied to retirees receiving less than \$ 1,200 in annual premium assistance. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$ 1,200. As of June 30, 2019, there were no assumed future benefit increase to participating eligible retirees.

Retirees of the System can participate in the premium assistance program if they 1) have 24 ½ or more years of service, 2) are a disability retiree, 3) have 15 or more years of service and retired after reaching superannuation age, or 4) participate in the PSERS' health option program.

Plan Participants

School District Plan

Active Participants	372
Vested Former Participants	6
Retired Participants	<u>42</u>
Total	<u>420</u>

Contributions

PSERS

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 the unfunded accrued liability. Contributions to the OPEB plan from the employer were \$196,639 for the year ended June 30, 2020.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - OTHER POST-EMPLOYMENT BENEFITS – continued

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

School District Plan

The School District’s total OPEB liability was measured as of June 30, 2019 based on an actuarial valuation as of July 1, 2019. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2020, the School District reported a total OPEB liability of \$6,305,280.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$657,729.

PSERS

At June 30, 2020, the School District reported a liability of \$3,524,000 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 0.1657 percent, which was an increase of 0.0025 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School District recognized OPEB expense of \$(26,861).

The table below summarizes the combined OPEB liability and OPEB expense:

	Total OPEB / Net OPEB Liability	OPEB Expense
School District Plan	\$ 6,305,280	\$ 657,729
PSERS	3,524,000	(26,861)
Total	<u>\$ 9,829,280</u>	<u>\$ 630,868</u>

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - OTHER POST-EMPLOYMENT BENEFITS – continued

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Service cost	\$ 443,517
Interest	192,424
Changes in assumptions	(157,017)
Benefit payments	(408,666)
Net change in total OPEB liability	70,258
Total OPEB liability - beginning	6,235,022
Total OPEB liability - ending	\$ 6,305,280

Deferred Inflows and Outflows

School District Plan and PSERS

	School District Plan		PSERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 241,620	\$ -	\$ 20,000	\$ -	\$ 261,620	\$ -
Changes in assumptions	89,149	143,932	117,000	105,000	206,149	248,932
Net difference between projected and actual investment earnings	-	-	6,000	-	6,000	-
Changes in proportions	-	-	45,000	89,000	45,000	89,000
Difference between employer contributions and proportionate share of total contributions	-	-	1,462	2,601	1,462	2,601
Contributions subsequent to the measurement date	373,576	-	196,639	-	570,215	-
	\$ 704,345	\$ 143,932	\$ 386,102	\$ 196,601	\$ 1,090,447	\$ 340,533

An amount of \$570,215 is reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date and will be recognized as a reduction in the total/net OPEB liability in the year ended June 30, 2021 related to the School District and PSERS plans, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - OTHER POST-EMPLOYMENT BENEFITS - continued

Deferred Inflows and Outflows - continued

School District Plan and PSERS – continued

Year ended	School		
June 30:	District Plan	PSERS	Total
2021	\$ 21,788	(10,373)	\$ 11,415
2022	21,788	(10,373)	11,415
2023	21,788	(10,373)	11,415
2024	21,788	(12,373)	9,415
2025	21,788	16,277	38,065
Thereafter	77,897	20,076	97,973
Total	\$ 186,837	\$ (7,138)	\$179,699

Actuarial Assumptions

School District Plan

- Interest Rate – 3.36% based on S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2019.
- Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 0 to 2.75%.
- Withdrawal - Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

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

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

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - OTHER POST-EMPLOYMENT BENEFITS - continued

Actuarial Assumptions - continued

<u>Age</u>	<u>Age 55 & 25 Years of Service</u>		<u>Superannuation</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	19%	19%	27%	10%
56	17%	17%	32%	30%
57	17%	17%	32%	30%
58	17%	17%	32%	35%
59	22%	21%	31%	36%
60	14%	17%	31%	36%
61	29%	30%	29%	31%
62	51%	61%	51%	61%
63	26%	26%	26%	26%
64	21%	22%	21%	22%
65	100%	100%	100%	100%

- Percent of Eligible Retirees Electing Coverage in Plan - 100% of Administrators, 60% of Teachers and Support Staff, and 0% of Part-Time Employees are assumed to elect coverage. 50% of Vested Former Members who are Administrators are assumed to begin electing coverage at age 62, or age on valuation date if later.
- Percent Married at Retirement - 35% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- Spouse Age - Wives are assumed to be two years younger than their husbands.
- Per Capita Claims Cost - The per capita claims costs for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Males</u>	<u>Females</u>
45-49	\$ 7,743	\$11,182
50-54	\$10,254	\$12,638
55-59	\$12,489	\$13,224
60-64	\$16,298	\$15,191
65+	\$ 5,995	\$ 5,995

*Claims for those currently eligible for Medicare are assumed to be equal to the Medicare Supplement Plan Premium.

- Retiree Contributions - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate. However, the first-year trend assumption was adjusted to account for short-term reserving purposes.
- Health Care Cost Trend Rate - 6.0% in 2018 and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on Society of Actuaries Long-Run Medical Cost Trend Model.
- Actuarial Value of Assets - Equal to the Market Value of Assets

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - OTHER POST-EMPLOYMENT BENEFITS - continued

Actuarial Assumptions - continued

- Actuarial Cost Method - Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.
- Participant Date - Based on census information as of January 2019. Due to timing of School District turnover, the data is believed to be representative of the population for the 2018-2019 school year.

PSERS

- Actuarial Cost Method – Entry age normal – level % of pay
- Interest Rate – 2.79% - S&P 20 year municipal bond rate
- Salary – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases
- Mortality – Based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale
- Percent of Eligible Retirees Electing Coverage in Plan – Eligible retirees will elect to participate pre-age 65 at 50% and eligible retirees will elect to participate post-age 65 at 70%
- Health Care Cost Trend Rate – Applied to retirees with less than \$1,200 in premium assistance per year. Benefit capped at \$1,200 per year.

Investment Return

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 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.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - OTHER POST-EMPLOYMENT BENEFITS - continued

Actuarial Assumptions – continued

PSERS – continued

OPEB – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	13.2%	0.20%
US Core Fixed Income	83.1%	1.00%
Non-US Developed Fixed	3.7%	0.00%
	100.0%	

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 OPEB liability was 3.36% and 2.79% for the School District's Plan and PSERS, respectively. The School District Plan is not funded, therefore, a rate of 3.36% similar to the S&P 20 year municipal bond rate as of July 1, 2019 is the applicable discount rate. Under the PSERS 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's plan 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.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE J - OTHER POST-EMPLOYMENT BENEFITS – continued

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability of the Plan, as well as what the Plan's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 2.36%	Current Discount Rate 3.36%	1% Increase 4.36%
School District's OPEB liability	<u>\$6,725,946</u>	<u>\$ 6,305,280</u>	<u>\$ 5,909,161</u>
	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
PSERS' OPEB liability	<u>\$4,015,000</u>	<u>\$3,524,000</u>	<u>\$ 3,118,000</u>

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Rate	1% Increase
School District's OPEB liability	<u>\$5,656,393</u>	<u>\$ 6,305,280</u>	<u>\$ 7,062,089</u>
	1% Decrease	Current Rate	1% Increase
PSERS' OPEB liability	<u>\$3,524,000</u>	<u>\$ 3,524,000</u>	<u>\$ 3,525,000</u>

OPEB Plan Fiduciary Net Position

PSERS

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

Payables to the OPEB Plans

As of June 20, 2020, the School District had no amounts payable to the School District Plan. As of June 30, 2020, the School District had \$75,559 included in accrued benefits liability, of which \$56,777 is for the contractually required contribution for the second quarter of 2020 and \$18,782 is related to the accrued payroll liability for wages incurred as of June 30, 2020.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE K - OPERATING LEASES

In March 2018, the School District renewed its lease for their wide area network, which commenced in the 18/19 fiscal year and is for 60 months. Monthly payments for the lease are \$5,500.

In addition to the above lease, the School District has several other leases for office equipment. The term of these leases is 60 months and they will expire during the fiscal year 2020-2021. The total quarterly lease payments are \$677.

Minimum future lease payments required in succeeding fiscal years as of June 30, 2020, are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2021	\$ 66,677
2022	66,000
2023	<u>66,000</u>
Total	<u>\$ 198,677</u>

Total rental expense related to these leases for the year ended June 30, 2020 was \$68,708; however, the School District also received e-rate discounts in the amount of \$42,240, which were netted against the total rental expenses for the year.

NOTE L - COMMITMENTS AND CONTINGENCIES

Litigation

The School District is involved in several claims and lawsuits incidental to its operation. In the opinion of the administration and legal counsel, the eventual resolution and effect on the financial position of the School District is deemed to not be material.

Grants

The School District is party to various grants with Federal and State agencies which are subject to program and compliance audits by the grantors or under the Single Audit Act Amendments of 1996. Findings and questioned costs arising out of such audits are subject to the ultimate disposition by the grantor agency. In the opinion of the Administration, the ultimate resolution of any such matters will not have a material adverse effect on the financial position of the School District.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE M - PUBLIC ENTITY RISK POOL

The School District participates in a public entity risk pool to manage those risks associated with workers' compensation. The School District's responsibilities in the pool include the payment of all annual and supplementary payments in amounts established by the pool in accordance with the trust agreement as well as other responsibilities similar to those of commercial insurance. The pool agrees to administer the operation of the consortium including paying workers' compensation benefits, asset administration, establishment of an ongoing safety program and other similar services designed to reduce the School District's overall workers' compensation costs.

NOTE N - LINCOLN BENEFIT TRUST

The School District joined the Lincoln Benefit Trust, a public entity risk pool currently operating as a claim-servicing pool, in order to reduce its risk of loss related to employee health care. The School District is liable for all claims up to \$125,000 for medical and \$100,000 for prescription drugs for each covered individual per calendar year. Claims incurred in excess of these thresholds are paid from a Stop Loss Pool Fund shared by all Trust members. The Trust purchased stop-loss insurance through the Pennsylvania Trust with coverage starting at \$300,000 per covered person. A portion of the School District's total contribution is transferred to the Pennsylvania Maxi-Pool Fund each month. Claims over \$300,000 and up to \$500,000 are paid from this fund on a shared risk basis. Stop loss insurance is purchased through an insurance carrier for \$500,000 and above per individual.

The School District pays premiums from the General Fund and Food Service Funds. At June 30, 2020, the School District's payments for funding to date have exceeded its claims; accordingly, the School District has a balance of \$4,283,523 due from the Lincoln Benefit Trust, which is recorded as a non-current asset in the amount of \$4,180,290 and \$103,233 in the General Fund and Food Service Fund, respectively.

The following is a summary of financial information (for all 20 member school districts) of the Lincoln Benefit Trust as of June 30, 2020:

Accumulated plan benefits payable	<u>\$ 7,995,300</u>
Net position available for benefits, net of accumulated plan benefits payable	<u>\$ 99,063,582</u>

The accumulated plan benefits payable represents estimated claims incurred, but not reported to the Plan Administrator at June 30, 2020. It is reasonably possible that actual benefit claims for all participating members will differ from the estimated amount, and the difference may be material to the financial position taken as a whole.

GETTYSBURG AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE O – RESTATEMENT

The School District recorded the following restatements:

- A. The School District had a professional inventory count of its capital assets completed by a third party as of July 1, 2019. The School District adjusted its capital asset balances to reflect those changes. The net effect on the capital assets balance decreased for both the governmental activities and business-type activities by \$1,482,145 and \$266,478, respectively.
- B. The School District did not previously capture the liability and related accounts of the other post-employment benefits (OPEB) plan through PSERS on its government-wide financial statements. This plan is in addition to the School District's single-employer OPEB plan, which has been included. By including this plan, the effect on the School District's governmental activities included: an increase to the OPEB liability of \$3,328,474, an increase to deferred outflows of resources of \$79,226 and an increase to deferred inflows of resources of \$230,832. The effect on the School District's business-type activities included: an increase to the OPEB liability of \$74,526, an increase to deferred outflows of resources of \$1,774 and an increase to deferred inflows of resources of \$5,168.
- C. The School District completed a reconciliation of outstanding receivables, which resulted in two corrections. The first correction was related to outstanding charter school invoices totaling \$122,255. Those receivables were determined to be uncollectible and should have been written off in the prior fiscal year. The second correction was related to PlanCon receivables from the Commonwealth of Pennsylvania totaling \$804,945. While this amount has been determined to be collectible, it is not considered readily available or a current receivable; therefore, this amount should have been recorded as unavailable on the General Fund in prior years. As a result, an increase of \$804,945 to deferred inflows of resources has been recorded on the General Fund. Since the government-wide financial statements are on the full accrual basis, the receivable remains fully recorded, with no offset to deferred inflows of resources on the Statement of Net Position.
- D. When recording the advanced refunding the General Obligation Bond, Series of 2011, the School District's original calculation of the difference between the net carrying amount of the General Obligation Bond, Series of 2011 and the reacquisition price of the General Obligation Bond, Series of 2016 included the new premium related to the General Obligation Bond, Series of 2016. This resulted in future interest expense related to the advanced refunding to be expensed on the government-wide financial statements at the time of refunding, as opposed to being included in deferred outflows of resources and amortized over the life of the new debt.

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE O – RESTATEMENT - continued

The above restatements had the following effect on the School District's financial statements:

Government-Wide Financial Statements

	Governmental Activities	Business-Type Activities	Total
Net position - beginning (originally stated)	\$ (1,225,362)	\$ 1,186,953	\$ (38,409)
(A) Capital assets, net	(1,482,145)	(266,478)	(1,748,623)
(B) OPEB Liability and related accounts	(3,480,080)	(77,920)	(3,558,000)
(C) Reconciliation of outstanding receivables	(122,255)	-	(122,255)
(D) Adjustment to deferred outflows related to the advanced refunding of GOB Series 2011	1,762,812	-	1,762,812
Net position - ending (restated)	<u>\$ (4,547,030)</u>	<u>\$ 842,555</u>	<u>\$ (3,704,475)</u>

General Fund

Fund balance - Beginning (originally stated)	\$ 25,478,086
(C) Reconciliation of outstanding receivables	(927,200)
Fund balance - ending (restated)	<u>\$ 24,550,886</u>

NOTE P - SUBSEQUENT EVENTS

On September 16, 2020, the School District issued General Obligation Bond, Series of 2020 in the aggregate amount of \$21,580,000. The proceeds of the bond are to be used for capital improvements.

REQUIRED SUPPLEMENTARY INFORMATION

GETTYSBURG AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local revenues	\$43,153,252	\$43,153,252	\$43,285,750	\$ 132,498
State program revenues	19,007,253	19,007,253	19,061,752	54,499
Federal program revenues	1,080,910	1,080,910	1,324,392	243,482
Total revenues	<u>63,241,415</u>	<u>63,241,415</u>	<u>63,671,894</u>	<u>430,479</u>
EXPENDITURES				
Regular programs	26,398,951	26,384,597	25,888,795	495,802
Special programs	8,360,111	8,340,753	7,637,472	703,281
Vocational programs	3,250,714	3,254,811	3,415,635	(160,824)
Other instructional programs	746,272	746,272	624,610	121,662
Nonpublic school programs	35,268	35,268	4,287	30,981
Pupil personnel services	1,773,825	1,776,775	1,705,505	71,270
Instructional staff services	1,778,004	1,797,795	1,778,603	19,192
Administrative services	3,627,720	3,627,723	3,425,171	202,552
Pupil health	530,466	530,482	500,687	29,795
Business services	887,215	887,215	883,437	3,778
Operation and maintenance of plant services	5,786,230	5,786,563	5,293,424	493,139
Student transportation services	3,227,103	3,227,103	3,051,720	175,383
Central and other support services	1,269,586	1,269,775	1,210,595	59,180
Other support services	47,622	47,622	38,552	9,070
Student activities	1,378,812	1,378,163	1,164,242	213,921
Community services	13,212	20,194	16,182	4,012
Debt service	5,148,606	5,148,606	5,144,006	4,600
Total expenditures	<u>64,259,717</u>	<u>64,259,717</u>	<u>61,782,923</u>	<u>2,476,794</u>
Excess (deficiency) of revenues over expenditures	<u>(1,018,302)</u>	<u>(1,018,302)</u>	<u>1,888,971</u>	<u>2,907,273</u>

GETTYSBURG AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - continued
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	(550,000)	(550,000)	-	550,000
Special and extraordinary items	(1,200,000)	(1,200,000)	-	1,200,000
Sale of fixed assets	2,000	-	7,273	7,273
Interfund transfers out	<u>(1,507,878)</u>	<u>(1,507,878)</u>	<u>(1,507,878)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,255,878)</u>	<u>(3,257,878)</u>	<u>(1,500,605)</u>	<u>1,757,273</u>
Net change in fund balances	<u>\$ (4,274,180)</u>	<u>\$ (4,276,180)</u>	<u>388,366</u>	<u>\$ 4,664,546</u>
FUND BALANCE - BEGINNING (originally stated)			25,478,086	
Prior period adjustment (Note O)			<u>(927,200)</u>	
FUND BALANCE - BEGINNING (restated)			<u>24,550,886</u>	
FUND BALANCE - ENDING			<u>\$ 24,939,252</u>	

GETTYSBURG AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
- PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

For the Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll - Measurement Period	School District's 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
2020	0.1657%	\$ 77,519,000	\$ 22,856,974	339.15%	55.66%
2019	0.1632%	78,344,000	21,983,742	356.37%	54.00%
2018	0.1685%	83,219,000	22,439,996	370.85%	51.84%
2017	0.1692%	83,850,000	21,913,594	382.64%	50.14%
2016	0.1679%	72,726,000	21,598,921	336.71%	54.36%
2015	0.1664%	65,862,000	21,233,925	310.17%	57.24%

Notes

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

Changes in Actuarial Assumptions

Effective for fiscal year 2016-2017:

Investment rate of return adjusted from 7.50% to 7.25%

Inflation assumption decreased from 3.00% to 2.75%

Salary growth changed from an effective average of 5.50%, which comprised of inflation of 3.00% real wage growth for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% for real growth and for merit and seniority increases

Mortality rates modified from the RP-200 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and females) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for males and females, adjusted to reflect the PSERS experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

GETTYSBURG AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS
- PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Payroll
2020	\$ 7,809,395	\$ 7,809,395	\$ -	\$ 23,409,458	33.36%
2019	7,483,351	7,483,351	-	22,856,974	32.74%
2018	7,013,966	7,013,966	-	21,983,742	31.91%
2017	6,383,469	6,383,469	-	22,439,996	28.45%
2016	5,453,555	5,453,555	-	21,913,594	24.89%
2015	4,485,349	4,485,349	-	21,598,921	20.77%

Notes

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

GETTYSBURG AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
- SCHOOL DISTRICT PLAN

	2020		2019		2018
Total OPEB liability					
Service cost	\$ 443,517	\$	310,240	\$	303,397
Interest	192,424		177,115		135,164
Changes in benefit terms	-		237,811		-
Differences between expected and actual	-		289,944		-
Changes in assumptions	(157,017)		20,784		98,766
Benefit payments	(408,666)		(325,602)		(300,015)
Net change in total OPEB liability	70,258		710,292		237,312
Total OPEB liability - beginning	6,235,022		5,524,730		5,287,418
Total OEPB liability - ending	\$ 6,305,280	\$	6,235,022	\$	5,524,730

Covered employee payroll	N/A	\$	21,884,738	\$	20,774,232
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Total OPEB liability as a percentage of covered payroll	N/A	28.49%	26.59%
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Notes

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For the School District plan, the measurement period year-end is one year prior to the fiscal year-end.

N/A: Information not available

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

GETTYSBURG AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
- PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

For the Fiscal Year Ended June 30	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll - Measurement Period	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2020	0.1657%	\$ 3,524,000	\$ 22,856,974	15.42%	5.56%
2019	0.1632%	3,403,000	21,983,742	15.48%	5.56%
2018	0.1685%	3,433,000	22,439,996	15.30%	5.73%

Notes

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

GETTYSBURG AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S OPEB CONTRIBUTIONS
- PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Payroll
2020	\$ 196,639	\$ 196,639	-	\$ 23,409,458	0.84%
2019	190,527	190,527	-	22,856,974	0.83%
2018	183,415	183,415	-	21,983,742	0.83%

Notes

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

OTHER SUPPLEMENTARY INFORMATION

GETTYSBURG AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Grantor/Program	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Net Funds Received (Refunded) for the Year	Accrued (Deferred) Revenue at July 1, 2019	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2020	Total Passed Through to Subrecipients
U.S. Department of Education											
Passed Through the PA Department of Education:											
Title I Grants to Local Agencies	I	84.010	FA-013-19-0164	8/22/18-9/30/19	\$ 714,420	\$ 94,043	\$ 67,016	\$ 27,027	\$ 27,027	\$ -	\$ -
Title I Grants to Local Agencies	I	84.010	FA-013-20-0164	8/21/19-9/30/20	687,068	686,161	-	687,068	687,068	907	-
	Title I					780,204	67,016	714,095	714,095	907	-
Title II Improving Teacher Quality	I	84.367	FA-020-19-0164	8/22/18-9/30/19	129,494	82,829	11,174	71,655	71,655	-	-
Title II Improving Teacher Quality	I	84.367	FA-020-20-0164	8/22/19-9/30/20	122,363	55,574	-	122,363	122,363	66,789	-
	Title II					138,403	11,174	194,018	194,018	66,789	-
Title III English Language Acquisition Grants	I	84.365	FA-010-20-0164	07/25/19-9/30/20	24,420	24,420	-	24,420	24,420	-	-
Title IV, Part A Student Support and Academic Enrichment Grants	I	84.424	FA-144-19-0164	8/22/18-9/30/18	98,510	38,547	38,547	-	-	-	-
Title IV, Part A Student Support and Academic Enrichment Grants	I	84.424	FA-144-20-0164	07/25/19-9/30/21	62,623	33,400	-	62,624	62,624	29,224	-
	Title IV					71,947	38,547	62,624	62,624	29,224	-
Perkins Career and Tech Educ - Basic Grants to States	I	84.048A	380-19-0012	7/1/18-6/30/19	116,023	19,337	19,337	-	-	-	-
Perkins Career and Tech Educ - Basic Grants to States	I	84.048A	380-20-0012	7/23/2019-6/30/20	108,860	90,716	-	108,860	108,860	18,144	11,093
	Perkins					110,053	19,337	108,860	108,860	18,144	11,093
COVID-19 Elementary & Secondary Emergency Relief Fund (ESSER Funds)	I	84.425D	FA-200-20-0164	3/13/20-9/30/21	678,597	-	-	142,600	142,600	142,600	-
Total passed through the PA Department of Education						1,125,027	136,074	1,246,617	1,246,617	257,864	11,093
Passed through Intermediate Units:											
Special Education Grants to States (IDEA-B)	I	84.027	062-190012	7/1/18-6/30/19	360,158	360,158	360,158	-	-	-	-
Special Education Grants to States (IDEA-B)	I	84.027	HA27A190093	7/1/19-6/30/20	349,807	349,807	-	349,807	349,807	-	-
	IDEA-B					709,965	360,158	349,807	349,807	-	-
Special Education Grants to States (IDEA 619)	I	84.173A	FA-131-18-0012	7/1/18-6/30/19	4,560	4,560	4,560	-	-	-	-
Special Education Grants to States (IDEA 619)	I	84.173A	FA-131-19-0012	7/1/19-6/30/20	4,400	4,400	-	4,400	4,400	-	-
	IDEA 619					8,960	4,560	4,400	4,400	-	-
Total Special Education Cluster						718,925	364,718	354,207	354,207	-	-
Total U.S. Department of Education						1,843,952	500,792	1,600,824	1,600,824	257,864	-
U.S. Department of Agriculture											
Passed through the PA Department of Education:											
School Breakfast Program	I	10.553	365/367	7/1/18-6/30/19	176,633	25,769	25,769	-	-	-	-
School Breakfast Program	I	10.553	365/367	7/1/19-6/30/20	133,643	133,644	-	133,644	133,644	-	-
						159,413	25,769	133,644	133,644	-	-
National School Lunch Program - Food Donation	I	10.555	N/A	7/1/18-6/30/19	130,100	-	(23,866)	23,866	23,866	-	-
National School Lunch Program - Food Donation	I	10.555	N/A	7/1/19-6/30/20	126,165	126,165	-	87,073	87,073	(39,092)	-
National School Lunch Program	I	10.555	362	7/1/18-6/30/19	731,921	96,023	96,023	-	-	-	-
National School Lunch Program	I	10.555	362	7/1/19-6/30/20	512,407	512,407	-	512,407	512,407	-	-
						734,595	72,157	623,346	623,346	(39,092)	-
Summer Food Service Program for Children - Food Donation	I	10.559	N/A	7/1/18-6/30/19	2,371	-	-	-	-	-	-
Summer Food Service Program for Children - Food Donation	I	10.559	N/A	7/1/19-6/30/20	4,335	4,335	-	4,335	4,335	-	-
Summer Food Service Program for Children	I	10.559	264	7/1/18-6/30/19	13,372	2,795	2,795	-	-	-	-
COVID-19 Summer Food Service Program for Children	I	10.559	264	7/1/19-6/30/20	134,709	134,709	-	158,189	158,189	23,480	-
						141,839	2,795	162,524	162,524	23,480	-
Total Child Nutrition Cluster						1,035,847	100,721	919,514	919,514	(15,612)	-
Total U.S. Department of Agriculture						1,035,847	100,721	919,514	919,514	(15,612)	-
U.S. Department of Defense											
Passed through the US Department of the Army											
Junior ROTC	I	12.000	N/A	7/1/18-6/30/19	73,239	6,523	6,523	-	-	-	-
Junior ROTC	I	12.000	N/A	7/1/19-6/30/20	77,775	70,988	-	77,775	77,775	6,787	-
Total passed through Department of the Army						77,511	6,523	77,775	77,775	6,787	-
Total Federal Assistance						\$ 2,957,310	\$ 608,036	\$ 2,598,113	\$ 2,598,113	\$ 248,839	\$ 11,093

GETTYSBURG AREA SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. The accompanying schedule of federal awards includes the federal grant activity of Gettysburg Area School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.
2. The School District has not elected to use the 10% de minimis rate for charging indirect costs to programs.
3. Federal donated commodities were valued using the commodity price list (based on actual and average USDA costs of commodities purchased) provided by the Bureau of Government Donated Foods.

NOTE B - SOURCE CODES

- D = Direct Funding
I = Indirect Funding



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

Board of Education
Gettysburg Area School District
Gettysburg, Pennsylvania

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Gettysburg Area School District, as of, and for the year ended, June 30, 2020, and the related notes to the financial statements, which collectively comprise Gettysburg Area School District's basic financial statements, and have issued our report thereon dated February 8, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Gettysburg Area School District's internal control over financial reporting (internal control) as a basis for designing 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 Gettysburg Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gettysburg Area School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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

- continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gettysburg Area School 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 financial statements. 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*.

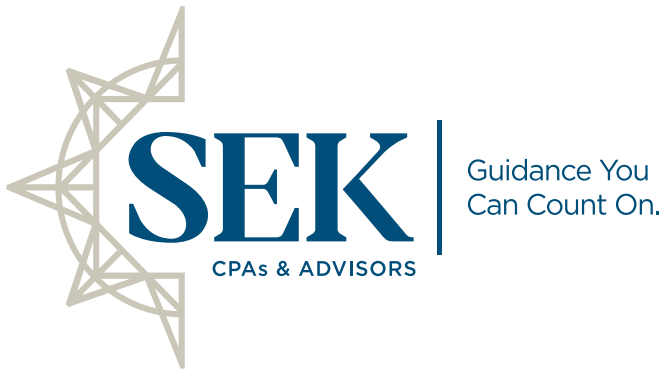
Purpose of This Report

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.



York, Pennsylvania

February 8, 2021



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Gettysburg Area School District
Gettysburg, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Gettysburg Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Gettysburg Area School District's major federal programs for the year ended June 30, 2020. Gettysburg Area School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

- continued

Opinion on Each Major Federal Program

In our opinion, Gettysburg Area School 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 programs for the year ended June 30, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Gettysburg Area School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Gettysburg Area School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Gettysburg Area School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

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

- continued

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.

Smith Elliott Kearns + Company, LLC

York, Pennsylvania
February 8, 2021

GETTYSBURG AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No

- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No

- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? Yes X No

Type of auditors' report issued on compliance for the major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)3? Yes X No

Identification of the major programs:

CFDA Number(s)	Name of Federal Programs/Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

GETTYSBURG AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Section II – Financial Statement Findings

A. Significant deficiencies

None noted

B. Material Weaknesses

None noted

C. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported.

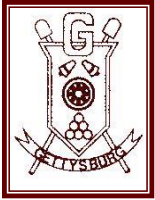
Section III – Federal Award Findings and Questioned Costs

A. Material Weaknesses in Internal Control Over Compliance

None noted

B. Compliance Findings

There were no compliance findings relating to the major federal awards as required to be reported in accordance with Uniform Guidance by 2CFR Section 200.516.



GETTYSBURG AREA SCHOOL DISTRICT

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Summary Schedule of Prior Audit Findings Year Ended June 30, 2020

Findings related to financial statements:

None reported in the June 30, 2019 Schedule of Findings and Questioned Costs.

Findings related to federal awards:

None reported in the June 30, 2019 Schedule of Findings and Questioned Costs.