

Audited  
Financial  
Statements

June 30,  
2019

# Greencastle-Antrim School District



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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Greencastle-Antrim School District  
Greencastle, 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 Greencastle-Antrim School District, as of and for the year ended June 30, 2019, 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 Greencastle-Antrim School District, as of June 30, 2019, 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 11, the General Fund Budgetary Comparison Schedule on pages 55 - 56, and the pension and OPEB schedules on pages 57 - 61 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 Greencastle-Antrim 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 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 December 18, 2019, on our consideration of Greencastle-Antrim 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 Greencastle-Antrim 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 Greencastle-Antrim School District's internal control over financial reporting and compliance.

Smith Elliott Kearns + Company, LLC

Chambersburg, Pennsylvania  
December 18, 2019

# GREENCASLE-ANTRIM SCHOOL DISTRICT

## Management's Discussion and Analysis - Unaudited

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The management's discussion and analysis of Greencastle-Antrim School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this management's discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the School District's financial performance.

### ***FINANCIAL HIGHLIGHTS***

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Total net position increased \$ 503,970 in Governmental Activities and increased \$ 50,424 in Business Type Activities.

Total governmental revenues of \$ 40,266,796 were comprised of general revenues of \$ 32,202,564 or 80% and program specific revenues from charges for services, grants, and contributions in the amount of \$ 8,064,232 or 20%. Total governmental expenses were \$ 39,762,826.

### ***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Greencastle-Antrim School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending.

### ***Reporting the School District as a Whole***

#### **Statement of Net Position and the Statement of Activities**

While this document contains the funds used by the School District to provide programs and activities, it provides a view of the School District as a whole while looking at all financial transactions and asking the question, "How did we do financially during fiscal year 2018-2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and changes in those related items. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Pennsylvania restricting revenue growth, facility conditions, required educational programs and other factors.

## GREENCASTLE-ANTRIM SCHOOL DISTRICT Management's Discussion and Analysis - Unaudited

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In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the School District's programs and services are reported here including instruction, support services, operation, and maintenance of plant, pupil transportation, and extracurricular activities.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's food service program is reported as business-type activities.

### ***Reporting the School District's Most Significant Funds***

#### **Fund Financial Statements**

The analysis of the School District as a whole begins below. Fund financial statements provide detailed information about the School District's major funds. The School District's major governmental fund is the general fund.

**Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

**Proprietary Funds** - Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the School District as a whole.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Management's Discussion and Analysis - Unaudited**

***The School District as a Whole***

Recall that the Statement of Net Position provides the perspective of the School District as a whole on June 30, 2019. Table 1 provides a summary of the School District's net position for 2019 compared to 2018.

**Table 1**  
**Net Position**  
**As of June 30, 2019**  
**(Government-Wide)**

	2019	2018	2019	2018	2019	2018
	Governmental Activities		Business Type Activities		Total	
<b>Assets</b>						
Current Assets	\$ 10,120,509	\$ 9,684,194	\$ 210,976	\$ 221,372	\$ 10,331,485	\$ 9,905,566
Noncurrent Assets	31,900,133	33,498,660	160,089	121,872	32,060,222	33,620,532
Total Assets	<u>42,020,642</u>	<u>43,182,854</u>	<u>371,065</u>	<u>343,244</u>	<u>42,391,707</u>	<u>43,526,098</u>
Deferred Outflow of Resources	<u>7,855,842</u>	<u>9,375,043</u>	<u>217,236</u>	<u>208,364</u>	<u>8,073,078</u>	<u>9,583,407</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 49,876,484</u></b>	<b><u>\$ 52,557,897</u></b>	<b><u>\$ 588,301</u></b>	<b><u>\$ 551,608</u></b>	<b><u>\$ 50,464,785</u></b>	<b><u>\$ 53,109,505</u></b>
<b>Liabilities</b>						
Current Liabilities	\$ 6,245,567	\$ 5,719,878	\$ 32,462	\$ 34,556	\$ 6,278,029	\$ 5,754,434
Noncurrent Liabilities	81,046,579	85,969,597	1,331,217	1,355,593	82,377,796	87,325,190
Total Liabilities	<u>87,292,146</u>	<u>91,689,475</u>	<u>1,363,679</u>	<u>1,390,149</u>	<u>88,655,825</u>	<u>93,079,624</u>
Deferred Inflow of Resources	<u>3,826,738</u>	<u>2,614,792</u>	<u>92,117</u>	<u>79,378</u>	<u>3,918,855</u>	<u>2,694,170</u>
<b>Net Position</b>						
Net Investment in Capital Assets	10,536,283	10,806,953	160,089	121,872	10,696,372	10,928,825
Restricted	2,202,856	1,611,519	-	-	2,202,856	1,611,519
Unrestricted	(53,981,539)	(54,164,842)	(1,027,584)	(1,039,791)	(55,009,123)	(55,204,633)
Total Net Position	<u>(41,242,400)</u>	<u>(41,746,370)</u>	<u>(867,495)</u>	<u>(917,919)</u>	<u>(42,109,895)</u>	<u>(42,664,289)</u>
<b>Total Liabilities Deferred Inflow of Resources and Net Position</b>	<b><u>\$ 49,876,484</u></b>	<b><u>\$ 52,557,897</u></b>	<b><u>\$ 588,301</u></b>	<b><u>\$ 551,608</u></b>	<b><u>\$ 50,464,785</u></b>	<b><u>\$ 53,109,505</u></b>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Management's Discussion and Analysis - Unaudited**

Table 2 shows the changes in net position for fiscal year 2019 compared to 2018.

**Table 2**  
**Changes in Net Position**  
**For Year Ended June 30, 2019**

	2019	2018	2019	2018	2019	2018
	Governmental Activities		Business Type Activities		Total	
<b>Program Revenues</b>						
Charges for Services	\$ 197,639	\$ 199,265	\$ 598,038	\$ 602,977	\$ 795,677	\$ 802,242
Operating Grants & Contributions	7,605,274	7,325,918	727,944	720,916	8,333,218	8,046,834
Capital Grants & Contributions	261,319	293,953	-	-	261,319	293,953
<b>General Revenues</b>						
Property Taxes	25,119,674	25,177,303	-	-	25,119,674	25,177,303
Grants and Entitlements	6,798,451	6,701,587	-	-	6,798,451	6,701,587
Interest & Miscellaneous Income	284,439	232,893	1,410	1,031	285,849	233,924
<b>Total Revenues</b>	<b>\$ 40,266,796</b>	<b>\$ 39,930,919</b>	<b>\$ 1,327,392</b>	<b>\$ 1,324,924</b>	<b>\$ 41,594,188</b>	<b>\$ 41,255,843</b>
<b>Program Expense</b>						
Instruction	\$ 27,090,192	\$ 27,292,043	\$ -	\$ -	\$ 27,090,192	\$ 27,292,043
Support Services:						
Pupil and Instruction Staff	2,990,794	2,938,860	-	-	2,990,794	2,938,860
Administration, Business						
and Fiscal Services	3,980,890	4,135,298	-	-	3,980,890	4,135,298
Operation and Maintenance	2,513,926	2,316,957	-	-	2,513,926	2,316,957
Pupil Transportation	1,791,097	1,702,378	-	-	1,791,097	1,702,378
Community Services	15,409	14,385	-	-	15,409	14,385
Student Activities	808,878	812,889	-	-	808,878	812,889
Interest on Long Term Debt	571,640	595,439	-	-	571,640	595,439
Food Service	-	-	1,276,968	1,269,435	1,276,968	1,269,435
<b>Total Expenses</b>	<b>39,762,826</b>	<b>39,808,249</b>	<b>1,276,968</b>	<b>1,269,435</b>	<b>41,039,794</b>	<b>41,077,684</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 503,970</b>	<b>\$ 122,670</b>	<b>\$ 50,424</b>	<b>\$ 55,489</b>	<b>\$ 554,394</b>	<b>\$ 178,159</b>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Management's Discussion and Analysis - Unaudited**

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The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services which are supported by tax revenue and unrestricted State entitlements. Table 3 compares fiscal years 2019 and 2018.

**Table 3**  
**Total and Net Cost of Program Services**  
**Governmental Activities**

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 27,090,192	\$ 21,234,816	\$ 27,292,043	\$ 21,533,201
Support Services:				
Pupil and Instructional Staff	2,990,794	2,624,892	2,938,860	2,557,985
Administration, Business, Fiscal Services	3,980,890	3,584,735	4,135,298	3,775,511
Operation and Maintenance of Plant	2,513,926	2,434,412	2,316,957	2,293,509
Pupil transportation	1,791,097	862,059	1,702,378	930,083
Community Services	15,409	15,409	14,385	14,385
Student Activities	808,878	521,638	812,889	439,729
Interest on Long Term Debt	571,640	420,633	595,439	444,710
	<u>\$ 39,762,826</u>	<u>\$ 31,698,594</u>	<u>\$ 39,808,249</u>	<u>\$ 31,989,113</u>

The dependence upon general tax revenues for governmental activities is apparent. Over eighty percent of governmental activity expenditures are supported through taxes and other general revenues. The community, as a whole, is by far the primary support for Greencastle-Antrim School District students.

***BUSINESS-TYPE ACTIVITIES***

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Business-type activities include the food service operation. The food service program had total revenues of \$ 1,327,392. Expenses were \$ 1,276,968. Federal revenues and state lunch program reimbursements were \$ 727,944 or 54.8% of total business type revenues which represents no change from the prior year.

***The School District's Governmental Funds***

These funds are accounted for using the modified accrual basis of accounting. Governmental funds had total revenues of \$ 40,216,601 and expenditures of \$ 40,275,259. The General Fund fund balance decreased by \$ 453,507 from \$ 4,872,483 at July 1, 2018 to \$ 4,418,976 at June 30, 2019 but this ending balance must be offset as stated below in the economic factors to a real balance of \$ 1,729,676. The School District's unassigned fund balance is available to be used to offset future tax increases, capital projects, and debt service.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Management's Discussion and Analysis - Unaudited**

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***General Fund Budgeting Highlights***

The School District's budget is prepared according to Pennsylvania school code and is based on the modified accrual basis of accounting, consistent with generally accepted accounting principles.

For the General Fund, the final actual revenue was \$ 40,182,092, a surplus of \$ 625,769 in revenues received above the original budget estimates of \$ 39,556,323. Local tax revenues received were unfavorable to budget by \$ 160,952 while state revenues were favorable by \$ 664,450 primarily due to increased retirement subsidy which is a direct reflection of additional expense and \$ 153,000 for a Pre-K Counts Grant also offset by corresponding expense. The increase in revenue was not a real reflection of an increase in revenue but of an increase in expense. The original budgeted deficit of \$ 1.3 million was actually decreased to \$ 453,507.

The General Fund actual expenditures were \$ 39,889,639 plus an additional \$ 745,960 transferred into capital reserve for a total of \$ 40,635,599, representing spending of \$ 257,052 below the original budget of \$ 40,892,651. The School District's normal spending practice is to stop all non-essential spending by mid-April.

***CAPITAL ASSETS AND DEBT ADMINISTRATION***

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***Capital Assets***

At the end of fiscal year 2019, the School District had \$ 31,840,507 invested in land, building, and equipment; net of depreciation recorded in governmental activities. The Food Service Fund had \$ 160,089 in furniture and equipment, net of depreciation. Table 4 compares 2019 and 2018 asset balances.

**Table 4**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	2019			2018		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
Land	\$ 1,469,399	\$ -	\$ 1,469,399	\$ 1,469,399	\$ -	\$ 1,469,399
Buildings and Improvements	58,653,148	-	58,653,148	58,022,015	-	58,022,015
Furniture and Equipment	7,460,234	714,409	8,174,643	7,380,075	683,721	8,063,796
Construction In Progress	-	-	-	154,426	-	154,426
Accumulated Depreciation	(35,742,274)	(554,320)	(36,296,594)	(33,591,173)	(561,849)	(34,153,022)
<b>Total</b>	<b>\$ 31,840,507</b>	<b>\$ 160,089</b>	<b>\$ 32,000,596</b>	<b>\$ 33,434,742</b>	<b>\$ 121,872</b>	<b>\$ 33,556,614</b>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Management's Discussion and Analysis - Unaudited**

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***Debt***

On June 30, 2019, the School District had \$ 21,109,000 in bonds and borrowing outstanding (net of unamortized bond discount and premiums). Stadium renovations, reconstruction of the track, and installation of artificial turf on the football field and practice field were completed in October 2011 and the School District issued a bond of \$ 2,500,000 in July 2011 for this project. In 2015, the School District issued a bond of \$ 9,880,000 for performance-based energy efficiency upgrades and other improvements. Series of 2015 A totaled \$ 2,753,000 and refunded the 2010 bond series. In addition, the Franklin County Career & Technology Center has issued bonds for renovations. The School District share of the total bond principal is \$ 1,924,780, the debt service of which will be part of future budgets and is not included in the schedule shown below with an approximate remaining principal balance of \$ 1,525,050. Another bond was issued in 2016 for additional energy efficiency upgrades and renovations in the amount of \$ 8,570,000. The Series of 2011 bond was refinanced in 2016 with the issuance of the Series of 2016A bond issued in the amount of \$ 2,255,000.

Table 5 shows bonds and notes outstanding for fiscal years 2019 and 2018.

**Table 5**  
**Outstanding Debt at Year End**  
**As of June 30**

	<b>2019</b>	<b>2018</b>
	<b>Governmental Activities</b>	
General Obligation Bonds and Notes	\$ 21,355,478	\$ 22,699,861
Total	\$ 21,355,478	\$ 22,699,861

The School District maintains an A1 rating from Moody's Investors Services for general obligation debt.

***ECONOMIC FACTORS***

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Greencastle-Antrim School District has an overall weak fund balance position in its general fund at June 30, 2019 on the modified accrual basis of accounting. The ending balance of \$ 4,418,976 must be offset by the amount owed to the capital projects fund that may not be repaid by a future bond issue due to the window of opportunity for that borrowing ends in August of 2020. This amount due of \$ 1,694,286 significantly impacts the bottom line. In addition, \$ 73,243 of the total is for prepaid expenditures and \$ 921,771 must be kept assigned to cover the budgeted 2019-2020 budget deficit. Therefore, the real fund balance percentage of expenditures is only 4.3%. This is well below the state allowable maximum and certainly not a healthy percentage. Based on the 2018-2019 results of the School District's General Fund operations, 56.1% of the revenue is received from real estate taxes on residential, commercial, and industrial properties, including delinquent and transfer. Another 6.4% is received from wage taxes, while State subsidies and reimbursements account for 33.9% and Federal revenues provide 2.3% including pass thru dollars. The remaining 1.3% is from interest earnings, student/community activities, grants, tuitions charged, rentals and other miscellaneous revenue.

Assessed property valuation average has been increasing at approximately 1.50% per year.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Management's Discussion and Analysis - Unaudited**

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***CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT***

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This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Caroline Royer, Chief Financial and Support Services Officer, Greencastle-Antrim School District, 500 East Leitersburg Street, Greencastle, PA 17225.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 7,198,206	\$ 105,731	\$ 7,303,937
Receivables:			
Taxes	908,386	-	908,386
Intergovernmental	1,844,901	65,824	1,910,725
Other	95,773	300	96,073
Inventories	-	39,121	39,121
Prepaid expenses	73,243	-	73,243
Total current assets	<u>10,120,509</u>	<u>210,976</u>	<u>10,331,485</u>
<b>Noncurrent Assets</b>			
Prepaid bond insurance	59,626	-	59,626
Capital assets not being depreciated			
Land	1,469,399	-	1,469,399
Capital assets net of accumulated depreciation			
Buildings and improvements	29,682,660	-	29,682,660
Furniture and equipment	688,448	160,089	848,537
Total noncurrent assets	<u>31,900,133</u>	<u>160,089</u>	<u>32,060,222</u>
<b>Total Assets</b>	<u>42,020,642</u>	<u>371,065</u>	<u>42,391,707</u>
<b>Deferred Outflow of Resources</b>			
Deferred outflows related to pension liability	7,452,730	204,758	7,657,488
Deferred outflows related to OPEB liability	351,858	12,478	364,336
Deferred charge on bond refunding	51,254	-	51,254
Total deferred outflows of resources	<u>7,855,842</u>	<u>217,236</u>	<u>8,073,078</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 49,876,484</u>	<u>\$ 588,301</u>	<u>\$ 50,464,785</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 321,797	\$ 2,537	\$ 324,334
Unearned revenue	-	28,989	28,989
Accrued salaries and benefits	4,368,251	-	4,368,251
Accrued interest	113,462	-	113,462
Portion due or payable within one year			
General obligation bonds and notes payable	1,383,383	-	1,383,383
Compensated absences	58,674	936	59,610
Total current liabilities	<u>6,245,567</u>	<u>32,462</u>	<u>6,278,029</u>
<b>Noncurrent Liabilities</b>			
Portion due or payable after one year			
General obligation bonds and notes payable	19,972,095	-	19,972,095
Compensated absences	332,484	5,305	337,789
Net OPEB liability	5,496,837	69,231	5,566,068
Net pension liability	55,245,163	1,256,681	56,501,844
Total noncurrent liabilities	<u>81,046,579</u>	<u>1,331,217</u>	<u>82,377,796</u>
<b>Total Liabilities</b>	<u>87,292,146</u>	<u>1,363,679</u>	<u>88,655,825</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension liability	3,306,042	89,733	3,395,775
Deferred inflows related to OPEB liability	520,696	2,384	523,080
Total deferred inflows of resources	<u>3,826,738</u>	<u>92,117</u>	<u>3,918,855</u>
<b>NET POSITION</b>			
Net investment in capital assets	10,536,283	160,089	10,696,372
Restricted	2,202,856	-	2,202,856
Unrestricted	(53,981,539)	(1,027,584)	(55,009,123)
<b>Total Net Position</b>	<u>(41,242,400)</u>	<u>(867,495)</u>	<u>(42,109,895)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 49,876,484</u>	<u>\$ 588,301</u>	<u>\$ 50,464,785</u>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Statement of Activities**  
**Year Ended June 30, 2019**

Functions/Programs	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
<b>Governmental activities</b>							
Instruction	\$ 27,090,192	\$ 27,258	\$ 5,803,157	\$ 24,961	\$ (21,234,816)	\$ -	\$ (21,234,816)
Instructional student support	2,990,794	-	364,181	1,721	(2,624,892)	-	(2,624,892)
Administrative and financial support services	3,980,890	-	393,433	2,722	(3,584,735)	-	(3,584,735)
Operation and maintenance of plant services	2,513,926	16,803	42,161	20,550	(2,434,412)	-	(2,434,412)
Pupil transportation	1,791,097	-	929,038	-	(862,059)	-	(862,059)
Student activities	808,878	153,578	73,304	60,358	(521,638)	-	(521,638)
Community services	15,409	-	-	-	(15,409)	-	(15,409)
Interest on long-term debt	571,640	-	-	151,007	(420,633)	-	(420,633)
Total governmental activities	<u>39,762,826</u>	<u>197,639</u>	<u>7,605,274</u>	<u>261,319</u>	<u>(31,698,594)</u>	<u>-</u>	<u>(31,698,594)</u>
<b>Business-type activities</b>							
Food services	<u>1,276,968</u>	<u>598,038</u>	<u>727,944</u>	<u>-</u>	<u>-</u>	<u>49,014</u>	<u>49,014</u>
Total primary government	<u>\$ 41,039,794</u>	<u>\$ 795,677</u>	<u>\$ 8,333,218</u>	<u>\$ 261,319</u>	<u>\$ (31,698,594)</u>	<u>\$ 49,014</u>	<u>\$ (31,649,580)</u>
<b>General revenues</b>							
Property taxes (levied for general purposes), realty transfer tax, earned income tax					\$ 25,119,674	\$ -	\$ 25,119,674
Grants, subsidies and contributions not restricted					6,798,451	-	6,798,451
Investment earnings					261,344	1,410	262,754
Miscellaneous income					21,849	-	21,849
Gain on sale of capital assets					1,246	-	1,246
Total general revenues					<u>32,202,564</u>	<u>1,410</u>	<u>32,203,974</u>
Change in net position					503,970	50,424	554,394
Net position - beginning					<u>(41,746,370)</u>	<u>(917,919)</u>	<u>(42,664,289)</u>
Net position - ending					<u>\$ (41,242,400)</u>	<u>\$ (867,495)</u>	<u>\$ (42,109,895)</u>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
**June 30, 2019**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Capital Reserve Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,995,350	\$ -	\$ 2,202,856	\$ -	\$ 7,198,206
Taxes receivable, net	908,386	-	-	-	908,386
Due from other funds	1,694,286	-	-	-	1,694,286
Intergovernmental receivables	1,844,901	-	-	-	1,844,901
Other receivables	95,773	-	-	-	95,773
Prepaid expenditures	73,243	-	-	-	73,243
Total assets	<u>\$ 9,611,939</u>	<u>\$ -</u>	<u>\$ 2,202,856</u>	<u>\$ -</u>	<u>\$ 11,814,795</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 321,797	\$ -	\$ -	\$ -	\$ 321,797
Due to other funds	-	1,694,286	-	-	1,694,286
Accrued salaries and benefits	4,368,251	-	-	-	4,368,251
Total liabilities	<u>4,690,048</u>	<u>1,694,286</u>	<u>-</u>	<u>-</u>	<u>6,384,334</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable tax revenue	502,915	-	-	-	502,915
Total deferred inflow of resources	<u>502,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>502,915</u>
<b>FUND BALANCES</b>					
Nonspendable - prepaid expenditures	73,243	-	-	-	73,243
Restricted - future capital projects	-	-	2,202,856	-	2,202,856
Committed - future benefit expenditures	2,274,500	-	-	-	2,274,500
Assigned fund balance - 2019/2020 budget deficit	921,771	-	-	-	921,771
Unassigned	1,149,462	(1,694,286)	-	-	(544,824)
Total fund balances	<u>4,418,976</u>	<u>(1,694,286)</u>	<u>2,202,856</u>	<u>-</u>	<u>4,927,546</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,611,939</u>	<u>\$ -</u>	<u>\$ 2,202,856</u>	<u>\$ -</u>	<u>\$ 11,814,795</u>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net**  
**Position**  
**June 30, 2019**

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**Total fund balances - governmental funds** \$ 4,927,546

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.

Cost of assets	67,582,781	
Accumulated depreciation	<u>(35,742,274)</u>	31,840,507

Certain taxes and other receivables are not available to pay current period expenditures and therefore are not reported in the fund financial statement, but are reported in governmental activities in the Statement of Net Position. 502,915

Prepaid bond insurance is expensed in governmental funds when the debt is first issued. The Statement of Net Position reports bond insurance as an asset. 59,626

Long-term liabilities 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 associated deferred inflows and deferred outflows consist of:

Bonds and notes payable, net of discount and premium	(21,355,478)	
Deferred charge on bond refunding	51,254	
Accrued interest	(113,462)	
Compensated absences	(391,158)	
Net pension liability	(55,245,163)	
Deferred outflows related to pension liability	7,452,730	
Deferred inflows related to pension liability	(3,306,042)	
OPEB liability	(5,496,837)	
Deferred outflows related to OPEB liability	351,858	
Deferred inflows related to OPEB liability	<u>(520,696)</u>	<u>(78,572,994)</u>

**Net position of governmental activities in the Statement of Net Position** \$ (41,242,400)

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental**  
**Funds**  
**Year Ended June 30, 2019**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Capital Reserve Fund</b>	<b>Other Governmental Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Local revenues					
Taxes	\$ 25,112,718	\$ -	\$ -	\$ -	\$ 25,112,718
Investment earnings	227,705	54	33,585	-	261,344
Other	782,832	-	-	870	783,702
State sources	13,625,365	-	-	-	13,625,365
Federal sources	433,472	-	-	-	433,472
Total revenues	<u>40,182,092</u>	<u>54</u>	<u>33,585</u>	<u>870</u>	<u>40,216,601</u>
<b>EXPENDITURES</b>					
Instruction	26,341,300	-	-	-	26,341,300
Support services	10,844,674	-	-	-	10,844,674
Operation of noninstructional services	750,012	-	-	-	750,012
Facilities acquisition, construction and improvements	55,165	196,542	-	189,078	440,785
Debt service					
Principal	1,326,000	-	-	-	1,326,000
Interest	572,488	-	-	-	572,488
Total expenditures	<u>39,889,639</u>	<u>196,542</u>	<u>-</u>	<u>189,078</u>	<u>40,275,259</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund transfers	(745,960)	-	745,960	-	-
Net change in fund balances	<u>(453,507)</u>	<u>(196,488)</u>	<u>779,545</u>	<u>(188,208)</u>	<u>(58,658)</u>
Fund balances - beginning	<u>4,872,483</u>	<u>(1,497,798)</u>	<u>1,423,311</u>	<u>188,208</u>	<u>4,986,204</u>
Fund balances - ending	<u>\$ 4,418,976</u>	<u>\$ (1,694,286)</u>	<u>\$ 2,202,856</u>	<u>\$ -</u>	<u>\$ 4,927,546</u>

**GREENCASTLE-ANTRIM 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, 2019**

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**Net change in fund balances - total governmental funds:** \$ (58,658)

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, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Depreciation expense	(2,151,101)	
Capital outlays	<u>556,866</u>	(1,594,235)

Because some taxes will not be collected for several months after the School District's fiscal year end, they are not considered "available" revenues in the governmental funds. Unavailable tax revenues changed by this amount this year.

5,311

The issuance of long term obligations (bonds, loans) provides current financial resources to governmental funds, while the repayment of principal of long term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of prepaid bond insurance, premiums, discounts, and deferred charges on bond refundings when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. Repayment of bond principal is an expenditure and other financing use in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.

Repayment of general obligation bonds and notes		1,326,000
Amortization of prepaid bond insurance, bond discounts, bond premiums, and deferred charges on bond refundings		(6,727)

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 governmental funds. This is the difference between the amount incurred and the amount paid of:

Accrued interest		7,575
Net pension liability and related deferred outflows and inflows		892,806
OPEB liability and related deferred outflows and inflows		(37,422)
Compensated absences		<u>(30,680)</u>

**Change in net position of governmental activities** \$ 503,970

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Statement of Net Position - Proprietary Fund**  
**June 30, 2019**

	<b>Food Service</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 105,731
Due from other governments	65,824
Other receivables	300
Inventory	<u>39,121</u>
Total current assets	<u>210,976</u>
<b>Noncurrent Assets</b>	
Furniture and equipment	714,409
Accumulated depreciation	<u>(554,320)</u>
Total noncurrent assets	<u>160,089</u>
Total assets	<u>371,065</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension liability	204,758
Deferred outflows related to OPEB liability	<u>12,478</u>
Total deferred outflows of resources	<u>217,236</u>
Total assets and deferred outflows of resources	<u>\$ 588,301</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accrued salaries and benefits	\$ 2,537
Unearned revenues	28,989
Compensated absences	<u>936</u>
Total current liabilities	<u>32,462</u>
<b>Noncurrent Liabilities</b>	
Compensated absences	5,305
OPEB liability	69,231
Net pension liability	<u>1,256,681</u>
Total noncurrent liabilities	<u>1,331,217</u>
Total liabilities	<u>1,363,679</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension liability	89,733
Deferred inflows related to OPEB liability	<u>2,384</u>
	<u>92,117</u>
<b>NET POSITION</b>	
Net investment in capital assets	160,089
Unrestricted	<u>(1,027,584)</u>
Total net position	<u>(867,495)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 588,301</u>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund**  
**Year Ended June 30, 2019**

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	<b>Food Service</b>
<b>OPERATING REVENUE</b>	
Food service revenues	\$ 598,038
Total operating revenues	<u>598,038</u>
<b>OPERATING EXPENSES</b>	
Food and milk purchases	573,950
Salaries	377,814
Employee benefits	231,579
Supplies	50,130
Depreciation	18,394
Repairs and maintenance	18,792
Travel and training	1,219
Other operating expenses	<u>5,090</u>
Total operating expenses	<u>1,276,968</u>
Operating (loss)	<u>(678,930)</u>
<b>NONOPERATING REVENUES</b>	
Federal subsidies	609,404
State subsidies	118,540
Interest income	<u>1,410</u>
Total nonoperating revenues	<u>729,354</u>
Change in net position	50,424
Total net position - beginning	<u>(917,919)</u>
Total net position - ending	<u>\$ (867,495)</u>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Statement of Cash Flows - Proprietary Fund**  
**Year Ended June 30, 2019**

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	<b>Food Service</b>
<b>Cash flows from operating activities</b>	
Cash received from food sales	\$ 597,288
Cash payments to suppliers for goods	(577,410)
Cash payments to and on behalf of employees	(631,288)
Cash payments for services	<u>(23,882)</u>
Net cash (used) by operating activities	<u>(635,292)</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of equipment	<u>(56,611)</u>
<b>Cash flows from noncapital financing activities</b>	
Federal subsidies	501,611
State subsidies	<u>114,100</u>
Net cash provided by noncapital financing activities	<u>615,711</u>
<b>Cash flows from investing activities</b>	
Earnings on investments	<u>1,410</u>
Net increase (decrease) in cash and cash equivalents	(74,782)
Cash and cash equivalents - beginning	<u>180,513</u>
Cash and cash equivalents - ending	<u>\$ 105,731</u>
<b>Reconciliation of income (loss) from operations to net cash provided (used) by operating activities</b>	
<b>Cash flows from operating activities</b>	
Operating loss	\$ (678,930)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Donated food used	46,409
Depreciation	18,394
(Increase) decrease in:	
Accounts receivable	(42)
Inventory	1,480
Increase (decrease) in:	
OPEB liability and related items	(1,682)
Net pension liability and related items	(15,428)
Unearned revenues	(708)
Compensated absences	(3,999)
Accounts payable	<u>(786)</u>
Total adjustments	<u>43,638</u>
Net cash (used) by operating activities	<u>\$ (635,292)</u>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**June 30, 2019**

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	<b>Agency Funds</b>
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 276,960
Total assets	<u>\$ 276,960</u>
<hr/>	
<b>LIABILITIES</b>	
Payroll deductions and withholdings	\$ 192,597
Accounts payable	220
Due to student groups	84,143
Total liabilities	<u>\$ 276,960</u>

# GREENCASTLE-ANTRIM SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### *Nature of Operations and Reporting Entity*

Greencastle-Antrim School District (School District) operates a public school system which is comprised of the Borough of Greencastle and Antrim Township in Franklin County, Pennsylvania.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### *Reporting Entity*

The financial statements of the School District include all funds, functions, and activities to which the Board of Directors has oversight responsibility. 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 Greencastle-Antrim School District.

The Governmental Accounting Standards Board (GASB) statements define the criteria used to determine the composition of the reporting entity. These standards require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, (3) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists, and (4) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the above criteria, the School District is not included in any other governmental reporting entity and no entities are reported as a component unit of the School District.

#### *Joint Ventures*

The following joint ventures are not component units of Greencastle-Antrim School District and are not included in this report.

**Franklin County Career and Technology Center** - is a separate legal entity organized by five local school districts to provide services in Franklin County. Each of the participating school districts appoints members to serve on the joint operating committee, and each has an ongoing financial responsibility to fund the Center's operations.

**Franklin Learning Center** - is a separate legal entity organized by four local school districts to provide special education services in Franklin County. Each of the participating school districts appoints members to serve on the joint operating committee, and each has an ongoing financial responsibility to fund the Center's operations.

**Lincoln Intermediate Unit #12** - is a separate legal entity organized by constituent school districts in York, Adams, and Franklin counties to provide services to the school districts. Each member school district appoints one member to serve on the Board of Directors of the Intermediate Unit. The School District contracts with the Intermediate Unit primarily for special education services and training.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Joint Ventures (Continued)***

Complete financial statements for each of the entities described above can be obtained from each respective administrative office.

***Fund Accounting***

The accounts of Greencastle-Antrim 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 accounted for with a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the School District are grouped into the categories: governmental, proprietary, and fiduciary.

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions of the School District are financed. The measurement focus is on the flow of expendable resources, rather than on net earnings determination.

The School District reports the following major governmental funds:

**General Fund**

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are primarily derived from local property, earned income, and other taxes, and state and federal grants. Many of the more important activities of the School District, including instruction, administration, and certain non-instructional services are accounted for in this fund. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use.

**Capital Projects Fund**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

**Capital Reserve Fund**

This fund is authorized by P. L. 145, Act of April 30, 1943, known as 53 PS 1432, and accounts for monies transferred during any fiscal year from appropriations, or from surplus monies in the General Fund, that are restricted to be used for future capital improvements.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Fund Accounting (Continued)***

Additionally, the School District reports the following non-major governmental fund:

**Future Capital Projects Fund**

The Future Capital Projects Fund is used to account for proceeds of specific revenue sources used to finance specific activities as required by law or administrative regulation. The Capital Projects Fund was closed during the current year.

**2. Proprietary Fund**

Proprietary Funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector. The focus of proprietary funds is on the determination of net earnings and capital maintenance. The following fund is utilized:

**Food Service Fund - Enterprise Fund - Major Fund**

This fund accounts for all revenues and expenses pertaining to cafeteria operations as authorized under Section 504 of the Public School Code of 1949. It is the intent of the governing body that the cost of providing food, goods or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans. The revenues from food sales and expenses are classified as "operating". Federal and state grants and earnings on investments are classified as "non-operating".

**3. Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Student Activity Funds and the Payroll Fund are classified as Agency Funds. Private-purpose trust funds would consist of bequests. The School District currently has no private-purpose trust funds.

***Basis of Presentation***

**Government-wide Financial Statements** - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

# GREENCASTLE-ANTRIM SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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#### *Basis of Presentation (Continued)*

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**Fund Financial Statements** - Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) in net current position.

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

Fiduciary funds are reported using the economic resources measurement focus.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Basis of Accounting***

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific School District expenditures is recognized when the related expenditures are incurred and the revenue is available, which is generally 60 days; accordingly, when such funds are received, they are recorded as a liability until earned. If time eligibility requirements are not met, a deferred inflow of resources would be recorded. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses of the food service fund generally result from providing food services, including charges for meals and the costs of food, salaries and benefits, depreciation, and other expenses. Federal and state subsidies are considered non-operating revenues as no exchange transaction occurs.

***Cash and Cash Equivalents***

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

***Investments***

The School District invests funds with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT). PSDLAF and PLGIT operate and are authorized under the Intergovernmental Cooperation Act of 1972.

These funds invest in federal securities backed by the full faith and credit of the United States Government; in agencies, instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth; and certificates of deposit which are insured by the Federal Deposit Insurance Corporation or which are collateralized as provided by law of Act 72 of 1971.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Inventories***

The Food Service Fund food inventory consists of expendable supplies held for consumption and federal government donated commodities that are valued at estimated fair market value. The expendable supplies are recorded as an expense when used. The cost of governmental fund inventories are recorded as expenditures when purchased rather than when consumed. The value of governmental fund inventories is not significant at June 30, 2019.

***Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$ 1,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets is not capitalized unless it is incurred in a proprietary fund.

All reported capital assets except land and construction-in-process are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	<b>Governmental Activities Estimated Lives</b>	<b>Business-Type Activities Estimated Lives</b>
Buildings and improvements	20 - 40 years	N/A
Furniture and equipment	5- 10 years	5 - 12 years

***Long-Term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Prepaid bond insurance costs are reported as an asset and amortized over the term of the related debt. Other bond issuance costs are expensed at the time debt is issued.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Long-Term Obligations (Continued)***

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and original issue discounts or premiums are reported as other financing sources or uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as support service expenditures.

***Interfund Activity/ Internal Balances***

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

***Use of 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

***Budgets and Budgetary Accounting***

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School District's budget and reporting of its financial statements, specifically:

1. The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
2. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.
3. Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorize the School District to make expenditures. Appropriations lapse at the end of the fiscal period.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Budgets and Budgetary Accounting***

4. Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency. These programs frequently result in supplementary budget appropriations.

Capital budgets are not implemented for capital improvements and capital projects in the Capital Projects Fund, Capital Reserve Fund, or Future Capital Projects Fund. All transactions of these funds are approved by the Board prior to commitment, thereby constructively achieving budgetary control.

***Retirement Plans***

The School District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The School District accounts for the plan under the provisions of GASB Statements which establish standards for the measurement, recognition, and display of pension expense and related liabilities, assets, and note disclosures.

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 refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Compensated Absences***

Liability for compensated absences is accounted for in accordance with the provisions of the GASB standards, which require entities to accrue for employees' rights to receive compensation for vacation or other leave, or payments in lieu of accrued vacation or sick leave, as such benefits are earned and payment becomes probable.

The estimate of the liabilities for compensated absences has been calculated using the vesting method in accordance with the provisions of the GASB. Under that method, the School District has identified the accrued sick leave benefit earned to date by each employee, determined the cost of that benefit earned to date by each employee, by reference to the benefit provisions and the current rates paid by the School District, and estimated the probability of the payment of that benefit to employees upon retirement. The accrued liability for vacation and sick leave is calculated based on the salary rates in effect at the balance sheet date.

Payments for vacation, sick, and personal leave are expensed as paid in the governmental fund financial statements.

Liabilities for vested, unused vacation, sick, and personal leave are recorded in the proprietary funds and the government-wide financial statements and are expensed as incurred.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Other Postemployment Benefits Other Than Pensions***

GASB establishes standards for the measurement, recognition, and display of other postemployment benefit expenditures and related liabilities, note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The School District's other postemployment benefits are accounted for in accordance with these standards.

The School District provides postemployment benefits by permitting retired employees the ability to participate in the employee health plan through a single employer defined benefit other post-employment health plan (OPEB) at the same premium rate, albeit 100% paid for by the retirees. Consequently, the School District is providing an implicit rate subsidy to its retirees. These benefits are financed on a pay-as-you-go basis.

***PSERS***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Deferred Outflows and Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has several items that qualify for reporting in this category, including the deferred charge on bond refunding and various amounts related to the pension and OPEB liabilities. These will be amortized in future periods.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statements element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District's deferred inflow of resources consist of various items related to the pension and OPEB liabilities (on the statement of net position) and unavailable tax revenue (on the balance sheet – governmental funds).

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Net Position***

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets** - This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction, or improvement of assets or related debt also should be included in the component of net position.

**Restricted** - This component consists of net position with constraints placed on the use by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The following details restricted net position at June 30:

Restricted for future capital projects	\$ 2,202,856
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**Unrestricted** - This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

***Net Position Flow Assumption***

Sometimes the School District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

***Fund Balance – Governmental Funds***

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

**Nonspendable** - This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and the long-term portion of loans and notes receivable. This also includes the corpus (or principal) of permanent funds.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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***Fund Balance – Governmental Funds (Continued)***

**Restricted** - This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

**Committed** - This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority. This formal action is in the form of a resolution which is made by the School Board. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

**Assigned** - This classification includes spendable amounts that are reported in governmental funds *other than in the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the School Board, or a subordinate high-level body, such as the finance committee, superintendent, or business manager that is authorized to assign amounts to be used for specific purposes. As detailed in its Fund Balance Policy, the School Board has the authority to make assignments of fund balance. Thus, these assignments can be only made or changed with formal action by the Board. The assignment of fund balance cannot result in a negative unassigned fund balance.

**Unassigned** - This classification represents the portion of a spendable fund balance that has not been categorized as restricted, committed, or assigned. The general fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

***Policy Regarding Order of Spending***

When fund balance resources are available for a specific purpose in multiple classifications, the School District's policy is to use restricted resources first and then apply unrestricted resources in the following order: unassigned, assigned and committed. Assigned or committed resources would only be used upon specific authorization by the School Board, or the Business Manager in the case of assigned fund balance.

# GREENCASTLE-ANTRIM SCHOOL DISTRICT

## Notes to Financial Statements

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### NOTE 2 CASH AND INVESTMENTS

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Section 440.1 of the Pennsylvania School Code and Act 10 of 2016 authorizes the School District to invest in the following:

- 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 issued 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.

#### ***Custodial Credit Risk – Deposits***

Custodial credit risk is the risk that in the event of bank failure, the School District's deposits may not be returned to it. The School District does not have a written policy for custodial credit risk. As of June 30, 2019, the School District has a bank balance of \$ 2,321,566. Of this balance, \$ 2,117,831 is covered by FDIC insurance and the remaining balance of \$ 203,734 was exposed to custodial credit risk because the collateral securities held by the bank's agents are not in the School District's name.

Pennsylvania Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledger of the assets. Based on the standards outlined in Act 72, the various banks utilized by the School District have pledged collateral on a pooled basis on behalf of the School District and all other governmental depositors in the respective financial institutions.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

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***Credit Risk – Investments***

Included in cash and cash equivalents are pooled investments in the PA Local Government Investment Trust (PLGIT) of \$ 5,528,424 and Pennsylvania School District Liquid Asset Fund (PSDLAF-MAX) of \$ 60,912. PLGIT deposits are invested by PLGIT directly in a portfolio of securities which are held by a third-party custodian. These include PLGIT-Class Shares and PLGIT-ARM, which operate like a money market fund. PSDLAF-MAX deposits are invested by PSDLAF directly in portfolios of securities held by a third-party custodian and are collateralized with securities held by the PSDLAF agent in a collateral pool. The PSDLAF-MAX and PLGIT investments are basically mutual funds that consist of short-term money market instruments and seeks to maintain a constant net asset value of \$ 1 per share.

Investments in PSDLAF and PLGIT are subject to income, market and credit risk related to the potential for decline in current income, the potential for a decline in market value and the potential that an issuer of securities held in the investment portfolios of the fund would fail to make timely payments of principal and interest payments, respectively.

The School District does not have a formal written investment policy that limits its investment choices to certain credit ratings. As of June 30, 2019, the School District’s investments in PLGIT and PSDLAF were rated AAAM by Standard and Poor’s Investors Services.

***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.

**NOTE 3 TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS**

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The School District collects property taxes, earned income taxes, and occupational taxes, and other taxes and fees, primarily from taxpayers located in the following municipalities within Franklin County, Pennsylvania: Borough of Greencastle and Antrim Township.

Real estate taxes are considered fully collectible since liens can be filed on properties. The uncollectible portion of per capita taxes was estimated to be minimal by management based on previous collection experience. Consequently, no allowance has been recorded.

Property taxes are levied as of July 1 on assessed property values. The tax bills are mailed by the tax collectors on July 1 and are payable as follows:

Discount	July 1 - August 31
Face	September 1 - October 31
Penalty	November 1 - December 31

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 3 TAXES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS**

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After January 15 the bills are considered delinquent and turned over to the Franklin County Tax Claim Bureau for collection.

Taxes receivable consist of the following as of June 30, 2019:

Real estate taxes	\$ 344,819
Real estate transfer taxes	24,642
Per capita and occupational privilege taxes	7,530
Earned income taxes	<u>531,395</u>
	908,386
Taxes collected within sixty days, recorded as revenues in governmental funds	<u>405,471</u>
Taxes estimated to be collected after sixty days (unavailable), recorded as deferred inflows of resources in governmental funds	<u>\$ 502,915</u>

***Tax Abatements***

The School District enters into property tax abatement agreements with local businesses under the Local Economic Revitalization Tax Assistance Act of December 1, 1977. The Act authorizes specified local governments to provide tax exemption for new construction and improvements to industrial, commercial and other business properties located within certain designated areas. Under the Act, local governments may grant property tax abatements of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The amount of the abatement is made on a case by case basis based on the percentage of taxes owed.

For the fiscal year ended June 30, 2019, the School District abated property taxes totaling \$ 8,464,100 under this program, consisting of:

- (1) Three properties were given a 100 percent tax abatement for construction projects totaling \$ 7,615,380.
- (2) A 70 percent property tax abatement for the construction of a production facility and warehouse. The abatement amounted to \$ 743,250.
- (3) A 60 percent property tax abatement for the construction of a production facility and warehouse. The abatement amounted to \$ 105,470.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 4 INTERFUND BALANCES AND TRANSFERS**

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Interfund receivable and payable balances consist of the following as of June 30, 2018:

<b>Funds</b>	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
General	\$ 1,694,286	\$ -
Capital Projects	-	1,694,286
	\$ 1,694,286	\$ 1,694,286

The Capital Projects Fund had payables to the General Fund for the Elementary School Energy Savings project expenditures paid for by the General Fund at June 30, 2019. These expenditures are expected to be repaid to the General Fund within the next fiscal year.

The District had a budgeted transfer for the current fiscal year in the amount of \$ 745,960 from the General Fund to the Capital Reserve Fund for future capital projects.

**NOTE 5 INTERGOVERNMENTAL RECEIVABLES**

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Intergovernmental receivables of the general fund at June 30, 2019 consist of:

Local:	Other Receivables	\$ 4,162
State:	Social Security	260,637
	Retirement	1,175,409
	Rental Subsidy	118,350
	Transportation	174,632
	School Safety	25,000
	PA Pre-K Counts	25,500
Federal:	Direct Programs	61,211
		\$ 1,844,901

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the School District consists of the following as of and for the year ended June 30, 2019.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Cost:				
Assets not being depreciated:				
Land	\$ 1,469,399	\$ -	\$ -	\$ 1,469,399
Construction in progress	154,426	196,542	(350,968)	-
Assets being depreciated:				
Buildings and improvements	58,022,015	631,133	-	58,653,148
Furniture and equipment	<u>7,380,075</u>	<u>80,159</u>	<u>-</u>	<u>7,460,234</u>
Total cost	<u>67,025,915</u>	<u>907,834</u>	<u>(350,968)</u>	<u>67,582,781</u>
Less accumulated depreciation:				
Buildings and improvements	(27,017,009)	(1,953,479)	-	(28,970,488)
Machinery, equipment and text books	<u>(6,574,164)</u>	<u>(197,622)</u>	<u>-</u>	<u>(6,771,786)</u>
Total accumulated depreciation	<u>(33,591,173)</u>	<u>(2,151,101)</u>	<u>-</u>	<u>(35,742,274)</u>
<b>Capital assets, net</b>	<u>\$ 33,434,742</u>	<u>\$ (1,243,267)</u>	<u>\$ (350,968)</u>	<u>\$ 31,840,507</u>
<b>Business-Type Activities</b>				
Cost				
Furniture and equipment	\$ 683,721	\$ 56,611	\$ (25,923)	\$ 714,409
Less accumulated depreciation:				
Furniture and equipment	<u>(561,849)</u>	<u>(18,394)</u>	<u>25,923</u>	<u>(554,320)</u>
<b>Capital assets, net</b>	<u>\$ 121,872</u>	<u>\$ 38,217</u>	<u>\$ -</u>	<u>\$ 160,089</u>

Depreciation expense for the year ended June 30, 2019 was charged to governmental functions as follows:

Instruction	\$ 1,374,195
Instructional student support	383,877
Administrative and financial support services	57,726
Operation and maintenance of plant services	237,057
Student activities	85,657
Community services	<u>12,589</u>
	<u>\$ 2,151,101</u>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

**NOTE 7 ACCRUED SALARIES, BENEFITS AND WITHHOLDINGS**

Accrued salaries, benefits, and withholdings consist of the following as of June 30, 2019:

General Fund:	
Accrued salaries	\$ 2,046,417
Retirement	2,157,545
Social Security	154,396
Worker's Compensation Insurance	9,823
Other	70
	<u>\$ 4,368,251</u>

**NOTE 8 LONG-TERM LIABILITIES**

A summary of the School District's long-term liabilities is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
<b>Governmental Activities</b>						
Direct Borrowing						
(A) Series of 2015A	\$ 1,890,000	\$ -	\$ (466,000)	\$ 1,424,000	\$ 470,000	\$ 954,000
Bonds						
(B) Series of 2015	9,870,000	-	(390,000)	9,480,000	405,000	9,075,000
(C) Series of 2016	8,565,000	-	(330,000)	8,235,000	345,000	7,890,000
(D) Series of 2016A	2,110,000	-	(140,000)	1,970,000	145,000	1,825,000
Unamortized bond (discount) and premium	264,861	-	(18,383)	246,478	18,383	228,095
Subtotal - bonds and notes payable	<u>22,699,861</u>	<u>-</u>	<u>(1,344,383)</u>	<u>21,355,478</u>	<u>1,383,383</u>	<u>19,972,095</u>
Compensated absences						
Vacation leave	47,186	71,887	(73,457)	45,616	6,842	38,774
Personal leave	149,754	220,980	(225,016)	145,718	21,858	123,860
Sick leave	163,538	70,775	(34,489)	199,824	29,974	169,850
Subtotal - compensated absences	<u>360,478</u>	<u>363,642</u>	<u>(332,962)</u>	<u>391,158</u>	<u>58,674</u>	<u>332,484</u>
<b>Total long-term liabilities</b>	<b><u>\$ 23,060,339</u></b>	<b><u>\$ 363,642</u></b>	<b><u>\$ (1,677,345)</u></b>	<b><u>\$ 21,746,636</u></b>	<b><u>\$ 1,442,057</u></b>	<b><u>\$ 20,304,579</u></b>
<b>Business-Type Activities</b>						
Compensated absences						
Vacation leave	\$ 5,945	\$ 4,736	(8,313)	\$ 2,368	\$ 355	\$ 2,013
Personal leave	2,088	4,733	(4,384)	2,437	366	2,071
Sick leave	2,207	5,600	(6,371)	1,436	215	1,221
<b>Total long-term liabilities</b>	<b><u>\$ 10,240</u></b>	<b><u>\$ 15,069</u></b>	<b><u>\$ (19,068)</u></b>	<b><u>\$ 6,241</u></b>	<b><u>\$ 936</u></b>	<b><u>\$ 5,305</u></b>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

**NOTE 8 LONG-TERM LIABILITIES (CONTINUED)**

- (A) Series of 2015 A - \$ 2,753,000 general obligation note originally issued September 30, 2015, with an interest rate of 1.79%, matures April 1, 2022. The proceeds were used to refund the 2010 Series general obligation bonds.
- (B) Series of 2015 - \$ 9,880,000 general obligation bonds originally issued May 7, 2015, with interest rates ranging from 2.00% to 3.50%, matures April 15, 2034. The proceeds were used for performance-based energy efficiency upgrades and other improvements to the High School and other buildings and facilities of the School District and pay the costs of issuing the bonds.
- (C) Series of 2016 - \$ 8,570,000 general obligation bonds originally issued June 9, 2016 with interest rates ranging from 1.00% to 4.00%, matures October 15, 2033. The proceeds were used to construct performance based, energy efficiency upgrades and other improvements to the Primary and Elementary School Buildings and other facilities of the School District and pay the costs of issuing the bonds.
- (D) Series of 2016 A - \$ 2,255,000 general obligation bonds originally issued July 21, 2016 with interest rates ranging from 1.00% to 4.00%, matures April 15, 2031. The proceeds were used to currently refund the 2011 Series general obligation bonds and pay the costs of issuing the bonds.

The following is a summary of bonds, notes, principal maturities, and interest requirements as of June 30, 2019:

	Direct Borrowing		Bonds						Totals	
	Series of 2015A		Series of 2015		Series of 2016		Series of 2016A		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2020	\$ 470,000	\$ 21,283	\$ 405,000	\$ 261,428	\$ 345,000	\$ 209,215	\$ 145,000	\$ 45,584	\$ 1,365,000	\$ 537,510
2021	473,000	12,843	410,000	253,328	365,000	195,415	150,000	39,784	1,398,000	501,370
2022	481,000	4,305	420,000	245,128	375,000	180,815	155,000	33,784	1,431,000	464,032
2023	-	-	615,000	236,728	570,000	173,315	160,000	30,684	1,345,000	440,727
2024	-	-	630,000	222,892	580,000	161,915	165,000	27,484	1,375,000	412,291
2025-2029	-	-	3,405,000	867,296	3,080,000	630,560	860,000	87,220	7,345,000	1,585,076
2030-2034	-	-	3,595,000	315,758	2,920,000	227,700	335,000	10,278	6,850,000	553,736
	<u>\$ 1,424,000</u>	<u>\$ 38,431</u>	<u>\$9,480,000</u>	<u>\$ 2,402,558</u>	<u>\$ 8,235,000</u>	<u>\$1,778,935</u>	<u>\$ 1,970,000</u>	<u>\$ 274,818</u>	<u>\$ 21,109,000</u>	<u>\$ 4,494,742</u>

The above debt is general obligation debt of the School District, payable from its tax and other general revenues. In addition, municipal bond insurance has been obtained to guarantee principal and interest that is due but unpaid on the outstanding bonds payable.

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

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 9 AFFILIATES**

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As explained in Note 1, the School District is affiliated with the Franklin County Career and Technology Center, the Franklin Learning Center, and the Lincoln Intermediate Unit #12. Payments to fund the operating costs (excluding debt payments below) during the year ended June 30, 2019 were as follows:

Lincoln Intermediate Unit #12	\$ 2,525,956
Franklin County Career and Technology Center	826,653
Franklin County Learning Center	<u>167,120</u>
	<u>\$ 3,519,729</u>

During the year ended June 30, 2011, the Franklin County Career and Technology Center issued a note in the amount \$ 2,360,000 to refinance a previous note that was issued for building improvements. The Center also issued bonds during that year in the original amount of \$ 14,090,000 to finance building additions and renovations. Each member district adopted resolutions approving the project and the related debt issues and is responsible for its individual share of the debt. Under the Articles of Agreement, each member district's share of debt payments is based on the district's ratio of market valuation of real estate to the total market valuation of real estate of all participating school districts. The Greencastle-Antrim School District's share of debt payments for 2018/2019 was \$ 159,896. Based on the latest market valuation available, the School District's share of 13.28% represents \$ 1,579,656 of the outstanding debt of the Tech Center as of June 30, 2019.

**NOTE 10 PENSION PLAN**

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***General Information About the Pension Plan***

**Plan Description**

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

**NOTE 10 PENSION PLAN (CONTINUED)**

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***General Information About the 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 service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined by 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 rights to benefits is vested after ten years of service.

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

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

**Contributions**

*Member contributions:*

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

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

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

**NOTE 10 PENSION PLAN (CONTINUED)**

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***General Information About the Pension Plan (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%.

*Employer Contributions:*

The School District's contractually required contribution rate for fiscal year ended June 30, 2019 was 32.60% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School District recognized as revenue by the pension plan were \$ 5,410,641 for the year ended June 30, 2019.

*State Funding:*

The Commonwealth of Pennsylvania generally reimburses the School District for 50% - 60% of 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, 2019, the School District recognized revenue of \$ 3,091,542 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, 2019, the School District reported a liability of \$ 56,501,844 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2018, the School District's proportion was 0.1177 percent, which was an decrease of 0.0035 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized pension expense as follows:

Governmental Activities	\$ 4,441,855
Business-Type Activities	\$ 105,921

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 10 PENSION PLAN (CONTINUED)**

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

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 454,515	\$ 874,559
Changes in assumptions	1,053,000	-
Net difference between projected and actual investment earnings	277,000	-
Changes in proportionate share - plan	156,894	2,470,303
Changes in proportionate share - governmental activities/ business-type activities	50,913	50,913
Difference between employer contributions and proportionate share of total contributions	209,155	-
Contributions subsequent to the measurement date	5,456,011	-
	<u>\$ 7,657,488</u>	<u>\$ 3,395,775</u>

The \$ 5,456,011 reported as deferred outflows or resources related to pension 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, 2019. 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:		
2020	\$	207,844
2021		64,412
2022		(1,250,101)
2023		(216,453)
Total	\$	<u>(1,194,298)</u>

**Actuarial Assumptions**

The total pension liability as of June 30, 2018 was determined by rolling forward the System's total pension liability as of the June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level percent of pay
- Investment rate of 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

**NOTE 10 PENSION PLAN (CONTINUED)**

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

**Actuarial Assumptions (Continued)**

- Mortality rates were based on 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-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, 2017 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global public equity	20.0%	5.2%
Fixed income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute return	10.0%	3.5%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real estate	10.0%	4.2%
Alternative investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	(20.0)%	0.9%
	<u>100%</u>	

The above was the PSERS's Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

**Discount Rate**

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

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 10 PENSION PLAN (CONTINUED)**

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School District's proportionate share of the net pension liability	\$ 70,038,000	\$ 56,501,844	\$ 45,056,000

**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.pa.gov](http://www.psers.pa.gov).

**Payables to the Pension Plan**

As of June 30, 2019, the School District had \$ 2,103,977 included in accrued salaries and benefits, of which \$ 1,437,430 is for the contractually required contribution for the second quarter of 2019 and \$ 665,637 is related to the accrued payroll liability for wages incurred as of June 30, 2019.

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS**

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***Plan Descriptions and Benefits Provided***

**School District Plan**

The School District provides for the continuation of medical insurance coverage for retired employees of the School District, which is a plan administered by the School District. The plan provides medical, prescription drug, dental, and vision coverage for both the retiree and spouse. To continue coverage upon retirement, the retirees who were either administrators or support staff must reimburse the School District for the full amount of the premiums.

Retired teachers with 15 years of service for the School District and 25 years of PSERS service will receive \$ 117 a month towards medical, prescription drug, dental and vision coverage, but the retiree is responsible for the remainder of the premium cost. The spouse of a retired teacher may elect coverage but must pay the full premium.

Retirees opting to participate pay a premium amount that is less than the School District's actual cost to provide health care coverage to retirees. The premium amount for retirees is based on a blended rate for covering both active and retired Plan members. The fact that the blended rate that retirees pay is less than the cost of covering retired members and their beneficiaries results in what is known as the "implicit rate subsidy" provided by the School District, which gives rise to the benefit to be recorded under generally accepted accounting principles.

No assets are accumulated in a trust that meets the criteria of GASB standards.

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS**

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***Plan Descriptions and Benefits Provided***

**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 or less 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 employers 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, 2018, there were no assumed future benefit increases 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.

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.pa.gov](http://www.psers.pa.gov).

***Plan Membership***

Membership in the School District's plan consisted of the following at July 1, 2018, the date of the latest actuarial valuation:

Active participants	252
Vested former participants	10
Retired participants	<u>23</u>
Total	<u>285</u>

***Contributions***

**PSERS**

The School District's contractually required contribution rate for the fiscal year ended June 30, 2019 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB plan from the employer were \$ 138,911 for the year ended June 30, 2019.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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***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 July 1, 2018 and the total OPEB liability was based on an actuarial valuation as of July 1, 2018, which was based on census information as of January 2018. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2019, the School District reported a total OPEB liability of \$ 3,112,083.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$ 240,911.

**PSERS**

At June 30, 2019, the School District reported a liability of \$ 2,453,985 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. 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 0.1177, which was a decrease of 0.0035 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$ 94,930.

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

	<b>Total OPEB/ Net OPEB Liability</b>	<b>OPEB Expense</b>
School District Plan	\$ 3,112,083	\$ 240,911
PSERS	2,453,985	94,930
<b>Total</b>	<b>\$ 5,566,068</b>	<b>\$ 335,841</b>

***Changes in the Total OPEB Liability***

**School District Plan**

	<b>Total OPEB Liability</b>
<b>Beginning Balance</b>	\$ 3,325,994
<b>Changes for the year:</b>	
Service cost	237,785
Interest	108,748
Changes of benefit terms	(81,060)
Differences between expected and actual experience	(205,969)
Changes in assumptions	(108,403)
Benefit payments	(165,012)
Net changes	(213,911)
<b>Ending Balance</b>	<b>\$ 3,112,083</b>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

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

**School District Plan (Continued)**

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	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	\$ -	\$ 191,257	\$ 15,152	\$ -	\$ 15,152	\$ 206,409
Changes in assumptions	-	123,836	38,797	95,785	38,797	219,621
Net difference between projected and actual investment earnings	-	-	7,145	-	7,145	-
Changes in proportions - plan	-	-	-	96,248	-	96,248
Difference between employer contributions and proportionate share of total contributions	-	-	3,140	802	3,140	802
Benefit payments/contributions subsequent to the measurement date	161,191	-	138,911	-	300,102	-
	<u>\$ 161,191</u>	<u>\$ 315,093</u>	<u>\$ 203,145</u>	<u>\$ 192,835</u>	<u>\$ 364,336</u>	<u>\$ 523,080</u>

The amount of \$ 300,102 is reported as deferred outflows of resources related to OPEB resulting from School District benefit payments/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, 2019 related to the School District and PSERS plans. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

	Year ended June 30:	School District Plan	PSERS	Total
	2020	\$ (24,562)	\$ (27,637)	\$ (52,199)
	2021	(24,562)	(27,637)	(52,199)
	2022	(24,562)	(27,637)	(52,199)
	2023	(24,562)	(28,637)	(53,199)
	2024	(24,562)	(28,637)	(53,199)
	Thereafter	(192,283)	11,584	(180,699)
	Total	<u>\$ (315,093)</u>	<u>\$ (128,601)</u>	<u>\$ (443,694)</u>

***Actuarial Methods and Assumptions***

**School District Plan**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

**PSERS**

The total OPEB liability as of June 30, 2018 was determined by rolling forward the System's Total OPEB liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

	<b>School District Plan</b>	<b>PSERS</b>
Actuarial Cost Method	Entry age normal	Entry age normal – level % of pay.
Investment Rate of Return	2.98% - S&P 20 year municipal bond rate.	2.98% - S&P 20 year municipal bond rate.
Salary	An assumption for salary increase is used 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 2.75% to 0%.	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	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.	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.
Percentage of Eligible Employees Electing Coverage in Plan	80% of teachers and administrators and 35% of the support staff are assumed to elect coverage. 50% of retirees deferring coverage are assumed to elect coverage at age 62, or age on valuation date, if older.	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	6.00% in 2018 and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.	Applied to retirees with less than \$ 1,200 in premium assistance per year. Benefit is capped at \$ 1,200 per year.
Per Capita Claims Cost	The per capita claims cost 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. The resulting costs are as follows: age 45-49, \$ 6,894 for males and \$ 9,957 for females; 50-54, \$ 9,131 for males and \$ 11,253 for females; 55-59, \$ 11,121 for males and \$ 11,775 for females; and 60-64, \$ 14,512 for males and \$ 13,526 for females.	N/A

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

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***Actuarial Methods and Assumptions (Continued)***

**PSERS**

**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 rate 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.

<b>OPEB – Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	5.9%	0.03%
US Core Fixed Income	92.8%	1.2%
Non-US Developed Fixed	<u>1.3%</u>	0.4%
	<u>100.0%</u>	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

***Discount Rate***

The discount rate used to measure the OPEB liability was 2.98% for both the School District’s Plan and PSERS. The School District Plan is not funded, therefore, the S&P 20 year municipal bond rate of 2.98% as of June 30, 2018 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 or 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 2.98% which represents the S&P 20 year municipal bond rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

***Sensitivity of the Total and Net OPEB Liability to Changes in the Discount Rate***

The following presents the total and net OPEB liabilities of the School District, as well as what the School District's liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>1.98%</b>	<b>2.98%</b>	<b>3.98%</b>
School District Plan - Total OPEB liability	\$ 3,364,282	\$ 3,112,083	\$ 2,874,793
PSERS - School District's proportionate share of the net OPEB liability	\$ 2,791,000	\$ 2,453,985	\$ 2,174,000

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

The following presents the total and net OPEB liabilities of the plans, as well as what the plans' total OPEB liability would be if it were calculated using the healthcare cost trend rate that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

**School District Plan**

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
	<b>(5.0%</b>	<b>(6.0%</b>	<b>(7.0%</b>
	<b>decreasing to</b>	<b>decreasing to</b>	<b>decreasing to</b>
	<b>2.9%)</b>	<b>3.9%)</b>	<b>4.9%)</b>
School District Plan - Total OPEB Liability	<u>\$ 2,757,991</u>	<u>\$ 3,112,083</u>	<u>\$ 3,537,940</u>

**PSERS**

	<b>1% Decrease</b>	<b>Healthcare Cost Trend</b>	<b>1% Increase</b>
	<b>(Between 4%</b>	<b>Rate (Between</b>	<b>(Between 6%</b>
	<b>to 7%)</b>	<b>5% to 8%)</b>	<b>to 9%)</b>
PSERS - School District's proportionate share of the net OPEB liability	<u>\$ 2,453,000</u>	<u>\$ 2,453,985</u>	<u>\$ 2,454,000</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](http://www.psers.pa.gov).

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 11 POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

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***Payables to the OPEB Plan***

**School District Plan**

As of June 30, 2019, the School District had no amounts payable to the School District OPEB Plan.

**PSERS**

As of June 30, 2019, the School District had \$ 53,568 included in accrued wages liability, of which \$ 36,595 is for the contractually required contribution for the second quarter of 2019 and \$ 16,973 is related to the accrued payroll liability for wages incurred as of June 30, 2019.

**NOTE 12 RISK MANAGEMENT**

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The School District is exposed to various risk of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School District has purchased commercial insurance to cover general liability, directors' and officers' liability, unemployment compensation and employees' health coverage. For these insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The School District self-insures a portion of their worker's compensation insurance through the School District Insurance Consortium (SDIC). The School District must maintain a retention account and must cover approximately the first \$ 21,000 of claims. The balance in the retention account was \$ 8,869 as of June 30, 2019. Actual claims incurred and paid by SDIC in 2018/2019 were \$ 308. At June 30, 2019, there were no unpaid claims to be paid by SDIC.

***Lincoln Benefit Trust***

The School District is a member of the Lincoln Benefit Trust. The Trust is a claims servicing pool which pays claims for hospitals, medical coverage for physicians' services, certain dental and vision coverage, major medical coverage, and certain other benefits submitted by employees of the participating school districts. Each participating employer contributes to the trust amounts determined by actuarial principles which will be adequate to cover annual claim costs, operating costs, and reserves sufficient to provide stated benefits. Since each school district is responsible for its own risk, additional assessments would be charged to make up any deficiency; thus, this functions like a retrospectively rated program.

Because Lincoln Benefit Trust acts as a claim-servicing pool, the School District remains responsible for the economic risk of providing stated benefits to employees. However, claims incurred between \$ 100,000 and \$ 300,000 are paid from the Trust mini-pool. Claims incurred over \$ 300,000 are paid from a stop loss insurance policy purchased by the Trust.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 12 RISK MANAGEMENT (CONTINUED)**

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***Lincoln Benefit Trust (Continued)***

Changes in net position for the School District's account at Lincoln Benefit Trust (based on audited financial statements of Lincoln Benefit Trust) were as follows for the year ended June 30, 2019:

Net position - July 1, 2018	\$ 4,302,670
Contributions and interest income	4,064,816
Stop-loss pool reimbursement	303,906
PA Trust reimbursements	26,512
Claims paid	(3,341,383)
Stop-loss insurance	(362,860)
Minipool premium	(122,322)
Administrative fees	(185,072)
Other	<u>(11,762)</u>
Net position - June 30, 2019	<u>\$ 4,674,505</u>

Overall, the Lincoln Benefit Trust has net position of \$ 94,631,519 as of June 30, 2019 and showed a decrease in net position of \$ 1,437,910 for the year then ended. Financial statements of the Trust are available at the School District.

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

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***Contingencies***

The School District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the School District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the School District.

The School District is involved with various lawsuits in the normal course of operations. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result have been made in the financial statements. Management believes that losses resulting from these matters, if any, would be substantially covered under the School District's professional liability insurance policy and would not have a material effect on the financial position of the School District.

The School District participates in numerous state and federal programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Financial Statements**

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**NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

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*Commitments*

**Other Commitments**

The School District signed a three-year contract in 2018 for outsourced technology services totaling \$ 1,382,792. The total expenditures relating to the contract totaled \$ 464,323 for the year ending June 30, 2019. The outstanding balance of the contract as of June 30, 2019 was \$ 918,469.

**Subsequent Events**

The School District entered in to an agreement in June 2019 for the resurfacing of the track totaling \$ 190,351. Construction did not start prior to June 30, 2019.

**REQUIRED SUPPLEMENTARY INFORMATION**

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended June 30, 2019**

	Budget		Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources				
Taxes	\$ 25,273,670	\$ 25,273,670	\$ 25,112,718	\$ (160,952)
Investment earnings	120,000	120,000	227,705	107,705
Other	743,600	743,600	782,832	39,232
State sources	12,960,915	12,960,915	13,625,365	664,450
Federal sources	<u>458,138</u>	<u>435,418</u>	<u>433,472</u>	<u>(1,946)</u>
Total revenues	<u>39,556,323</u>	<u>39,533,603</u>	<u>40,182,092</u>	<u>648,489</u>
<b>EXPENDITURES</b>				
<b>INSTRUCTION</b>				
Regular programs	20,509,229	20,450,793	20,060,343	390,450
Special programs	4,908,100	4,908,100	4,893,784	14,316
Vocational education programs	830,565	830,565	845,532	(14,967)
Other instructional programs	385,066	387,993	388,641	(648)
Pre-kindergarten programs	-	-	153,000	(153,000)
Community/Junior College Education Programs	<u>7,700</u>	<u>7,700</u>	<u>-</u>	<u>7,700</u>
Total instruction	<u>26,640,660</u>	<u>26,585,151</u>	<u>26,341,300</u>	<u>243,851</u>
<b>SUPPORT SERVICES</b>				
Pupil personnel	1,206,082	1,215,302	1,213,623	1,679
Instructional staff	944,821	966,224	1,074,210	(107,986)
Administration	2,625,443	2,625,443	2,633,809	(8,366)
Pupil health	410,523	410,523	349,631	60,892
Business	505,692	505,692	486,746	18,946
Operation and maintenance of plant	2,373,330	2,376,187	2,325,425	50,762
Student transportation	1,669,125	1,669,125	1,797,325	(128,200)
Central	1,040,949	1,040,257	913,905	126,352
Other support services	<u>84,103</u>	<u>84,103</u>	<u>50,000</u>	<u>34,103</u>
Total support services	<u>10,860,068</u>	<u>10,892,856</u>	<u>10,844,674</u>	<u>48,182</u>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Budgetary Comparison Schedule - General Fund (Continued)**  
**Year Ended June 30, 2019**

	Budget		Actual (Budgetary/ GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OPERATION OF NONINSTRUCTION SERVICES</b>				
Student activities	\$ 103,976	\$ 103,976	\$ 108,596	\$ 4,620
School sponsored athletics	603,211	603,211	638,596	(35,385)
Community services	3,788	3,788	2,820	968
Total operation of noninstructional services	<u>710,975</u>	<u>710,975</u>	<u>750,012</u>	<u>(39,037)</u>
<b>FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENTS</b>				
Facilities acquisition, construction and improvements	-	-	55,165	(55,165)
<b>DEBT SERVICE</b>				
Principal	1,326,000	1,326,000	1,326,000	-
Interest	572,488	572,488	572,488	-
Total debt service	<u>1,898,488</u>	<u>1,898,488</u>	<u>1,898,488</u>	<u>-</u>
Total expenditures	<u>40,110,191</u>	<u>40,087,470</u>	<u>39,889,639</u>	<u>197,831</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	(782,460)	(782,460)	(745,960)	36,500
Total other financing sources(uses)	<u>(782,460)</u>	<u>(782,460)</u>	<u>(745,960)</u>	<u>36,500</u>
Net change in fund balance	<u>\$ (1,336,328)</u>	<u>\$ (1,336,327)</u>	<u>\$ (453,507)</u>	<u>\$ 882,820</u>

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Schedule of School District's Proportionate Share of Net Pension Liability**  
**- Public School Employees' Retirement System**  
**Year Ended June 30, 2019**

<b>For the Fiscal Year Ended June 30</b>	<b>School District's Proportion of the Net Pension Liability (Asset)</b>	<b>School District's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>School District's Covered Payroll - Measurement Period</b>	<b>School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2019	0.1177%	\$ 56,501,844	\$ 15,843,806	356.62%	54.00%
2018	0.1212%	\$ 59,858,747	\$ 16,141,107	370.85%	51.84%
2017	0.1242%	\$ 61,549,578	\$ 16,083,010	382.70%	50.14%
2016	0.1212%	\$ 53,407,776	\$ 15,869,384	336.55%	54.36%
2015	0.1280%	\$ 50,663,318	\$ 16,328,071	310.28%	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**

The following actuarial assumptions were changed during the 2016/2017 fiscal year:

- The investment rate of return was adjusted from 7.50% to 7.25%
- The inflation assumption was decreased from 3.00% to 2.75%
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00% real wage growth and for merit or seniority increases of 2.50% to an 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 modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) 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 PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Schedule of School District's Contributions – Public School Employees' Retirement**  
**System**

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<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll - Fiscal Year</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2019	\$ 5,410,641	\$ 5,410,641	\$ -	\$ 16,645,042	32.51%
2018	\$ 4,989,412	\$ 4,989,412	\$ -	\$ 15,843,806	31.49%
2017	\$ 4,652,613	\$ 4,652,613	\$ -	\$ 16,141,107	28.82%
2016	\$ 3,954,830	\$ 3,954,830	\$ -	\$ 16,083,010	24.59%
2015	\$ 3,173,164	\$ 3,173,164	\$ -	\$ 15,869,384	20.00%

**NOTES**

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

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Schedule of Changes in the School District's Total OPEB Liability and Related Ratios -**  
**School District Plan**

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<b>School District Plan</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>		
Service cost	\$ 237,785	\$ 238,047
Interest	108,748	83,336
Changes of benefit terms	(81,060)	-
Differences between expected and actual experience	(205,969)	-
Changes in assumptions	(108,403)	(27,390)
Benefit payments	<u>(165,012)</u>	<u>(167,522)</u>
Net change in total OPEB liability	(213,911)	126,471
Total OPEB liability - beginning	<u>3,325,994</u>	<u>3,199,523</u>
Total OPEB liability - ending	<u><u>\$ 3,112,083</u></u>	<u><u>\$ 3,325,994</u></u>
Covered employee payroll	\$ 15,751,757	\$ 15,112,847
Total OPEB liability as a percentage of covered employee payroll	19.76%	22.01%

**NOTES**

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

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.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Schedule of School District's Proportionate Share of Net OPEB Liability – Public School**  
**Employees' Retirement System**

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<b>For the Fiscal Year Ended June 30</b>	<b>School District's Proportion of the Net OPEB Liability (Asset)</b>	<b>School District's Proportionate Share of the Net OPEB Liability (Asset)</b>	<b>School District's Covered Payroll - measurement period</b>	<b>School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2019	0.1177%	\$ 2,453,985	\$ 15,843,806	15.49%	5.56%
2018	0.1212%	\$ 2,469,861	\$ 16,141,107	15.30%	5.73%

**NOTES**

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The amounts presented for each fiscal year were determined as 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 shown 10 fiscal years once information becomes available in the future.

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Schedule of School District's OPEB Contributions – Public School Employees' Retirement System**

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<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll - Fiscal Year</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2019	\$ 138,911	\$ 138,911	\$ -	\$ 16,645,042	0.83%
2018	\$ 133,777	\$ 133,777	\$ -	\$ 15,843,806	0.83%

**NOTES**

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

**OTHER SUPPLEMENTARY INFORMATION**

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

Grantor Program Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/Ending Date	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2018	Revenue Recognized	Expenditures Recognized	Receivable (Unearned) at June 30, 2019	Total Passed-Through to Subrecipients
<b>U.S. Department of Education</b>											
<b>Passed through the PA Department of Education</b>											
Title I	I	84.010	013-18-0172	July 1, 2017 September 30, 2018	\$ 337,007	\$ 47,159	\$ 46,951	\$ 208	\$ 208	\$ -	\$ -
Title I	I	84.010	013-19-0172	July 1, 2018 September 30, 2019	335,280	287,403	-	332,310	332,310	44,907	-
						334,562	46,951	332,518	332,518	44,907	-
Title II	I	84.367	020-18-0172	July 1, 2017 September 30, 2018	81,188	11,412	9,707	1,705	1,705	-	-
Title II	I	84.367	020-19-0172	July 1, 2018 September 30, 2019	75,725	59,420	-	75,725	75,725	16,305	-
						70,832	9,707	77,430	77,430	16,305	-
Title IV	I	84.186	144-18-0172	July 1, 2017 September 30, 2018	10,000	4,286	3,672	614	614	-	-
Title IV	I	84.186	144-19-0172	July 1, 2018 September 30, 2019	24,413	24,413	-	22,910	22,910	(1,503)	-
						28,699	3,672	23,524	23,524	(1,503)	-
PA Pre-K Counts	I	84.371C	130-18-0268	July 1, 2018 June 30, 2019	153,000	127,500	-	153,000	153,000	25,500	-
Total passed through PDE						\$ 561,593	\$ 60,330	\$ 586,472	\$ 586,472	\$ 85,209	\$ -

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Year Ended June 30, 2019**

Grantor Program Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/Ending Date	Program or Award Amount	Total Received for the Year	Receivable (Unearned) at July 1, 2018	Revenue Recognized	Expenditures Recognized	Receivable (Unearned) at June 30, 2019	Total Passed-Through to Subrecipients
<b>Passed through Lincoln Intermediate Unit No. 12 (LIU)</b>											
I.D.E.A.	I	84.027	N/A	July 1, 2018 June 30, 2019	\$ 483,214	\$ 483,214	\$ -	\$ 483,214	\$ 483,214	\$ -	\$ -
I.D.E.A. Section 619	I	84.173	N/A	July 1, 2018 June 30, 2019	5,928	5,928	-	5,928	5,928	-	-
Total Special Education Cluster/LIU						489,142	-	489,142	489,142	-	-
Total U.S. Department of Education						489,142	-	489,142	489,142	-	-
<b>U.S. Department of Agriculture Passed through PA Dept. of Education</b>											
National School Breakfast Program	I	10.553	N/A	July 1, 2018 June 30, 2019	N/A	406,485	-	456,000	456,000	49,515	-
National School Lunch Program	I	10.555	N/A	July 1, 2018 June 30, 2019	N/A	95,126	-	106,996	106,996	11,870	-
Total passed through PA Dept. of Education						501,611	-	562,996	562,996	61,385	-
<b>Passed through PA Dept. of Agriculture</b>											
National School Lunch Program (commodities)	I (B)	10.555	N/A	July 1, 2018 June 30, 2019	N/A	46,409	-	46,409	46,409	-	-
Total Child Nutrition Cluster						548,020	-	609,405	609,405	61,385	-
Total U.S. Department of Agriculture						548,020	-	609,405	609,405	61,385	-
Total federal financial assistance						\$ 1,598,755	\$ 60,330	\$ 1,685,019	\$ 1,685,019	\$ 146,594	\$ -

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

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**Note 1 Reference to Schedule of Expenditures of Federal Awards**

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- (I) Indirect funding
- (B) Based on USDA valuation

**Note 2 Significant Accounting Policies**

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***Basis of Accounting***

The schedule of expenditures of federal awards is presented using the modified accrual basis in accordance with accounting principles prescribed by the Pennsylvania Department of Education, which conform to generally accepted governmental accounting principles. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. Revenues designated for payment of specific School District expenditures are recognized when the related expenditures are incurred. Any excess of revenues or expenditures at the fiscal year end is recorded as a liability or a receivable, respectively.

***Indirect Cost Rate***

The School District has not elected to use the 10% de minimus indirect cost rate for its federal programs.



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

Board of Directors  
Greencastle-Antrim School District  
Greencastle, Pennsylvania

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greencastle-Antrim School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Greencastle-Antrim School District’s basic financial statements, and have issued our report thereon dated December 18, 2019.

***INTERNAL CONTROL OVER FINANCIAL REPORTING***

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

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

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

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Greencastle-Antrim 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

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

Smith Elliott Kearns + Company, LLC

Chambersburg, Pennsylvania  
December 18, 2019



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

Board of Directors  
Greencastle-Antrim School District  
Greencastle, Pennsylvania

### ***REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM***

We have audited Greencastle-Antrim 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 Greencastle-Antrim School District's major federal programs for the year ended June 30, 2019. Greencastle-Antrim School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Greencastle-Antrim 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 Greencastle-Antrim 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 Greencastle-Antrim School District's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Greencastle-Antrim 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, 2019.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of Greencastle-Antrim 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 Greencastle-Antrim 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greencastle-Antrim 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.

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

Chambersburg, Pennsylvania  
December 18, 2019

**GREENCASTLE-ANTRIM SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2019**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516?  Yes  No

Identification of the major programs:

CFDA Number(s)	Name of Federal Program
84.027	Special Education Cluster I.D.E.A.
84.173	I.D.E.A. Section 619

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

Auditee qualified as low-risk auditee?  Yes  No

## **Section II - Financial Statement Findings**

### **A. Significant Deficiencies or Material Weaknesses in Internal Control**

None noted

### **B. 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**

### **C. Significant Deficiencies or Material Weaknesses in Internal Control Over Compliance**

None noted

### **D. Compliance Findings**

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



**GREENCASTLE-ANTRIM SCHOOL DISTRICT E.O.E.**

Superintendent: Dr. Kendra K. Trail

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"To create and provide opportunities for  
all students to become lifelong learners  
and productive citizens"

**Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2019**

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**Findings related to financial statements:**

None

**Findings related to federal awards:**

None