

BERMUDIAN SPRINGS SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS AND
SINGLE AUDIT INFORMATION**

JUNE 30, 2019

BERMUDIAN SPRINGS SCHOOL DISTRICT
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KOCHENOUR, EARNEST, SMYSER & BURG

Certified Public Accountants
710 South George Street
York, Pa. 17401

Philip G. Lauer, CPA
Mark R. Kephart, CPA

Phone: 717-843-8855
Fax: 717-843-8857

Board of Education
Bermudian Springs School District

We have performed the Single Audit of the Bermudian Springs School District for the year ended June 30, 2019 and have enclosed the Single Audit Reporting Package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). The audit included an examination of the systems of control, systems established to ensure compliance with laws and regulations affecting the expenditures of federal funds, financial transactions and accounts and financial statements and report of the District.

A management letter was prepared as a result of this audit and is included as part of this report.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 13, 2019

KOCHENOUR, EARNEST, SMYSER & BURG

Certified Public Accountants
710 South George Street
York, Pa. 17401

Philip G. Lauer, CPA
Mark R. Kephart, CPA

Phone: 717-843-8855
Fax: 717-843-8857

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

December 13, 2019

Re: Management Letter

Board of Education:

We have completed our audit of Bermudian Springs School District for the year ended June 30, 2019.

We have audited the accompanying basic financial statements of the Bermudian Springs School District as of and for the year ended June 30, 2019. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our audit report in accordance with the above standards stating that the basic financial statements present fairly, in all material respects, the financial position of the Bermudian Springs School District.

In planning and performing our audit, we considered Bermudian Springs School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bermudian Springs School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bermudian Springs School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

We have also audited the compliance of Bermudian Springs School District with the types of compliance requirements described in the Uniform Guidance that are applicable to each of its major federal programs for the year ended June 30, 2019.

We did not have any findings or questioned costs for the year ended June 30, 2019.

We would like to take this opportunity to thank Justin Peart and his staff for the cooperation and assistance we received during the course of our audit.

Sincerely,

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

BERMUDIAN SPRINGS SCHOOL DISTRICT
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JUNE 30, 2019

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JUNE 30, 2019

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KOCHENOUR, EARNEST, SMYSER & BURG

Certified Public Accountants
710 South George Street
York, Pa. 17401

Philip G. Lauer, CPA
Mark R. Kephart, CPA

Phone: 717-843-8855
Fax: 717-843-8857

INDEPENDENT AUDITOR'S REPORT

Board of Education
Bermudian Springs School District
York Springs, 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 Bermudian Springs 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'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 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 of 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 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.

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bermudian Springs School District as of June 30, 2019, and the respective changes in financial position, and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information 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 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 procedures 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 with sufficient evidence to express.

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Bermudian Springs School district's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations(CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2019, on our consideration of Bermudian Springs School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Bermudian Springs School District's internal control over financial reporting and compliance.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 13, 2019

BERMUDIAN SPRINGS SCHOOL DISTRICT
York Springs, Pennsylvania 17372-8807

MANAGEMENT'S DISCUSSION AND ANALYSIS
For fiscal year ending June 30, 2019

The discussion and analysis of the Bermudian Springs School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ending June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole.

Historical Perspective

The Bermudian Springs School District has seen an increase in revenues of 4.58% and an increase in expenditures of 0.4% for the 2018-19 school year. During the 2017-18 school year, the District had a revenue increase of 3.11% and an expenditure increase of 8.66%.

Financial Highlights

The District has seen an increase in State revenues of 3.52%, which accounted for 42.75% of total revenues in 2018-19. The area of increase was the Retirement Reimbursement. The retirement reimbursement is due to the increase in the retirement expense from the prior year. Federal revenues have increased by 17.20% due to an increase in Title I and Title IV program funding. Federal revenues account for only 1.27% of total revenues. Local revenues continue to be the largest source of revenue accounting for 55.98% of the revenue base.

Expenditures for direct services to students account for 69.77% of actual expenditures. Non-instructional services, which include extra-curricular, interscholastic activities and operation of plant services account for 19.60% of actual expenditures. Debt service was 10.63% of actual expenditures. The District continued implementing our One to World initiative to 6th grade during the 2018-2019 school year.

Financial Statements

The accompanying financial statements have been prepared in accordance with GASB 34, GASB 45 and GASB 54, and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Assets

By June 30, 2019, the District had total assets of approximately \$50.9 million with 37.91% of those assets being in cash, cash equivalents and investments, and 62.09% being in the net value of land, buildings, furniture and equipment.

<u>Assets</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Variance From Prior Year</u>
Capital assets	\$ 19,328,981.00	\$ 10,377,459.00	\$ 8,951,522.00
Other assets	<u>\$ 31,652,080.00</u>	<u>\$ 32,787,889.00</u>	<u>\$(1,135,809.00)</u>
Total	\$ 50,981,061.00	\$ 43,165,348.00	\$ 7,815,713.00

Liabilities

The District's liabilities totaled \$77.5 million with 55.12% of those liabilities being net pension liability. The remaining liabilities consist of accrued salaries and benefits, compensated absences, OPEB obligation, bonds payable and a lease purchase obligation.

<u>Liabilities</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Variance From Prior Year</u>
Current liabilities	\$ 4,754,383.00	\$ 5,903,922.00	\$(1,149,539.00)
Non-Current liabilities	<u>\$ 72,837,434.00</u>	<u>\$ 63,315,420.00</u>	<u>\$ 9,522,014.00</u>
Total	\$ 77,591,817.00	\$ 69,219,342.00	\$ 8,372,475.00

Net Assets

The resulting deficit of \$26.6 million in net assets includes unrestricted assets of negative \$29.0 million. Total net assets decreased by \$0.5 million for the year ended June 30, 2019.

<u>Net Assets</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Variance From Prior Year</u>
Invested in capital net of debt	\$ 2,397,516.00	\$ 9,848,915.00	\$(7,451,399.00)
Capital projects	\$ -	\$ -	\$ -
Unrestricted	<u>\$(29,008,272.00)</u>	<u>\$(35,902,909.00)</u>	<u>\$ 6,894,637.00</u>
Total	\$(26,610,756.00)	\$(26,053,994.00)	\$ (556,762.00)

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Revenue

Charges for services include revenue accrued from education services provided for students from other districts in our Lincoln Intermediate Unit's classes held in our schools. The educational component, when these students are in our regular classes, is charged to the school from which the student resides. The revenue will vary from year to year depending upon the number of students and the amount of time spent in regular classes.

Grants are garnered from several sources including state and federal grants. These are determined by the state and/or federal governments and change based on state/federal budgets. There are a variety of local taxes levied, including property taxes, earned income taxes, and Act 511 taxes.

<u>Revenue</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Variance From Prior Year</u>
Program Revenues			
Charges for services	\$ 510,229.00	\$ 516,968.00	\$ (6,739.00)
Operating grants	\$ 5,356,205.00	\$ 4,961,066.00	\$ 395,139.00
General Revenues			
Taxes	\$ 16,407,586.00	\$ 15,862,894.00	\$ 544,692.00
Unrestricted grants & subsidies	\$ 9,097,151.00	\$ 8,954,279.00	\$ 142,872.00
Investment earnings	\$ 210,008.00	\$ 131,061.00	\$ 78,947.00
Miscellaneous income	\$ 58,616.00	\$ 26,909.00	\$ 31,707.00
Gain on sale of capital assets	\$ -	\$ -	\$ -
Total	\$ 31,639,795.00	\$ 30,453,177.00	\$ 1,186,618.00

<u>Other Revenue</u>	<u>2018-19</u>	<u>2017-18</u>	<u>Variance From Prior Year</u>
Contributions	\$.00	\$.00	\$.00
Transfers out	\$.00	\$.00	\$.00
Change in net assets	\$ (556,762.00)	\$ (1,437,153.00)	\$ 880,391.00
Ending net assets	\$(26,610,756.00)	\$(26,053,994.00)	\$ (556,762.00)

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Expenses

The revenues received during 2018-19 were used to pay expenses of \$32.1 million. These expenses were segregated into various programs depending on the functions of the activities. These programs and the costs associated with each, as well as comparison to the costs incurred in the prior year are as follows:

<u>Program</u>	<u>2018-19</u>	<u>2017-2018</u>	<u>Variance From Prior Year</u>
Instruction	\$ 20,276,896.00	\$ 19,838,766.00	\$ 438,130.00
Instructional student support	\$ 2,083,323.00	\$ 2,118,288.00	\$ (34,965.00)
Administrative & financial support	\$ 3,382,566.00	\$ 3,357,314.00	\$ 25,252.00
Operation & maintenance of plant services	\$ 2,020,274.00	\$ 1,918,737.00	\$ 101,537.00
Pupil transportation	\$ 1,840,935.00	\$ 2,050,125.00	\$ (209,190.00)
Student activities	\$ 1,029,617.00	\$ 1,044,364.00	\$ (14,747.00)
Central & other support services	\$ 0.00	\$ 0.00	\$.00
Community services	\$ 1,600.00	\$ 1,600.00	\$.00
Interest on long-term debt	\$ 545,056.00	\$ 506,608.00	\$ 38,448.00
Operation of food service	\$ 999,236.00	\$ 1,020,396.00	\$ (21,160.00)
Total	\$ 32,179,503.00	\$ 31,856,198.00	\$ 323,305.00

General Fund - The ending fund balance for the 2018-19 school year is \$5,986,573. Actual revenues were 6.09% higher than anticipated due to increased Earned Income Tax collection and pupil transportation subsidy. Actual expenditures were 0.2% under budgeted expenditures due to tracking expenses closely throughout the year and analyzing all purchases based off need.

Capital Reserve Fund - The fund balance of the Capital Reserve at the end of 2018-19 was \$584,364 a decrease of \$25,051 from the previous year. This decrease was 10.85% less than what was budgeted for the expenditures in the capital reserve fund.

Enterprise Funds

Cafeteria Fund - The cafeteria fund for 2018-19 had revenues totaling \$1,016,374 and expenditures of \$999,236 creating a net profit of \$17,138. Approximately 56.34% of the revenues were generated from state and federal sources.

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Fiduciary Funds

Activity Funds - Bermudian Springs School District maintains activity funds in the high school, middle school, and elementary school. Each fund uses a process in which money added or expended requires signatures from the advisor, student officers and the building principal. The principals in the respective buildings are bonded.

Scholarship Funds - During the 2018-19 school year, the Bermudian Springs School District acted as the fiduciary agent for seven scholarship funds. The funds are titled "Lloyd Wagener Scholarship Fund for Art", "W. Roy Starry Scholarship Fund", "Jordan C. Selfe Scholarship Fund", "Jessica D. Webb Memorial Fund", "Max Kaufman Scholarship Fund", "William E. Smith Scholarship Fund" and the "Taylor Zimmerman Memorial Fund." The balance of these funds total \$25,578.

Debt

Debt paid during the 2018-19 school year included \$2,882,869 in principal payments, and \$431,652 of interest payments. The district borrowed an additional \$10 million for the elementary school secure vestibule and HVAC replacement project at the end of May 2019.

Enrollment

The District's enrollment has remained consistent over the past several years and is projected to stay consistent into the future. The final enrollment at the end of the 2017-2018 school year was 1,917 and the current enrollment for 2018-2019 school year is 1,915.

Top Ten District Taxpayers

The District's top ten taxpayers have not changed over the past ten years. They are as follows: 1. Knouse Foods Cooperative, Inc. (\$3,356,800), 2. Brian Properties, LP (\$3,139,000), 3. Peters Orchards Company (\$2,652,800), 4. Growmark FS, Inc. (\$2,445,000), 5. Bonnie Brae Fruit Farms (\$1,961,000), 6. ACNB (\$1,772,300), 7. B&N Associates (\$1,742,000), 8. Tucker Properties LP (\$1,499,200), 9. JST 2012 Lake Meade Qualified (\$1,465,100), 10. Peters Orchard (\$1,284,800)

Future Plans

The District has begun to roll out our One to World initiative and at the end of next year every student from grades 5 -12 will receive an iPad. This is a very exciting time for our District as we transform the way our students are learning while utilizing the technology that is available to us. The importance of school safety and security is the focus of school districts across the country now more than ever. The District has performed a feasibility study and as a result the front entrance to our elementary school will receive a total renovation to ensure the proper safety and security for all students and staff. Along with the secure vestibule at the elementary school, the entire HVAC system was replaced. The District is in the final stages of designing a new middle school that will include a safe and secure entrance along with 21st century design spaces for our students and staff. The District will continue to focus on preventative maintenance to minimize the need for any larger renovation projects in the near future. The District will also continue to be mindful of the ever increasing retirement and healthcare costs and set aside money for future increases.

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	Governmental	Business Type	
Current Assets	Activities	Activities	Total
Cash and Cash Equivalents	\$ 17,477,907	\$ 69,087	\$ 17,546,994
Investments	0	0	0
Internal Balances	239	0	239
Taxes Receivable, Net	494,755	0	494,755
Due From Other Governments	1,356,080	0	1,356,080
Other Receivables	0	0	0
Inventories	0	32,163	32,163
Other Current Assets	0	0	0
Total Current Assets	19,328,981	101,250	19,430,231
Noncurrent Assets			
Land and Site Improvements (Net)	4,963,987	0	4,963,987
Building and Building Improvements (Net)	16,825,594	0	16,825,594
Construction in Progress	968,574	0	968,574
Machinery and Equipment (Net)	787,935	67,887	855,822
Bond Discount	314,465	0	314,465
Total Noncurrent Assets	23,860,555	67,887	23,928,442
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to OPEB (Outflows)	923,627	0	923,627
Deferred amounts related to pensions (Outflows)	6,867,898	0	6,867,898
TOTAL ASSETS	\$ 50,981,061	\$ 169,137	\$ 51,150,198
LIABILITIES			
Current Liabilities			
Internal Balances	\$ 0	\$ 239	\$ 239
Accounts Payable	500,072	0	500,072
Current Portion of Bond Payable	1,495,000	0	1,495,000
G.O. Bond Interest Payable	0	0	0
Accrued Salaries and Benefits	1,683,112	0	1,683,112
Payroll Deductions and Withholdings	1,040,458	0	1,040,458
Deferred Revenues		20,552	20,552
Other Current Liabilities	35,741	0	35,741
Total Current Liabilities	4,754,383	20,791	4,775,174
Noncurrent Liabilities			
Bonds Payable	18,685,000	0	18,685,000
Bond Premium	2,313,213	0	2,313,213
Lease Purchase Options	584,223	0	584,223
Net Pension Obligation	42,772,000	0	42,772,000
Compensated Absences	375,575	9,560	385,135
OPEB Obligation	7,375,423	0	7,375,423
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to OPEB (Inflows)	70,000	0	70,000
Deferred amounts related to pensions (Inflows)	662,000	0	662,000
Total Noncurrent Liabilities	72,837,434	9,560	72,846,994
TOTAL LIABILITIES	77,591,817	30,351	77,622,168
NET POSITION			
Invested in Capital Assets Net of Related Debt	2,397,516	0	2,397,516
Unrestricted	(29,008,272)	138,786	(28,869,486)
Total Net Position	(26,610,756)	138,786	(26,471,970)
TOTAL LIABILITIES AND NET POSITION	\$ 50,981,061	\$ 169,137	\$ 51,150,198

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Govern- mental Activities	Business Type Activities	Total
Governmental Activities:							
Instruction	\$ 20,276,896	\$ 8,470	\$ 3,048,201	\$ 0	\$(17,220,225)	\$ 0	\$(17,220,225)
Instructional Student Support	2,083,323	0	35,790	0	(2,047,533)	0	(2,047,533)
Administrative and Financial Support Services	3,382,566	0	0	0	(3,382,566)	0	(3,382,566)
Operation and Maintenance of Plant Services	2,020,274	0	0	0	(2,020,274)	0	(2,020,274)
Pupil Transportation	1,840,935	0	1,350,290	0	(490,645)	0	(490,645)
Student Activities	1,029,617	58,065	0	0	(971,552)	0	(971,552)
Central and Other Support Services	0	0	0	0	0	0	0
Community Services	1,600	0	0	0	(1,600)	0	(1,600)
Interest on Long-Term Debt	545,056	0	349,328	0	(195,728)	0	(195,728)
Total Governmental Activities	31,180,267	66,535	4,783,609	0	(26,330,123)	0	(26,330,123)
Business Type Activities:							
Food Services	999,236	443,694	572,596	0	0	17,054	17,054
Total Primary Government	\$ 32,179,503	\$ 510,229	\$ 5,356,205	\$ 0	(26,330,123)	17,054	(26,313,069)

General Revenues

Taxes	\$ 16,407,586	\$ 0	\$ 16,407,586
Grants, Subsidies and Contributions Not Restricted	9,097,151	0	9,097,151
Investment Earnings	210,008	84	210,092
Miscellaneous Income (Expense)	58,616	0	58,616
Total General Revenues	25,773,361	84	25,773,445
Change in Net Position	(556,762)	17,138	(539,624)
Net Position—Beginning	(26,053,994)	121,648	(25,932,346)
	-		-
Net Position—Ending	\$(26,610,756)	\$ 138,786	\$(26,471,970)

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Capital Reserve Fund	Capital Project Fund	Non-Major Funds	Total Government Funds
ASSETS					
Cash and Cash Equivalents	\$ 7,853,896	\$ 584,364	\$ 9,039,647	\$ 0	\$ 17,477,907
Investments	0	0	0	0	0
Taxes Receivable	494,755	0	0	0	494,755
Due from Other Funds	239	0	0	0	239
Due from Other Governments	1,356,080	0	0	0	1,356,080
Other Receivables	0	0	0	0	-
Other Current Assets	0	0	0	0	0
TOTAL ASSETS	\$ 9,704,970	\$ 584,364	\$ 9,039,647	\$ 0	\$ 19,328,981
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 500,072	\$ 0	\$ 0	\$ 0	\$ 500,072
Due to Other Funds	0	0	0	0	-
Accrued Salaries and Benefits	1,683,112	0	0	0	1,683,112
Payroll Deductions and Withholdings	1,040,458	0	0	0	1,040,458
TOTAL LIABILITIES	3,223,642	0	0	0	3,223,642
DEFERRED INFLOWS OF RESOURCES					
Delinquent Real Estate Taxes	494,755	0	0	0	494,755
FUND BALANCES					
Restricted - Mary Wolfe Estate	88,233	0	0	0	88,233
Restricted - iPad Repairs	10,969	0	0	0	10,969
Committed - Capital Projects	0	584,364	9,039,647	0	9,624,011
Committed - School Improvement	58,291	0	0	0	58,291
Committed - Healthcare	717,787	0	0	0	717,787
Committed - Technology	500,000	0	0	0	500,000
Committed - Retirement	1,581,262	0	0	0	1,581,262
Committed - Curriculum	172,286	0	0	0	172,286
Committed - Fields	270,814	0	0	0	270,814
Unassigned	2,586,931	0	0	0	2,586,931
TOTAL FUND BALANCES	5,986,573	584,364	9,039,647	0	15,610,584
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,704,970	\$ 584,364	\$ 9,039,647	\$ 0	\$ 19,328,981

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 15,610,584**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$61,713,906 and the accumulated depreciation is \$38,167,816. 23,546,090

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 494,755

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

Bonds Payable	\$ (20,180,000)	
Accrued Interest on the Bonds	(35,741)	
Net Pension Obligation	(42,772,000)	
Bond Premium	(2,313,213)	
Capital Lease Payable	(584,223)	
Compensated Absences	<u>(375,575)</u>	(66,260,752)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore are not reported in the funds.

Deferred outflows of resources related to pensions	6,867,898
Deferred inflows of resources related to pensions	(662,000)
Deferred outflows of resources related to OPEB	923,627
Deferred inflows of resources related to OPEB	(70,000)

Other

These assets and liabilities are not presented in the governmental funds but are presented as assets and liabilities on the statement of net position in the governmental activities.

Bond Discount (Net of Accumulated Amortization)	314,465
OPEB Liability	<u>(7,375,423)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (26,610,756)**

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Reserve Fund	Capital Project Fund	Non- Major Funds	Total Governmental Funds
REVENUES					
Local Sources	\$ 17,148,637	\$ 2,480	\$ 606	\$ 0	\$ 17,151,723
State Source	13,093,356	0	0	0	13,093,356
Federal Sources	390,358	0	0	0	390,358
Total Revenue	30,632,351	2,480	606	0	30,635,437
EXPENDITURES					
Instruction	17,795,636	0	0	0	17,795,636
Support Services	8,719,629	0	0	0	8,719,629
Non-Instructional Services	964,159	0	0	0	964,159
Capital Outlay	0	68,731	968,574	0	1,037,305
Facility Acquisition and Improvement	0	0	0	0	0
Debt Service (Principal, Interest and Bond Issue Costs)	3,314,521	0	0	0	3,314,521
Refund to Prior Year Receipts	0	0	0	0	0
Total Expenditures	30,793,945	68,731	968,574	0	31,831,250
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(161,594)	(66,251)	(967,968)	0	(1,195,813)
OTHER FINANCING SOURCES (USES)					
Interfund Transfers	0	41,200	0	0	41,200
Bond Proceeds	0	0	10,007,615	0	10,007,615
Sale of Fixed Assets	0	0	0	0	0
Operating Transfers Out	(41,200)	0	0	0	(41,200)
Refunds of Prior Year Receipts	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	(41,200)	41,200	10,007,615	0	10,007,615
Net Change in Fund Balances	(202,794)	(25,051)	9,039,647	0	8,811,802
FUND BALANCE - JULY 1, 2018	6,189,367	609,415	0	0	6,798,782
FUND BALANCE - JUNE 30, 2019	\$ 5,986,573	\$ 584,364	\$ 9,039,647	\$ 0	\$ 15,610,584

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 8,811,802**

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

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

Depreciation Expense	\$ (1,914,293)	
Capital Outlays	<u>1,079,339</u>	(834,954)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year. (11,933)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,765,000

Interest on serial bonds is recorded in the governmental funds when paid, but the statement of activities records interest expense as it is incurred. 31,192

Bond Discounts are recorded as expenditures in the governmental funds but are recorded as long-term assets in the statement of net assets and amortized over the term of the bonds. 0

Bond Issue Expenses recorded as expenses in statement of activities, but not recorded as expenses in governmental funds (107,822)

Bond premium amortization is recorded as revenue in the governmental funds but is recorded as a long-term liability in the statement of net position and amortized over the term of the bonds. 81,095

Bond Proceeds are recorded as revenue in governmental funds, but not recorded on the statement of activities as revenue (10,007,615)

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

District pension contributions	4,050,949
Cost of pension benefits earned, net of employee contributions	(5,130,629)

Accrued compensated absences are not recorded as expenditures in the governmental funds but are in the statement of activities. 15,750

Accrued OPEB Liability is not recorded as an expenditure in the governmental funds but is in the statement of activities. (219,597)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (556,762)**

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUND
JUNE 30, 2019

	Food Service Fund
ASSETS	
Current Assets:	
Cash	\$ 69,087
State Subsidies Receivable	0
Federal Subsidies Receivable	0
Other Receivables	0
Other Current Assets	0
Inventories	32,163
	<hr/>
Total Current Assets	101,250
	<hr/>
Noncurrent Assets	
Machinery and Equipment (Net)	67,887
	<hr/>
Total Assets	<u><u>\$ 169,137</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 0
Due To Other Funds	239
Accrued Salaries and Benefits	-
Deferred Revenues	20,552
	<hr/>
Total Current Liabilities	20,791
	<hr/>
Noncurrent Liabilities:	
Compensated Absences	9,560
	<hr/>
Total Noncurrent Liabilities	9,560
	<hr/>
Total Liabilities	30,351
	<hr/>
NET POSITION	
Unrestricted	138,786
	<hr/>
Total Liabilities and Net Position	<u><u>\$ 169,137</u></u>

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2019

	Food Service Fund
OPERATING REVENUES:	
Food Service Revenue	\$ 443,694
Total Operating Revenues	443,694
OPERATING EXPENSES:	
Salaries	248,739
Employee Benefits	188,787
Purchased Professional and Technical Service	2,941
Purchased Property Service	0
Other Purchased Service	530
Supplies	549,600
Depreciation	8,182
Dues and Fees	457
Total Operating Expenses	999,236
Operating Income (Loss)	(555,542)
NON-OPERATING REVENUES (EXPENSES):	
Earnings on Investments	84
State Sources	79,205
Federal Sources	493,391
Total Non-Operating Revenue (Expense)	572,680
Transfer In (Out)	0
Change in Net Position	17,138
TOTAL NET POSITION - JULY 1, 2018	121,648
TOTAL NET POSITION - JUNE 30, 2019	\$ 138,786

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2019

Cash Flows From Operating Activities

Cash Received from User Charges	\$ 441,714	
Cash Payments to Employees for Services	(438,227)	
Cash Payments to Suppliers for Goods and Services	(568,763)	
Cash Payments for other Operating Expenses	0	
Net Cash Provided by (Used for) Operating Activities		\$ (565,276)

Cash Flows From Non-Capital Financing Activities

Grants and Subsidies received for Non-Operating Activities:		
State Sources	79,205	
Federal Sources	493,391	
Operating Transfers in (out) Primary Government	0	
Net Cash Provided by (Used for) Non-Capital Financing Activities		572,596

Cash Flows From Non-Capital Financing Activities

Facilities Acquisition		(31,461)
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Cash Flows From Investing Activities

Earnings on Investments		84
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Net Increase (Decrease) in Cash (24,057)

Cash - Beginning of Year 93,144

Cash - End of Year \$ 69,087

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:

Operating Loss		\$ (555,542)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
(Increase) Decrease in Depreciation	8,182	
(Increase) Decrease in Inventory	(15,235)	
(Increase) Decrease in Accounts Receivable	0	
Increase (Decrease) in Accounts Payable	0	
Increase (Decrease) in Accrued Salaries and Benefits	(1,076)	
Increase (Decrease) in Deferred Revenue	(1,980)	
Increase (Decrease) in Accumulated Compensated Absences	0	
Increase (Decrease) in Other Current Liabilities	375	
Increase (Decrease) in Advances from Other Funds	0	

Total Adjustments (9,734)

Net Cash Used in Operating Activities \$ (565,276)

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Agency</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash and Cash Equivalents	\$ 149,966	\$ 25,578
Investments	<u>12,000</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 161,966</u>	<u>\$ 25,578</u>
LIABILITIES		
Other Current Liabilities	<u>\$ 161,966</u>	<u>\$ 0</u>
TOTAL LIABILITIES	<u>161,966</u>	<u>0</u>
NET POSITION		
Restricted	<u>0</u>	<u>25,578</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 161,966</u>	<u>\$ 25,578</u>

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019

	Private Purpose Trust
ADDITIONS	
Gifts and Contributions	\$ 2,487
Interest Earnings	<u>0</u>
Total Additions	2,487
DEDUCTIONS	
Other	<u>3,650</u>
Total Deductions	3,650
CHANGES IN NET POSITION	(1,163)
NET POSITION - JULY 1, 2018	<u>26,741</u>
NET POSITION - JUNE 30, 2019	<u><u>\$ 25,578</u></u>

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

REPORTING ENTITY

The Bermudian Springs School District is an educational institution located in northern Adams County, Pennsylvania, a predominately agricultural and residential area. It is a school district of the third class based on its population and is comprised of elementary, middle and secondary schools.

The governing body of the School District is a Board of Directors elected by region for four-year terms. The daily operation of the District is led by the District's administrative team, led by the superintendent of schools who is appointed by the governing board.

The financial statements of the School District include all funds, functions and activities to which the elected Board of School Directors has oversight responsibility. The criteria used in determining whether such organizations should be included in the School District's financial reporting entity are oversight responsibility, including financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service and special financing relationships.

The District has evaluated its relationship with Lincoln Intermediate Unit #12 to determine if the financial information of the unit should be included in the financial statements. Based on this evaluation, the Unit has not been included as a component unit of the district's reporting entity because the District is not financially accountable for the unit as outlined in the above paragraph.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Reporting for governmental and business-type activities are based on all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989,

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

unless those pronouncements conflict with or contradict GASB pronouncements:

- a. Financial Accounting Standards Board (FASB) Statements and Interpretations
- b. Accounting Principles Board (APB) Opinions
- c. Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure

POLICY FOR ELIMINATING INTERNAL ACTIVITY - GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

POLICY FOR CAPITALIZING ASSETS AND ESTIMATING USEFUL LIVES - GOVERNMENT-WIDE FINANCIAL STATEMENTS

The School District reports capital assets at historical cost or estimated historical cost. Capital assets include land, improvements, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations and that have useful lives extending beyond a single reporting period. The School District's policy is to capitalize assets, or groups of assets with costs in excess of \$5,000. Estimated depreciation expense is calculated using the straight-line method over the useful lives of capital assets ranging from five to thirty years.

PROGRAM REVENUES - GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

POLICY FOR DEFINING OPERATING AND NONOPERATING REVENUES OF PROPRIETARY FUNDS

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

POLICY REGARDING APPLYING RESTRICTED OR UNRESTRICTED REVENUES

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

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

GENERAL FUND - The General Fund is the general operating fund of the School District. All financial resources except those required to be accounted for in another fund, are accounted for in the General Fund.

CAPITAL PROJECTS FUND - (Capital Improvement) - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds). The Capital Reserve Fund is classified as a Capital Project Fund.

DEBT SERVICE FUND - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

PROPRIETARY FUNDS

This fund accounts for operations that are organized to be self-supporting through user charges. The School District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The fund included in this category is the Enterprise Fund.

Enterprise Fund types are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) are financed through user charges.

FOOD SERVICE FUND - To account for all financial resources associated with the operations of the School District's cafeterias. The Food Service Fund is authorized under Section 504 of the Public School Code of 1949. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered through user charges.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUNDS

Trust and Agency Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations and/or other funds. The expendable trust and agency funds included in the category are:

ACTIVITY FUNDS - To account for programs operated and sponsored by various clubs and organizations.

EXPENDABLE TRUST FUND - Accounts for the W. Roy Starry Scholarship Fund, Lloyd W Wagener Scholarship Fund for Art, Jessica D. Webb Memorial Fund, Jordan Carl Selfe, Taylor Zimmerman Fund, William E. Smith Fund and Max Kauffman Fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

MODIFIED ACCRUAL BASIS

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

PROPERTY TAXES

CURRENT REVENUE - These are taxes levied as of a specific date with a legal, enforceable claim against the taxpayer and/or property. These taxes are recognized as current revenue when received by the School District during the fiscal year and also estimated to be received by the School District within 60 days after the close of the fiscal year.

DEFERRED REVENUE - Currently levied property taxes which are not estimated to be received by the School District within 60 days after the close of the current fiscal year are recorded as deferred revenue.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES (CONTINUED)

DOUBTFUL - An allowance for doubtful accounts is not required for property taxes due to a lien placed on delinquent properties. Upon sale, the lien would be satisfied and the School District would receive levied taxes.

REVENUE FROM STATE SOURCES

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

REVENUE FROM FEDERAL SOURCES

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

ACCRUAL BASIS

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

CASH EQUIVALENTS

For purposes of the statement of cash flows, the Proprietary Fund considers all highly liquid investments with a maturity of three months or less when purchased and pooled funds investments, subject to daily withdrawal, to be cash equivalents.

INVESTMENTS

The School District invests funds with the Pennsylvania School District Liquid Asset Fund (PSDLAF). PSDLAF operates and is authorized under the Intergovernmental Cooperation Act of 1972. Investments in this fund have daily liquidity and are valued at the current cost, which approximates market value.

This fund invests in federal securities backed by the full faith and credit of the United States Government, its 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 in Act 72 of 1971.

INVENTORIES

Inventory in the General Fund is recorded as an expenditure at the time of purchase.

Inventory in the Proprietary Fund is valued at cost, except government donated food, which is priced at fair market value at date of receipt.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERFUND TRANSACTIONS

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

BUDGETS

An operating budget is adopted each fiscal year for the General Fund on the same modified accrual basis used to reflect actual revenues and expenditures. The business manager is authorized to transfer budget amounts between line items within the fund, however, these transfers must be approved by the School District's Board of Education. Budget figures are shown for all Governmental Fund types for which budgets are legally adopted.

FIXED ASSETS - FUND FINANCIAL STATEMENTS

Under the School District's method of accounting, fixed assets are recorded as expenditures at the time of purchase in Governmental Funds. Accordingly, no depreciation has been provided on fixed assets in those funds. Proprietary Fund fixed assets are recorded at cost. Depreciation is provided for on a straight-line basis over ten years.

TOTAL COLUMNS

Total columns on the fund financial statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

ESTIMATES

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

NOTE B - PROPERTY TAXES

The School District levies property taxes on July 1, for the ensuing fiscal year ending June 30. Taxes paid by August 31, receive a 2% discount. Taxes paid after October 31, are assessed a 10% penalty. Any taxes not received by April 30, are turned over to Adams County Tax Claim Bureau for collection. Interim taxes are assessed at various times during the year as needed.

Taxes receivable as reported on the Governmental Fund balance sheet represents unpaid property taxes outstanding at June 30, 2019. Taxes receivable not deemed available under generally accepted accounting principles, are included in deferred revenues. Since all property taxes are presumably collectible, no provision for uncollectible taxes has been made.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE C - CASH AND INVESTMENTS

Cash and investments are stated at cost, which approximates market. Cash includes certificates of deposit with maturities of three months or less. Statutes authorize the School District to invest in obligations of the U.S. Treasury, agencies and instrumentalities and state treasurer's investment pools.

CUSTODIAL CREDIT RISK

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it; the District does not have a policy for managing custodial credit risk.

GOVERNMENT-WIDE RECONCILIATION TO FINANCIAL STATEMENTS

Collateralized with securities held by the pledging financial institution	\$ 17,835,796
Total	<u>\$ 17,835,796</u>

RECONCILIATION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Collateralized with securities held by the pledging financial institution	\$ 17,835,796
Less: Outstanding Checks	(363,815)
Plus: Outstanding Deposits	<u>132</u>
Carrying Amount - Book Balances	17,472,113
Plus: Insured Amount	250,000
Plus: Petty Cash	525
Total Cash Per Financial Statements	<u>\$ 17,722,638</u>

Cash Summary per Respective Funds:

Statement of Net Position - Cash - Governmental Funds	\$ 17,477,907
Statement of Net Position - Cash - Proprietary Funds	69,087
Statement of Net Position - Cash - Fiduciary Funds	175,544
Total Cash per Financial Statements	<u>\$ 17,722,538</u>

INVESTMENTS

As of June 30, 2019, the District had the following Investments:

<u>Investments - Fiduciary Funds</u>	<u>Cost</u>
Adams County National Bank - Certificates of Deposit	<u>\$ 12,000</u>
Total Investments	<u><u>\$ 12,000</u></u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Credit Risk - risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the actual ratings for each investment as of the end of the year:

	<u>Rating as of Year End from Standard & Poor's</u>	
<u>Investment Type</u>	<u>Amount</u>	<u>AAAm</u>
Adams County National Bank - Certificates of Deposit	\$ 12,000	\$ 12,000
Total	\$ 12,000	\$ 12,000

Concentration of Credit Risk - risk of loss attributed to the magnitude of an entity's investment in a single issuer. Disclosure occurs by issuer and amount investments in any one issuer that represent 5% or more of total investments for the entity:

<u>Investment Type</u>	<u>Amount</u>	<u>Percentage</u>
Adams County National Bank - Certificates of Deposit	\$ 12,000	100.00%
Total	\$ 12,000	100.00%

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk - is the risk that changes in interest rates demanded by the market will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the entity's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Entity's investments by maturity:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>		
	<u>Amount</u>	<u>Less than 1</u>	<u>1 - 5</u>
Adams County National Bank - Certificates of Deposit	\$ 12,000	\$ 12,000	\$ 0
Total	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 0</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE D - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	G.O. BONDS SERIES OF 2015	G.O. BONDS SERIES OF 2016	G.O. BONDS SERIES OF 2019	TOTAL G.O. BONDS
Balance - 7/1/2018	\$ 6,960,000	\$ 7,690,000	\$ 0	\$ 14,650,000
Additions	0	0	13,915,000	13,915,000
Refunded	(5,620,000)	0	0	(5,620,000)
Principal Repayments/ Amortization	(1,340,000)	(1,425,000)	0	(2,765,000)
Balance - 6/30/2019	<u>\$ -</u>	<u>6,265,000</u>	<u>13,915,000</u>	<u>20,180,000</u>

The combined aggregate amount of maturities and sinking fund requirements for long-term debt is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2020	\$ 1,495,000
2021	1,550,000
2022	1,605,000
2023	1,655,000
2024	1,580,000
2025	1,635,000
2026	1,690,000
2027	1,655,000
2028	1,710,000
2029	1,780,000
2030	1,870,000
2031	<u>1,955,000</u>
Totals	<u>\$ 20,180,000</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE D - LONG-TERM DEBT (CONTINUED)

Bermudian Springs School District entered into a Master Equipment Lease/Purchase agreement as of September 26, 2008 by and between Bank of America, N.A., as Lessor and Bermudian Springs School District, as Lessee. The Equipment to be leased/purchased will be used for the purpose of improving the energy efficiency for each building in the District.

The principal payment schedule for the Agreement is as follows:

<u>Year Ended</u>	<u>Amount</u>	<u>Year Ended</u>	<u>Amount</u>
2020	\$ 128,119	2022	\$ 153,743
2021	138,369	2023	163,992
		<u>\$ 584,223</u>	

NOTE E - COMPENSATED ABSENCES

It is the School District's policy to permit employees to accumulate a limited amount of earned but unused sick leave, which will be paid to employees upon separation from the School District's service. For the government-wide financial statement presentation, the amount \$385,135 of compensated absences is recorded as a liability on the statement of net assets. In the fund financial statement presentation, the cost of sick leave is recognized when payments are made to employees.

NOTE F - OTHER POSTEMPLOYMENT BENEFITS

District employees who retire and qualify as an annuitant of the Pennsylvania School Employees Retirement System and are at least 55 years of age can continue District medical insurance until they reach the age of 65. Based on the contract with the Teachers' Union and the District's Administrators, the District pays from one hundred dollars to one hundred percent of the insurance and the retiree pays the remaining balance. The District funds their share of the medical insurance with current revenues. The cost to the District for the year ended June 30, 2019 was \$153,815. There were 21 participants.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE G - PENSION PLAN

1. Summary of Significant Accounting Policies

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

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 included 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 publicly available financial report that can be obtained at www.psers.state.pa.us.

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 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 members' final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service 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

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE G - PENSION PLAN (CONTINUED)

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 6.5% (Membership Class T-D) of the member's qualifying compensation.

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the members qualifying compensation. All new hires after June 30, 2011, who elect Class T - F membership, contribute at 10.3% (base rate) of the members 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 districts' 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 to the pension plan from the District were \$4,050,949 for the year ended June 30, 2019.

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

At June 30, 2019 the School reported a liability of \$42,772,000 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's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2019, the School's proportion was .0891%, which was an increase of .0023 from its proportion measured as of June 30, 2018 which was .0868%.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE G - PENSION PLAN (CONTINUED)

For the year ended June 30, 2019, the District recognized pension expense of \$5,829,680. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	344,000	662,000
Net difference between projected and actual investment earnings	210,000	
Changes in proportions	1,196,000	
Changes in assumptions	797,000	
Difference between employer contributions and proportionate share of total contributions	269,949	
Contributions subsequent to the measurement date	<u>4,050,949</u>	
	6,867,898	<u>662,000</u>

\$4,050,949 reported as deferred outflows of resources related to pensions resulting from School 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:

2019	1,332,000
2020	865,000
2021	(149,000)
2022	(163,000)

Actuarial assumptions

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

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2018

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

The inflation assumption was decreased from 3.0% to 2.75%.

Salary growth changed from an effective average of 5.50%, which 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 or seniority increases.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE G - PENSION PLAN (CONTINUED)

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. The actuarial assumption used in the June 30, 2016 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Cash	3.0%	0.4%
Alternative investments	15.0%	6.7%
Financing (LIBOR)	-20.0%	0.9%
	<u>100%</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.

Sensitivity of the School'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

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE G - PENSION PLAN (CONTINUED)

Discount rate

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

Sensitivity of the School'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's proportionate share of the net pension liability	53,020,000	42,772,000	34,108,000

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.state.pa.us.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H - TERMINATION BENEFITS

Effective July 2005, a member of the bargaining unit who retires and meets the criteria set forth below will qualify for a one-time payment of \$10,000, offered as an early retirement incentive. In order to qualify for this payment, an employee must be credited with 30, 31, 32, 33 or 34 years of service in the Pennsylvania School Employees' Retirement System, the final 20 years of such serving have been performed in the Bermudian Springs School District. The incentive is paid the July following early retirement.

NOTE I - PUBLIC ENTITY RISK POOL

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

NOTE J - INTERFUND ACCOUNTS RECEIVABLE AND PAYABLE

At June 30, 2019, the District had \$239 in interfund accounts receivables and accounts payable.

NOTE K - COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants

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

NOTE L - GASB # 54 FUND BALANCE IMPLEMENTATION

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

Non-spendable - include fund balance amounts that cannot be spent either because it not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The following have been restricted:

Mary Wolfe Estate	\$ 88,233
iPad Repairs	10,969
	<u>\$ 99,202</u>

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end. The following have been committed:

Committed - Technology	\$ 500,000
Committed - School Improvement	58,291
Committed - Capital Projects	9,624,011
Committed - Healthcare	717,787
Committed - Curriculum	172,286
Committed - Fields	270,814
Committed - Retirement	1,581,262
	<u>\$12,924,451</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE L - GASB # 54 FUND BALANCE IMPLEMENTATION(CONTINUED)

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the Business Manager.

Unassigned includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The amount of unassigned \$2,586,931.

NOTE M - FIDUCIARY FUND BALANCE RESERVES

Specific fund balance reserves at June 30, 2019 were \$25,578 for the W. Roy Starry Scholarship Fund, the Lloyd W. Wagener Scholarship Fund for Art, the Jessica D.Webb Scholarship Fund, Jordan Carl Selfe, Max Kauffman, William E. Smith Fund and the Taylor Zimmerman Fund.

NOTE N - CAPITAL ASSETS

Set forth below is a summary of activity of governmental capital assets reported in the statement of net assets:

	Balance July 1,	Additions	Deletions	Balance June 30,
Land and Site Improvements	\$ 7,666,818	-	\$ 0	\$ 7,666,818
Construction in Progress	0	968,574	0	968,574
Energy Upgrade	702,093		(117,870)	584,223
Building and Building Improvements	49,211,962	0	0	49,211,962
Machinery and Equipment	3,001,545	110,765	0	3,112,310
Vehicles	170,019	0	0	170,019
Totals	<u>\$ 60,752,437</u>	<u>\$ 1,079,339</u>	<u>\$ (117,870)</u>	<u>\$ 61,713,906</u>
	Cost	Accumulated Depreciation	Net Value	
Land and Site Improvements	\$ 7,666,818	\$ 2,702,830	\$ 4,963,988	
Construction in Progress	968,574	0	968,574	
Energy Upgrade	584,223		584,223	
Building and Building Improvements	49,211,962	32,970,591	16,241,371	
Machinery and Equipment	3,112,310	2,324,683	787,627	
Vehicles	170,019	169,712	307	
Totals	<u>\$ 61,713,906</u>	<u>\$ 38,167,816</u>	<u>\$ 23,546,090</u>	

Land totaling \$1,537,500 is included in land and site improvements and is not being depreciated. Current depreciation expense totaled \$1,914,294 and is charged to each of the functions in the statement of activities as follows:

Instruction	\$ 1,239,766
Instructional Student Support	135,686
Support Services	220,305
Operation and Maintenance of Plant Services	131,579
Pupil Transportation	119,899
Student Activities	67,059
Total	<u>\$ 1,914,294</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - POSTEMPLOYMENT BENEFITS PLAN

The Bermudian Springs School District Postemployment Benefits plan is administered by a third party administrator.

Summary of Plan Provisions:

<u>Group</u>	<u>Eligibility</u>	<u>Coverage and Premium Sharing</u>	<u>Duration</u>
I. A) Superintendents	Must be eligible for PSERS retirement and be at least 55 years old.	<p>Coverage: Medical, Dental and Prescription Drug</p> <p>Premium Sharing: District pays full premium for Medical, Prescription Drug, and Dental. If Member is receiving the \$100 PSERS supplement, he or she must forward the \$100 to the District.</p> <p>Dependents: Spouse and Family included. Upon the death of a retiree, the spouse is able to continue Medical, Prescription Drug, and Dental by paying the full premium.</p>	<p>Member is covered until member reaches Medicare age.</p> <p>Spouse is covered until spouse reaches Medicare age.</p>
B) Other Administrators	Must be eligible for PSERS retirement and be at least 55 years old.	<p>Coverage: Medical and Prescription Drug</p> <p>Premium Sharing: If Member has at least 15 years of service with District, District pays 50% of premium for Medical and Prescription Drug. If Member does not meet the requirements for the district subsidy but requirements are met for PSERS retirement, the member and spouse may continue coverage by paying the full premium.</p> <p>Dependents: Spouse included. Upon death of a retiree, the spouse is able to continue Medical and Prescription Drug by paying the full premium.</p> <p>One retiree receives same benefit as Superintendents as part of a one-time retirement incentive. The retiree will receive the benefit until Medicare age.</p>	<p>Member is covered until member reaches Medicare age.</p> <p>Spouse is covered until spouse reaches Medicare age.</p>
II. Teachers, Support Staff, And Cafeteria Staff	Must be eligible for PSERS retirement and be at least 55 years old.	<p>Coverage: Medical and Prescription Drug</p> <p>Premium Sharing: If Member has at least 15 years of service with District, District pays 40% of premium for Medical and Prescription Drug. If Member does not meet the requirements for the district subsidy but requirements are met for PSERS retirement, the member and spouse may continue coverage by paying the full premium.</p> <p>Dependents: Spouse included. Upon death of a retiree, the spouse is able to continue Medical and Prescription Drug by paying the full premium.</p>	<p>Member is covered until member reaches Medicare age.</p> <p>Spouse is covered until spouse reaches Medicare age.</p>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Teachers,
Support Staff,
And Cafeteria
Staff

Premium Sharing: If Member has at least 25 years of service with District, District pays 75% of premium for Medical and Prescription Drug.

Member is covered until member reaches Medicare age.

Retirement incentives for members that retired between 7/1/2012 and 6/30/2013.

Dependents: Spouse included. Upon death of a retiree, the spouse is able to continue Medical and Prescription Drug by paying the full premium.

Spouse is covered until spouse reaches Medicare age.

Actuarial Assumptions and Methods

Interest Rate

2.98%

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.

Withdrawal

Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	2.5700%	5.0200%	45	1.3700%	1.6500%
30	2.5700%	4.0200%	50	1.9200%	2.0600%
35	1.5000%	2.8500%	55	3.3800%	3.1100%
40	1.3400%	1.6000%	60	5.5700%	6.400%

Mortality

Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. (These rates do not include projected mortality improvements)

Disability

No disability was assumed.

Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

Age 55 & 25 years of service

Age	Male	Female
55	19%	19%
56	17%	17%
57	17%	17%
58	17%	17%
59	22%	21%

Superannuation

Male	Female
27%	10%
32%	30%
32%	30%
32%	35%
31%	36%

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

<u>Age 55 & 25 years of service</u>			<u>Superannuation</u>	
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
60	14%	17%	31%	36%
61	29%	30%	29%	31%
62	51%	61%	51%	61%
63	26%	26%	26%	26%
64	21%	22%	21%	22%
65	100%	100%	100%	100%

Percent of Eligible retirees Electing Coverage in Plan

100% of Administrators, 95% of Teachers and 75% of the Support Staff and Cafeteria Staff and 50% of all employees who do not qualify for a district subsidy but are only eligible for COBRA coverage until Medicare age at retirement are assumed to elect coverage.

Percent married at Retirement

60% of employees are assumed to be married and have a spouse covered by the plan at retirement.

Spouse Age

Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost

Making use of weighted averages for various plan designs, per capita 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. Dental costs are assumed to not vary with age or gender. Dental and vision costs are assumed to not vary with age or gender. HSA Contributions made to retirees in the Qualified High Deductible Health Plan (QHDHP) are also valued. The resulting costs are as follows:

Medical and Prescription Drug Combined

<u>Age</u>	<u>Males</u>	<u>Females</u>
45-49	\$ 5,966	\$ 8,617
50-54	7,902	9,738
55-59	9,624	10,190
60-64	12,559	11,706

Retiree Contributions

Retiree Contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

Health Care Cost Trend Rate

6.0% in 2018, and 5.5% in 2019 through 2021 . Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

Equal to the Market Value of Assets

Actuarial Cost Method - Entry Age Normal

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Plan Participant Information

Active Participants	234
Vested Former Members	0
Retired Participants	19
Total	<u>253</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

COST SHARING MULTIPLE- EMPLOYER DEFINED BENEFIT OPEB PLAN

1. Summary of Significant Accounting Policies

Other Postemployment Benefits

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 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 are recognized when due and payable in accordance with the benefit term. Investments are reported at fair value.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost-sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance Program if they satisfy the following criteria:

Have 24 1/2 or more years of service or
Are a disability retiree, or
Have 15 or more years of service and retired after reaching superannuation age, and
Participate in the HOP or employer-sponsored health insurance program.

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 included 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 publicly available financial report that can be obtained at www.psers.state.pa.us.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions:

The school districts' 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 any unfunded accrued liability. Contributions to the OPEB plan from the District were \$0 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$1,858,000 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 District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2019, the District's proportion was .0891 percent, which was an increase of .0023 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized OPEB expense of \$95,000. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	11,000	
Net difference between projected and actual investment earnings	3,000	
Changes in proportions	51,000	
Changes in assumptions	30,000	70,000
Contributions subsequent to the measurement date		
	<u>95,000</u>	<u>70,000</u>

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

\$ 0 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	2,000
2020	2,000
2021	2,000
2022	2,000
2023	2,000
Thereafter	14,000

3. Actuarial Assumptions

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:

Actuarial cost method - Entry Age Normal - level % of pay.

Investment return - 2.98% - S & P 20 Year Municipal Bond Rate

Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Premium Assistance reimbursement is capped at \$1,200 per year.

Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Participation rate:

Eligible retirees will elect to participate Pre age 65 at 50%

Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.

Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.

Asset Valuation method: Market Value

Participation rate: 63% of eligible retirees are assumed to elect premium assistance.

Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 2 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.9%	0.35%
US Core Fixed Income	92.8%	1.20%
Non-US Developed Fixed	1.3%	0.40%
	<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 Total OPEB Liability was 2.98%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefits 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.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2018, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1,077 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the District's Proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 2.98%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.98%) or 1-percentage-point higher (3.98%) than the current rate:

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
School's proportionate share of the net pension liability	2,113,000	1,858,000	1,646,000

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.state.pa.us.

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Single Employer Defined Benefit OPEB Plan

The District's other post-employment benefits (OPEB) include a single-employer defined benefit plan that provides medical and life insurance benefits to eligible retirees and their dependent. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system.

Funding Policy

The District's contributions are funded on a pay-as-you go basis.

OPEB Liability

The District's change in its OPEB liability for the year ended June 30, 2019 was as follows

Balances as of July 1, 2018	4,895,228
Differences between expected and actual experience	477,592
Changes of assumptions	8,483
Service Cost	292,026
Interest on total OPEB liability	157,055
Benefit payments	(312,961)
Other changes	-
Net Charges	622,195
Balances as of June 30, 2019	5,517,423

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	440,854	
Net difference between projected and actual investment earnings		
Changes in proportions		
Changes in assumptions	115,142	
Benefit payments subsequent to the Measurement Date	272,631	
	<u>828,627</u>	<u>-</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2020	47,147
2021	47,147
2022	47,147
2023	47,147
2024	47,147
Thereafter	320,261

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE O - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

The following presents the OPEB liability for June 30, 2019, calculated using current healthcare cost trends as well as what OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Trend Rate	1% Increase
OPEB liability	4,910,135	5,517,423	6,242,537

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability for June 30, 2019, calculated using the discount rate of 2.98%, as well as what OPEB liability would be if the discount rate were 1-percentage point lower(1.98%) or 1-percentage point higher(3.98%) than the current rate:

	1% Decrease	Current Discount Rate	1% increase
	1.98%	2.98%	3.98%
OPEB liability	5,931,335	5,517,423	5,127,088

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE P - SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through the date of the audit report.
No subsequent events were noted.

REQUIRED SUPPLEMENTARY INFORMATION

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local Revenues	\$ 16,388,913	\$ 16,388,913	\$ 17,148,637	\$ 759,724
State Program Revenues	12,238,964	12,238,964	13,093,356	854,392
Federal Program Revenues	339,848	339,848	390,358	50,510
Total Revenues	<u>28,967,725</u>	<u>28,967,725</u>	<u>30,632,351</u>	<u>1,664,626</u>
EXPENDITURES				
Regular Programs	13,120,889	12,969,475	13,201,050	(231,575)
Special Programs	2,992,996	3,104,664	3,371,376	(266,712)
Vocational Programs	956,457	942,072	942,045	27
Other Instructional Programs	285,600	277,727	277,720	7
Adult Education Programs	2,453	3,445	3,445	-
Pupil Personnel Services	640,330	632,564	632,555	9
Instructional Staff Services	1,205,850	1,023,695	1,023,680	15
Administrative Services	2,230,653	2,752,294	2,752,270	24
Pupil Health	308,836	291,409	291,402	7
Business Services	403,990	399,643	399,636	7
Operation and Maintenance of Plant Services	1,938,024	1,888,704	1,888,695	9
Student Transportation Services	1,876,762	1,721,043	1,721,036	7
Other Support Services	13,794	10,356	10,355	1
Student Activities	969,693	929,636	962,558	(32,922)
Community Services	2,000	1,600	1,600	-
Facilities Acquisition and Construction	0	0	0	-
Debt Service	3,314,522	3,314,522	3,314,522	-
Refund of Prior Year Receipts	0	0	0	0
Total Expenditures	<u>30,262,849</u>	<u>30,262,849</u>	<u>30,793,945</u>	<u>(531,096)</u>
Deficiency of Revenues Over Expenditures	(1,295,124)	(1,295,124)	(161,594)	1,133,530
OTHER FINANCING SOURCES (USES)				
Proceeds of Bonds	0	0	0	0
Sale/Compensation for Fixed Assets	0	0	0	0
Interfund Transfers In	0	0	0	0
Interfund Transfers Out	0	0	(41,200)	(41,200)
Refund Prior Year Receipt (Expense)	0	0	0	0
Budgetary Reserve	(80,000)	(80,000)	0	80,000
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>(41,200)</u>	<u>38,800</u>
Net Change in Fund Balances	(1,375,124)	(1,375,124)	(202,794)	1,172,330
FUND BALANCE - JULY 1, 2018			7,548,226	
FUND BALANCE - JUNE 30, 2019			<u>\$ 7,345,432</u>	

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

BERMUDIAN SPRINGS SCHOOL DISTRICT
DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
TAXES				
Current Real Estate Taxes	\$ 11,378,505	\$ 11,378,505	\$ 11,645,872	\$ 267,367
Interim Real Estate Taxes	32,500	32,500	38,541	6,041
Current Per Capita Taxes #679	37,000	37,000	40,608	3,608
Current Per Capita Taxes #511	37,000	37,000	40,608	3,608
Real Estate Transfer Taxes	250,650	250,650	231,046	(19,604)
Current Act 511, Wage/Income Tax	3,705,737	3,705,737	3,939,278	233,541
Amusement Taxes	100	100	140	40
Delinquent Taxes, All Levies	390,975	390,975	466,544	75,569
Public Utility Realty Tax	15,500	15,500	15,495	(5)
Payments in Lieu of Tax	1,386	1,386	1,386	0
Total	<u>15,849,353</u>	<u>15,849,353</u>	<u>16,419,518</u>	<u>570,165</u>
STATE SOURCES				
Basic Instructional Subsidy	6,191,508	6,191,508	6,215,548	24,040
Charter School Initiative	0	0	0	0
Section 1305 and 1306 Tuition	25,000	25,000	33,706	8,706
Transportation	1,072,153	1,072,153	1,350,290	278,137
Vocational Education	50,000	50,000	96,154	46,154
School Safety	0	0	25,000	25,000
Rentals and Sinking Fund Payments	347,001	347,001	349,329	2,328
Pa. Smart Grant	0	0	8,235	8,235
Medical and Dental Services	38,000	38,000	35,790	(2,210)
Ready to Learn	0	0	330,674	330,674
Supplemental Reimbursement	0	0	7,623	7,623
Special Education - Exceptional Pupil	1,136,691	1,136,691	1,150,647	13,956
Migratory Children	2,000	2,000	1,134	(866)
Social Security Payments	456,648	456,648	505,144	48,496
Retirement Payments	1,981,667	1,981,667	2,376,459	394,792
Pennsylvania Accountability Grant	330,674	330,674	0	(330,674)
State Property Tax Reduction Allocation	607,622	607,622	607,623	1
State Revenue Through Other Sources	0	0	0	0
Total	<u>12,238,964</u>	<u>12,238,964</u>	<u>13,093,356</u>	<u>854,392</u>

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
FEDERAL SOURCES				
NCLB, TITLE 1, IMPRVG DISADVTG	\$ 247,528	\$ 247,528	\$ 272,968	\$ 25,440
VO-ED OPERATING EXPENDITURES	19,648	19,648	19,642	(6)
NCLB,TITLE II	55,125	55,125	61,465	6,340
IDEA, Part B	285,645	285,645	283,104	(2,541)
NCLB,TITLE III	17,547	17,547	14,766	(2,781)
MEDICAL ASSISTANCE - ACCESS	0	0	0	0
MEDICAL ASSISTANCE - MEDICAID	0	0	0	0
TITLE IV	0	0	16,955	16,955
ARRA-SFSF	0	0	0	0
Educ. Handicap Children Title VI	0	0	0	0
FEMA	0	0	0	0
SBAP	0	0	0	-
Total	<u>625,493</u>	<u>625,493</u>	<u>668,900</u>	<u>43,407</u>
OTHER				
Earnings From Temporary Deposits	90,000	90,000	206,922	116,922
Rent from School and Other Facilities	1,500	1,500	7,540	6,040
Donations - Private Sources	0	0	41,200	41,200
Receipts From Other LEA's	0	0	6,732	6,732
Athletic Revenue	0	0	58,065	58,065
Miscellaneous Revenues	7,000	7,000	9,803	2,803
Refund Prior Year Expense (Receipts)	0	0	0	0
Sale of Property	0	0	0	0
Capital Projects Funds Transfers	0	0	0	0
Tuition and Other Payments From Patrons	155,415	155,415	120,315	(35,100)
Total	<u>253,915</u>	<u>253,915</u>	<u>450,577</u>	<u>196,662</u>
Total Revenues	<u>\$ 28,967,725</u>	<u>\$ 28,967,725</u>	<u>\$ 30,632,351</u>	<u>\$ 1,664,626</u>

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Cash Balance July 1, 2018	Receipts	Disbursements	Cash Balance June 30, 2019
SENIOR HIGH SCHOOL				
AEVIDUM	0	\$ 0	\$ 0	\$ 0
ART HONOR SOCIETY	882	2,254	1,596	1,540
BAND	3,273	45,131	44,753	3,651
BASEBALL	2,032	2	0	2,034
BIBLE CLUB	187	0	0	187
BOYS BASKETBALL	53	3,175	1,260	1,968
BOYS SOCCER	194	3,000	1,943	1,251
CALIGRAPHY	15	260	203	72
CHEERLEADERS	510	9,152	7,353	2,309
CHEMISTRY	1	0	0	1
CLASS OF 2018	0	0	0	0
CLASS OF 2019	8,739	5,254	11,980	2,013
CLASS OF 2020	3,561	11,373	17,033	(2,099)
CLASS OF 2021	1,772	8,191	2,942	7,021
CLASS OF 2022	0	4,789	2,607	2,182
CLEARING ACCOUNT	781	2,698	3,274	205
EARTH/SPACE SCIENCE	1,911	9,824	11,735	0
FBLA	605	1,588	1,521	672
FCCLA	191	99	285	5
FFA	3,638	11,603	10,645	4,596
FIELD HOCKEY	245	4,511	4,483	273
FOOTBALL CLUB	12,355	4,675	1,850	15,180
FRENCH CLUB	971	1	0	972
GIRLS BASKETBALL	728	5,272	4,030	1,970
GIRLS SOCCER	1,156	1	0	1,157
GLEE CLUB	734	2,690	2,606	818
GOLF	1,893	110	1,117	886
GREENHOUSE	5,725	4,773	4,825	5,673
INTERACT CLUB	4,321	355	1,552	3,124
LIGHT CREW	0	0	0	0
MUSICAL	9,433	18,366	19,062	8,737
NATIONAL HONOR SOCIETY	1,789	646	1,592	843
PEER MEDIATORS	6,737	11,177	12,253	5,661
PHOTOGRAPHY	0	0	0	0
PRESS CLUB	1,082	1	0	1,083
RECYCLE CLUB	1,258	1	0	1,259
ROBOTICS	10,994	9,948	5,189	15,753
SAFE	82	216	200	98
SCIENCE CLUB	2,397	2	59	2,340
SOFTBALL	1,087	1	0	1,088
SPANISH CLUB	649	1	0	650
STUDENT COUNCIL	4,870	34,400	30,461	8,809
STUDENT TRAINERS	225	53	35	243
TECH & GRAPHICS	3,598	2,583	3,233	2,948
TENNIS	2,852	102	2,261	693
TRACK	168	255	652	(229)
TRY	345	738	1,133	(50)
VARSITY CLUB	948	1	191	758
WOODWORKING	(338)	7,480	8,314	(1,172)
WRESTLING	8	3,575	3,566	17
YOUTH COALITION	10,019	8	0	10,027
YEARBOOK	1,688	19,467	10,180	10,975
Total	116,364	249,802	237,974	128,192
Middle School				
PEER COUNSELORS	8,090	629	1,031	7,688
CLEARING ACCOUNT	0	3,502	3,503	(1)
BAND ACCOUNT	1,671	13,408	13,694	1,385
MEDIA CENTER	1,545	7,641	7,452	1,734
PUBLISHING CLUB	5,231	1,906	2,362	4,775
STUDENT COUNCIL	565	2,731	2,704	592
ATHLETIC	69	0	0	69
OFFICE ACCOUNT	7,309	12,185	18,572	922
GYM UNIFORM ACCOUNT	441	7,138	6,800	779
ART ACCOUNT	668	2,415	1,135	1,948
Total	25,589	51,555	57,253	19,891
Total - All Schools	\$ 141,953	\$ 301,357	\$ 295,227	\$ 148,083

The accompanying notes are an integral part of these financial statements.

BERMUDIAN SPRINGS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2019

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability (asset)	8.9100%	0.0868%	0.0862%	0.0852%	0.0846%
District proportionate share of the net pension liability (asset)	42,772,000	42,869,000	42,718,000	36,905,000	33,485,000
District's covered-employee payroll	11,994,626	11,557,463	11,168,733	10,961,287	10,800,159
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	356.59%	370.92%	382.48%	336.68%	310.04%
Plan fiduciary net position as a percentage of the total pension liability					

Amounts were determined as of the cost-sharing plan's June 30, 2018 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

BERMUDIAN SPRINGS SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS PENSION PLAN
YEAR ENDED JUNE 30, 2019

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	3,781,000	3,320,000	2,742,400	2,199,561	2,201,896
Contributions in relation to the contractually required contribution	<u>3,781,000</u>	<u>3,320,000</u>	<u>2,742,400</u>	<u>2,199,561</u>	<u>2,201,896</u>
Contribution deficiency (excess)	-	-	-	-	-
District's covered-employee payroll	11,994,626	11,557,463	11,168,733	10,961,287	10,800,159
Contributions as a percentage of covered-employee payroll	31.52	28.73	24.55	20.07	20.39

Amounts were determined as of the cost-sharing plan's June 30, 2018 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is complete, available information is presented.

SINGLE AUDIT INFORMATION

KOCHENOUR, EARNEST, SMYSER & BURG

Certified Public Accountants
710 South George Street
York, Pa. 17401

Philip G. Lauer, CPA
Mark R. Kephart, CPA

Phone: 717-843-8855
Fax: 717-843-8857

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

Board of Education
Bermudian Springs School District
York Springs, 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 Bermudian Springs 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's basic financial statements and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bermudian Springs 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 Bermudian Springs School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bermudian Springs 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bermudian Springs School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 non-compliance 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.

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 13, 2019

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KOCHENOUR, EARNEST, SMYSER & BURG

Certified Public Accountants
710 South George Street
York, Pa. 17401

Philip G. Lauer, CPA
Mark R. Kephart, CPA

Phone: 717-843-8855
Fax: 717-843-8857

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

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the Bermudian Springs School District's compliance with types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Bermudian Springs School District's major federal programs for the year ended June 30, 2019. Bermudian Springs 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 Bermudian Springs 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 Bermudian Springs 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 Bermudian Springs School District's compliance.

Board of Education
Bermudian Springs School District
York Springs, Pennsylvania

Opinion on Each Major Federal Program

In our opinion, Bermudian Springs 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.

Internal Control Over Compliance

The management of Bermudian Springs 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 Bermudian Springs School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Bermudian Springs School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bermudian Springs School District's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Kochenour, Earnest, Smyser & Burg

Certified Public Accountants

York, Pennsylvania
December 13, 2019

BERMUDIAN SPRINGS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FOOD NUTRITION SERVICE
YEAR ENDED JUNE 30, 2019

GRANTOR PROGRAM TITLE				Pass	Grant Period				Accrued or			Accrued or
U.S. DEPARTMENT OF EDUCATION	Source	Federal	Through		Beginning	Ending	Program	Total	Revenue at	Revenue	Expenditures	Revenue at
PASSED THROUGH PA. DEPT. OF EDUCATION	Code	CFDA	Grantor's		Date	Date	Amount	for Year	July 1, 2018	Recognized		June 30, 2019
Title I Improv Basic Programs	8514	I	84.010	013-190031	7/1/2018	9/30/2019	272,968	238,538	0	272,968	272,968	34,430
Title I Improv Basic Programs c/o	8514	I	84.010	013-180031	7/1/2017	9/30/2018	234,887	32,172	32,172	0	0	0
Sub-Total Title I								270,710	32,172	272,968	272,968	34,430
Secondary Allocations-Perkins	8521	I	84.048	380-190016	7/1/2018	6/30/2019	19,642	19,642	0	19,642	19,642	0
Secondary Allocations-Perkins	8521	I	84.048	380-180067	7/1/2017	6/30/2018	19,648	1,637	1,637	0	0	0
Sub-total- Perkins								21,279	1,637	19,642	19,642	0
Title II Improv Teacher Qual	8515	I	84.367	020-190031	7/1/2018	9/30/2019	57,979	42,980	0	57,979	57,979	14,999
Title II Improv Teacher Qual c/o	8515	I	84.367	020-180031	7/1/2017	9/30/2018	54,526	11,363	7,877	3,486	3,486	0
Sub-total Title II								54,343	7,877	61,465	61,465	14,999
Title III Student Support & Academic EN	8516	I	84.365	010-190031	7/1/2018	9/30/2019	14,766	14,766	0	14,766	14,766	0
Title III Student Support & Academic EN	8516	I	84.365	010-180031	7/1/2017	9/30/2018	17,547	1,253	1,253	0	0	0
Sub-Total Title III								16,019	1,253	14,766	14,766	0
Title IV Student Support & Acad. Enrich	8517	I	84.424	144-19-0031	7/1/2018	9/30/2019	16,955	16,955	0	16,955	16,955	0
Sub-Total Title IV								16,955	0	16,955	16,955	0
TOTAL PASSED THROUGH PA DEPARTMENT OF ED								379,306	42,939	385,796	385,796	49,429
PASSED THROUGH LIU 12												
IDEA - Part B	6839	I	84.027	062-17-0012	7/1/2018	6/30/2019	278,544	278,544	0	278,544	278,544	0
IDEA-SECTION 619	8512	I	84.173	062-17-0012	7/1/2018	6/30/2019	4,560	4,560	0	4,560	4,560	0
TOTAL PASSED THROUGH LIU 12-CLUSTER TOTAL								283,104	0	283,104	283,104	0
TOTAL U.S. DEPARTMENT OF EDUCATION								662,410	42,939	668,900	668,900	49,429
U.S. Department of Agriculture												
Passed through Pa. Dept. of Agriculture												
National Sch Lunch - Donated Commoditi	T	I	10.555	N/A	7/1/2018	6/30/2019	N/A	50,368	0	50,368	50,368	0
Passed through Pa. Dept. of Education												
National School Lunch Program - Federal	T	I	10.555	362	7/1/2018	6/30/2019	N/A	382,384	0	382,384	382,384	0
Reg//ndy Breakfast-Federal	T	I	10.553	365	7/1/2018	6/30/2019	N/A	60,639	0	60,639	60,639	0
								443,023	0	443,023	443,023	0
TOTAL DEPARTMENT OF AGRICULTURE-CLUSTER TOTAL								493,391	0	493,391	493,391	0
TOTAL FEDERAL ASSISTANCE								1,155,801	42,939	1,162,291	1,162,291	49,429
State												
National School Lunch Program - State			N/A	510	7/1/2018	6/30/2019	N/A	25,716	0	25,716	25,716	0
Reg//ndy Breakfast-State			N/A	511	7/1/2018	6/30/2019	N/A	3,453	0	3,453	3,453	0
Total State								29,169	0	29,169	29,169	0

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards includes the federal grant activity of Bermudian Springs School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Federal donated commodities were valued using the commodity price list (based on actual and average USDA costs of commodities purchased) provided by the bureau of Government Donated Foods.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in U.S. generally accepted accounting principles, which require a component unit to be included if the District's elected official's are financially accountable for the component unit. The district is financially accountable if it appoints a voting majority of the component unit's governing body and (1) it is able to impose its will on the component unit or (2) there is a potential for the District to provide specific financial benefits to, or impose specific financial burdens on the component unit. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the District has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

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

BERMUDIAN SPRINGS SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

NOTE B - TEST OF 20% RULE

	<u>Federal Funds Expended</u>	
National School Lunch Program	\$ 382,384	
Title I - Low Income	272,968	
Donated Commodities	50,368	
Vocational Education Grants	19,642	
Title II - Improving Teacher Quality	61,465	
School Breakfast Program	60,639	
Title III	14,766	
Title IV	16,955	
Medical Assistance - Access	-	
IDEA Part B	278,544	
IDEA Section 619	<u>4,560</u>	
Total	1,162,291	
	<u>x 20%</u>	
Minimum Amount Which Must be Tested	<u><u>\$ 232,458</u></u>	
National School Lunch Program	382,384	
School Breakfast Program	60,639	
Donated Commodities	<u>50,368</u>	
Total	<u><u>\$ 493,391</u></u>	(42% Selected for Testing)

BERMUDIAN SPRINGS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

A. Summary of the Audit Results

- 1 . The auditor's report expresses an unmodified opinion on the School District financial statements of Bermudian Springs School District.
- 2 . No reportable conditions believed to be a material weakness were disclosed during the audit of the basic financial statements.
- 3 . No instances of noncompliance material to the financial statements of Bermudian Springs School District which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
- 4 . No reportable conditions were disclosed during the audit of the major federal award programs.
- 5 . The auditor's report on compliance for the major federal award programs for Bermudian Springs School District expresses an unmodified opinion on all major federal award programs.
- 6 . There were no audit findings relative to the major federal award programs for Bermudian Springs School District.
- 7 . The federal programs tested as major programs were National School Lunch, Breakfast and Donated Commodities which accounted for 42% of the federal expenditures. Bermudian Springs Schools District falls under the 20% rule of testing federal programs.
- 8 . Federal expenditures are \$750,000 or more but less than \$25 million. Type A programs are the programs with total program expended funds of \$750,000 or more.
- 9 . Bermudian Springs School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

BERMUDIAN SPRINGS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

D. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None