

**YORK ACADEMY REGIONAL  
CHARTER SCHOOL**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019 and 2018**

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## TABLE OF CONTENTS

	PAGE NUMBER
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 5
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION - GOVERNMENT-WIDE	6
STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE	7
BALANCE SHEET-GOVERNMENTAL FUND	8
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND	9
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUND TO STATEMENT OF FINANCIAL POSITION - GOVERNMENT-WIDE	10
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE	11
STATEMENT OF NET POSITION - PROPRIETARY FUNDS	12
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND	13
STATEMENT OF CASH FLOWS - PROPRIETARY FUND	14
STATEMENT OF NET POSITION - FIDUCIARY FUND	15
NOTES TO FINANCIAL STATEMENTS	16 - 26
SUPPLEMENTAL INFORMATION: REPORT ON SUPPLEMENTAL INFORMATION	27
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	28
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FOOD SERVICE	29
SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM - LAST 10 FISCAL YEARS	30
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM - LAST 10 FISCAL YEARS	31

REPORT ON COMPLIANCE & ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS	32-33
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	34
NOTES TO SCHEDULE OF FEDERAL AWARDS	35
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT & MATERIAL EFFECT ON EACH MAJOR PROGRAM & ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE	36 - 37
SCHEDULE OF FINDINGS & QUESTIONED COSTS	38
STATUS OF PRIOR YEAR'S FINDINGS	39
MANAGEMENT LETTER	40

**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**

To the Board of Directors  
York Academy Regional Charter School  
York, 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 York Academy Regional Charter School as of and for the year ended June 30, 2019 and 2018, 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 basic 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.

To the Board of Directors  
York Academy Regional Charter School  
York, 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 York Academy Regional Charter School as of June 30, 2019 and 2018, 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.

### **Other Information**

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise York Academy Regional Charter School'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 not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2019, on our consideration of York Academy Regional Charter School'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 and should be read in conjunction with this report in considering the results of our audit.

*Kochenour, Earnest, Smyser & Burg*

Certified Public Accountants

York, Pennsylvania  
November 11, 2019

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2019

Our discussion and analysis of York Academy Regional Charter School's (the Charter School) financial performance provides an overview of the Charter School's financial activities as of and for the year ended June 30, 2019. Please read this information in conjunction with the Charter School's Financial Statements and Notes to the Financial Statements, which are presented on Pages 6 through 24.

### ***The Charter School***

The Charter School is a three-district charter school, which offers an International Baccalaureate curriculum, a school venture unique in Pennsylvania. After 2 1/2 years of study involving twenty-five to thirty community volunteers, including the school superintendents from the City of York and the four first-ring suburbs, the organizing committee presented the charter application to three York County School Districts on November 13, 2009: The School District of the City of York, The York Suburban School District and The Central York School District. The three school districts have recently renewed the Charter of the York Academy Regional Charter School. The term of this Charter shall be for a period of five years commencing on July 1, 2016 and ending on June 30, 2021.

Since February 2010, the Charter School has been in the development stages. The Charter School opened in the historic, pre-Civil War Smyser-Royer building on August 22, 2011 and houses grades K - 8. The Upper School Project that will house grades 9 - 12 will open in August, 2018.

### ***Using This Annual Report***

The Charter School reports its financial activities in accordance with the Government Accounting Standards Board Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*" (GASB No.34). This standard requires reporting under both Government-Wide and Governmental Fund financial reporting. The Government-Wide Financial Statements are presented on the full accrual basis of accounting. The Governmental Fund Financial Statements are presented on the modified accrual basis of accounting. Because the Government-Wide Financial Statements are on a different basis than the Governmental Fund Financial Statements, reconciliations between these different presentations appear on Page 10 - Reconciliation of Balance Sheet - Governmental Fund To Statement of Financial Position - Government-Wide and Page 11 - Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund to Statement of Activities - Government-Wide.

The annual report consists of a series of financial statements.

*Government-Wide Financial Statements* (Pages 6 and 7) provide information about the activities of the Charter School taken as a whole and present an all inclusive view of the Charter School's financial balances and activities.

*Governmental Fund Financial Statements* (Pages 8 and 9) provide information about the governmental activities, the financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Governmental Fund Financial Statements report the Charter School's operations in a different format than the Government-Wide Financial Statements by providing information about the Charter School's general operating fund.

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2019

### *Overview of the Financial Statements*

This annual report consists of four parts - Independent Auditors' Report, Management's Discussion and Analysis (this section), the basic financial statements and Notes to Financial Statements. The basic financial statements include two kinds of financial statements that present different views of the Charter School:

- \* The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the Charter School's overall financial status.
- \* The Governmental Fund Financial Statements focus on the individual parts of the Charter School, reporting the Charter School's General Fund operations on the modified cash basis. The Governmental Fund Financial Statements tell how general school services were financed in the short-term, as well as what remains for future spending.
- \* The notes to financial statements explain the information in the financial statements and provide more detail.

### *Government-Wide Financial Statements*

The Government-wide Financial Statements report information about the Charter School as a whole using accounting methods similar to those used by the private sector. The Statement of Financial Position includes all of the Charter School's assets and liabilities. All of the current year's revenue and expenses are accounted for on the Statement of Activities, regardless of when cash is received and paid.

The government-Wide Financial Statements report the Charter School's unrestricted net assets and how they have changed. Unrestricted net assets, the difference between the Charter School's assets and liabilities, are one way to measure the Charter School's financial position. Over time, any increase or decrease in the Charter School's unrestricted net assets is an indicator of whether its financial position is improving or deteriorating. To assess the overall financial position of the Charter School, one needs to consider additional non-financial factors such as the early stages under which this Charter School is operating.

### *Financial Highlights - Government-Wide*

- \* The Charter School's Statement of Net Position - Government-Wide at June 30, 2019, shows a negative equity position of \$ (5,162,297).
- \* The Charter School's Statements of Activities - Government-Wide for the year ended June 30, 2019 shows the changes in net position of \$ (433,360).

### *Governmental Fund Financial Statements*

The Governmental Fund Financial Statements report information about the activity of the Charter School's general fund on a current financial basis, not on a long-term basis. A fund is a self-balancing set of accounts, which the Charter School uses to keep track of sources of funding and spending.

The Charter School's basic services are included in the Governmental Fund, which focuses on (1) how cash and other financial assets, which can readily be converted to cash flow in and out and (2) the balances left at year-end, which are available for spending.

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2019

### *Overview of the Financial Statements (Continued)*

#### *Financial Highlights - Governmental Fund*

- \* The Charter School's Balance Sheet - Governmental Fund at June 30, 2019, shows an equity position of a positive amount of \$2,029,454.

Reconciliation between the equity positions of these two financial statements appears on Page 10.

- \* The Charter School's Statement of Revenue, Expenditures and Changes in Fund Balance for the fiscal year ended June 30, 2019, shows a change in fund balance of \$ 144,536.

#### *Capital Assets*

To begin operations, the Charter School has invested and continues to invest in capital assets. The Charter School's location is being provided by the property owner and is leased to the Charter School under a fifteen-year lease. However, necessary equipment has been purchased for the Charter School.

Capital assets consist of the following at June 30, 2019

Computer Equipment and Software	\$ 54,588
Furniture and Equipment	162,892
Building	50,793
Playground	30,506
Total Capital Assets	<u>\$ 298,779</u>

#### *Contacting the Charter School's Financial Management*

The financial report is designed to provide interested parties with a general overview of the Charter School's finances and to demonstrate the accountability for the money the Charter School received. Should additional information be required, please contact the Charter School's administrative offices at 32 West North Street, York, Pennsylvania 17401 or by telephone at (717)-801-3900.



# YORK ACADEMY REGIONAL CHARTER SCHOOL

## STATEMENT OF FINANCIAL POSITION - GOVERNMENT-WIDE

June 30, 2019

<b>ASSETS</b>	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
<b>CURRENT ASSETS</b>	<b>Activities</b>	<b>Activities</b>	<b>Food Service</b>
Cash and Cash Equivalents	\$ 1,971,815	\$ 154,962	\$2,126,777
Interfund Receivable	44,325	0	44,325
State Subsidy Receivable	0	0	0
Federal Subsidy Receivable	154,780	0	154,780
York Academy Foundation Receivable	427,339	0	427,339
Tuition Receivable	6,412	0	6,412
Inventories	0	3,664	3,664
Prepaid Expenses	148,632	0	148,632
<b>TOTAL CURRENT ASSETS</b>	<b>2,753,303</b>	<b>158,626</b>	<b>2,911,929</b>
<b>CAPITAL ASSETS</b> - (Net of Accumulated Depreciation)	298,779	27,247	326,026
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amounts related to Other Postemployment Benefits	\$ 9,000	\$ 0	9,000
Deferred amounts related to pensions	2,183,458	0	2,183,458
<b>TOTAL ASSETS</b>	<b>\$ 5,244,540</b>	<b>\$ 185,873</b>	<b>\$5,430,413</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Line of Credit	\$ 0	\$ 0	\$ 0
Current Portion of Note Payable	0	0	0
Accounts Payable	0	0	0
Interfund Payable	0	44,325	44,325
Deferred Revenue - Federal Programs	16,289	3,536	19,825
Accrued Salaries and Benefits	495,959	0	495,959
Payroll Deductions and Withholdings	211,601	0	211,601
<b>TOTAL CURRENT LIABILITIES</b>	723,849	47,861	771,710
<b>NONCURRENT LIABILITIES</b>			
Net Pension Liability	8,929,000	0	8,929,000
Net Other Post Employment Benefits	336,000	0	336,000
Note Payable	0	0	0
<b>TOTAL NONCURRENT LIABILITIES</b>	9,265,000	0	9,265,000
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amounts related to Other Post Employment Benefits	\$ 36,000	\$ 0	36,000
Deferred amounts related to pensions	520,000	0	520,000
<b>TOTAL LIABILITIES</b>	10,544,849	47,861	10,592,710
<b>NET POSITION</b>			
Invested in Capital Assets - Net of Related Debt	298,779	0	298,779
Unrestricted	(5,599,088)	138,012	(5,461,076)
<b>TOTAL NET POSITION - SEE NOTE 7</b>	(5,300,309)	138,012	(5,162,297)
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 5,244,540</b>	<b>\$ 185,873</b>	<b>\$5,430,413</b>

See independent auditors' report and accompanying notes.

**YORK ACADEMY REGIONAL CHARTER SCHOOL**

**STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE  
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenditures	Program Revenue			Net (Expense) Revenue and Changes in Net Position	Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
<b>Governmental Activities</b>							
Regular and Special Instruction	\$ 6,406,029	\$ 10,287,564	\$ 794,277	\$ 0	\$ 4,675,812	0	4,675,812
Instructional and Student Support	878,768	0	2,615	0	(876,153)	0	(876,153)
Operation & Maintenance	2,722,344	0	75,875	0	(2,646,469)	0	(2,646,469)
Administration Support Services	1,099,168	0	0	0	(1,099,168)	0	(1,099,168)
Business Services	400,040	0	0	0	(400,040)	0	(400,040)
Student Activities	15,449	0	0	0	(15,449)	0	(15,449)
Interest on Debt	186,198	0	0	0	(186,198)	0	(186,198)
<b>Total Governmental Activities</b>	<u>\$ 11,707,996</u>	<u>\$ 10,287,564</u>	<u>\$ 872,767</u>	<u>\$ 0</u>	<u>(547,665)</u>	<u>0</u>	<u>(547,665)</u>
<b>Business-type activities:</b>							
Food Service	489,803	97,246	380,784	0	0	(11,773)	(11,773)
<b>Total primary government</b>	<u>\$ 12,197,799</u>	<u>\$ 10,384,810</u>	<u>\$ 1,253,551</u>	<u>\$ 0</u>	<u>(547,665)</u>	<u>(11,773)</u>	<u>(559,438)</u>
<b>General Revenue</b>							
Interest Income					541	0	541
Contributions					105,551	0	105,551
Miscellaneous Revenue					19,986	0	19,986
<b>Total General Revenue</b>					<u>126,078</u>	<u>0</u>	<u>126,078</u>
<b>Changes in Net Position</b>					(421,587)	(11,773)	(433,360)
<b>Net Position - Beginning</b>					<u>(4,878,722)</u>	<u>149,785</u>	<u>(4,728,937)</u>
<b>Net Position - Ending</b>					<u>\$ (5,300,309)</u>	<u>\$ 138,012</u>	<u>\$ (5,162,297)</u>

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## BALANCE SHEET - GOVERNMENTAL FUND JUNE 30, 2019 AND 2018

	6/30/2019	6/30/2018
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,971,815	\$ 1,927,041
Interfund Receivable	44,325	0
State Subsidy Receivable	0	0
Federal Subsidy Receivable	154,780	178,208
York Academy Foundation Receivable	427,339	518,760
Tuition / Accounts Receivable	6,412	72,506
Prepaid Expenses	148,632	308,402
<b>TOTAL ASSETS</b>	<b>\$ 2,753,303</b>	<b>\$ 3,004,917</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 0	\$ 403,164
Line Of Credit	0	0
Accrued Salaries and Benefits	495,959	369,820
Payroll Deductions and Withholdings	211,601	347,015
Deferred Revenue - Federal Programs	16,289	0
<b>TOTAL LIABILITIES</b>	<b>723,849</b>	<b>1,119,999</b>
<b>FUND BALANCES</b>		
Unassigned Fund Balance	2,029,454	1,884,918
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,753,303</b>	<b>\$ 3,004,917</b>

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUND**  
**YEAR ENDED JUNE 30, 2019 AND 2018**

	<b>6/30/2019</b>	<b>6/30/2018</b>
<b>REVENUES</b>		
Tuition Revenue	\$ 10,287,564	\$ 8,459,182
Contributions	105,551	56,828
Miscellaneous Revenue	19,986	81,485
State Revenue	97,450	90,654
Federal Revenue	775,318	645,953
<b>TOTAL REVENUE</b>	<b>11,285,869</b>	<b>9,334,102</b>
 <b>EXPENDITURES</b>		
Regular Instruction	5,144,389	4,209,490
Special Instruction	581,127	628,763
Instructional and Student Support	878,768	973,225
Operation & Maintenance	2,836,736	1,799,607
Administration Support Services	1,099,167	484,852
Business Services	400,040	262,395
Student Activities	15,449	19,512
Facilities Acquisition and Construction	0	0
Debt Service	186,198	279,213
<b>TOTAL EXPENDITURES</b>	<b>11,141,874</b>	<b>8,657,057</b>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>143,995</b>	<b>677,045</b>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Interest Income	541	974
Proceeds from Line of Credit	0	0
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>541</b>	<b>974</b>
 <b>CHANGES IN FUND BALANCE</b>	<b>144,536</b>	<b>678,019</b>
 <b>FUND BALANCE - BEGINNING</b>	<b>1,884,918</b>	<b>1,206,899</b>
 <b>FUND BALANCE - ENDING</b>	<b>\$ 2,029,454</b>	<b>\$ 1,884,918</b>

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUND TO STATEMENT OF FINANCIAL POSITION - GOVERNMENT-WIDE YEAR ENDED JUNE 30, 2019

Total Fund Balance - Governmental Fund	\$ 2,029,454
Amounts Reported on the Balance Sheet - Governmental Fund to the Statement of Financial Position - Government-Wide 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 \$1,267,013 and the accumulated depreciation is \$968,234.	298,779
Net Pension Obligation is not recorded as a liability in the governmental funds but is recorded as a liability on the Government-Wide Financial Statements	(8,929,000)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore are not reported in the funds.	
Deferred outflows of resources related to pensions	2,183,458
Deferred inflows of resources related to pensions	(520,000)
Net Other Post Employment Benefits obligation is not recorded as a liability in the governmental funds but is recorded as a liability on the Government-Wide Financial Statements	(336,000)
Deferred outflows of resources related to other post employment benefits	9,000
Deferred inflows of resources related to other post employment benefits	(36,000)
	<hr/>
Total Net Position - Government-Wide	<u>\$ (5,300,309)</u>

**YORK ACADEMY REGIONAL CHARTER SCHOOL**

**RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO  
STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE  
YEAR ENDED JUNE 30, 2019**

Changes in Fund Balance - Governmental Fund	\$ 144,536
Amounts Reported on the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund to the Statements of Activities - Government-Wide are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period. Depreciation expense \$(74,791)	
Capital Outlays           114,391	39,600
Pension Expense recorded on the Statement of Activities but not recorded on the Governmental funds Statement of Revenues and Expenditures	(664,723)
OPEB Expense recorded on the Statement of Activities but not recorded on the Governmental funds Statement of Revenues and Expenditures	59,000
	<hr/>
Changes in Net Position Government-Wide	<u>\$ (421,587)</u>

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**STATEMENT OF FINANCIAL POSITION - PROPRIETARY FUND**  
**JUNE 30, 2019 AND 2018**

	<u>Food Service</u>	
	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 154,962	\$ 122,175
State Subsidy Receivable	0	405
Federal Subsidy Receivable	0	12,893
Accounts Receivable	0	0
Inventories	3,664	2,051
<b>Total Current Assets</b>	<u>158,626</u>	<u>137,524</u>
<b>Noncurrent Assets:</b>		
Machinery & Equipment (Net of Accum. Depreciation)	<u>27,247</u>	<u>18,816</u>
<b>Total Noncurrent Assets</b>	<u>27,247</u>	<u>18,816</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 185,873</u></u>	<u><u>\$ 156,340</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 0	\$ 0
Accrued Salaries and Benefits	0	2,726
Deferred Revenue	3,536	3,829
Due to Other Funds	44,325	0
<b>Total Current Liabilities</b>	<u>47,861</u>	<u>6,555</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 47,861</u></u>	<u><u>\$ 6,555</u></u>
<b>NET POSITION</b>		
Unrestricted	<u>\$ 138,012</u>	<u>\$ 149,785</u>
<b>TOTAL NET POSITION</b>	<u>138,012</u>	<u>149,785</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 185,873</u></u>	<u><u>\$ 156,340</u></u>

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2019 AND 2018**

	<u>Food Service</u>	
	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>OPERATING REVENUES:</b>		
Food Service Revenue	\$ 97,246	\$ 78,142
Other Operating Revenue	0	0
<b>TOTAL OPERATING REVENUES</b>	<u>97,246</u>	<u>78,142</u>
<b>OPERATING EXPENSES:</b>		
Salaries	180,224	97,568
Employee Benefits	95,075	63,660
Purchased Professional and Technical Service	1,149	0
Purchased Property Service	2,283	1,393
Other Purchased Service	30	1,239
Supplies	180,311	138,551
Supplies - Government Donated Commodities	25,515	32,212
Depreciation	4,313	3,642
Other Operating Expenditures	903	5,667
<b>TOTAL OPERATING EXPENSES</b>	<u>489,803</u>	<u>343,932</u>
<b>OPERATING INCOME(LOSS)</b>	<u>(392,557)</u>	<u>(265,790)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Earnings on Investments	0	0
Transfer from General Fund	0	0
State Sources	17,617	15,486
Federal Sources - Government Donated Commodities	25,515	32,212
Federal Sources	337,652	295,841
<b>TOTAL NONOPERATING REV(EXP)</b>	<u>380,784</u>	<u>343,539</u>
<b>CHANGE IN NET POSITION</b>	<u>(11,773)</u>	<u>77,749</u>
<b>TOTAL NET POSITION - JULY 1, 2018</b>	<u>149,785</u>	<u>72,036</u>
<b>TOTAL NET POSITION - JUNE 30, 2019</b>	<u>\$ 138,012</u>	<u>\$ 149,785</u>



**YORK ACADEMY REGIONAL CHARTER SCHOOL  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2019 AND 2018**

	<u>Food Service</u>	
	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Cash Flows From Operating Activities</b>		
Cash Received from Users	\$ 96,953	\$ 77,989
Cash Received from Other Operating Revenues	0	0
Cash Payments to Employees for Services	(278,025)	(158,502)
Cash Payments to Suppliers for Goods and Services	(167,479)	(178,386)
Cash Payments for Other Operating Expenses	0	0
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(348,551)</u>	<u>(258,899)</u>
<b>Cash Flows From Non-Capital Financing Activities</b>		
Transfer from General Fund	0	0
State Sources	18,022	16,948
Federal Sources	376,060	352,870
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<u>394,082</u>	<u>369,818</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Facilities Acquisition/Construction/Improvements	<u>(12,744)</u>	<u>0</u>
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<u>(12,744)</u>	<u>0</u>
<b>Cash Flows From Investing Activities</b>		
Earnings on Investments	<u>0</u>	<u>0</u>
<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>0</u>	<u>0</u>
<b>Net Inc (Dec) in Cash and Cash Equivalents</b>	32,787	110,919
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>122,175</u>	<u>11,256</u>
<b>Cash and Cash Equivalents at Year End</b>	<u>\$ 154,962</u>	<u>\$ 122,175</u>
<b>Operating Income (Loss)</b>	\$ (392,557)	\$ (265,790)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>		
Depreciation	4,313	3,642
(Increase) Decrease in Other Receivables	0	0
(Increase) Decrease in Inventories	(1,613)	676
Increase (Decrease) in Accounts Payable	0	0
Increase (Decrease) in Accrued Salaries	(2,726)	2,726
Increase (Decrease) in Payroll Liabilities	0	0
Increase (Decrease) in Advances from Other Funds	44,325	0
Increase (Decrease) in Deferred Revenue	(293)	(153)
Increase (Decrease) in Compensated Absences		
<b>Total Adjustments</b>	<u>44,006</u>	<u>6,891</u>
<b>Net Cash Provided by (Used for) Activities</b>	<u>\$ (348,551)</u>	<u>\$ (258,899)</u>

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2019**

<b>ASSETS</b>	<b>Private Purpose Trust</b>	<b>Agency</b>
Cash and Cash Equivalents	\$ 0	\$ 3,674
Investments	0	0
<b>TOTAL ASSETS</b>	<u>0</u>	<u>3,674</u>
<b>LIABILITIES</b>		
Accounts Payable	0	3,674
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>3,674</u>
<b>NET POSITION</b>		
Unrestricted	0	0
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 0</u>	<u>\$ 3,674</u>

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operation

York Academy Regional Charter School (the Charter School), a nonprofit organization, was chartered during February 2010 by three York County School Districts: The School District of the City York, The York Suburban School District and The Central York School District, under Act 22 of 1997, the Charter School Law. The charter is for a five-year period, at which time the districts will evaluate the Charter School's operations and determine whether or not to renew the charter. The three school districts have recently renewed the Charter of the York Academy Regional Charter School. The term of this Charter shall be for a period of five years commencing on July 1, 2016 and ending on June 30, 2021.

The governing body of the Charter School is a board of directors, which consists of eleven members. The Charter School began instructional operations in August 2011, offering curriculum to students in Kindergarten, First and Second grades. The Charter School added a grade each consecutive year and houses grades K - 10 for the 18/19 school year.

#### Presentation of Financial Statements

The Charter School presents its financial statements in accordance with Governmental Accounting Standards Board (GASB). The financial statements include the Management's Discussion and Analysis, which provides an analysis of the Charter School's overall financial performance in accordance with accounting principles generally accepted in the United States of America.

#### Measurement Focus, Basis of Accounting and Presentation

The financial information of the Charter School is presented in accordance with GASB No. 34, which presents financial information on a Government-Wide basis on the Statement of Financial Position and Statement of Activities in accordance with the accrual basis of accounting and on a Governmental Fund basis on the Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance in accordance with the modified accrual basis of accounting for the Governmental Fund (General Fund).

The *Government-Wide Financial Statements* (i.e. Statement of Financial Position and Statement of Activities) reports financial information using the economic resources measurement focus on a full accrual basis of accounting. Revenue is recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of cash flows. The Statement of Activities of the Government-Wide activities report expenditures identifiable with a specific function or segment. Program revenue, including charges for services and grants, which specifically apply to each segment, appears as an offset to these expenditures. Other revenue, which is not directly related to the expense segments, appears as miscellaneous program revenue and is used to offset any deficit or to increase the unrestricted net assets of the Charter School.

The *Governmental Fund Financial Statements* (i.e. the Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance) report the financial position of the governmental fund (the General Fund), in this case, the only fund of the Charter School. The financial activity on the governmental basis uses the current financial resources measurement focus and on the modified accrual basis of accounting. Revenue is recognized as soon as it is either measureable or available.

When such funds are received, they may be recorded as deferred revenue until earned. Generally, expenditures are recorded when a liability is incurred, as under the accrual basis of accounting. Proceeds

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

from the acquisition of long-term debt are reported as other financial sources when the cash is received and debt service expenditures, including principal and interest, are recorded when the debt is paid. Expenditures related to capital assets are recorded as expenditures when paid, therefore, no assets are capitalized and no depreciation is recorded under this basis.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in one financial institution. At June 30, 2019, the bank balance was \$2,491,678 and the book balance was \$2,130,451.

#### Receivables and Payables

Accounts receivable represent amounts which are available to pay liabilities in the current period. The amounts reported as accounts payable represent expenditures incurred in the current year, but not paid prior to year-end. In the case of the Charter School at June 30, 2019, amounts recorded as accounts payable are the same under both the accrual basis (Governmental-Wide) and the modified accrual basis (Government Fund) of accounting.

#### Prepaid Expenses

In both the Government-Wide and Governmental Fund Financial Statement, prepaid expenses are recorded as assets from which future benefits will be derived in the short-term.

#### Capital Assets

Capital assets, which include property and equipment, are reported in the Government-wide Financial Statements. Capital assets are defined as assets with initial costs of more than \$5,000 and estimated useful lives in excess of one year. All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. The costs of normal maintenance and repairs which do not add to the value of the assets or materially extend the assets estimated useful lives, are not capitalized.

#### Revolving Line of Credit

The revolving line of credit is reported as a current liability in the Government-Wide Financial Statements and is reduced as principal payments are paid and interest payments are expensed. Debt service payments, including principal and interest, are expensed when paid in the Governmental Fund Financial Statements and there is no long-term debt liability recorded in accordance with the modified accrual basis of accounting.

#### Net Assets and Fund Balance

Net assets (Government-Wide) and Fund Balance (Governmental Fund) represent the difference between assets and liabilities. In the Government-Wide Financial Statements, net assets are reported as unrestricted net assets and net assets invested in capital assets, net of related debt and consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvement of those assets.

#### Subsequent Events

Management of the Charter School has evaluated subsequent events through November 11, 2019, which is the date the financial statements were available to be issued. There were no subsequent events during this period.

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

### 2. CONCENTRATION OF CREDIT RISK

#### Custodial Credit Risk - Deposits

Cash deposits of the Charter School are held in one financial institution and are insured by the Federal Deposit Insurance Corporation, up to \$250,000. Custodial credit risk is the risk that in the event of failure of the financial institution, the Charter School would not be able to recover deposits in excess of the insured amount. The uninsured portion of these deposits is exposed to custodial credit risk because the collateral for the deposits is held by the financial institution, its trust department or agent, but is not specifically held in the name of the Charter School. The School's deposits are collateralized in accordance with Act 72.

### 3. LINE OF CREDIT

On February 3, 2015, the Charter School entered into a revolving line of credit agreement with a local lending institution, up to the maximum amount of \$600,000. Interest only for 6 months shall be payable monthly through the date of maturity. Interest on the outstanding principal balance is variable, based on the National Prime Rate published in the Wall Street Journal, with a floor of 5.00 percent. At June 30, 2018, the Line of Credit has a balance of \$0. The School has established an Irrevocable Letter Standby Letter of Credit up to an amount of \$276,614.25 in favor of The City of York, Pennsylvania for the account of York Academy Regional Charter School. This letter of credit is established to guarantee site work for the land development plan regarding soil erosion and sedimentation control, stormwater management, storm sewer system, street construction, miscellaneous improvements associated with the project that are required to be installed, and 10% contingency at 2 West Hamilton Avenue, York County, York, Pennsylvania.

### 4. CONTINGENCIES

The Charter School is, from time-to-time, subject to routine litigation incidental to the Charter School's activities. While the final resolution of any matter may have an impact on the Charter School's financial results for a particular period, the Charter School believes the ultimate disposition of any such litigation would not have a materially adverse effect upon the financial position of the Charter School. The Charter School is not subject to any routine litigation.

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### 5. 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](http://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 (C) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the 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

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### 5. 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 schools' contractually required contribution rate for fiscal year ended June 30, 2019 was 33.43% 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 School were \$864,879 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 \$8,929,000 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 .0186 percent, which was an decrease of .0000 from its proportion of .0186 percent measured as of June 30, 2018.

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### 5. PENSION PLAN (CONTINUED)

For the year ended June 30, 2019, the school recognized pension expense of \$1,583,000. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	44,000	0
Changes in proportions	961,000	382,000
Differences between expected and actual experience	72,000	138,000
Changes in assumptions	166,000	
Difference between employer contributions and proportionate share of total contributions	75,579	0
Contributions subsequent to the measurement date	864,879	0
	2,183,458	520,000

\$864,879 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	710,000
2020	273,000
2021	(226,000)
2022	(34,000)
Thereafter	0

#### 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.



# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### 5. 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, 2018 valuation were based on the experience study that was performed for the five-year period ending June 30, 2017. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2018 Board meeting, and were effective beginning with the June 30, 2018 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%	4.0%
Cash	3.0%	40.0%
Alternative investments	15.0%	6.7%
Financing (LIBOR)	-20.0%	90.0%
	<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, 2019.

#### 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

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

### 5. PENSION PLAN (CONTINUED)

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	11,068,000	8,929,000	7,120,000

#### 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](http://www.psers.state.pa.us).

### 6. CAPITAL ASSETS

Capital assets consist of the following at June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balances
Buildings & Improvements	\$ 101,635	\$ 0	\$ 0	\$ 101,635
Equipment	1,050,986	114,391	0	1,165,377
Total Capital Assets	\$ 1,152,621	\$ 114,391	\$ 0	\$ 1,267,012

Accumulated Depreciation activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Buildings & Improvements	\$ 16,946	\$ 3,389	\$ 0	\$ 20,335
Equipment	876,496	71,402	0	947,898
	\$ 893,442	\$ 74,791	\$ 0	\$ 968,233
Capital Assets, Net	\$ 259,179	\$ 39,600	\$ 0	\$ 298,779

### 7. NET POSITION - ADJUSTED FOR GASB # 68 PENSION AMOUNTS AND GASB # 75 OTHER POSTEMPLOYMENT BENEFITS (OPEB):

The Net Position from Page 6 would appear as follows if the Pension and OPEB components of Deferred Outflows, Deferred Inflows and Net Liability were excluded:

Net Position before adjustment for GASB # 68 pension effects	(5,300,309)
Net Pension Liability	8,929,000
Deferred Outflows - Pensions	(2,183,458)
Deferred Inflows - Pensions	520,000
Net OPEB Liability	388,000
Deferred Outflows - OPEB	(9,000)
Deferred Inflows - OPEB	36,000
Net Position after adjustment for GASB # 68 pension effects	2,380,233

After adjustment, Net Position would be a positive amount of \$2,380,233, instead of a negative amount of \$(5,300,309).

The total pension liability of \$8,929,000 will most likely not reflect a true liability in the future due to York Academy switching to a 403B pension plan in 2016. All employees hired after July 1, 2016 are automatically enrolled in the 403B pension plan. As staff transition, replacement staff are enrolled in the 403B plan reducing the participants in the PSERS pension plan. The OPEB Liability will most likely also not reflect a true liability in the future for the same reason as stated for the Pension Plan.

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Government Accounting Standards Board (GASB) issued Statement Number 75 which requires more reporting for Other Post Employment Benefits. This standard is effective for the year ended June 30, 2019.

#### PSERS 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, 2019 there were no assumed future benefit increases to participating eligible retirees.

#### Premium Assistance Eligibility Criteria

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

- Have 24 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.

#### Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees.

The School's contractually required contribution rate for the fiscal year ended June 30, 2019 was .83% of covered payroll which is actuarially determined.

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) CONTINUED

For the year ended June 30, 2019, the School recognized OPEB expense of \$14,000. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	2,000	
Net difference between projected and actual investment earnings	1,000	
Changes in proportions		22,000
Changes in assumptions	6,000	14,000
	9,000	36,000

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	(6,000)
2020	(6,000)
2021	(6,000)
2022	(6,000)
2023	(6,000)
Thereafter	1,000

#### Sensitivity of the School'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 OPEB liability	441,000	388,000	344,000

#### OPEB 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](http://www.psers.state.pa.us). This report will also give information on actuarial assumptions and the discount rate information for the school's share of the OPEB Health Insurance Premium Assistance Program.

### 9. SECTION 4.2 OF LOAN AND TRUST AGREEMENT

The tuition payments to the School from the York City School District are deposited into the Revenue Fund Account which is held by Zions Bank. This account appears on the accounting records of the Foundation. Funds classified as excess rent/revenues are released to the School from this account per the agreement.

# YORK ACADEMY REGIONAL CHARTER SCHOOL

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

### 10. SCHOOL LEASE AGREEMENTS

The Lower School of the York Academy Regional Charter School leases their building from 32 W. North Street, LLC whose sole member is the York Academy Foundation. The lease payments over the next five years are as follows:

Building Address - 32 W. North Street

Period	Annual Amount
8/1/18 - 7/31/19	1,223,999
8/1/19 - 7/31/20	1,257,143
8/1/20 - 7/31/21	1,311,169
8/1/21 - 7/31/22	1,345,907
8/1/22 - 7/31/23	1,392,800

The Upper School of the York Academy Regional Charter School leases their building from the York Academy Foundation. The lease payments over the next five years are as follows:

Building Address - 2 West Hamilton Street

Period	Annual Amount
7/1/19 - 6/30/20	1,486,325
7/1/20 - 6/30/21	2,136,325
7/1/21 - 6/30/22	2,606,325
7/1/22 - 6/30/23	2,754,125
7/1/23 - 6/30/24	2,756,725

The York Academy Foundation is a related party to the School and is engaged in the support of educational activities of the School. The School also leases their educational space from the Foundation as stated above.

### 11. SERIES A OF 2018 GENERAL AUTHORITY OF SOUTHCENTRAL PENNSYLVANIA, REVENUE BONDS:

On April 19, 2018 the York Academy Regional Charter School Project Series A of 2018 Revenue Bonds were issued for the amount of \$35,500,000. The Revenue Bonds mature as follows:

Year Ended 6/30/	Amount	Year Ended 6/30/	Amount	Year Ended 6/30/	Amount
2023	370,000	2033	915,000	2043	1,660,000
2024	540,000	2034	970,000	2044	1,765,000
2025	575,000	2035	1,025,000	2045	1,880,000
2026	605,000	2036	1,085,000	2046	2,000,000
2027	645,000	2037	1,150,000	2047	2,130,000
2028	680,000	2038	1,220,000	2048	2,270,000
2029	725,000	2039	1,295,000	2049	5,175,000
2030	765,000	2040	1,370,000		
2031	810,000	2041	1,460,000		
2032	860,000	2042	1,555,000		
					35,500,000

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**SUPPLEMENTAL**  
**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

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION**

To the Board of Directors  
York Academy Regional Charter School  
York, Pennsylvania

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 27 through 40 is presented for purposes of additional analysis and is not a required part of the basic general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kochenour, Earnest, Smyser, & Burg*

Certified Public Accountants

York, Pennsylvania  
November 11, 2019

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources:				
Tuition Revenue	\$ 9,873,518	\$ 9,873,518	\$ 10,287,564	\$ 414,046
Contributions	41,000	41,000	105,551	64,551
Miscellaneous Revenue	46,816	46,816	19,986	(26,830)
State Sources	90,960	90,960	97,450	6,490
Federal Sources	<u>673,355</u>	<u>673,355</u>	<u>775,318</u>	<u>101,963</u>
<b>Total Revenues</b>	<u>10,725,649</u>	<u>10,725,649</u>	<u>11,285,869</u>	<u>560,220</u>
<b>EXPENDITURES</b>				
Regular Instruction	4,798,333	4,798,333	5,144,389	(346,056)
Special Instruction	742,538	742,538	581,127	161,411
Instructional and Student Support	1,020,695	1,020,695	878,768	141,927
Operation & Maintenance	2,442,901	2,442,901	2,836,736	(393,835)
Administration Support Services	1,117,377	1,117,377	1,099,167	18,210
Business Services	382,879	382,879	400,040	(17,161)
Student Activities	27,595	27,595	15,449	12,146
Facilities Acquisition and Construction			0	(0)
Debt Service	0	0	186,198	(186,198)
<b>Total Expenditures</b>	<u>10,532,318</u>	<u>10,532,318</u>	<u>11,141,874</u>	<u>(609,556)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	193,331	193,331	143,995	(49,336)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest Income	2,000	2,000	541	(1,459)
Proceeds from Line of Credit	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0)</u>
<b>Total Other Financing Uses</b>	<u>2,000</u>	<u>2,000</u>	<u>541</u>	<u>(1,459)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>195,331</u>	<u>195,331</u>	144,536	<u>(50,795)</u>
<b>FUND BALANCE - BEGINNING</b>			1,884,918	
<b>FUND BALANCE - ENDING</b>			<u>\$ 2,029,454</u>	

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



**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>OPERATING REVENUES:</b>				
Food Service Revenue	\$ 124,786	\$ 124,786	\$ 97,246	\$ (27,540)
Other Operating Revenue	0	0	0	0
<b>TOTAL OPERATING REVENUES</b>	<b>124,786</b>	<b>124,786</b>	<b>97,246</b>	<b>(27,540)</b>
<b>OPERATING EXPENSES:</b>				
Salaries	198,915	198,915	180,224	18,691
Employee Benefits	127,396	127,396	95,075	32,321
Purchased Professional and Technical Service	0	0	1,149	(1,149)
Purchased Property Service	2,600	2,600	2,283	317
Other Purchased Service	145,000	145,000	30	144,970
Supplies	9,000	9,000	180,311	(171,311)
Property	1,500	1,500	0	1,500
Depreciation	0	0	4,313	(4,313)
Dues and Fees	1,000	1,000	903	97
<b>TOTAL OPERATING EXPENSES</b>	<b>485,411</b>	<b>485,411</b>	<b>464,288</b>	<b>21,123</b>
<b>OPERATING INCOME(LOSS)</b>	<b>(360,625)</b>	<b>(360,625)</b>	<b>(367,042)</b>	<b>(6,417)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Earnings on Investments	0	0	0	0
Transfer from General Fund	0	0	0	0
State Sources	33,300	33,300	17,617	(15,683)
Federal Sources	343,393	343,393	337,652	(5,741)
<b>TOTAL NONOPERATING REV(EXP)</b>	<b>376,693</b>	<b>376,693</b>	<b>355,269</b>	<b>(21,424)</b>
<b>CHANGE IN NET POSITION</b>	<b>16,068</b>	<b>16,068</b>	<b>(11,773)</b>	<b>(27,841)</b>
<b>TOTAL NET POSITION - JULY 1, 2018</b>			<b>149,785</b>	
<b>TOTAL NET POSITION - JUNE 30, 2019</b>			<b>\$ 138,012</b>	

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**SCHEDULE OF THE SCHOOL'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>
School's proportion of the net pension liability (asset)	0.0186%	0.0186%	0.0200%
School proportionate share of the net pension liability (asset)	8,929,000	9,186,000	9,911,000
School's covered-employee payroll	2,507,919	2,476,354	2,596,520
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	356.03%	370.95%	381.70%

Amounts were determined as of the cost-sharing plan's June 30, 2019 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.

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**SCHEDULE OF SCHOOL CONTRIBUTIONS PENSION PLAN**  
**YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	789,259	812,181	734,936
Contributions in relation to the contractually required contribution	<u>789,259</u>	<u>812,181</u>	<u>734,936</u>
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	2,476,354	2,476,354	2,596,520
Contributions as a percentage of covered-employee payroll	31.87	32.80	28.30

Amounts were determined as of the cost-sharing plan's June 30, 2019 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.

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

To the Board of Directors  
York Academy Regional Charter School  
York, 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 York Academy Regional Charter School, 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 November 11, 2019.

### **Internal Control Over Financial Reporting**

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

To the Board of Directors  
York Academy Regional Charter School  
York, Pennsylvania

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the York Academy Regional Charter School's financial statements are free from 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 noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

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

This report is intended solely for the information of the Board ,management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kochenour, Earnest, Smyser & Burg*

Certified Public Accountants

York, Pennsylvania  
November 11, 2019

**YORK ACADEMY REGIONAL CHARTER SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

<u>GRANTOR PROGRAM TITLE</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period</u>		<u>Program Amount</u>	<u>Total Received for Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2018</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2019</u>
				<u>Beginning Date</u>	<u>Ending Date</u>						
<b>U.S. DEPARTMENT OF EDUCATION</b>											
<b>PASSED THROUGH PA. DEPT. OF EDUCATION</b>											
Title I Improv Basic Programs - Program Improv	I	84.010	042-171097	7/1/2017	9/30/2018	75,630	75,630	74,485	1,145	1,145	0
Title I Improv Basic Programs - Program Improv	I	84.010	042-181097	7/1/2018	9/30/2019	77,665	23,299	0	37,268	37,268	13,969
Title I Improv Basic Programs	I	84.010	013-181097	7/1/2017	9/30/2018	452,040	219,481	96,943	122,538	122,538	0
Title I Improv Basic Programs	I	84.010	013-191097	7/1/2018	9/30/2019	448,384	289,614	-	355,732	355,732	66,118
							<u>608,024</u>	<u>171,428</u>	<u>516,683</u>	<u>516,683</u>	<u>80,087</u>
Title II Improv Teacher Quality	I	84.367	020-181097	7/1/2017	9/30/2018	45,285	26,001	3,836	22,165	22,165	0
Title II Improv Teacher Quality	I	84.367	020-191097	7/1/2018	9/30/2019	38,510	38,564	-	26,221	26,221	(12,343)
							<u>64,565</u>	<u>3,836</u>	<u>48,386</u>	<u>48,386</u>	<u>(12,343)</u>
Title IV Student Support and Academic Enrich.	I	84.424	144-181097	7/1/2017	9/30/2018	10,110	6,499	2,944	3,555	3,555	-
Title IV Student Support and Academic Enrich.	I	84.424	144-191097	7/1/2018	9/30/2019	32,684	18,676	-	14,730	14,730	(3,946)
							<u>25,175</u>	<u>2,944</u>	<u>18,285</u>	<u>18,285</u>	<u>(3,946)</u>
<b>TOTAL PASSED THROUGH THE PA DEPARTMENT OF EDUCATION</b>							<u>697,764</u>	<u>178,208</u>	<u>583,354</u>	<u>583,354</u>	<u>63,798</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>											
Passed through Pa. Department of Public Welfare:											
Medical Assistance Reimbursement for Administration	I	93.778	N/A	7/1/2018	6/30/2019	1,215	1,215	0	1,215	1,215	0
<b>U.S. DEPARTMENT OF EDUCATION</b>		84.282	N/A	7/1/2018	6/30/2019		0	0	74,693	74,693	74,693
Charter Schools											
<b>LINCOLN INTERMEDIATE UNIT:</b>											
IDEA - Part B	I	84.027A		7/1/2018	6/30/2019	103,240	103,240	0	103,240	103,240	0
IDEA - Section 619	I	84.392		7/1/2018	6/30/2019	1,368	1,368	0	1,368	1,368	0
							<u>104,608</u>	<u>0</u>	<u>104,608</u>	<u>104,608</u>	<u>0</u>
<b>U.S. Department of Agriculture</b>											
<b>Passed through Pa. Dept. of Agriculture</b>											
National Sch Lunch - Donated Commodities	I-F	10-555	N/A	7/1/2017	6/30/2018	N/A	25,515	0	25,515	25,515	0
<b>U.S. DEPARTMENT OF AGRICULTURE</b>											
<b>PASSED THROUGH PA DEPT. OF ED.</b>											
National School Lunch Program	I-F	10-555	N/A	7/1/2017	6/30/2018	N/A	279,445	7,171	272,274	272,274	0
Summer Food Program	I-F	10-559	N/A	7/1/2017	6/30/2018	N/A	4,909	4,114	795	795	0
Reg/Needy/Breakfast Program	I-F	10-553	N/A	7/1/2017	6/30/2018	N/A	66,191	1,608	64,583	64,583	0
							<u>350,545</u>	<u>12,893</u>	<u>337,652</u>	<u>337,652</u>	<u>0</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE-CLUSTER TOTAL</b>							<u>376,060</u>	<u>12,893</u>	<u>363,167</u>	<u>363,167</u>	<u>0</u>
<b>TOTAL FEDERAL AWARDS'</b>							<u>1,179,647</u>	<u>191,101</u>	<u>1,127,037</u>	<u>1,127,037</u>	<u>138,491</u>

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2019**

**NOTE 1 - ORGANIZATION AND SCOPE**

York Academy Regional Charter School provides education for kindergarten through 10th grade students for the 2018-2019 school year.

The school received federal funds to operate the programs for the benefit of all students as detailed on the Schedule of Expenditures of Federal Awards, which covers the period from July 1, 2018 to June 30, 2019.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Charter School reports federal programs in its general purpose financial statements and on the Schedule of Expenditures of Federal Awards on the accrual basis.

**NOTE 3 - REPORTING ENTITY**

The York Academy Regional Charter School Board is the basic level of government which has oversight responsibility and control over all activities related to the education at the school. The Charter School receives funding from local, state and federal government sources and must comply with their accompanying requirements.

The reporting entity for York Academy Regional Charter School consists only of those funds, functions, and activities controlled by the Board and required or allowed by State laws and regulations.

The financial statement of the Charter School includes all funds and activities that are controlled by or dependent on the Charter School. Control or dependence is determined on the basis of budget adoption, taxing authority and funding and appointment of advisors.

**NOTE 4 - FEDERAL AWARDS**

Total Expenditures	\$ 1,127,037
Less: State Expenditures	<u>0</u>
Total Federal Expenditures	1,127,037

York Academy Regional Charter School falls under the 20% rule for testing federal programs.

**Federal Program Tested**

Title I	478,270	
Title I SIG	<u>38,413</u>	
	<u>\$ 516,683</u>	46%

**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**

To the Board of Directors  
York Academy Regional Charter School  
York, Pennsylvania

**Report on Compliance for Each Major Federal Program**

We have audited the York Academy Regional Charter School's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the York Academy Regional Charter School's major federal programs for the year ended June 30, 2019. York Academy Regional Charter School'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of York Academy Regional Charter School'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 the York Academy Regional Charter School'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 York Academy Regional Charter School's compliance.



To the Board of Directors  
York Academy Regional Charter School  
York, Pennsylvania

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

In our opinion, York Academy Regional Charter School complied, in all material respects, with the 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 York Academy Regional Charter School 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 York Academy Regional Charter School'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 York Academy Regional Charter School's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of York Academy Regional Charter School'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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Kochenour, Earnest, Smyser & Burg*

Certified Public Accountants

York, Pennsylvania  
November 11, 2019

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2019**

**A. Summary of the Auditor's Results:**

- 1 . The auditors' report expresses an unmodified opinion on the financial statements of York Academy Regional Charter School.
- 2 . No material weaknesses or significant deficiencies relating to the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
- 3 . No instances of noncompliance material to the financial statements of York Academy Regional Charter School were disclosed during the audit.
- 4 . No material weaknesses or significant deficiencies relating to the audit of the major federal programs are reported in the Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance.
- 5 . The auditors' report on compliance for the major federal award program for York Academy Regional Charter School expresses an unmodified opinion.
- 6 . There were no audit findings for the fiscal year ended June 30, 2019.
- 7 . The federal programs tested as a major programs were the Title I and Title I SIG which accounted for 46% of federal expenditures. York Academy Regional Charter School falls under the 20% rule of testing federal programs.
- 8 . The threshold for distinguishing type A and B programs was \$750,000.
- 9 . York Academy Regional Charter School was determined to be a low risk auditee.

**B. Findings relating to the financial statements which are required to be reported under generally accepted government auditing standards issued by the Comptroller General of The United States.**

There were no findings in this area for the fiscal year ending June 30, 2019.

**C. Findings and Questioned Costs for Federal Awards**

There were no findings or questioned costs for Federal Awards in fiscal year ending June 30, 2019.

**YORK ACADEMY REGIONAL CHARTER SCHOOL**  
**STATUS OF PRIOR YEAR'S FINDINGS**  
**JUNE 30, 2019**

There were no findings or questioned costs for federal awards in fiscal year ending June 30, 2018.

**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

To the Board of Directors  
York Academy Regional Charter School  
York, Pennsylvania

November 11, 2019

Re: Management Letter

Board of Directors:

We have completed our audit of York Academy Regional Charter School for the year ended June 30, 2019.

We have audited the accompanying basic financial statements of the York Academy Regional Charter School 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 York Academy Regional Charter School.

In planning and performing our audit, we considered York Academy Regional Charter School'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 York Academy Regional Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of York Academy Regional Charter School'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.

A transition of Business Managers occurred at the York Academy Regional Charter School during February and March of 2019. This transition resulted in more journal entries and adjustments undertaken with the new Business Manager during the course of the audit as compared to prior years.

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

Sincerely,

*Kochenour, Earnest, Smyser & Burg*

Certified Public Accountants