

**YORK ACADEMY REGIONAL
CHARTER SCHOOL**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020 and 2019

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	40-41

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, 2020 and 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 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, 2020 and 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.

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 October 31, 2020, 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
October 31, 2020

YORK ACADEMY REGIONAL CHARTER SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2020

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, 2020. 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, 2020

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, 2020, shows a negative equity position of \$ (5,327,696).
- * The Charter School's Statements of Activities - Government-Wide for the year ended June 30, 2020 shows the changes in net position of \$ (165,399).

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, 2020

Overview of the Financial Statements (Continued)

Financial Highlights - Governmental Fund

- * The Charter School's Balance Sheet - Governmental Fund at June 30, 2020, shows an equity position of a positive amount of \$2,844,902.

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, 2020, shows a change in fund balance of \$ 815,448.

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, 2020

Computer Equipment and Software	\$ 34,374
Furniture and Equipment	128,490
Building	50,793
Playground	27,116
Total Capital Assets	<u>\$ 240,773</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, 2020

ASSETS	Governmental Activities	Business-type Activities Food Service	Total
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 2,990,400	\$ 67,508	\$3,057,908
Interfund Receivable	43,954	63,134	107,088
State Subsidy Receivable	0	260	260
Federal Subsidy Receivable	107,660	6,179	113,839
York Academy Foundation Receivable	277,339	0	277,339
Tuition / Accounts Receivable	101,880	0	101,880
Inventories	0	4,142	4,142
Prepaid Expenses	324,524	0	324,524
TOTAL CURRENT ASSETS	3,845,757	141,223	3,986,980
CAPITAL ASSETS - (Net of Accumulated Depreciation)	240,773	21,785	262,558
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts related to Other Postemployment Benefits	\$ 20,000	\$ 0	20,000
Deferred amounts related to pensions	1,255,190	0	1,255,190
TOTAL ASSETS	\$ 5,361,720	\$ 163,008	\$5,524,728
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 160,640	\$ 0	\$ 160,640
Interfund Payable	13,134	43,954	57,088
Deferred Revenue - Federal Programs	6,869	7,456	14,325
Accrued Salaries and Benefits	626,461	5,159	631,620
Payroll Deductions and Withholdings	193,751	0	193,751
TOTAL CURRENT LIABILITIES	1,000,855	56,569	1,057,424
NONCURRENT LIABILITIES			
Net Pension Liability	8,795,000	0	8,795,000
Net Other Post Employment Benefits	400,000	0	400,000
Note Payable	0	0	0
TOTAL NONCURRENT LIABILITIES	9,195,000	0	9,195,000
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts related to Other Post Employment Benefits	\$ 29,000	\$ 0	29,000
Deferred amounts related to pensions	571,000	0	571,000
TOTAL LIABILITIES	10,795,855	56,569	10,852,424
NET POSITION			
Invested in Capital Assets - Net of Related Debt	240,773	0	240,773
Unrestricted	(5,674,908)	106,439	(5,568,469)
TOTAL NET POSITION - SEE NOTE 7	(5,434,135)	106,439	(5,327,696)
TOTAL LIABILITIES AND NET POSITION	\$ 5,361,720	\$ 163,008	\$5,524,728

YORK ACADEMY REGIONAL CHARTER SCHOOL

**STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE
YEAR ENDED JUNE 30, 2020**

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			
Governmental Activities							
Regular and Special Instruction	\$ 7,611,289	\$ 11,533,922	\$ 836,004	\$ 0	\$ 4,758,637	0	4,758,637
Instructional and Student Support	898,834	0	17,597	0	(881,237)	0	(881,237)
Operation & Maintenance	2,546,560	0	0	0	(2,546,560)	0	(2,546,560)
Administration Support Services	1,221,859	0	0	0	(1,221,859)	0	(1,221,859)
Business Services	378,783	0	0	0	(378,783)	0	(378,783)
Student Activities	26,811	0	0	0	(26,811)	0	(26,811)
Interest on Debt	0	0	0	0	0	0	0
Total Governmental Activities	<u>\$ 12,684,136</u>	<u>\$ 11,533,922</u>	<u>\$ 853,601</u>	<u>\$ 0</u>	(296,613)	0	(296,613)
Business-type activities:							
Food Service	482,386	79,097	371,716	0	0	(31,573)	(31,573)
Total primary government	<u>\$ 13,166,522</u>	<u>\$ 11,613,019</u>	<u>\$ 1,225,317</u>	<u>\$ 0</u>	(296,613)	(31,573)	(328,186)
General Revenue							
Interest Income					8,016	0	8,016
Contributions					54,939	0	54,939
Miscellaneous Revenue					99,832	0	99,832
Total General Revenue					<u>162,787</u>	<u>0</u>	<u>162,787</u>
Changes in Net Position					(133,826)	(31,573)	(165,399)
Net Position - Beginning					<u>(5,300,309)</u>	<u>138,012</u>	<u>(5,162,297)</u>
Net Position - Ending					<u>\$ (5,434,135)</u>	<u>\$ 106,439</u>	<u>\$ (5,327,696)</u>

YORK ACADEMY REGIONAL CHARTER SCHOOL

BALANCE SHEET - GOVERNMENTAL FUND JUNE 30, 2020 AND 2019

	6/30/2020	6/30/2019
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 2,990,400	\$ 1,971,815
Interfund Receivable	43,954	44,325
State Subsidy Receivable	0	0
Federal Subsidy Receivable	107,660	154,780
York Academy Foundation Receivable	277,339	427,339
Tuition / Accounts Receivable	101,880	6,412
Prepaid Expenses	324,524	148,632
TOTAL ASSETS	\$ 3,845,757	\$ 2,753,303
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 160,640	\$ 0
Interfund Payable	13,134	0
Accrued Salaries and Benefits	626,461	495,959
Payroll Deductions and Withholdings	193,751	211,601
Deferred Revenue - Federal Programs	6,869	16,289
TOTAL LIABILITIES	1,000,855	723,849
FUND BALANCES		
Unassigned Fund Balance	2,844,902	2,029,454
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,845,757	\$ 2,753,303

YORK ACADEMY REGIONAL CHARTER SCHOOL
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2020 AND 2019

	6/30/2020	6/30/2019
REVENUES		
Tuition Revenue	\$ 11,533,922	\$ 10,287,564
Contributions	54,939	105,551
Miscellaneous Revenue	99,832	19,986
State Revenue	84,310	97,450
Federal Revenue	769,292	775,318
TOTAL REVENUE	12,542,295	11,285,869
 EXPENDITURES		
Regular Instruction	5,845,760	5,144,389
Special Instruction	816,255	581,127
Instructional and Student Support	898,834	878,768
Operation & Maintenance	2,546,560	2,836,736
Administration Support Services	1,214,332	1,099,167
Business Services	378,783	400,040
Student Activities	26,811	15,449
Other support services	7,528	0
Debt Service	0	186,198
TOTAL EXPENDITURES	11,734,863	11,141,874
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	807,432	143,995
 OTHER FINANCING SOURCES (USES)		
Interest Income	8,016	541
Proceeds from Line of Credit	0	0
TOTAL OTHER FINANCING SOURCES	8,016	541
 CHANGES IN FUND BALANCE	815,448	144,536
 FUND BALANCE - BEGINNING	2,029,454	1,884,918
 FUND BALANCE - ENDING	\$ 2,844,902	\$ 2,029,454

YORK ACADEMY REGIONAL CHARTER SCHOOL

RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUND TO STATEMENT OF FINANCIAL POSITION - GOVERNMENT-WIDE YEAR ENDED JUNE 30, 2020

Total Fund Balance - Governmental Fund	\$ 2,844,902
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 \$1,294,639 and the accumulated depreciation is \$1,053,866.	240,773
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	(8,795,000)
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	1,255,190
Deferred inflows of resources related to pensions	(571,000)
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	(400,000)
Deferred outflows of resources related to other post employment benefits	20,000
Deferred inflows of resources related to other post employment benefits	(29,000)
	<hr/>
Total Net Position - Government-Wide	<u>\$ (5,434,135)</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, 2020

Changes in Fund Balance - Governmental Fund	\$ 815,448
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 \$(85,632)	
Capital Outlays 27,627	(58,005)
Pension Expense recorded on the Statement of Activities but not recorded on the Governmental funds Statement of Revenues and Expenditures	(846,269)
OPEB Expense recorded on the Statement of Activities but not recorded on the Governmental funds Statement of Revenues and Expenditures	(46,000)
	<hr/>
Changes in Net Position Government-Wide	<u>\$ (134,826)</u>

YORK ACADEMY REGIONAL CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION - PROPRIETARY FUND
JUNE 30, 2020 AND 2019

	<u>Food Service</u>	
	<u>6/30/2020</u>	<u>6/30/2019</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 67,508	\$ 154,962
State Subsidy Receivable	260	0
Federal Subsidy Receivable	6,179	0
Interfund Receivable	63,134	0
Inventories	4,142	3,664
Total Current Assets	<u>141,223</u>	<u>158,626</u>
Noncurrent Assets:		
Machinery & Equipment (Net of Accum. Depreciation)	<u>21,785</u>	<u>27,247</u>
Total Noncurrent Assets	<u>21,785</u>	<u>27,247</u>
TOTAL ASSETS	<u>\$ 163,008</u>	<u>\$ 185,873</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 0	\$ 0
Accrued Salaries and Benefits	5,159	0
Deferred Revenue	7,456	3,536
Interfund Payable	43,954	44,325
Total Current Liabilities	<u>56,569</u>	<u>47,861</u>
TOTAL LIABILITIES	<u>\$ 56,569</u>	<u>\$ 47,861</u>
NET POSITION		
Unrestricted	<u>\$ 106,439</u>	<u>\$ 138,012</u>
TOTAL NET POSITION	<u>106,439</u>	<u>138,012</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 163,008</u>	<u>\$ 185,873</u>

YORK ACADEMY REGIONAL CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020 AND 2019

	<u>Food Service</u>	
	<u>6/30/2020</u>	<u>6/30/2019</u>
OPERATING REVENUES:		
Food Service Revenue	\$ 79,097	\$ 97,246
Other Operating Revenue	0	0
TOTAL OPERATING REVENUES	<u>79,097</u>	<u>97,246</u>
OPERATING EXPENSES:		
Salaries	178,698	180,224
Employee Benefits	100,872	95,075
Purchased Professional and Technical Service	1,179	1,149
Purchased Property Service	1,932	2,283
Other Purchased Service	4,925	30
Supplies	153,135	180,311
Supplies - Government Donated Commodities	35,670	25,515
Depreciation	5,462	4,313
Other Operating Expenditures	513	903
TOTAL OPERATING EXPENSES	<u>482,386</u>	<u>489,803</u>
OPERATING INCOME(LOSS)	<u>(403,289)</u>	<u>(392,557)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings on Investments	0	0
Transfer from General Fund	0	0
State Sources	15,958	17,617
Federal Sources - Government Donated Commodities	35,670	25,515
Federal Sources	320,088	337,652
TOTAL NONOPERATING REV(EXP)	<u>371,716</u>	<u>380,784</u>
CHANGE IN NET POSITION	<u>(31,573)</u>	<u>(11,773)</u>
TOTAL NET POSITION - JULY 1, 2019	<u>138,012</u>	<u>149,785</u>
TOTAL NET POSITION - JUNE 30, 2020	<u>\$ 106,439</u>	<u>\$ 138,012</u>

**YORK ACADEMY REGIONAL CHARTER SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020 AND 2019**

	Food Service	
	6/30/2020	6/30/2019
Cash Flows From Operating Activities		
Cash Received from Users	\$ 83,016	\$ 96,953
Cash Received from Other Operating Revenues	0	0
Cash Payments to Employees for Services	(274,411)	(278,025)
Cash Payments to Suppliers for Goods and Services	(261,337)	(167,479)
Cash Payments for Other Operating Expenses	0	0
Net Cash Provided by (Used for) Operating Activities	(452,732)	(348,551)
Cash Flows From Non-Capital Financing Activities		
Transfer from General Fund	0	0
State Sources	15,698	18,022
Federal Sources	349,580	376,060
Net Cash Provided by (Used for) Non-Capital Financing Activities	365,278	394,082
Cash Flows From Capital and Related Financing Activities		
Facilities Acquisition/Construction/Improvements	0	(12,744)
Net Cash Provided by (Used for) Capital and Related Financing Activities	0	(12,744)
Cash Flows From Investing Activities		
Earnings on Investments	0	0
Net Cash Provided by (Used for) Investing Activities	0	0
Net Inc (Dec) in Cash and Cash Equivalents	(87,454)	32,787
Cash and Cash Equivalents Beginning of Year	154,962	122,175
Cash and Cash Equivalents at Year End	\$ 67,508	\$ 154,962
Operating Income (Loss)	\$ (403,289)	\$ (392,557)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	5,462	4,313
(Increase) Decrease in Other Receivables	0	0
(Increase) Decrease in Inventories	(478)	(1,613)
Increase (Decrease) in Accounts Payable	0	0
Increase (Decrease) in Accrued Salaries	5,159	(2,726)
Increase (Decrease) in Payroll Liabilities	0	0
(Increase) Decrease in Advances to Other Funds	(371)	44,325
Increase (Decrease) in Advances from Other Funds	(63,134)	0
Increase (Decrease) in Deferred Revenue	3,919	(293)
Increase (Decrease) in Compensated Absences	(49,443)	44,006
Total Adjustments	(49,443)	44,006
Net Cash Provided by (Used for) Activities	\$ (452,732)	\$ (348,551)

YORK ACADEMY REGIONAL CHARTER SCHOOL
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

ASSETS	<u>Agency</u>
Cash and Cash Equivalents	\$ 7,864
Investments	0
TOTAL ASSETS	7,864
LIABILITIES	
Accounts Payable	7,864
TOTAL LIABILITIES	7,864
NET POSITION	
Unrestricted	0
TOTAL LIABILITIES AND NET POSITION	\$ 7,864

YORK ACADEMY REGIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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. Management is of the expectation that the Charter for the School will be renewed beyond 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 - 11 for the 19/20 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, 2020

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, 2020, the bank balance was \$3,164,942 and the book balance was \$3,065,772.

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, 2020, 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, 2020

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.

4. CONTINGENCIES

The Charter School is, from time-to-time, subject to routine litigation incidental to the Charter School's activities. The School has some items of litigation pending but the results of such litigation cannot be reasonably estimated at this time.

YORK ACADEMY REGIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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.

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, 2020

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, 2020 was 34.29% 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 \$794,595 for the year ended June 30, 2020.

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

At June 30, 2020 the School reported a liability of \$8,795,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019. 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, 2020, the School's proportion was .0188 percent, which was an decrease of .0002 from its proportion of .0186 percent measured as of June 30, 2019.

YORK ACADEMY REGIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

5. PENSION PLAN (CONTINUED)

For the year ended June 30, 2020, the school recognized pension expense of \$1,496,000. At June 30, 2020, 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	0	25,000
Changes in proportions	376,000	254,000
Differences between expected and actual experience	48,000	292,000
Changes in assumptions	84,000	
Difference between employer contributions and proportionate share of total contributions	(47,405)	0
Contributions subsequent to the measurement date	794,595	0
	1,255,190	571,000

\$794,595 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	244,000
2021	(257,000)
2022	(65,000)
2023	16,000
Thereafter	0

Actuarial assumptions

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

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

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 5.00%, which comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, 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, 2020

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%	5.6%
Fixed Income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLPs	8.0%	5.5%
Real estate	10.0%	4.1%
Cash	3.0%	0.3%
Alternative investments	15.0%	6.7%
Financing (LIBOR)	-20.0%	0.7%
	<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, 2020

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	10,955,000	8,795,000	6,966,000

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.

6. CAPITAL ASSETS

Capital assets consist of the following at June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balances
Buildings & Improvements	\$ 101,635	\$ 0	\$ 0	\$ 101,635
Equipment	1,165,377	27,627	0	1,193,004
Total Capital Assets	\$ 1,267,012	\$ 27,627	\$ 0	\$ 1,294,639

Accumulated Depreciation activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Buildings & Improvements	\$ 20,335	\$ 3,389	\$ 0	\$ 23,724
Equipment	947,899	82,243	0	1,030,142
	\$ 968,234	\$ 85,632	\$ 0	\$ 1,053,866
Capital Assets, Net	\$ 298,778	\$ (58,005)	\$ 0	\$ 240,773

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	(5,434,135)
Net Pension Liability	8,795,000
Deferred Outflows - Pensions	(1,255,190)
Deferred Inflows - Pensions	571,000
Net OPEB Liability	400,000
Deferred Outflows - OPEB	(20,000)
Deferred Inflows - OPEB	29,000
Net Position after adjustment for GASB # 68 pension effects	3,085,675

After adjustment, Net Position would be a positive amount of \$3,085,675, instead of a negative amount of \$(5,434,135).

The total pension liability of \$8,795,000 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, 2020

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, 2020.

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, 2020 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, 2020 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, 2020 was .84% of covered payroll which is actuarially determined.

YORK ACADEMY REGIONAL CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) CONTINUED

For the year ended June 30, 2020, the School recognized OPEB expense of \$16,000. At June 30, 2020, 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	4,000	17,000
Changes in assumptions	13,000	12,000
	20,000	29,000

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:

2020	(4,000)
2021	(4,000)
2022	(4,000)
2023	(4,000)
2024	3,000
Thereafter	2,000

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 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage-point higher (3.79%) than the current rate:

	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
School's proportionate share of the net OPEB liability	456,000	400,000	354,000

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. 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, 2020

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
8/1/20 - 7/31/21	1,311,169
8/1/21 - 7/31/22	1,345,907
8/1/22 - 7/31/23	1,392,800
8/1/23 - 7/31/24	1,429,234
7/1/24 - 6/30/25	1,434,910

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
7/1/20 - 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
7/1/24 - 6/30/25	2,752,225

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 41 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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Tuition Revenue	\$ 11,679,307	\$ 11,679,307	\$ 11,533,922	\$ (145,385)
Contributions	25,000	25,000	54,939	29,939
Miscellaneous Revenue	24,750	24,750	99,832	75,082
State Sources	124,000	124,000	84,310	(39,690)
Federal Sources	<u>1,053,177</u>	<u>1,053,177</u>	<u>769,292</u>	<u>(283,885)</u>
Total Revenues	<u>12,906,234</u>	<u>12,906,234</u>	<u>12,542,295</u>	<u>(363,939)</u>
EXPENDITURES				
Regular Instruction	6,196,353	6,196,353	5,845,760	350,593
Special Instruction	839,188	839,188	816,255	22,933
Instructional and Student Support	994,328	994,328	898,834	95,494
Operation & Maintenance	2,710,067	2,710,067	2,546,560	163,507
Administration Support Services	1,240,968	1,240,968	1,214,332	26,636
Business Services	380,674	380,674	378,783	1,891
Student Activities	33,647	33,647	26,811	6,836
Other support services	0	0	7,528	(7,528)
Debt Service	0	0	0	-
Total Expenditures	<u>12,395,225</u>	<u>12,395,225</u>	<u>11,734,863</u>	<u>660,362</u>
Excess (Deficiency) of Revenues Over Expenditures	511,009	511,009	807,432	296,423
OTHER FINANCING SOURCES (USES)				
Interest Income	2,000	2,000	8,016	6,016
Budgetary Reserve	<u>(275,000)</u>	<u>(275,000)</u>	<u>0</u>	<u>275,000</u>
Total Other Financing Uses	<u>(273,000)</u>	<u>(273,000)</u>	<u>8,016</u>	<u>281,016</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>238,009</u>	<u>238,009</u>	<u>815,448</u>	<u>577,439</u>
FUND BALANCE - BEGINNING			<u>2,029,454</u>	
FUND BALANCE - ENDING			<u>\$ 2,844,902</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUES:				
Food Service Revenue	\$ 104,848	\$ 104,848	\$ 79,097	\$ (25,751)
Other Operating Revenue	0	0	0	0
TOTAL OPERATING REVENUES	104,848	104,848	79,097	(25,751)
OPERATING EXPENSES:				
Salaries	220,200	220,200	178,698	41,502
Employee Benefits	119,965	119,965	100,872	19,093
Purchased Professional and Technical Service	600	600	1,179	(579)
Purchased Property Service	3,000	3,000	1,932	1,068
Other Purchased Service	7,000	7,000	4,925	2,075
Supplies	164,200	164,200	153,135	11,065
Property	10,200	10,200	0	10,200
Depreciation	0	0	5,462	(5,462)
Dues and Fees	705	705	513	192
TOTAL OPERATING EXPENSES	525,870	525,870	446,716	79,154
OPERATING INCOME (LOSS)	(421,022)	(421,022)	(367,619)	53,403
NONOPERATING REVENUES (EXPENSES):				
Earnings on Investments	0	0	0	0
Transfer from General Fund	0	0	0	0
State Sources	19,056	19,056	15,958	(3,098)
Federal Sources	361,346	361,346	320,088	(41,258)
TOTAL NONOPERATING REV (EXP)	380,402	380,402	336,046	(44,356)
CHANGE IN NET POSITION	(40,620)	(40,620)	(31,573)	9,047
TOTAL NET POSITION - JULY 1, 2019			138,012	
TOTAL NET POSITION - JUNE 30, 2020			\$ 106,439	

YORK ACADEMY REGIONAL CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
School's proportion of the net pension liability (asset)	0.0188%	0.0186%	0.0186%	0.0200%
School proportionate share of the net pension liability (asset)	8,795,000	8,929,000	9,186,000	9,911,000
School's covered-employee payroll	2,593,045	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	339.18%	356.03%	370.95%	381.70%

Amounts were determined as of the cost-sharing plan's June 30, 2020 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, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	841,908	789,259	812,181	734,936
Contributions in relation to the contractually required contribution	<u>841,908</u>	<u>789,259</u>	<u>812,181</u>	<u>734,936</u>
Contribution deficiency (excess)	0	-	-	-
District's covered-employee payroll	2,593,045	2,476,354	2,476,354	2,596,520
Contributions as a percentage of covered-employee payroll	32.47	31.87	32.80	28.30

Amounts were determined as of the cost-sharing plan's June 30, 2020 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, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 31, 2020

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
October 31, 2020

YORK ACADEMY REGIONAL CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

<u>GRANTOR PROGRAM TITLE</u>	Source	Federal	Pass	Grant Period		Program	Total	Accrued or	Revenue	Expenditures	Accrued or
				CFDA	Through						
<u>U.S. DEPARTMENT OF EDUCATION</u>	Code	Number	Grantor's	Date	Date		for Year	Revenue at			June 30, 2020
<u>PASSED THROUGH PA. DEPT. OF EDUCATION</u>								July 1, 2019			
Title I Improv Basic Programs - Program Improv	I	84.010	042-181097	7/1/2018	9/30/2019	77,665	54,365	13,969	40,396	40,396	0
Title I Improv Basic Programs	I	84.010	013-191097	7/1/2018	9/30/2019	456,589	166,975	66,118	100,857	100,857	-
Title I Improv Basic Programs	I	84.010	013-201097	7/1/2019	9/30/2020	449,184	329,412	-	343,367	343,367	13,955
							<u>550,752</u>	<u>80,087</u>	<u>484,620</u>	<u>484,620</u>	<u>13,955</u>
Title II Improv Teacher Quality	I	84.367	020-191097	7/1/2018	9/30/2019	44,119	5,555	(12,343)	17,898	17,898	-
Title II Improv Teacher Quality	I	84.367	020-201097	7/1/2019	9/30/2020	47,525	20,637		20,083	20,083	(554)
							<u>26,192</u>	<u>(12,343)</u>	<u>37,981</u>	<u>37,981</u>	<u>(554)</u>
Title IV Student Support and Academic Enrich.	I	84.424	144-191097	7/1/2018	9/30/2019	32,684	14,007	(3,946)	17,953	17,953	0
Title IV Student Support and Academic Enrich.	I	84.424	144-201097	7/1/2019	9/30/2020	34,173	18,226		11,991	11,991	(6,235)
							<u>32,233</u>	<u>(3,946)</u>	<u>29,944</u>	<u>29,944</u>	<u>(6,235)</u>
TOTAL PASSED THROUGH THE PA DEPARTMENT OF EDUCATION							<u>609,177</u>	<u>63,798</u>	<u>552,545</u>	<u>552,545</u>	<u>7,166</u>
U.S. DEPARTMENT OF EDUCATION		84.282		7/1/2019	6/30/2020		180,611	74,693	116,489	116,489	10,571
CHARTER SCHOOLS											
LINCOLN INTERMEDIATE UNIT:											
IDEA - Part B	I	84.027A		7/1/2019	6/30/2020	83,133	0	0	83,133	83,133	83,133
IDEA - Dyslexia		84.32M		7/1/2019	6/30/2020	10,000	10,000	0	10,000	10,000	0
IDEA - Section 619	I	84.173		7/1/2019	6/30/2020	1,760	1,760	0	1,760	1,760	0
							<u>11,760</u>	<u>0</u>	<u>94,893</u>	<u>94,893</u>	<u>83,133</u>
<u>U.S. Department of Agriculture</u>											
<u>Passed through Pa. Dept. of Agriculture</u>											
National Sch Lunch - Donated Commodities	I-F	10-555	N/A	7/1/2019	6/30/2020	N/A	35,670	0	35,670	35,670	0
<u>U.S. DEPARTMENT OF AGRICULTURE</u>											
<u>PASSED THROUGH PA DEPT. OF ED.</u>											
National School Lunch Program	I-F	10-555	N/A	7/1/2019	6/30/2020	N/A	241,577	0	245,371	245,371	3,794
Summer Food Program	I-F	10-559	N/A	7/1/2019	6/30/2020	N/A	4,832	0	4,832	4,832	0
Reg/Needy/Breakfast Program	I-F	10-553	N/A	7/1/2019	6/30/2020	N/A	67,500	0	69,884	69,884	2,384
							<u>313,909</u>	<u>0</u>	<u>320,087</u>	<u>320,087</u>	<u>6,178</u>
TOTAL DEPARTMENT OF AGRICULTURE-CLUSTER TOTAL							<u>349,579</u>	<u>0</u>	<u>355,757</u>	<u>355,757</u>	<u>6,178</u>
TOTAL FEDERAL AWARDS'							<u>1,151,127</u>	<u>138,491</u>	<u>1,119,684</u>	<u>1,119,684</u>	<u>107,049</u>

YORK ACADEMY REGIONAL CHARTER SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1 - ORGANIZATION AND SCOPE

York Academy Regional Charter School provides education for kindergarten through 11th grade students for the 2019-2020 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, 2019 to June 30, 2020.

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	\$ 1,119,684
Less: State Expenditures	<u>0</u>
Total Federal Expenditures	1,119,684

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

<u>Federal Program Tested</u>		
Summer Food	4,832	
National School Lunch	281,041	
Breakfast	<u>69,884</u>	
	<u>\$ 355,757</u>	32%

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, 2020. 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, 2020.

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
October 31, 2020

YORK ACADEMY REGIONAL CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

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, 2020.
- 7 . The federal programs tested as a major programs were the National School Lunch, Breakfast and Summer Food which accounted for 32% 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, 2020.

C. Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs for Federal Awards in fiscal year ending June 30, 2020.

YORK ACADEMY REGIONAL CHARTER SCHOOL
STATUS OF PRIOR YEAR'S FINDINGS
JUNE 30, 2020

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 31, 2020

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

We have audited the financial statements of York Academy Regional Charter School for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated April 17, 2020. Professional standards also require that we communicate to you the following information related to our audit.

In planning and performing our audit of the financial statements of York Academy Regional Charter School as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered York Academy Regional Charter School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph 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 that we consider to be significant deficiencies or material weaknesses, as defined above.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We have given management journal entries to post to their financial records which they have completed.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2020.

This communication is intended solely for the information and use of management, York Academy Regional Charter School, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Kochenour, Earnest, Smyser & Burg
Certified Public Accountants