

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania
A.U.N. No. 1-16-19-150-3
Financial Statements
For the Year Ended June 30, 2019

CENTRAL COLUMBIA SCHOOL DISTRICT

June 30, 2019

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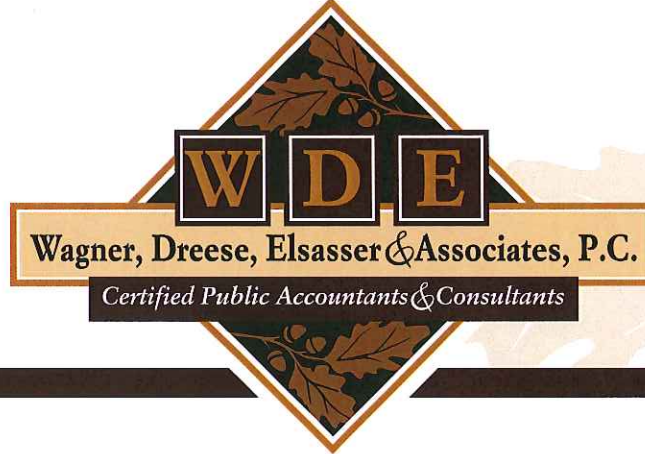
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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Central Columbia School District
Bloomsburg, PA

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 Central Columbia School District, Bloomsburg, Pennsylvania as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Central Columbia School District, Bloomsburg, Pennsylvania as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 19, the schedule of District's proportionate share of the net pension liability, the schedule of District's contributions-pension plan, the schedule of changes in net OPEB liability and related ratios, the schedule of District's proportionate share of the net OPEB liability, and the schedule of District's contributions-OPEB plan on pages 78 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Columbia School District, Bloomsburg, Pennsylvania's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of Central Columbia School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Columbia School district's internal control over financial reporting and compliance.

Wagner, Drees, Elsasser + Associates, P.C.

WAGNER, DREESE, ELSASSER & ASSOCIATES, P.C.

Certified Public Accountants and Consultants

Selinsgrove, PA

December 10, 2019

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

Management's Discussion and Analysis
Required Supplementary Information
June 30, 2019

The Management's Discussion and Analysis (MD&A) of the Central Columbia School District provides a narrative review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to assist the reader in understanding the relationship of the results in the governmental funds financial statements to the results reported for governmental activities in the government-wide statements. This section should be read in conjunction with the Auditor's Reports and Basic Financial Statements, including Notes to Financial Statements. It is provided to augment the reader's understanding of the District's financial performance.

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

FINANCIAL HIGHLIGHTS

For the 2018-19 year, the Board of School Directors approved a budget with no tax increase to our taxpayers keeping the real estate tax at 43.104 mils. The overall net change in fund balance showed a decrease of \$825,487. This decrease was due to the transfer of funds for Capital Improvements and lower state funds received than anticipated. During the 2018-19 fiscal-year, the board transferred \$300,000 to Capital Projects.

USING THE SINGLE AUDIT REPORT PACKAGE

The Single Audit Report consists of an Independent Auditor's Report, Reports on internal control and federal program compliance, The Management Discussion and Analysis (this section), District-Wide Financial Statements, Fund Financial Statements, Notes to Financial Statements, and Supplemental Information which includes a Schedule of Findings and Questioned Costs, a Schedule of Expenditures or Federal Awards, and Notes to Schedule of Expenditures of Federal Awards.

The first two financial statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

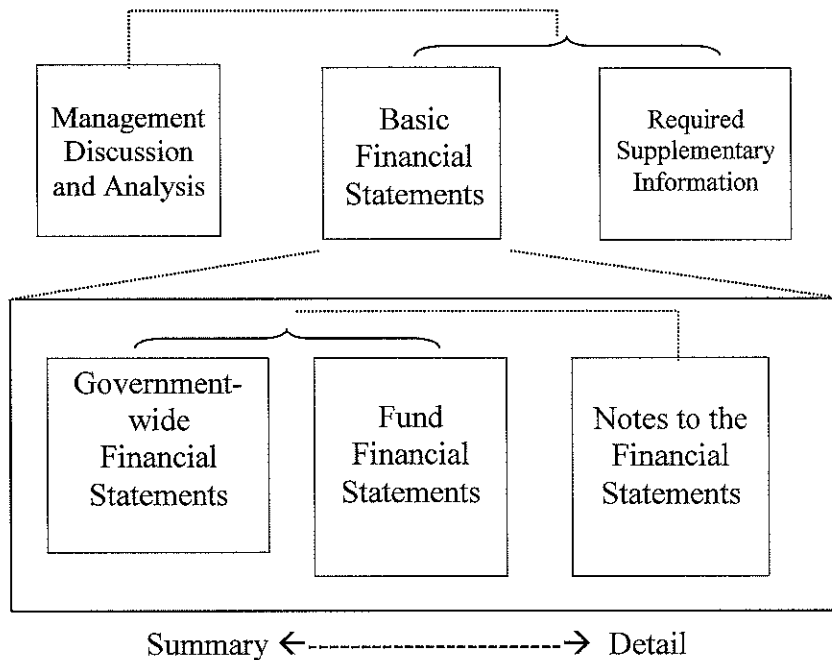
Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the District operates like a business. For Central Columbia this is our Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the financial statements data in detail.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1
Required components of
Central Columbia School District's
Single Audit Report



CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of Central Columbia School District's
Government-wide and Fund Financial Statements
Fund Statements

	Government- Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else's resources – Activity Funds
Required financial statements	Statement of net Position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net positions includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net positions and how they have changed. Net positions, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net positions are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the performance of the students.

The government-wide financial statements of the District are divided into two categories:

- **Governmental activities** – All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business type activities** – The District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The District's fund financial statements, which begin on Page 22, provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Positions and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania
Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

Proprietary funds – These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - The District is the trustee, or fiduciary, for some activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Positions on Page 32. We exclude these activities from the District's other financial statement because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net positions were \$(19,883,900) and \$(16,690,548) at June 30, 2019 and June 30, 2018, respectively.

Table A-1
Net Position
Fiscal Year ended June 30,

	<u>2019</u>			<u>2018</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and other assets	16,014,551	287,962	16,302,513	17,182,204	201,043	17,383,247
Capital assets	<u>50,359,057</u>	<u>7,809</u>	<u>50,366,866</u>	<u>51,555,700</u>	<u>13,036</u>	<u>51,568,736</u>
Total assets	<u>66,373,608</u>	<u>295,771</u>	<u>66,669,379</u>	<u>68,737,904</u>	<u>214,079</u>	<u>68,951,983</u>
Deferred outflows of Resources	6,365,436	-	6,365,436	8,989,651	-	8,989,651
Current and other liabilities	3,427,351	94,375	3,521,726	3,308,509	49,305	3,357,814
Noncurrent liabilities	87,818,176	0	<u>87,818,176</u>	<u>89,180,754</u>		<u>89,180,754</u>
Total Liabilities	<u>91,245,527</u>	<u>94,375</u>	<u>91,339,902</u>	<u>92,489,263</u>	<u>49,305</u>	<u>92,538,568</u>
Deferred inflows Of Resources	1,578,813	-	1,578,813	2,093,614	-	2,093,614
Net Positions						
Net investment in Capital asset	9,529,498	7,809	9,537,307	9,157,866	13,036	9,170,902
Restricted	100,249	0	100,249	100,249	0	100,249
Unrestricted	<u>(29,715,043)</u>	<u>193,587</u>	<u>(29,521,456)</u>	<u>(26,113,437)</u>	<u>151,738</u>	<u>(25,961,699)</u>
Total Net Position	<u>(20,085,296)</u>	<u>201,396</u>	<u>(19,883,900)</u>	<u>(16,855,322)</u>	<u>164,774</u>	<u>(16,690,548)</u>

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

Most of the District's net positions are invested in capital assets (land, buildings, building improvements, and equipment). The remaining net positions are combined of restricted and unrestricted amounts. The restricted balances are amounts set-aside to fund debt service or capital projects as planned by the district.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 21. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are shown to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the Commonwealth of Pennsylvania, and local taxes assessed to residents living within the school district boundaries. Table A-2 below summarizes the information from that Statement to show our total revenues for the year.

Table A-2
Changes in Net Position
Fiscal Year ended June 30,

	<u>Governmental</u> <u>Activities</u>	<u>2019</u> <u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>2018</u> <u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
<u>Revenues</u>						
Program revenues:						
Charges for services	-	394,900	394,900	-	392,467	392,467
Grants and contributions, restricted	5,960,116	438,471	6,398,587	5,923,155	433,764	6,356,919
General revenues:						
Taxes	17,590,077		17,590,077	17,564,985		17,564,985
Grants, subsidies and contributions, unrestricted	7,044,404		7,044,404	7,035,155		7,035,155
Other General Revenues	<u>433,842</u>	<u>811</u>	<u>434,653</u>	<u>347,912</u>	<u>1,582</u>	<u>349,494</u>
Total revenues	31,028,439	834,182	31,862,621	30,871,207	827,813	31,699,020
<u>Expenses</u>						
Instruction	19,195,809		19,195,809	18,964,542		18,964,542
Instructional student support	3,250,393		3,250,393	3,351,028		3,351,028
Administrative and financial support	3,704,781		3,704,781	4,164,979		4,164,979
Operation & Maint of Plant	2,743,983		2,743,983	2,515,092		2,515,092
Pupil transportation	1,513,460		1,513,460	1,400,124		1,400,124

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

Table A-2
Changes in Net Positions (continued)
Fiscal Year ended June 30,

	<u>Governmental</u> <u>Activities</u>	<u>2019</u> <u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>2018</u> <u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>
Student activities	708,510		708,510	704,050		704,050
Community services	1,824		1,824	0		0
Scholarships and awards	0		0	0		0
Capital Outlay	0		0	0		0
Interest on long-term debt	1,267,653		1,267,653	1,594,339		1,594,339
Food Services	<u>0</u>	<u>797,560</u>	<u>797,560</u>	<u>0</u>	<u>800,795</u>	<u>800,795</u>
Total expenses	<u>32,386,413</u>	<u>797,560</u>	<u>33,183,973</u>	<u>32,694,154</u>	<u>800,795</u>	<u>33,494,949</u>
Increase (decrease) in Net Positions	<u>(1,397,974)</u>	<u>36,622</u>	<u>(1,361,352)</u>	<u>(1,822,947)</u>	<u>27,018</u>	<u>(1,795,929)</u>

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the District.

Table A-3 shows the District's eleven largest functions - Instruction, Instructional student support, Administrative and financial, Plant and maintenance, Pupil transportation, Food services, Student activities, Community services, Scholarships and awards, Capital Outlay and Interest on long-term debt as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3
Fiscal Year ended June 30,
Governmental Activities

<u>Functions/Programs</u>	<u>2019</u>		<u>2018</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	19,195,809	14,784,115	18,964,542	14,707,572
Instructional student support	3,250,393	2,942,284	3,351,028	3,015,773
Administrative and financial	3,704,781	3,494,652	4,164,979	3,943,160
Plant and maintenance	2,743,983	2,616,374	2,515,092	2,397,449
Pupil transportation	1,513,460	698,716	1,400,124	504,945
Food services	797,560	(35,811)	800,795	(25,436)
Student activities	708,510	620,679	704,050	607,761
Community services	1,824	1,824	0	0
Scholarships and awards	0	0	0	0
Capital Outlay	0	0	0	0
Interest on long-term debt	<u>1,267,653</u>	<u>1,267,653</u>	<u>1,594,339</u>	<u>1,594,339</u>
Total governmental activities	33,183,973	26,390,486	33,494,949	26,745,563
Less:				
Unrestricted grants, subsidies		<u>(7,004,404)</u>		<u>(7,035,155)</u>
Total needs from local taxes and other revenues		<u>19,386,082</u>		<u>19,710,408</u>

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

Table A-4
Fiscal Year ended June 30, 2019
Business-type Activities

<u>Functions/Programs</u>	<u>2019</u>		<u>2018</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Food Services	797,560	35,811	800,795	25,436
Investment earnings and transfers		<u>811</u>		<u>1,582</u>
Total business-type activities				
Profit/Loss (Cost)		<u>36,622</u>		<u>27,018</u>

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

The Statement of Revenues, Expenses and Changes in Fund Net Position for this proprietary fund will further detail the actual results of operations.

THE DISTRICT FUNDS

At June 30, 2019 the District governmental funds reported a combined fund balance of \$12,906,481 which is a decrease of \$1,280,439 from the previous fiscal year. This decrease was due to the district funding Capital improvements to the Elementary Building and Field House.

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided on Page 26.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. Transfers between specific categories of expenditures/financing uses occur during the year.

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

ANALYSIS OF SIGNIFICANT BUDGET TO ACTUAL VARIANCES

Table A-5
 Revenues
 Fiscal Year ended June 30, 2019

	Budgeted	Actual	Variance
Total Revenues	30,670,560	30,917,381	246,821

Table A-6
 Expenditures
 Fiscal Year ended June 30,

	Budgeted	Actual	Variance
Regular Education	12,261,788	11,836,339	425,449
Pupil Personnel Services	1,052,311	952,521	99,790
Administrative Services	2,487,142	2,175,796	311,346
Operational of Plant Service	2,329,691	2,420,550	(90,859)

The difference between the budget and actual in regular education, pupil personnel services, and administrative services was due to over budgeting in salaries, benefits, and outside services. Operational of plant service variance was due to implementing two district police officers that was not originally budgeted for.

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

CAPITAL ASSETS

At June 30, 2019 the District had \$50,359,057 invested in a broad range of capital assets, including land, buildings and building improvements, furniture and equipment, site improvements, and infrastructure.

Table A-7
Capital Assets – net of depreciation
Fiscal Year ended June 30,

	<u>2019</u>	<u>2018</u>
Land	411,486	411,486
Buildings and Building Improvements	46,770,666	47,437,017
Furniture and Equipment	1,985,004	2,171,906
Site Improvements	933,554	1,010,158
Infrastructure	231,117	249,812
Construction in Progress	27,230	275,321
	<u>50,359,057</u>	<u>51,555,700</u>

DEBT SERVICE

As of July 1, 2019, the District had total outstanding liability of \$89,428,297. As of June 30, 2018 total outstanding debt was \$90,754,777.

Table A-8
Outstanding Debt
Fiscal Year ended June 30,

	<u>2019</u>	<u>2018</u>
General Obligation Notes/Bonds:		
-Bonds, Series 2017	9,895,000	9,900,000
-Bonds, Series 2016	9,985,000	9,990,000
-Bonds, Series 2015	9,975,000	9,980,000
-Bonds, Series 2014	1,435,000	1,440,000
-Bonds, Series of 2012A	9,255,000	9,820,000
- Bonds, Series 2007	265,000	345,000
- Bonds, Series 2012		830,000
- Bond Premiums	19,559	92,834
Proportionate Share of Net Pension Liability	43,252,000	44,400,000
Compensated Absences	2,003,234	2,053,933
Post-Employment Benefits	<u>3,343,504</u>	<u>1,903,010</u>
	<u>89,428,297</u>	<u>90,754,777</u>

**CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania**

**Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019**

Other obligations include compensated absences and post-employment benefits for specific employees of the District. More detailed information about these benefits is included in Note 1 and Note 9 to the financial statements.

ECONOMIC FACTORS AND FUTURE ANALYSIS

The District is not expecting any significant growth in the near future given the nature of the local and state economy.

Management is concerned about several key economic conditions on the horizon. The district is concerned about the predicted growth in the employer contribution rate for PSERS in the next several years.

The general fund budget for 2020-21 shows a deficit of (\$1,537,368) – revenues at \$32,800,299 and expenditures in the amount of \$34,337,667 which includes a fund transfer out of \$300,000 to the Capital Reserve fund.

CENTRAL COLUMBIA SCHOOL DISTRICT
Bloomsburg, Pennsylvania

Management's Discussion and Analysis (continued)
Required Supplementary Information
June 30, 2019

A comparison of future to current budgeted revenue and expenditure categories is as follows:

Table A-9
Budgeted Revenues
Fiscal Year ended June 30,

	<u>2019</u>	<u>2018</u>
Local sources	59.3%	58.6%
State sources	39.3%	40.0%
Federal sources	<u>1.4%</u>	<u>1.4%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

Table A-10
Budgeted Expenditures
Fiscal Year ended June 30,

	<u>2019</u>	<u>2018</u>
Instruction	58.1%	56.5%
Support Services	31.0%	32.5%
Non-Instruction/Community	2.2%	2.3%
Fund Transfers/Debt Service	<u>8.7%</u>	<u>8.7%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances. It shows both Administration and School Board accountability for the stewardship of the public funds that are managed on a daily basis. If you have questions about this report, please contact Steven M. Dolak, Business Administrator/School Board Secretary at the Central Columbia School District Office, 4777 Old Berwick Road, Bloomsburg, PA 17815-3515, or telephone 570-784-2850 extension 4000.

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,825,019	\$ 275,990	\$ 7,101,009
Investments	4,982,025	-	4,982,025
Taxes Receivable, Net	2,641,240	-	2,641,240
Intergovernmental Receivables	1,371,816	-	1,371,816
Other Receivables	169,451	-	169,451
Inventories	25,000	11,972	36,972
Capital Assets:			
Land	411,486	-	411,486
Construction in Progress	27,230	-	27,230
Building and Building Improvements, Net	46,770,666	-	46,770,666
Furniture and Equipment, Net	1,985,004	7,809	1,992,813
Site Improvements, Net	933,554	-	933,554
Infrastructure, Net	231,117	-	231,117
Total Capital Assets	<u>50,359,057</u>	<u>7,809</u>	<u>50,366,866</u>
TOTAL ASSETS	<u>66,373,608</u>	<u>295,771</u>	<u>66,669,379</u>
Deferred Outflows of Resources			
Amounts Related to Pensions	4,998,172	-	4,998,172
Amounts Related to OPEB	227,694	-	227,694
Deferred Loss on Refunding	1,139,570	-	1,139,570
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 6,365,436</u>	<u>\$ -</u>	<u>\$ 6,365,436</u>

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

	Governmental Activities	Business - Type Activities	Total
LIABILITIES			
Accounts Payable	\$ 213,597	\$ 55,951	\$ 269,548
Accrued Salaries and Benefits	1,464,118	12,713	1,476,831
Deferred Revenues	-	25,711	25,711
Other Current Liabilities	139,515	-	139,515
Long-Term Liabilities			
Due Within One Year:			
Bonds Payable	1,535,000	-	1,535,000
Compensated Absences	75,121	-	75,121
Due in More Than One Year:			
Bonds Payable	39,294,559	-	39,294,559
Proportionate Share of Net Pension Liability	43,252,000	-	43,252,000
Compensated Absences	1,928,113	-	1,928,113
Net Other Postemployment Benefits Liability	3,343,504	-	3,343,504
TOTAL LIABILITIES	<u>91,245,527</u>	<u>94,375</u>	<u>91,339,902</u>
Deferred Inflows of Resources			
Amounts Related to Pensions	1,014,387	-	1,014,387
Amounts Related to OPEB	564,426	-	564,426
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,578,813</u>	<u>-</u>	<u>1,578,813</u>
NET POSITION			
Net Investment in Capital Assets	9,529,498	7,809	9,537,307
Restricted	100,249	-	100,249
Unrestricted	(29,715,043)	193,587	(29,521,456)
TOTAL NET POSITION	<u>\$ (20,085,296)</u>	<u>\$ 201,396</u>	<u>\$ (19,883,900)</u>

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2019

	REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	PROGRAM	Capital		Operating		Governmental Activities	Business - Type Activities	Total
		Charges for Services	Grants and Contributions	Grants and Contributions	Grants and Contributions			
Expenses	\$	19,195,809	-	-	\$ 4,411,694	\$ (14,784,115)	-	\$ (14,784,115)
		3,250,393	-	-	308,109	(2,942,284)	-	(2,942,284)
		3,704,781	-	-	210,129	(3,494,652)	-	(3,494,652)
		2,743,983	-	-	127,609	(2,616,374)	-	(2,616,374)
		1,513,460	-	-	814,744	(698,716)	-	(698,716)
		708,510	-	-	87,831	(620,679)	-	(620,679)
		1,824	-	-	-	(1,824)	-	(1,824)
		1,267,653	-	-	-	(1,267,653)	-	(1,267,653)
		32,386,413	-	-	5,960,116	(26,426,297)	-	(26,426,297)

FUNCTIONS/PROGRAMS

Governmental Activities:
 Instruction
 Instructional Student Support
 Administrative & Financial Support Services
 Operation & Maintenance of Plant Services
 Pupil Transportation
 Student Activities
 Community Services
 Interest on Long-Term Debt
 Total Governmental Activities

Business-Type Activities:

Food Services

TOTAL PRIMARY GOVERNMENT

797,560	394,900	-	438,471	-	35,811	35,811	35,811
\$ 33,183,973	\$ 394,900	\$ -	\$ 6,398,587	-	(26,426,297)	35,811	(26,390,486)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes, Net	12,989,783	-	-	-	-	-	12,989,783
Taxes Levied for Specific Purposes, Net	4,600,294	-	-	-	-	-	4,600,294
Grants, Subsidies & Contributions Not Restricted	7,004,404	-	-	-	-	-	7,004,404
Investment Earnings	319,148	811	-	-	-	-	319,959
Miscellaneous Income	114,694	-	-	-	-	-	114,694
Total General Revenues, Special Items and Transfers	25,028,323	811	-	-	-	-	25,029,134
Change in Net Position	(1,397,974)	36,622	-	-	-	-	(1,361,352)

Net Position - July 1, 2018	(16,855,322)	164,774	-	-	-	-	(16,690,548)
Prior Period Adjustment	(1,832,000)	-	-	-	-	-	(1,832,000)
Net Position - June 30, 2019	\$ (20,085,296)	\$ 201,396	\$ -	\$ -	\$ -	\$ -	\$ (19,883,900)

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

CENTRAL COLUMBIA SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Capital Projects Funds	Non - Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,882,096	\$ 1,942,923	\$ -	\$ 6,825,019
Investments	4,982,025	-	-	4,982,025
Taxes Receivable, Net	2,641,240	-	-	2,641,240
Intergovernmental Receivables	1,371,816	-	-	1,371,816
Other Receivables	169,451	-	-	169,451
Inventory	25,000	-	-	25,000
TOTAL ASSETS	\$ 14,071,628	\$ 1,942,923	\$ -	\$ 16,014,551
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
<u>Liabilities:</u>				
Accounts Payable	\$ 197,366	\$ 16,232	\$ -	\$ 213,598
Accrued Salaries and Benefits	1,464,118	-	-	1,464,118
Total Liabilities	1,661,484	16,232	-	1,677,716
<u>Deferred Inflows of Resources:</u>				
Deferred Property Taxes	1,430,354	-	-	1,430,354
<u>Fund Balances</u>				
Non-spendable	25,000	-	-	25,000
Restricted	100,249	-	-	100,249
Committed	5,548,593	-	-	5,548,593
Assigned	575,000	-	-	575,000
Unassigned	4,730,948	1,926,691	-	6,657,639
Total Fund Balances	10,979,790	1,926,691	-	12,906,481
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,071,628	\$ 1,942,923	\$ -	\$ 16,014,551

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

CENTRAL COLUMBIA SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 12,906,481
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital Assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$77,423,727 and the accumulated depreciation is \$27,064,670.	50,359,057
Pension deferrals, OPEB deferrals and deferred loss on refunding are deferred outflows of resources on the statement of net position but are not reported in the governmental funds.	6,365,436
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds Payable	\$ (40,829,559)
Compensated Absences	(2,003,234)
Proportionate Share of Net Pension Liability	(43,252,000)
Other Postemployment Benefits	(3,343,504)
	(89,428,297)
Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the governmentl funds.	1,430,355
Governmental funds do not report a liability for accrued interest until due and payable.	(139,515)
Pension and other postemployment benefits deferrals are deferred inflows of resources on the statement of net position but are not reported in the governmental funds.	(1,578,813)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ (20,085,296)

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Capital Projects Funds	Non - Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Revenues	\$ 18,333,675	\$ 46,244	\$ -	\$ 18,379,919
State Program Revenues	12,141,972	-	-	12,141,972
Federal Program Revenues	441,734	-	-	441,734
Total Revenues	<u>30,917,381</u>	<u>46,244</u>	<u>-</u>	<u>30,963,625</u>
EXPENDITURES				
Instruction	18,280,965	-	-	18,280,965
Support Services	9,743,967	801,196	-	10,545,163
Operation of Non-Instruction Services	698,582	-	-	698,582
Debt Services	2,719,354	-	-	2,719,354
Total Expenditures	<u>31,442,868</u>	<u>801,196</u>	<u>-</u>	<u>32,244,064</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(525,487)</u>	<u>(754,952)</u>	<u>-</u>	<u>(1,280,439)</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In/(Out)	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>(825,487)</u>	<u>(454,952)</u>	<u>-</u>	<u>(1,280,439)</u>
FUND BALANCE - JULY 1, 2018	<u>11,805,277</u>	<u>2,381,643</u>	<u>-</u>	<u>14,186,920</u>
FUND BALANCE - JUNE 30, 2019	<u>\$ 10,979,790</u>	<u>\$ 1,926,691</u>	<u>\$ -</u>	<u>\$ 12,906,481</u>

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

CENTRAL COLUMBIA SCHOOL DISTRICT
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 For the Year Ended June 30, 2019

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (1,280,439)
Governmental funds report capital outlays as expenditures. 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 exceeded capital outlays in the current period.	(1,196,644)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. The receipt or repayment of principal increases or decrease long-term debt in the Statement of Net position. This amount is the net effect on these differences.	1,495,000
In the Statement of Activities, interest is accrued on outstanding bonds, whereas, in governmental funds, an interest expenditure is reported when due.	2,227
Because some property and earned income taxes will not be collected for several months after the District's year-end, they are not considered as available revenues in the governmental funds.	24,814
Deferred losses on bonds refunding, and original issue discounts are capitalized and amortized.	(45,523)
Changes in the net other post employment liability does not require the use of or provide current financial resources and is not reported in the governmental funds.	(69,638)
Change in Compensated Absences	50,699
Changes in the proportionate share of collective net pension liability does not require the use of or provide current financial resources and is not reported in the governmental funds.	<u>(378,470)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (1,397,974)</u>

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balances, Budget and Actual
General Fund
For the Year Ended June 30, 2019

	<u>GENERAL FUND</u>			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
REVENUES				
Local Revenues	\$ 17,910,035	\$ 17,845,918	\$ 18,333,675	\$ 487,757
State Revenues	12,448,407	12,448,391	12,141,972	(306,419)
Federal Revenues	386,251	376,251	441,734	65,483
Total Revenues	<u>30,744,693</u>	<u>30,670,560</u>	<u>30,917,381</u>	<u>246,821</u>
EXPENDITURES				
Regular Programs	12,268,145	12,261,788	11,836,339	425,449
Special Programs	3,891,241	3,889,241	3,908,254	(19,013)
Vocational Programs	2,333,667	2,333,667	2,443,370	(109,703)
Other Instructional Programs	98,955	98,955	87,357	11,598
Non Public School	10,500	10,500	5,645	4,855
Pupil Personnel Services	1,052,311	1,052,311	952,521	99,790
Instructional Staff Services	1,947,926	1,952,926	1,852,009	100,917
Administrative Services	2,483,784	2,487,142	2,175,796	311,346
Pupil Health	317,077	317,077	300,529	16,548
Business Services	479,519	479,519	524,867	(45,348)
Operation and Maintenance of Plant Services	2,329,691	2,329,691	2,420,550	(90,859)
Student Transportation Services	1,476,070	1,476,070	1,497,314	(21,244)
Central and Other Support Services	45,560	45,559	20,381	25,178
Student Activities	706,852	706,852	696,757	10,095
Community Services	3,821	3,821	83	3,738
Scholarships and Awards	-	-	1,742	(1,742)
Debt Services (Principal and Interest)	2,720,416	2,720,416	2,719,354	1,062
Total Expenditures	<u>32,165,535</u>	<u>32,165,535</u>	<u>31,442,868</u>	<u>722,667</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,420,842)</u>	<u>(1,494,975)</u>	<u>(525,487)</u>	<u>969,488</u>

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balances, Budget and Actual
General Fund - continued
For the Year Ended June 30, 2019

	<u>GENERAL FUND</u>			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	300,000	300,000	-	(300,000)
Interfund Transfers Out	(300,000)	(300,000)	(300,000)	-
Sale of Fixed Assets and Other	1,000	1,000	-	(1,000)
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>(300,000)</u>	<u>(301,000)</u>
 NET CHANGES IN FUND BALANCE	 (1,419,842)	 (1,493,975)	 (825,487)	 668,488
 FUND BALANCE - JULY 1, 2018	 <u>11,805,277</u>	 <u>11,805,277</u>	 <u>11,805,277</u>	 <u>-</u>
 FUND BALANCE - JUNE 30, 2019	 <u>\$ 10,385,435</u>	 <u>\$ 10,311,302</u>	 <u>\$ 10,979,790</u>	 <u>\$ 668,488</u>

The School District does not formally adopt a budget for any other Fund.

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2019

	<u>Enterprise Fund Food Service</u>
ASSETS	
<u>Current Assets</u>	
Cash	\$ 275,990
Inventories	11,972
Total Current Assets	<u>287,962</u>
<u>Noncurrent Assets</u>	
Machinery and Equipment, Net	7,809
Total Noncurrent Assets	<u>7,809</u>
TOTAL ASSETS	<u>295,771</u>
LIABILITIES	
Accounts Payable	55,951
Accrued Salaries and Benefits	12,713
Deferred Revenues	25,711
TOTAL LIABILITIES	<u>94,375</u>
NET POSITION	
Net Investment in Capital Assets	7,809
Unrestricted	<u>193,587</u>
TOTAL NET POSITION	<u>\$ 201,396</u>

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2019

	Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Food Service Revenue	\$ 394,900
Total Operating Revenues	<u>394,900</u>
 OPERATING EXPENSES	
Salaries	281,464
Employee Benefits	132,082
Supplies	369,609
Depreciation Expense	5,227
Other Operating Expenses	9,178
Total Operating Expenditures	<u>797,560</u>
 OPERATING LOSS	 <u>(402,660)</u>
 NONOPERATING REVENUES (EXPENSES)	
Earnings on Investments	811
State Sources	63,524
Federal Sources	374,947
Total Nonoperating Revenues (Expenses)	<u>439,282</u>
 CHANGE IN NET POSITION	 36,622
 TOTAL NET POSITION - JULY 1, 2018	 <u>164,774</u>
 TOTAL NET POSITION - JUNE 30, 2019	 <u>\$ 201,396</u>

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

	Enterprise Fund <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 398,191
Cash Payments to Employees for Services	(371,767)
Cash Payments to Suppliers for Goods and Services	<u>(378,473)</u>
Net Cash Used for Operating Activities	<u>(352,049)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	63,524
Federal Sources	<u>374,947</u>
Net Cash Provided by Noncapital Financing Activities	<u>438,471</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	<u>811</u>
Net Cash Provided by Investing Activities	<u>811</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 87,233
 CASH AND CASH EQUIVALENTS - Beginning of Year	 <u>188,757</u>
 CASH AND CASH EQUIVALENTS - End of Year	 <u><u>\$ 275,990</u></u>

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund - continued
For the Year Ended June 30, 2019

	<u>Enterprise Fund Food Service</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating Loss	<u>\$ (402,660)</u>
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Depreciation Expense	5,227
(Increase) Decrease in Receivables	-
(Increase) Decrease in Inventories	314
Increase (Decrease) in Accounts Payable	55,951
Increase (Decrease) in Accrued Salaries/Benefits	(14,172)
Increase (Decrease) in Deferred Revenues	<u>3,291</u>
Total Adjustments	<u>50,611</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (352,049)</u></u>

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Private Purpose Trusts</u>	<u>Student Activity</u>
ASSETS		
Cash and Cash Equivalents	\$ 17,461	\$ 177,579
Investments	<u>77,387</u>	<u>15,000</u>
Total Assets	<u>\$ 94,848</u>	<u>\$ 192,579</u>
LIABILITIES		
Due to Students	<u>\$ -</u>	<u>\$ 192,579</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 192,579</u>
NET POSITION		
Net Position Held in Trust for Scholarships	<u>\$ 94,848</u>	<u>\$ -</u>
Total Net Position	<u>\$ 94,848</u>	<u>\$ -</u>

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	<u>Private Purpose Trust</u>
ADDITIONS:	
Gifts and Contributions	\$ 12,281
Investment Income	<u>503</u>
Total Additions	<u>12,784</u>
DEDUCTIONS:	
Scholarships Awarded	<u>12,800</u>
Total Deductions	<u>12,800</u>
CHANGE IN NET POSITION	(16)
TOTAL NET POSITION - JULY 1, 2018	<u>94,864</u>
TOTAL NET POSITION - JUNE 30, 2019	<u><u>\$ 94,848</u></u>

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the School District is considered a "primary government." The School District is governed by a nine member board to which each member is elected by the citizens of each defined district.

For financial reporting purposes, Central Columbia School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability.

These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

The School District participates in a jointly governed organization. The organization is the Columbia - Montour Area Vocational Technical School. The organization is presented in Note 10 to the basic financial statements.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

B. Government-wide and Fund Financial Statements - continued

The Statement of Net Position presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position results when constraints placed on net position use is either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The School District reports the following major governmental funds:

General Fund - This is the School District's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - This is used to account for financial resources to be used for capital improvements, and the construction, replacements, additions, and maintenance of facilities, and purchase of school buses.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

B. Government-wide and Fund Financial Statements - continued

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

The School District reports the following major proprietary fund:

The District's proprietary fund is the Cafeteria Fund. This fund is used to account for the cafeterias of the District.

The School District also reports fiduciary funds which focus on net position and changes in net position.

The District's fiduciary funds include the following:

Scholarship Fund
Activity Fund

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUNDS

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the School District has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

B. Government-wide and Fund Financial Statements - continued

FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose Trust Funds are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

Agency Funds - Agency Funds are used to report resources held by the District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary and Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Property taxes are levied by the School District upon an assessed value times an approved millage rate. See Note 3 for further details.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect on inter-fund activity has been eliminated from the government-wide statements.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2014 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems*, 2009, issued by the U.S. Department of Education.

D. Basis of Accounting

1. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

D. Basis of Accounting - continued

1. Revenues - Exchange and Non-exchange Transactions - continued

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal yearend: property taxes available as an advance, income taxes, grants, interest, tuition and student fees.

2. Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

3. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

E. Budgetary Process

The operating budget is prepared on a modified accrual basis of accounting. An annual budget prepared by function and object is formally adopted for the General Fund. Project-length financial plans are used for Capital Projects Fund.

The budget may be amended during the year if projected increases or decreases in revenue are identified by the Business Manager. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the budget when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended budget issued during the fiscal year 2019.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Encumbrances

An encumbrance system is maintained to account for commitments or assignments resulting from approved purchase orders, work orders and contracts. However, the School District attempts to liquidate all encumbrances at year-end. Encumbrances outstanding at year-end are reported within committed or assigned fund balances.

G. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit. Investments consist of repurchase agreements and funds invested in the PA Treasury Investment Program and are stated at cost, which approximates market value. This is in accordance with Section 440.1 of the School Code.

H. Taxes Receivable

Taxes receivable consist of delinquent real estate taxes due at June 30, 2019, less an allowance for the amount of these delinquencies not expected to be collected within the next fiscal year.

On governmental fund financial statements, the amount of taxes receivable at June 30, 2019, less the amount actually collected and remitted to the School District in July and August 2019 are reported as deferred inflows of resources.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

I. Due From/To Other Funds

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables, to the extent they exist, are classified as “Due from Other Funds” or “Due to Other Funds” on the balance sheet.

J. Inventories

On government-wide financial statements and the Governmental Fund financial statements the purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the General Fund. The inventories in the General Fund are equally offset by a fund balance reserve which indicates they do not constitute “available spendable resources” even though they are a component of net current assets. The General Fund is the only governmental fund that has material inventory balances as of June 30, 2019.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2019. The inventory consisted of government donated commodities which were valued using USDA values, and other cafeteria supplies valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2019 are reported as deferred revenue.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than: equipment - \$1,500, vehicles - \$10,000, and building improvements - \$25,000, and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. In addition, capital assets purchased with a long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

K. Capital Assets - continued

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Land	Not Depreciated
Land Improvements	20 years
Buildings and Building Improvements	20 - 45 years
Vehicles	6 years
Furniture and Equipment	5 - 20 years

L. Long-Term Liabilities

In the government-wide financial statements and proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premium and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issue costs are recognized as an expense in the period incurred. In the fund financial statements, the face amount of debt is reported as other financing sources and the repayment of debt is reported as debt service expenditures. Premiums received on debt issues are reported as other financing sources while discounts on debt issues are reported as other financing uses during the current period. Issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate element represents as acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in these categories: Deferred outflows on refunding bonds, deferred outflows and inflows related to pensions and other postemployment benefits, and unavailable tax revenue. Deferred outflows/inflows on refundings are the result of differences in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows and inflows related to pensions and other postemployment benefits are discussed in Notes 8 and 9, respectively. Unavailable tax revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. This amount, which relates to property taxes, is deferred and recognized as an inflow of resources in the period the amount becomes available.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. This formal action is the approval of a resolution for a specific purpose.

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Business Manager pursuant to authorization established by the board.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies – continued

O. Fund Balances - continued

Governmental Fund Balances

Governmental Fund Balances consist of the following at June 30, 2019:

	General Fund	Capital Projects Fund	Non- Major Governmental Funds	Total
Non Spendable:				
Inventories	\$ 25,000	\$ -	\$ -	\$ 25,000
Restricted:				
Access Funds	100,249	-	-	100,249
Committed:				
Digital Conversion	289,690	-	-	289,690
PSERS	853,500	-	-	853,500
Columbia Montour AVTS	4,405,403	-	-	4,405,403
Assigned:				
Capital Improvements	-	-	-	-
HSA - employer portion	575,000	-	-	575,000
Unassigned:				
Unassigned	4,730,948	1,926,691	-	6,657,639
Total Fund Balances	<u>\$ 10,979,790</u>	<u>\$ 1,926,691</u>	<u>\$ -</u>	<u>\$ 12,906,481</u>

Although the board restricts the use of the Capital Projects Fund assets for construction, additions and equipment, fixed assets can be purchased out of the General Fund if the items are budgeted for in the annual budget.

When the District incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because it was not used.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

P. Definition of Cash and Cash Equivalents

For the purpose of the statement of cash flows, the term cash and cash equivalents includes cash in bank and short-term, highly liquid investments with a maturity of ninety days or less at the date of purchase.

Q. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability. The liability includes the employees who are currently eligible to receive termination benefits. The amount is based on accumulated sick leave and the various rates stated in the labor contracts. The School District records a liability for accumulated unused sick leave for all employees.

The entire compensation absence liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements.

R. Other Post-Employment Benefits

Other Post-Employment Benefits (OPEB) consists of health care plans provided by the District through a single employer defined benefit plan which funds fixed amounts toward the purchase of health insurance for qualified retirees. OPEB also includes benefits provided through the Public School Employees' Retirement System (PSERS) Health Insurance Premium Assistance Program. The Health Insurance Premium Assistance Program is a governmental cost sharing multiple-employer OPEB plan for eligible retirees who qualify and elect to participate.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies - continued

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

T. Operating and Nonoperating Revenues

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating in the financial statements.

Note 2 - Legal Compliance Budgets

All principals at each educational level of the School District submit requests for appropriation to the superintendent and business administrator. A tentative budget is prepared. It includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The proposed budget is presented to the School Board at public meetings for their review.

Tentative adoption of the budget must be made 30 days prior to final adoption to allow for public review. Final adoption of the budget must occur on or before June 30. Budget transfers are typically made by the business administrator at year end with Board approval.

Note 3 - Real Estate Tax and Deferred Revenue

Based upon assessments provided by the County, the School District bills and collects its own property taxes. The School District tax rate for the year ended June 30, 2019 was 43.104 mills for Columbia County residents as levied by the School Board. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	-Levy date
July 1 – August 31	-2% discount period
September 1 - October 31	-Face payment period
November 1 - December 31	-10% penalty period
December 31	-Delinquent Date

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 3 - Real Estate Tax and Deferred Revenue – continued

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance deferred in the fund financial statements.

The balances at June 30, 2019 are as follows:

	<u>Gross Taxes Receivable</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Net Estimated to be Collectible</u>	<u>Tax Revenue Recognized</u>	<u>Deferred Taxes</u>
Real Estate	\$ 2,708,215	\$ 66,975	\$ 2,641,240	\$ 1,210,886	\$ 1,430,354

The deferred revenue balance in the General Fund is \$1,430,354 and is reported as deferred inflows of resources.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2019 the following amounts are due from other governmental units:

	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Federal Subsidies	\$ 408,706	\$ -	\$ 408,706
State Subsidies	963,110	-	963,110
Total	<u>\$ 1,371,816</u>	<u>\$ -</u>	<u>\$ 1,371,816</u>

Note 5 - Cash and Cash Equivalents and Investments

The School District's cash deposits and investments are restricted by statute to United States Treasury bills, short-term obligations of the United States Government and certain obligations of the United States, Commonwealth of Pennsylvania or its political subdivisions which are backed by the full faith and credit of those governmental entities. Additionally, the School District may invest in shares of a properly registered investment fund whose investments consist of the securities listed above. Deposits in banks and other financial institutions must be insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund. Deposits in excess of the maximum insurable amounts must be collateralized by securities held by that institution, in accordance with the provisions of law. Pool pledging in accordance with P.L. 28154, No. 72, (Act 72), is permissible.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 5 - Cash and Cash Equivalents and Investments - continued

Risk Categories - Deposits

All deposits are carried at cost. There are three categories of credit risk that may apply to the School District's deposits.

1. Insured or collateralized with securities held by the School District or by its agent in the School District's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name.
3. Uncollateralized.

Balances held in each category at June 30, 2019, are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Credit Risk</u>
Insured Deposit (FDIC)	\$ 500,000	\$ 500,000	1
Uninsured Deposits:			
Collateral held by Federal Reserve Bank in School District's Name	-	-	2
Uncollateralized	6,796,049	7,256,754	3
Total Deposits	\$ 7,296,049	\$ 7,756,754	

The amounts listed as uncollateralized have been secured by pool pledging in accordance with Act 72.

Risk Categories - Investments

All investments are stated at cost, which approximate fair value. There are three categories of credit risk that may apply to the School District's investments.

1. Insured or registered, or securities held by the School District or its agent in the School District's name.
2. Uninsured or unregistered, with securities held by the counterparty's trust department or agent in the School District's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by the counterparty's trust department or agent, but not in the School District's name.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 5 - Cash and Cash Equivalents and Investments - continued

Risk Categories - Investments - continued

Balances held in each investment category at June 30, 2019, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Credit Risk</u>
Pennsylvania School District Liquid			
Asset Fund Max Series	\$ 4,982,025	\$ 4,982,025	3
Certificates of Deposit	92,387	92,387	1
Total Investments	<u>\$ 5,074,412</u>	<u>\$ 5,074,412</u>	

Concentration of Credit Risk - The school places no limit on the amount the School may invest in any one user. Certificates of deposit and pooled pledged accounts comprise 100% of the School's total investments.

Interest Rate Risk - The School does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The School has no investment policy that would limit its investment choices to certain credit ratings. The certificates and pooled pledged accounts are not rated.

CENTRAL COLUMBIA SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2019

Note 6 - Changes in Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENT ACTIVITIES				
Capital Assets not being Depreciated				
Land	\$ 411,486	\$ -	\$ -	\$ 411,486
Construction in Progress	275,321	448,715	(696,806)	27,230
Total Capital Assets not being Depreciated	686,807	448,715	(696,806)	438,716
Capital Assets being Depreciated				
Building and Improvements	64,502,366	729,961	-	65,232,327
Site Improvements	2,222,102	-	-	2,222,102
Infrastructure	486,185	20,224	-	506,409
Furniture and Equipment	8,930,104	169,695	(75,626)	9,024,173
Total Assets being Depreciated	76,140,757	919,880	(75,626)	76,985,011
Less Accumulated Depreciation for:				
Building and Improvements	17,065,349	1,396,312	-	18,461,661
Site Improvements	1,211,944	76,604	-	1,288,548
Infrastructure	236,373	38,919	-	275,292
Furniture and Equipment	6,758,199	356,596	(75,626)	7,039,169
Total Accumulated Depreciation	25,271,865	1,868,431	(75,626)	27,064,670
Total Capital Assets being Depreciated, Net	50,868,892	(948,551)	-	49,920,341
Governmental Activities, Capital Assets, Net	\$ 51,555,699	\$ (499,836)	\$ (696,806)	\$ 50,359,057

CENTRAL COLUMBIA SCHOOL DISTRICT

Notes to the Financial Statements

June 30, 2019

Note 6 - Changes in Capital Assets - continued

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS - TYPE ACTIVITIES				
Capital Assets being Depreciated				
Furniture and Equipment	\$ 486,525	\$ -	\$ -	\$ 486,525
Total Capital Assets being Depreciated	486,525	-	-	486,525
Less Accumulated Depreciation for:				
Furniture and Equipment	473,489	5,227	-	478,716
Total Accumulated Depreciation	473,489	5,227	-	478,716
Total Capital Assets being Depreciated, Net	13,036	(5,227)	-	7,809
Business - Type Activities Capital Assets, Net	\$ 13,036	\$ (5,227)	\$ -	\$ 7,809

Depreciation expense was charged to functions/programs of the primary government as follows:

GOVERNMENT ACTIVITIES

Instruction:

Regular	\$ 627,711
Special	4,420
Vocational	5,880
Other	-

Support Services:

Pupil	299
Instructional Staff	57,662
Administration	-
Pupil Transportation	2,489
Operation and Maintenance Plant	1,165,221

Operation of Noninstructional Services:

Student Activities	4,750
Total Depreciation Expense - Governmental Activities	\$ 1,868,431

BUSINESS - TYPE ACTIVITIES

Food Service Fund	\$ 5,227
Total Depreciation Expense - Business - Type Activities	\$ 5,227

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 7 - Long-Term Liabilities

Changes in the School District's long-term obligations during fiscal year 2019 were as follows:

	Balance at 6/30/18	Additions	Reductions	Balance at 6/30/19
Bonds and Notes Payable:				
General Obligation Bonds, Series of 2017	\$ 9,900,000	\$ -	\$ (5,000)	9,895,000
General Obligation Bonds, Series of 2016	9,990,000	-	(5,000)	9,985,000
General Obligation Bonds, Series of 2015	9,980,000	-	(5,000)	9,975,000
General Obligation Bonds, Series of 2014	1,440,000	-	(5,000)	1,435,000
General Obligation Bonds, Series of 2012A	9,820,000	-	(565,000)	9,255,000
General Obligation Bonds, Series of 2012	830,000	-	(830,000)	-
General Obligation Bonds, Series of 2007	345,000	-	(80,000)	265,000
Subtotal	42,305,000	-	(1,495,000)	40,810,000
Bond Premiums	92,834	-	(73,275)	19,559
Total	42,397,834	-	(1,568,275)	40,829,559
Other Liabilities:				
Proportionate Share of Net Pension Liability	44,400,000	-	(1,148,000)	43,252,000
Compensated Absences	2,053,933	-	(50,699)	2,003,234
Post Employment Benefits	3,738,010	-	(394,506)	3,343,504
Total Other Liabilities	50,191,943	-	(1,593,205)	48,598,738
Total Governmental Activities Long-Term Liabilities	\$ 92,589,777	\$ -	\$ (3,161,480)	\$ 89,428,297

2017 General Obligation Bonds

On November 20, 2017 the School District issued General Obligation Bonds, Series of 2017 in the amount of \$9,990,000 to be used for: (a) the advance refunding of the outstanding portion of the District's General Obligation Bonds, Series of 2013; (b) the advance refunding of a portion of the District's General Obligation Bonds, Series 2014; and (c) pay the costs of issuing the Bonds.

Interest is payable semi-annually at rates stipulated in the indenture (from 1.50% to 3.125%) on May 15th and November 15th of each year. Principal payments are scheduled beginning November 15, 2018 and annually each November 15th through 2041. The Bonds are secured with the full faith, credit and taxing power of the School District.

The District deposited with the Bond Escrow Agent the sum of \$9,821,789 which was sufficient to redeem the outstanding portion of the Series 2013 Bonds in the amount of \$975,000 with interest required until redemption on November 15, 2018 and redeem the refunded portion of the Series 2014 Bonds in the amount of \$8,510,000 with interest required until redemption on May 15, 2019. The refunding of the Series of 2013 Bonds and partial refunding of the Series of 2014 Bonds decreased debt service for the District by \$963,351.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 7- Long-Term Liabilities- continued

Annual debt service requirements to maturity for the General Obligation Bonds, Series of 2017 are shown below:

Year	Principal	Interest	Total
2020	5,000	281,145	286,145
2021	5,000	281,070	286,070
2022	5,000	280,995	285,995
2023	10,000	280,883	290,883
2024	10,000	280,708	290,708
2025-2029	1,795,000	1,297,538	3,092,538
2030-2034	2,370,000	1,083,016	3,453,016
2035-2039	3,395,000	618,676	4,013,676
2040-2042	2,300,000	108,939	2,408,939
	<u>\$ 9,895,000</u>	<u>\$ 4,512,969</u>	<u>\$ 14,407,969</u>

2016 General Obligation Bonds

On October 24, 2016 the School District issued General Obligation Bonds, Series of 2016 in the amount of \$9,995,000 to be used for the advance refunding of a portion of the District's General Obligation Bonds, Series of 2013 and pay the costs of issuing the Bonds.

Interest is payable semi-annually at rates stipulated in the indenture (from 1.50% to 3.00%) on May 15th and November 15th of each year. Principal payments are scheduled beginning November 15, 2017 and annually each November 15th through 2041. The Bonds are secured with the full faith, credit and taxing power of the School District.

The District deposited with the Bond Escrow Agent the sum of \$9,809,730 which was sufficient to redeem the refunded portion in the amount of \$9,000,000 and interest required until redemption on November 15, 2018. The refunding of the Series of 2013 Bonds decreased debt service for the District by \$1,379,079 and resulted in an economic gain of \$1,198,544.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 7- Long-Term Liabilities- continued

Annual debt service requirements to maturity for the General Obligation Bonds, Series of 2016 are shown below:

Year	Principal	Interest	Total
2020	5,000	258,292	263,292
2021	5,000	258,217	263,217
2022	5,000	258,142	263,142
2023	5,000	258,060	263,060
2024	5,000	257,970	262,970
2025-2029	1,005,000	1,270,580	2,275,580
2030-2034	3,095,000	1,017,489	4,112,489
2035-2039	3,505,000	607,864	4,112,864
2040-2042	2,355,000	107,475	2,462,475
	<u>\$ 9,985,000</u>	<u>\$ 4,294,089</u>	<u>\$ 14,279,089</u>

2015 General Obligation Bonds

On January 7, 2015 the School District issued a \$9,990,000 Series of 2015 General Obligation Bonds payable to finance a portion of the costs to construct additions, alterations and renovations to the Central Columbia Senior High School, as well as other facilities of the District, and to pay the costs related to issuing the bonds.

Interest is payable semi-annually at rates stipulated in the indenture (from 1.75% to 4.00%) on May 15th and November 15th of each year. Principal payments are scheduled annually on November 15th of each year through November 15, 2041. The Bonds are secured with the full faith, credit and taxing power of the School District

Annual debt service requirements to maturity for the General Obligation Bonds, Series of 2015 are shown below:

Year	Principal	Interest	Total
2020	5,000	341,026	346,026
2021	5,000	240,920	245,920
2022	5,000	340,795	345,795
2023	5,000	340,670	345,670
2024	5,000	340,545	345,545
2025-2029	1,875,000	1,591,900	3,466,900
2030-2034	2,685,000	1,219,253	3,904,253
2035-2039	3,175,000	732,209	3,907,209
2040-2042	2,215,000	135,100	2,350,100
	<u>\$ 9,975,000</u>	<u>\$ 5,282,417</u>	<u>\$ 15,257,417</u>

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 7- Long-Term Liabilities- continued

2014 General Obligation Bonds

On April 8, 2014 the School District issued a \$9,965,000 Series of 2014 General Obligation Bonds payable to finance a portion of the costs to construct additions, alterations and renovations to the Central Columbia Senior High School, as well as other facilities of the District, and to pay the costs related to issuing and insuring the 2014 Bonds. The Bonds are secured with the full faith, credit and taxing power of the School District.

On November 20, 2017, the District issued General Obligation Bonds, Series of 2017 for the advance refunding of a portion of the Series of 2014 Bonds. The District deposited in escrow the sum of \$8,655,397 which was sufficient to redeem \$8,510,000 of the outstanding balance and interest on that balance until redemption on May 15, 2019. Interest is payable, on the Series of 2014 Bonds remaining after the refunding, semi-annually at rates ranging 1.5% to 3.25% on May 15th and November 15th of each year. Principal payments are scheduled on November 15th in 2018 through 2021 and from November 15, 2027 through 2029.

Annual debt service requirements to maturity for the remaining General Obligation Bonds, Series of 2014 are shown below:

Year	Principal	Interest	Total
2020	5,000	44,726	49,726
2021	5,000	44,621	49,621
2022	5,000	44,486	49,486
2023	-	44,419	44,419
2024	-	44,419	44,419
2025-2029	930,000	194,197	1,124,197
2030	490,000	7,963	497,963
	\$ 1,435,000	\$ 424,831	\$ 1,859,831

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 7- Long-Term Liabilities- continued

2012A General Obligation Bonds

On August 21, 2012 the School District issued a \$9,855,000 Series of 2012A General Obligation Bonds payable for the advance refunding of the 2006 General Obligation Bonds Payable, and to pay the costs related to issuing and insuring the 2012A Bonds.

Interest is payable semi-annually at rates stipulated in the indenture (from 1.25% to 2.50%) on May 15th and November 15th of each year. Principal payments are scheduled annually on November 15th of each year through November 15, 2024.

The Bonds are secured with the full faith, credit and taxing power of the School District.

Annual debt service requirements to maturity for the General Obligation Bonds, Series of 2012A are shown below:

Year	Principal	Interest	Total
2020	1,430,000	191,275	1,621,275
2021	1,450,000	162,475	1,612,475
2022	1,485,000	133,125	1,618,125
2023	1,590,000	100,388	1,690,388
2024	1,630,000	62,125	1,692,125
2025	1,670,000	20,875	1,690,875
	<u>\$ 9,255,000</u>	<u>\$ 670,263</u>	<u>\$ 9,925,263</u>

2012 General Obligation Bonds

On June 26, 2012, the School District issued a \$7,180,000 Series of 2012 General Obligation Bonds payable for the advance refunding of the 2004 General Obligation Bonds Payable, and to pay the costs related to issuing and insuring the 2012 Bonds.

Interest is payable semi-annually at rates stipulated in the indenture (from 0.30% to 2.00%) on May 15th and November 15th of each year. Principal payments are scheduled annually on November 15th of each year through November 15, 2018. The Bonds were paid off in the current year.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 7 - Long-Term Liabilities – continued

2007 General Obligation Bonds

On January 10, 2007, the School District issued a \$1,000,000 Series of 2007 General Obligation Bonds. The proceeds of this bond issue were used to fund improvements to the school district's buildings and equipment.

The bonds are fully registered and were issued in multiples of \$5,000. Interest is payable monthly at rates stipulated in the indenture (4.12%). Principal payments are scheduled annually on February 1 of each year through February 1, 2022. The bonds are subject to redemption prior to maturity.

The bonds are secured with the full faith, credit and taxing power of the School District.

Annual debt service requirements to maturity for the General Obligation Bonds, Series of 2007 are shown below:

Year	Principal	Interest	Total
2020	85,000	9,459	94,459
2021	90,000	5,871	95,871
2022	90,000	2,163	92,163
	<u>\$ 265,000</u>	<u>\$ 17,494</u>	<u>\$ 282,494</u>

The aggregate maturities of all long-term borrowings for the next five years and to maturity are:

<u>Year Ending June 30</u>	
2020	1,535,000
2021	1,560,000
2022	1,595,000
2023	1,610,000
2024	1,650,000
2025 thru 2029	7,275,000
2030 thru 2034	8,640,000
2035 thru 2039	10,075,000
2040 thru 2042	6,870,000
Total	<u>\$ 40,810,000</u>

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 8 - Pension Plan

General Information About the Pension Plan

The School District participates in the Public School Employees' Retirement System (PSERS), a governmental cost sharing multiple-employer defined benefit plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

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 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 term. Investments are reported at fair value.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Member are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 years or more 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 became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership class T-F (Class T-F). To qualify for normal retirement Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the numbers 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% and 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 that the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 8 - Pension Plan-continued

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

Contributions

Member Contributions

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a shared risk provision in Act 120 of 2010 that in future fiscal years could cause the Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2019 was 32.60% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$4,046,785 for the year ended June 30, 2019.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 8 - Pension Plan-continued

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

At June 30, 2019, the District reported a liability of \$43,252,000 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 District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the District's proportion was .0901%, which was an increase of .0002% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$4,556,988. At June 30, 2019, the District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 261,000	\$ 501,750
Changes in assumptions	343,500	-
Net difference between projected and actual investment earnings	159,000	-
Net difference between projected and actual experience	-	-
Changes in proportions	187,887	512,637
Contributions subsequent to the measurement date	4,046,785	-
	\$ 4,998,172	\$ 1,014,387

Deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of \$4,046,785 will be recognized as a reduction of the net pension liability during the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30	Amount
2019	\$ 383,000
2020	518,000
2021	(472,000)
2022	(165,000)
	\$ 264,000

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 8 - Pension Plan-continued

Actuarial Assumptions

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

- Actuarial cost method-Entry Age Normal-Level % of pay.
- Investment return -7.25%, includes inflation at 2.75%.
- Salary growth- Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Thee actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the year period ending June 30, 2015.

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 8 - Pension Plan-continued

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

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

Discount Rate

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 53,615,000	\$ 43,252,000	\$ 34,191,000

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 8 - Pension Plan-continued

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.

Note 9 - Other Postemployment Benefits (OPEB)

Central Columbia School District Postemployment Benefits Plan

General Information about the OPEB Plan

The District provides access to retiree medical, vision, and dental care benefits, including prescription drug coverage, to eligible retired employees and qualified spouses. This is a single employer defined benefit plan administered by the District. The plan does not issue a separate stand-alone financial statement.

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

Benefits Provided: The Plan provides medical, prescription drug, dental and visions benefits for retirees and their spouses.

All employees may either pay 100% of the premiums required for coverage or utilize an HCA that is based on accumulated sick days at retirement. The liability to the district to fund the HCA is assumed to be accounted for under GASB 16. For both the member and spouse, coverage ceases upon the later of exhaustion of their HCA or Medicare eligibility.

For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS retirement if he (or she) is eligible for either: 1) PSERS early retirement while under 62 with 5 years of PSERS service or 2) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age.

For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS retirement if he (or she) is eligible for either: 1) PSERS early retirement while under age 65 with 10 years of PSERS service or 2) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.

All individuals are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits (OPEB)-continued

Contributions: The OPEB expense and Net OPEB liability figures that are provided in the valuation are based on estimated contributions. Because the plan is unfunded, the estimated contributions are simply equal to the estimated benefits payments. Contributions to the plan for the year ended June 30, 2019 were \$73,294. Employees are not required to contribute to the plan.

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

At June 30, 2019, the District reported a liability of \$1,464,504 for its net OPEB liability. The net OPEB liability was measured as of July 1, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

For the year ended June 30, 2018, the District recognized OPEB expense of \$246,275. At June 30, 2019, the District 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
Differences between expected and actual experience	\$ -	\$ 251,932
Changes in assumptions	49,198	259,715
Benefit payments subsequent to the measurement date	50,435	-
	\$ 99,633	\$ 511,647

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense (income) as follows:

Year ending June 30	Amount
2020	\$ (41,593)
2021	(41,593)
2022	(41,593)
2023	(41,593)
2024	(41,593)
Thereafter	(254,484)
	\$ (462,449)

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits (OPEB)-continued

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Discount Rate: 2.98% Based on S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2018.

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

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

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	2.5700%	5.0200%	45	1.3700%	1.6500%
30	2.5700%	4.0200%	50	1.9200%	2.0600%
35	1.5000%	2.8500%	55	3.3800%	3.1100%
40	1.3400%	1.6000%	60	5.5700%	6.4000%

Mortality: Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.

Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Disability: No disability was assumed.

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

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits (OPEB)-continued

Actuarial Assumptions-continued

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

Percent of Eligible Retirees Electing Coverage in Plan: 70% of employees are assumed to elect coverage.

Percent Married at Retirement: 30% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

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

Per Capita Claims Cost: Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits (OPEB)-continued

Actuarial Assumptions-continued

The resulting costs are as follows:

Age	<u>Medical and Prescription Drug Combined</u>	
	Males	Females
45-49	\$ 5,059	\$ 7,306
50-54	\$ 6,700	\$ 8,257
55-59	\$ 8,160	\$ 8,640
60-64	\$ 10,649	\$ 9,925

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

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

Actuarial Value of Assets: Equal to the Market Value of Assets.

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

Participant Data: Based on census information as of July 2018.

Changes of Assumptions: The discount rate changed from 3.13% to 2.98%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions. The election percentage was lowered from 85% to 70%.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits (OPEB)-continued

Sensitivity of the School's Net OPEB Liability to Changes in the Discount Rate: The following presents the District's net OPEB liability, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.98 percent) or 1-percentage-point higher (3.98 percent) than the current discount rate:

	1% Decrease 1.98%	Discount Rate 2.98%	1% Increase 3.98%
District's Net OPEB Liability	\$ 1,581,408	\$ 1,464,504	\$ 1,354,253

Sensitivity of the School's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the District's net OPEB liability, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
District's Net OPEB Liability	\$ 1,290,572	\$ 1,464,504	\$ 1,672,011

PSERS Health Insurance Premium Assistance Program

Summary of Significant Accounting Policies-Cost Sharing Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

General Information about the Cost Sharing 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.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits (OPEB)-continued

To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Plan Description

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

Benefits Provided

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

Employer Contributions:

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2019 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance unfunded accrued liability. Contribution to the OPEB plan for the District were \$103,032 for the year ended June 30, 2019.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits (OPEB)-continued

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

At June 30, 2019, the District reported a liability of \$1,879,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2017 to June 30, 2018. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the District's proportion was .0901% which was an increase of .0002% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized OPEB expense of \$74,750. At June 30, 2019, the District 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
Differences between expected and actual experience	\$ 9,000	\$ -
Changes in assumptions	13,500	53,250
Differences between projected and actual investment earnings	2,250	-
Changes in proportion	3,000	2,250
Difference between employer contributions and proportionate share of total contributions	(2,721)	(2,721)
Contributions subsequent to the measurement date	103,032	-
	\$ 128,061	\$ 52,779

\$103,032 reported as deferred outflows of resources related to OPEB resulting from District contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB will be recognized in OPEB expense as follows:

Year ending June 30	Amount
2019	\$ (6,000)
2020	(6,000)
2021	(6,000)
2022	(7,000)
2023	(7,000)
Thereafter	7,000
	\$ (25,000)

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits (OPEB)-continued

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2018 was determined by rolling forward the System's Total OPEB Liability as of June 30, 2017 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.98% - S&P 20 Year Municipal Bond Rate
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumption used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2015

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits (OPEB)-continued

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contributions 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.

OPEB Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.9%	0.03%
US Core Fixed Income	92.8%	1.20%
Non-US Developed Fixed	1.3%	0.40%
	100%	

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

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.98%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.98% which represents the S&P 20 year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the tot OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2018, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1077 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits (OPEB)-continued

The following presents the System net OPEB liability for June 30, 2018, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 1,878,000	\$ 1,879,000	\$ 1,879,000

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

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

	<u>1% Decrease 1.98%</u>	<u>Current Discount Rate 2.98%</u>	<u>1% Increase 3.98%</u>
District's proportionate share of the net OPEB liability	\$ 2,136,000	\$ 1,879,000	\$ 1,665,000

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.pa.gov.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 10 - Jointly Governed Organizations

The School District participates in the Columbia-Montour Area Vocational-Technical School (CMAVTS) which is governed by a joint operating committee. The committee is composed of fourteen members, two appointed annually from each of the 7 member school districts. The CMAVTS provides vocational and technical education for students of the seven member school districts. Each member school district pays tuition to the CMAVTS based upon its relative enrollment percentage at the school. The member school districts approve the budget of the CMAVTS.

This joint venture does not meet the criteria for inclusion within the reporting entity because the CMAVTS is separately chartered from the school districts it serves, its joint operating committee controls the employment of personnel, its joint operating committee has the power to approve all operating expenditures of the CMAVTS, and the CMAVTS is maintained as a separate operating unit.

For the year ended June 30, 2019, the member school districts and the percentage of tuition received from each member school district were as follows:

Benton	6.970%
Berwick	27.396%
Bloomsburg	13.485%
Central Columbia	16.031%
Danville	18.881%
Millville	6.678%
Southern Columbia	<u>10.559%</u>
	<u>100.00%</u>

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 10 - Jointly Governed Organizations - continued

The School District's share of the joint venture is not determinable. The most recent CMAVTS financial information for the year ended June 30, 2019 is available by contacting Tony Lylo, Business Manager, Columbia-Montour Area Vocational-Technical School, Bloomsburg, PA.

A summary of this information, for all funds and the component unit based on the accrual basis of accounting, is presented below:

Assets and Deferred Outflows of Resources	\$ 7,139,581
Liabilities and Deferred Inflows of Resources	<u>18,355,931</u>
Net Position	<u><u>\$ (11,216,350)</u></u>
Revenues	\$ 8,793,163
Expenditures	<u>9,171,356</u>
Change in Net Position	<u><u>\$ (378,193)</u></u>

The School District made tuition payments and debt service payments to CMAVTS of \$1,234,910 and \$68,421, respectively, for the year ended June 30, 2019.

No amounts were due to/from CMAVTS at June 30, 2019.

The CMAVTS capital assets at June 30, 2019 are valued at a historical cost of \$6,767,012 with accumulated depreciation of \$6,019,413, resulting in net capital assets of \$747,599.

The CMAVTS Authority has long-term debt outstanding at June 30, 2019 of \$1,132,000.

CMAVTS Authority issued School Lease Revenue Bonds, Series of 2007 dated November 2007, in the aggregate principal amount of \$4,250,000 for the purpose of refunding its series of 2001 bonds. In June of 2015, the CMAVTS Authority issued a School Lease Revenue Note, Series 2015 for the purpose of refunding its Series of 2007 Bonds. The note bears interest at a fixed rate of 1.87% and is secured by the lease rentals.

Central Columbia School District's share of this debt obligation balance at June 30, 2019 will be 16.99% based upon Central Columbia School District's current market value of property as a relative percentage of total CMAVTS member schools at June 30, 2019.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 10 - Jointly Governed Organizations - continued

Estimated annual lease rentals due under the lease agreement are shown below:

Year	Principal	Interest	Total
2020	63,033	3,596	66,629
2021	63,544	2,418	65,962
2022	65,751	1,230	66,981
	\$ 192,328	\$ 7,244	\$ 199,572

Note 11 - Commitments and Contingencies

The School District receives federal and state grants and subsidies that are subject to audit and review by the Auditor General. These audits could result in a request for reimbursement by the state for amounts disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such reimbursements, if any, will not be significant.

The School District is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the School District with respect to the various proceedings. However, the School District's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the School District.

The District has various commitments under long-term construction contracts totaling \$248,000 at June 30, 2019.

Note 12 - Risk Management

The School District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2019, and the three previous fiscal years, no settlements exceeded insurance coverage.

Note 13 – Subsequent Events

On September 16, 2019, the District issued General Obligation Bonds Series of 2019 in the amount of \$4,720,000 and Series A of 2019 in the amount of \$1,450,000.

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2019

Note 13 – Subsequent Events-continued

The Series of 2019 Bonds will be used to (1) refund a portion of the District's outstanding General Obligation Bonds, Series A of 2012; and (2) pay the allocable costs of issuing the 2019 Bonds. The Series A of 2019 Bonds will be used to (1) refund all of the District's outstanding General Obligation Bonds, Series of 2014; and (2) pay the allocable costs of issuing the Series A of 2019 Bonds. The Series of 2019 Bonds mature initially on March 1, 2020 and thereafter on September 1st through 2024 and bear interest at rates ranging from 1.660% to 1.710%. Interest is payable semiannually on March 1st and September 1st of each year. The Series A of 2019 Bonds mature on September 1st of each year through 2029 and bear interest at rates ranging from 1.660% to 2.190%. Interest is payable semiannually on March 1st and September 1st of each year.

Note 14 – Prior Period Adjustment

During the year ended June 30, 2018 the District implemented GASB Statement No. 75-Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions. During the year ended June 30, 2019, the District determined that they failed to include their Net OPEB Liability under the Public School Employees' Retirement System (PSERS) Health Insurance Premium Assistance Program when GASB 75 was implemented. The District has restated the beginning net position in the government wide statement of net position at July 1, 2018 by \$1,832,000. The decrease results from the District increasing its liability for other postemployment benefits under the PSERS Health Insurance Premium Assistance Program.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COLUMBIA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net Pension Liability

Last Five Fiscal Years

	2019	2018	2017	2016	2015
School's Proportion of the Net Pension Liability	0.0901%	0.0899%	0.0901%	0.0895%	0.0894%
School's Proportionate Share of the Net Pension Liability	\$ 43,252,000	\$ 44,400,000	\$ 44,651,000	\$ 38,767,000	\$ 38,433,000
School's Covered-Employee Payroll	\$ 12,129,158	\$ 11,971,779	\$ 11,674,732	\$ 11,512,629	\$ 12,386,681
School's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	356.59%	370.87%	382.46%	336.73%	310.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.00%	51.84%	50.14%	54.36%	57.24%

CENTRAL COLUMBIA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Contributions-Pension Plan

Fiscal Years

	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 4,046,785	\$ 3,807,755	\$ 4,600,078	\$ 2,880,268	\$ 2,354,195
Contributions in Relation to the Contractually Required Contribution	4,046,785	3,807,755	4,600,078	2,880,268	2,354,195
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 12,129,518	\$ 11,971,779	\$ 11,674,732	\$ 11,512,629	\$ 11,361,679
Contributions as a Percentage of Covered-Employee Payroll	33.36%	31.81%	39.40%	25.02%	20.72%

CENTRAL COLUMBIA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of Changes in Net OPEB Liability and Related Ratios
Central Columbia School District Postemployment Benefits Plan**

	Fiscal Years	
Fiscal Year Ending*	2019	2018
Total OPEB Liability	\$ 127,540	\$ 124,043
Service Cost	62,408	45,704
Interest	-	-
Changes of Benefit Terms	(274,835)	-
Differences Between Expected and Actual Experience	(283,325)	59,038
Changes of Assumptions	(73,294)	(74,650)
Benefit Payments	-	-
Other Changes	(441,506)	154,135
Net Change	1,906,010	1,751,875
Total OPEB Liability-Beginning	<u>\$ 1,464,504</u>	<u>\$ 1,906,010</u>
Total OPEB Liability-Ending	<u>\$ 12,143,391</u>	<u>\$ 11,511,321</u>
Covered Employee Payroll	12.06%	16.59%
Total OPEB Liability as a % of Covered-Employee Payroll		

CENTRAL COLUMBIA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net OPEB Liability

PSERS Health Insurance Premium Assistance Program

Last Two Fiscal Years

	2019	2018
School's Proportion of the Net OPEB Liability	0.0901%	0.0899%
School's Proportionate Share of the Net OPEB Liability	\$ 1,879,000	\$ 1,832,000
School's Covered-Employee Payroll	\$ 12,129,158	\$ 11,971,779
School's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll	15.49%	15.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%	5.73%

CENTRAL COLUMBIA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**Schedule of District's Contributions-OPEB Plan
PSERS Health Insurance Premium Assistance Program
Fiscal Years**

	2019	2018
Contractually Required Contribution	\$ 103,032	\$ 97,035
Contributions in Relation to the Contractually Required Contribution	103,032	97,035
Contribution Deficiency (Excess)	-	-
District's Covered Payroll	\$ 12,129,158	\$ 11,971,779
Contributions as a Percentage of Covered-Employee Payroll	0.85%	0.81%

OTHER SUPPLEMENTARY INFORMATION

CENTRAL COLUMBIA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Program/Cluster Title	CFDA Number	Funding Code	Grantor's Pass Thru Number	Grant Period Beginning/Ending Date	Source Code	Program or Award Amt.	Total Received For Year	Accrued or (Deferred) 7/1/2018	Revenue Recognized	Expenditures	Accrued or (Deferred) 6/30/2019
U.S. Department of Agriculture-Nutrition Cluster- Passed Through the Pennsylvania Department of Education-											
National School Lunch	10.555	I	N/A	7/01/18-6/30/19	F	276,926	276,926	-	276,926	276,926	-
National Breakfast	10.553	I	N/A	7/01/18-6/30/19	F	46,120	46,120	-	46,120	46,120	-
						323,046	323,046	-	323,046	323,046	-
Passed Through the Pennsylvania Department of Agriculture-											
National School Lunch-USDA Commodities	10.555	I	N/A	7/1/18-6/30/19	F	51,900	51,900	-	51,900	51,900	-
Totals-Nutrition Cluster						374,946	374,946	-	374,946	374,946	-
Total U.S. Department of Agriculture						374,946	374,946	-	374,946	374,946	-
U.S. Department of Education-											
Passed Through the Pennsylvania Department of Education-											
Title I	84.010	I	013-190071	7/01/18-9/30/19	F	254,425	254,425	-	254,425	254,425	-
Title I	84.010	I	013-180071	7/01/17-9/30/18	F	254,999	33,548	33,548	-	-	-
Total Title I						287,973	287,973	33,548	254,425	254,425	-
Title IIA-Improv Teacher	84.367	I	020-190071	7/01/18-9/30/19	F	52,251	52,251	-	52,251	52,251	-
Title IIA-Improv Teacher	84.367	I	020-180072	7/01/17-9/30/18	F	57,392	38,209	38,209	-	-	-
Total Title IIA						90,460	90,460	38,209	52,251	52,251	-
Title IV-Student Support & Academic Enrichment	84.424	I	144-190071	7/01/18-9/30/19	F	18,525	18,525	-	18,525	18,525	-
Total Title IV						18,525	18,525	-	18,525	18,525	-

CENTRAL COLUMBIA SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards-Continued
 Year Ended June 30, 2019

Program/Cluster Title	CFDA Number	Funding Code	Grantor's Pass Thru Number	Grant Period Beginning/Ending Date	Source Code	Program or Award Amt.	Total Received For Year	Accrued or (Deferred) 7/1/2018	Revenue Recognized	Expenditures	Accrued or (Deferred) 6/30/2019
Passed Through the Pennsylvania Department of Education-											
Passed Through Central Susquehanna Intermediate Unit-											
IDEA Part B	84.027	I	062-19-0-016	7/01/18-9/30/19	F	336,820	192,546	-	336,820	336,820	144,274
IDEA Part B	84.027	I	062-18-0-016	7/01/17-9/30/18	F	323,144	112,496	112,496	-	-	-
			Total IDEA Part B				305,042	112,496	336,820	336,820	144,274
IDEA 619	84.173	I	131-19-0-016	7/01/18-9/30/19	F	-	-	-	-	-	-
IDEA 619	84.173	I	131-18-0-016	7/01/17-9/30/18	F	5,950	5,950	5,950	-	-	-
			Total IDEA- Early Intervention				5,950	5,950	-	-	-
			Total IDEA Cluster				310,992	118,446	336,820	336,820	144,274
			Total U.S. Department of Education				707,950	190,203	662,021	662,021	144,274
							Totals	\$ 1,082,896	\$ 190,203	\$ 1,036,967	\$ 144,274

CENTRAL COLUMBIA SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2019

Note 1 – Basis of Presentation

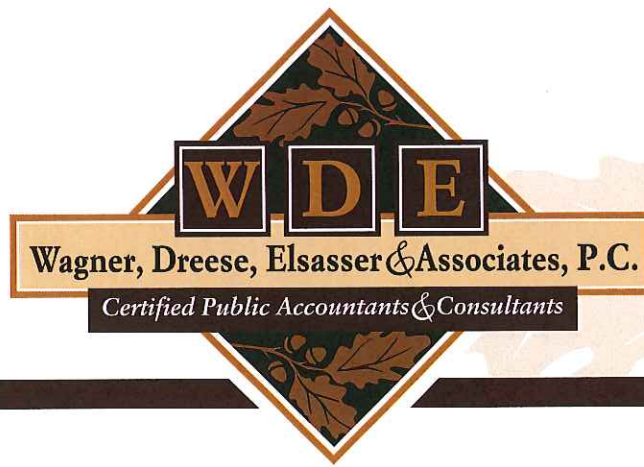
The accompanying schedule of expenditures of federal awards includes the federal grant activity of Central Columbia School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – USDA Donated Commodities

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, the organization had no food commodities in inventory.

Note 1 – Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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

Members of the Board
Central Columbia School District
Bloomsburg, PA

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 Accounting 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 Central Columbia School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Central Columbia School District's basic financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Columbia School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

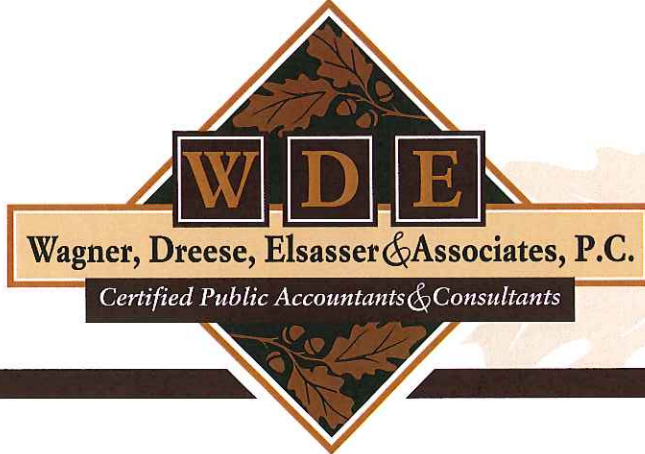
Wagner, Drees, Elsasser & Associates, P.C.

WAGNER, DREESE, ELSASSER & ASSOCIATES, P.C.

Certified Public Accountants and Consultants

Selinsgrove, PA

December 10, 2019



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

Members of the Board
Central Columbia School District
Bloomsburg, PA

Report on Compliance for Each Major Federal Program

We have audited Central Columbia School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Central Columbia School District's major federal programs for the year ended June 30, 2019. Central Columbia School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Central Columbia School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 Central Columbia School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Central Columbia School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Central Columbia School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central Columbia School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Columbia School District's internal control over compliance.

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

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

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

Wagner, Drees, Elsasser & Associates, P.C.

WAGNER, DREESE, ELSASSER & ASSOCIATES, P.C.

Certified Public Accountants and Consultants

Selinsgrove, PA

December 10, 2019

CENTRAL COLUMBIA SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal Control over Financial Reporting:
 Significant Deficiencies Identified?

_____ Yes X None Reported

Noncompliance Material to Financial Statements Noted?

_____ Yes X No

Federal Awards

Internal Control over Major Programs:
 Significant Deficiencies Identified?

_____ Yes X None Reported

Type of Auditor's Report Issued on Compliance
 for Major Program:

Unmodified Opinion

Any Audit Findings Disclosed that are Required to
 be Reported in Accordance with
 2 CFR section 200.516(a)?

_____ Yes X No

Identification of Major Programs:

CFDA Number
 10.553
 10.555

Name of Federal Program
 School Breakfast Program
 National School Lunch Program

Dollar Threshold used to Distinguish Between
 Type A and Type B Programs:

\$750,000

Auditee Qualified as Low - Risk Auditee:

 X Yes _____ No

Section II - Financial Statement Findings

There are no Findings to be Reported

Section III - Federal Award Findings and Questioned Costs

There are no Findings to be Reported

CENTRAL COLUMBIA SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019

There were no findings or questioned costs for the prior year ended June 30, 2018.