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News for Immediate Release

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Auditor General DePasquale Says Eastern York School District's General Fund Reserves Dropped 71 Percent Over Five Years

General Fund balance dropped almost \$4.2 million from fiscal years 2010-11 through 2014-15

HARRISBURG – Auditor General Eugene DePasquale today said an audit of Eastern York School District shows the district's general fund balance dropped almost \$4.2 million, 71 percent, from fiscal years 2010-11 through 2014-15.

The district's general fund balance of \$1.71 million at the end of June 2015 was 4.2 percent of its expenditures, which is much lower than the school board's policy of maintaining an unassigned general fund balance of between 5 and 8 percent.

"Maintaining a healthy general fund for a school district is not unlike individuals and families stashing cash in a savings account to save for an emergency," DePasquale said.

In the case of a school district, a decreasing fund balance reduces the district's ability to generate investment income, pay for costs such as emergency building repairs, or cover unexpected interruptions in revenue such as last year's nine-month state budget impasse. In addition, the district's credit rating could be adversely affected by an inadequate fund balance, which could then increase the cost of borrowing.

For the audit period – July 2011 through June 2015 – Eastern York School District's expenditures exceeded its revenues by more than \$3.9 million, which contributed to the general fund decline.

District officials said expenditures exceeded revenues because budgeted state revenues were not realized after state budgets passed, which reduced the funds coming into the district. The district also experienced numerous appeals on the local real estate property assessments, and changes in the earned income tax distribution resulted in less revenue for the district than budgeted.

The Eastern York School District audit report is available online at: www.PaAuditor.gov.

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