

**NORTHUMBERLAND COUNTY CAREER
AND TECHNOLOGY CENTER**

**Financial Statements Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2023

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Financial Statements Together with Reports of Independent Public Accountants

JUNE 30, 2023

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of School Directors
Northumberland County Career and Technology Center
Coal Township, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund of Northumberland County Career and Technology Center (the Center), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Center as of June 30, 2023, and the respective changes in financial position and the statement of revenue, expenditures, and changes in fund balance- budget and actual for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Center's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of required pension related supplementary information, and schedule of revenues and expenditures- budget and actual- general fund as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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



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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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center’s basic financial statements. The schedule of revenue and expenditures- budget and actual- capital projects fund (the Supplemental Schedule) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplemental Schedule 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Philadelphia, Pennsylvania
December 28, 2023

SB & Company, LLC

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2023

The discussion and analysis of Northumberland County Career and Technology Center's (the Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

The assets of the Center governmental activities were less than its liabilities at the close of the most recent fiscal year by (\$1,118,488). The governmental total net position increased by \$298,661. The Center has been required to book its' share of the unfunded pension liability starting in fiscal year 2018. As of June 30, 2023, this amounts to \$2,356,000, which is the primary cause of the Center's net position deficit.

As of June 30, 2023, unassigned unrestricted fund balance for the general fund was \$180,696 or 9% of the total general fund expenditures.

It should be noted that the COVID-19 pandemic played a role in the financial operations of the Center. The administration, at the direction of the board, focused energy, and resources on regaining control over in-person instruction while trying to keep COVID-19 cases at a minimum. The Center complied with the Centers for Disease Control, Pennsylvania Department of Health, and Pennsylvania Department of Education guidelines. These are unprecedented times for all stakeholders within the Center.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the basic financial statements of the Center. The School Center's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Center's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all the Center's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2023

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused retirement incentives).

Both government-wide financial statements distinguish functions of the Center that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Center include most of the Center's basic services, such as regular and special education, administration, and transportation. Property taxes and formula-based state aid finance most of these activities. The Food Services Fund is the sole business-type activity for the Center.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Center can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Center does not have any fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Governmental funds are segregated by major fund and non-major fund. The Center's governmental major funds consisted of the General Fund and the Capital Reserve Fund. The Center's student activity funds is a non-major fund.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2023

Proprietary Funds

The Center maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Center uses an enterprise fund to account for its Adult Services. Internal Service funds (the other type of proprietary fund) are used to report activities that provide supplies and services for the government's other programs and activities. The Center currently does not have any internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Food Service Fund, which is considered to be a major fund of the Center.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The supplementary information contains combining statements to present one non-major governmental fund, the Capital Reserve Fund.

Government-wide Financial Analysis

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Center, liabilities exceeded assets by (\$965,218) as of June 30, 2023.

Approximately 36% of the Center's assets reflect its investment in capital assets (e.g. land, buildings, furniture and equipment, construction-in-progress). The Center uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The largest portion of the Center's liabilities is its long-term debt for general obligation bonds used to finance building improvements and other capital projects. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another item of note on the government-wide financial statements is the balance in cash and investments of \$1,156,971 as of June 30, 2023, which include a balance of \$1,018,320 in Governmental Activities and a balance of \$138,651 in the Business-Type Activities.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2023

An additional portion of the Center's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations.

The Net Position as of June 30, 2023, and 2022, for the Center are summarized below. As of June 30, 2023, the Center reports negative balances in category of net assets, governmental activities.

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Governmental Activities			
Current assets	\$ 1,218,871	\$ 1,472,059	\$ (253,188)
Noncurrent assets	<u>760,777</u>	<u>927,887</u>	<u>(167,110)</u>
Total assets	1,979,648	2,399,946	(420,298)
Deferred outflow of resources	<u>560,759</u>	<u>436,911</u>	<u>123,848</u>
Total assets and deferred outflow of resources	<u>2,540,406</u>	<u>2,836,857</u>	<u>(296,451)</u>
Current liabilities	567,961	831,876	(263,915)
Noncurrent liabilities	<u>2,791,473</u>	<u>2,726,494</u>	<u>64,979</u>
Total liabilities	3,359,434	3,558,370	(198,936)
Deferred inflow of resources	<u>299,460</u>	<u>695,636</u>	<u>(396,176)</u>
Total liabilities and deferred outflow of resources	<u>3,658,894</u>	<u>4,254,006</u>	<u>(595,112)</u>
Net deficit	<u>\$ (1,118,488)</u>	<u>\$ (1,417,149)</u>	<u>\$ 298,661</u>
Business-Type Activities			
Current assets	\$ 137,568	\$ 120,117	\$ 17,451
Noncurrent assets	<u>15,701</u>	<u>19,265</u>	<u>(3,564)</u>
Total assets	153,270	139,382	13,888
Deferred outflow of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflow of resources	<u>153,270</u>	<u>139,382</u>	<u>13,888</u>
Current liabilities	-	31,987	(31,987)
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	31,987	(31,987)
Deferred inflow of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred outflow of resources	<u>-</u>	<u>31,987</u>	<u>(31,987)</u>
Net position	<u>\$ 153,270</u>	<u>\$ 107,395</u>	<u>\$ 45,875</u>

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2023

Change in Net Position

The results of this year's operations are reported in the Statement of Activities in the basic financial statements. The two largest general revenues are the non-formula-based state aid received from the Commonwealth of Pennsylvania and the local taxes assessed to property owners. A comparative analysis of the change in net assets is presented in Table 2 below.

	2023	2022	Change
Governmental Activities			
Revenues			
Charges for services	\$ 15,366	\$ 17,042	\$ (1,676)
Operating grants and contributions	850,773	874,323	(23,550)
Receipts from member districts	1,145,412	1,210,368	(64,956)
Capital grants	49,916	150,000	(100,084)
Other	21,206	2,465	18,741
Total revenues	2,082,673	2,254,198	(171,525)
Expenses			
Vocational Instruction	1,019,267	1,403,800	(384,533)
Vocational Instructional Student Support	539	8,998	(8,459)
Admin. and Financial Support Services	497,994	609,868	(111,874)
Operation and Maintenance of Plant Services	249,790	308,859	(59,069)
Student Activities	16,019	15,323	696
Interest on Long-Term Debt	404	995	(591)
Total expenses	1,784,012	2,347,843	(563,831)
Change in net position	\$ 298,661	\$ (93,645)	\$ 392,306
 Business Type Activities			
Revenues			
Charges for services	\$ 59,294	\$ 31,762	\$ 27,532
Operating grants and contributions	38,564	25,308	13,256
Other	1,249	152	1,097
Total revenues	99,107	57,222	41,885
Expenses			
Adult Fund	53,232	39,604	13,628
Change in net position	\$ 45,875	\$ 17,618	\$ 28,257

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2023

Financial Analysis of the Government's Funds

As noted earlier, the Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Fund

The focus of the Center's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School Center's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the Center's general fund reported an ending fund balances of \$243,362 a increase of \$4,549 in comparison with prior year balance of \$238,813. The change was largely attributed to a decrease in general fund expenditures, increased federal and state funding due to COVID-19, and conservative revenue estimation to balance the 2022-23 budget. The total unrestricted unassigned Fund Balance, which is available for spending at the government's discretion, is \$180,696 as of June 30, 2023.

The General Fund is the chief operating fund of the Center and provides 100% of the unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. This ratio was approximately 9% for the year ended June 30, 2023.

Capital Reserve Fund

A capital reserve fund allows the Center to set aside money for future construction projects and major purchases, much like a savings account. As of June 30, 2023, the Capital Reserve Fund had a restricted fund balance of \$386,617.

Proprietary Funds

The Center's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As of the end of the current fiscal year, the net position of the proprietary fund – Adult fund was \$153,270.

General Fund Budgetary Highlights

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School Center. There were no adjustments made to the original budget for the year ended June 30, 2023.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Management’s Discussion and Analysis
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2023**

Capital Assets

Capital assets. The Center's investment in capital assets for its governmental and business type activities as of June 30, 2023, is summarized below.

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Total Capital Assets, Not Depreciated	100,000	-	-	100,000
Capital Assets, Being Depreciated:				
Buildings and Improvements	6,779,781	20,200	-	6,799,981
Furniture and Equipment	2,755,784	69,662	-	2,825,446
Total Capital Assets, Being Depreciated	9,535,565	89,862	-	9,625,427
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,386,484	184,859	-	6,571,343
Furniture and Equipment	2,321,195	72,112	-	2,393,307
Total Accumulated Depreciation	8,707,679	256,971	-	8,964,650
Governmental Activities -	<u>\$ 927,886</u>	<u>\$ (167,109)</u>	<u>\$ -</u>	<u>\$ 760,777</u>
Business Type Activities:				
Furniture/Equipment	\$ 35,628	\$ -	\$ -	\$ 35,628
Less: Accumulated Depreciation	16,363	3,563	-	19,926
Business Type Activities- Capital Assets, Net	<u>\$ 19,265</u>	<u>\$ (3,563)</u>	<u>\$ -</u>	<u>\$ 15,702</u>

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Management's Discussion and Analysis Required Supplementary Information (Unaudited) For the Year Ended June 30, 2023

Economic Factors

The School Center's general obligation bond rating is a Standard & Poor's "A (Stable Outlook)". The bonds carry the commitment of Financial Security Assurance Inc. which assures payment of principal and interest to the holders of bonds.

Request for Information

This financial report is designed to provide a general overview of the finances of the Center for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Tyler S. James, Consulting Business Manager, 1700 West Montgomery Street, Coal Township, Pennsylvania, 17866.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Statement of Net Position (Deficit) As of June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 203,882	\$ 138,651	\$ 342,533
Investments	814,439	-	814,439
Internal Balances	1,082	-	1,082
Intergovernmental Receivables	151,259	(1,082)	150,177
Other Receivable	5,386	-	5,386
Prepaid Expense	42,823	-	42,823
Total Current Assets	1,218,871	137,569	1,356,440
Capital Assets			
Land not Being Depreciated	100,000	-	100,000
Building and Building Improvements			
Net of Accumulated Depreciation	228,638	-	228,638
Furniture and Equipment	-		
Net of Accumulated Depreciation	432,139	15,701	447,840
Total Capital Assets	760,777	15,701	776,479
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts Related to Other Post-Employment Benefits	163,430	-	163,430
Deferred Amounts Related to Pensions	397,329	-	397,329
Total Deferred Outflows of Resources	560,759	-	560,759
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,540,407	153,270	2,693,678
LIABILITIES			
Accounts Payable	24,403	-	24,403
Accrued Salaries	64,192	-	64,192
Intergovernmental Payables	248,420	-	248,420
Payroll Withholdings and Taxes Payable	11,425	-	11,425
Compensated Absences	1,600	-	1,600
Unearned Grant Revenue	144,736	-	144,736
Other Accrued Liabilities	73,185	-	73,185
Long-Term Liabilities:			
Due in More Than One Year:			
Compensated Absences	43,780	-	43,780
Net Pension Liability	2,356,000	-	2,356,000
Other Post-Employment Benefits Liability	391,693	-	391,693
TOTAL LIABILITIES	3,359,434	-	3,359,434
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts Related to Other Post-Employment Benefits	191,460	-	191,460
Deferred Amounts Related to Pensions	108,000	-	108,000
Total Deferred Inflows of Resources	299,460	-	299,460
TOTAL LIABILITIES AND DEFERRED INFLOWS	3,658,894	-	3,658,894
NET POSITION			
Invested in Capital Assets Net of Related Debt	760,777	15,701	776,478
Restricted - Capital Projects - Student Accounts	427,391	-	427,391
Unrestricted	(2,306,655)	137,569	(2,169,086)
TOTAL NET POSITION	\$ (1,118,487)	\$ 153,270	\$ (965,217)

The accompanying notes are an integral part of this statement.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Statement of Activities
For the Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
Vocational Instruction	\$ 1,019,265	\$ 4,549	\$ 755,553	\$ 49,916	\$ (209,247)	\$ -	\$ (209,247)
Vocational Instructional Student Support	539	-	-	-	(539)	-	(539)
Admin. and Financial Support Services	497,994	-	83,937	-	(414,057)	-	(414,057)
Operation and Maintenance of Plant Services	249,790	-	11,283	-	(238,507)	-	(238,507)
Student Activities	16,019	10,817	-	-	(5,202)	-	(5,202)
Interest on Long-Term Debt	404	-	-	-	(404)	-	(404)
TOTAL GOVERNMENTAL ACTIVITIES	<u>1,784,011</u>	<u>15,366</u>	<u>850,773</u>	<u>49,916</u>	<u>(867,956)</u>	<u>-</u>	<u>(867,956)</u>
BUSINESS - TYPE ACTIVITY							
EarlyAdult Education Fund	53,232	59,294	38,564	-	-	44,626	44,626
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,837,243</u>	<u>\$ 74,660</u>	<u>\$ 889,337</u>	<u>\$ 49,916</u>	<u>(867,956)</u>	<u>44,626</u>	<u>(823,330)</u>
GENERAL REVENUES AND TRANSFERS							
Receipts from Member Districts					1,145,412	1,249	1,146,661
Investment Earnings					21,206	-	21,206
TOTAL GENERAL REVENUES					<u>1,166,618</u>	<u>1,249</u>	<u>1,167,867</u>
CHANGE IN NET POSITION							
					298,662	45,875	344,537
NET POSITION - JULY 1, 2022							
					<u>(1,417,149)</u>	<u>107,395</u>	<u>(1,309,754)</u>
NET POSITION - JUNE 30, 2023							
					<u>\$ (1,118,487)</u>	<u>\$ 153,270</u>	<u>\$ (965,217)</u>

The accompanying notes are an integral part of this statement.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds		Non-Major	Total
	General	Capital Reserve	Student Activities	Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and Cash Equivalents	\$ 181,579	\$ 736	\$ 21,567	\$ 203,882
Investments	428,558	385,881	-	814,439
Due from Other Funds	1,082	-	-	1,082
Intergovernmental Receivables	151,259	-	-	151,259
Other Receivable	5,386	-	-	5,386
Prepaid Expense	42,823	-	-	42,823
TOTAL ASSETS	\$ 810,687	\$ 386,617	\$ 21,567	\$ 1,218,871
LIABILITIES				
Accounts Payable	\$ 23,767	\$ -	\$ 636	\$ 24,403
Intergovernmental Payables	248,420	-	-	248,420
Accrued Expenditures	73,185	-	-	73,185
Compensated Absences	1,600	-	-	1,600
Payroll Withholdings	11,425	-	-	11,425
Accrued Salaries and Benefits	64,192	-	-	64,192
TOTAL LIABILITIES	422,589	-	636	423,225
UNEARNED REVENUES RELATED TO GRANT	144,736	-	-	144,736
FUND BALANCES				
Nonspendable	42,823	-	-	42,823
Restricted for Capital Projects	-	386,617	-	386,617
Restricted for Student Activities	19,843	-	20,931	40,774
Unassigned	180,696	-	-	180,696
TOTAL FUND BALANCES	243,362	386,617	20,931	650,910
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 810,687	\$ 386,617	\$ 21,567	\$ 1,218,871

The accompanying notes are an integral part of this statement.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position (Deficit)

Governmental Funds As of June 30, 2023

TOTAL FUND BALANCE, GOVERNMENTAL FUNDS \$ 650,910

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 the fund financial statements, but are reported in the governmental activities of the statement of net position.

Cost of capital assets	9,725,427
Less: accumulated depreciation	<u>(8,964,650)</u>

Deferred outflows and inflows of resources related to pension and other postemployment benefits are applicable to future periods, and therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	397,329
Deferred inflows of resources related to pensions	(108,000)
Deferred outflows of resources related to other postemployment benefits	163,430
Deferred inflows of resources related to other-postemployment benefits	<u>(191,460)</u>

Long-term liabilities, including bond and notes payable, are not due and payable in the current period and are not reported as liabilities in the fund statements.

Net pension liability	(2,356,000)
Other postemployment benefits liability	(391,693)
Compensated Absences	<u>(43,780)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (1,118,487)

The accompanying notes are an integral part of this statement.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023**

	Major Funds		Non-Major	Total
	General	Capital Reserve	Student Activities	Governmental Funds
REVENUES				
Receipts from Member Districts	\$ 1,145,412	\$ -	\$ -	\$ 1,145,412
Local Grants	17,967	-	-	17,967
State Grants	665,083	-	-	665,083
Federal Grants	217,640	-	-	217,640
Student Activities	4,549	-	10,817	15,366
Investment Earnings	11,812	9,176	218	21,206
TOTAL REVENUES	<u>2,062,463</u>	<u>9,176</u>	<u>11,035</u>	<u>2,082,674</u>
EXPENDITURES				
Instruction	1,194,168	-	-	1,194,168
Support Services	455,857	-	-	455,857
Operation and Maintenance of Plant Services	383,498	-	-	383,498
Student Activities	-	-	14,233	14,233
Debt Service - Principal	23,785	-	-	23,785
Debt Service - Interest	606	-	-	606
TOTAL EXPENDITURES	<u>2,057,914</u>	<u>-</u>	<u>14,233</u>	<u>2,072,147</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,549</u>	<u>9,176</u>	<u>(3,198)</u>	<u>10,527</u>
NET CHANGE IN FUND BALANCES	4,549	9,176	(3,198)	10,527
FUND BALANCES - BEGINNING OF YEAR	<u>238,813</u>	<u>377,441</u>	<u>24,129</u>	<u>640,383</u>
FUND BALANCES - END OF YEAR	<u>\$ 243,362</u>	<u>\$ 386,617</u>	<u>\$ 20,931</u>	<u>\$ 650,910</u>

The accompanying notes are an integral part of this statement.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to Statement of Activities**

Governmental Funds

For the Year Ended June 30, 2023

NET CHANGES IN FUND BALANCE, TOTAL GOVERNMENTAL FUNDS \$ 10,527

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Depreciation Expense	(256,971)
Capital Outlays	89,862

Governmental funds report repayment of bond and capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 23,785

Change in accrued interest reported in the statement of activities. 201

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.

Decrease in Compensated Absences	10,747
Increase in Pension Activity	390,509
Increase in OPEB Activity	<u>30,002</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 298,662

The accompanying notes are an integral part of this statement.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Sources	\$ 1,522,544	\$ 1,522,544	\$ 1,179,740	\$ (342,804)
State Sources	453,000	453,000	665,083	212,083
Federal Sources	100,660	100,660	217,640	116,980
TOTAL REVENUES	<u>2,076,204</u>	<u>2,076,204</u>	<u>2,062,463</u>	<u>(13,741)</u>
EXPENDITURES				
<i>Instruction:</i>				
Vocational Programs	1,063,679	1,063,679	1,194,166	(130,487)
<i>Support Services:</i>				
Institutional Staff Services	15,000	15,000	4,225	10,775
Administrative Services	362,260	362,260	386,496	(24,236)
Business Services	210,128	210,128	151,331	58,797
Operation and Maintenance of Plant Services	292,084	292,084	293,596	(1,512)
Central and other Support Services	5,000	5,000	3,708	1,292
<i>Operation of Noninstructional Services:</i>				
Student Activities	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>1,953,151</u>	<u>1,953,151</u>	<u>2,033,522</u>	<u>(80,371)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>123,053</u>	<u>123,053</u>	<u>28,941</u>	<u>(94,112)</u>
OTHER FINANCING SOURCES (USES)				
Debt Service	<u>24,393</u>	<u>24,393</u>	<u>24,391</u>	<u>(2)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>24,393</u>	<u>24,393</u>	<u>24,391</u>	<u>(2)</u>
NET CHANGE IN FUND BALANCES	<u>98,660</u>	<u>98,660</u>	<u>4,550</u>	<u>(94,114)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>223,411</u>	<u>223,411</u>	<u>238,813</u>	<u>15,402</u>
FUND BALANCE - END OF YEAR	<u>\$ 322,071</u>	<u>\$ 322,071</u>	<u>\$ 243,363</u>	<u>\$ (78,712)</u>

The accompanying notes are an integral part of this statement.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Statement of Net Position
Proprietary Fund
For the Year Ended June 30, 2023**

	<u>Early/Adult Education Fund</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 138,651
NON-CURRENT ASSETS	
Machinery and Equipment	35,628
Less: Accumulated Depreciation	<u>(19,927)</u>
TOTAL NON-CURRENT ASSETS	<u>15,701</u>
TOTAL ASSETS	<u>154,352</u>
LIABILITIES	
CURRENT LIABILITIES	
Due to other funds	<u>1,082</u>
TOTAL LIABILITIES	1,082
NET POSITION (DEFICIT)	
Invested in Capital Assets - Net of Related Debt	15,701
Unrestricted (Deficit)	<u>137,569</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 153,270</u>

The accompanying notes are an integral part of this statement.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Statement of Revenues, Expenses, and Changes in Net Position Proprietary Fund For the Year Ended June 30, 2023

	Early/Adult Education Fund
OPERATING REVENUES	
Charges for Services	\$ 59,294
OPERATING EXPENSES	
Personal Services - Salaries	26,812
Personal services - Employee Benefits	8,953
Supplies	13,904
Depreciation	3,563
TOTAL OPERATING EXPENSES	<u>53,232</u>
OPERATING (LOSS)	<u>6,062</u>
NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	1,249
Federal Sources	38,564
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>39,813</u>
CHANGE IN NET POSITION	45,875
NET POSITION (DEFICIT) - BEGINNING OF YEAR	<u>107,395</u>
NET POSITION (DEFICIT) - END OF YEAR	<u><u>\$ 153,270</u></u>

The accompanying notes are an integral part of this statement.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023**

	Early/Adult Education Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from Customers and Intergovernments	\$ 32,486
Cash Paid to Employees for Services	(35,765)
Cash Paid to Suppliers for Goods and Services	(18,877)
NET CASH (USED FOR) OPERATING ACTIVITIES	<u>(22,156)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Federal Sources	38,564
Interfund activity	1,076
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>39,640</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	<u>1,249</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,733
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>120,118</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 138,851</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities	
Operating loss	\$ 6,062
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	3,563
Changes in non-cash current assets and current liabilities	
Increase (Decrease) in Accounts Payable	(4,973)
Increase (Decrease) in Due to Other Funds	1,082
Increase (Decrease) in Deferred Revenue	(27,452)
(Increase) Decrease in Due from Other Funds	(438)
TOTAL ADJUSTMENTS	<u>(28,218)</u>
TOTAL CASH (USED FOR) OPERATING ACTIVITIES	<u>\$ (22,156)</u>

The accompanying notes are an integral part of this statement.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

1. ORGANIZATION

The Northumberland County Career and Technology Center (the Center) was formed August 15, 1967 by the following school districts: Shamokin Area School District, Mount Carmel School District, and Line Mountain School District. The purpose of the Center is to provide vocational or technical education and training for high school students, out-of-school youths, and adults of the communities for which the participating school districts are constituted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Center have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.. The more significant of these accounting policies are as follows:.

A. Reporting Entity

In evaluating the Center as a reporting entity, management has addressed all potential component units which may or may not fall within the Center's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the Center's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of Northumberland County Career and Technology Center. The Center is not a component unit of another reporting entity, nor does it have any component units.

B. Fund Accounting

On June 15, 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB-54 establishes criteria for classifying fund balances into specifically defined classifications that should be based on hierarchy that reflects the extent to which the government is bound to honor constraints on how those funds can be spent.

Established classifications are as follows:

Non-spendable - Amounts that cannot be spent because they are either in a non-spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained to be used for a specific purpose stipulated by constitution, external resource providers or through enabling legislation.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Committed - Amounts constrained to be used for a specific purpose determined by a formal action of the Center's Board of Directors (the Center's highest level of decision-making authority).

Assigned - Amounts intended to be used for a specific purpose by the finance committee or an individual authorized by the governing body.

Unassigned - Residual amounts available for any purpose not contained in other classifications.

Order of Fund Balance Spending Policy:

The Center's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance as of the end of the fiscal year by adjusting entries.

First, non-spendable fund balances are determined. Then, restricted fund balances for the non-General funds are classified as restricted fund balance. It is possible for the non-General funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balance for the non-General fund.

C. Basis of Presentation

Government-wide financial statements (i.e., the statement of net position and the statement of activities) Activities report information on all of the non-fiduciary activities of the Center as a whole. Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided are not eliminated as doing so would distort the direct costs and program revenues reported by the departments concerned.

These statements distinguish between the governmental and business type activities of the Center. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Proprietary fund operating revenues, such as charges for services, result from transactions associated with the fund's principal activity in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from transactions in which the parties do not exchange equal values. Revenues generated by ancillary activities are also reported as non-operating revenues.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. *Basis of Presentation* (continued)

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

- 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.
- Restricted Net Position - Results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions of enabling legislation.
- 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.

Fund financial statements are also provided in the report for all of the governmental funds, and the fiduciary funds of the Center. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column, if applicable. Fiduciary funds are reported by fund type. The Center reports the following major governmental funds:

The general fund is the Center's primary operating fund. It accounts for all financial resources except those required to be in another fund. The capital reserve fund accounts for accumulation of resources only for future capital expenditures.

The Center reports the early/adult education fund as a major proprietary fund type and is used to account for all financial transactions related to the adult education program.

D. *Measurement Focus and Basis of Accounting*

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Program revenue include charges paid by the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the operational and capital requirements of a particular programs. Revenues are recognized as soon as they are both measurable and available. 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. Revenue from federal, state and other grants designated for payment of specific Center expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The financial statements utilize a revised budget as passed by the Northumberland County Career and Technology Center's Board of Directors as a comparison against actual revenue and expenditures.

Budgets and Budgetary Accounting

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program-by-program basis by the federal and state funding agencies.

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 column in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. 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.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

Fixed Assets (continued)

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives: Buildings- 40; Improvements- 5-10; Furniture and equipment- 10; and Computers- 5.

Estimates

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments that are ready convertible to known amounts of cash and include investments with original maturities of three months or less.

Accounts Receivable

All receivables are determined at face value. The receivables consist of balances from member districts and federal and state sources. The Center does not account for an allowance for doubtful accounts because the Center believes they will collect all receivables due to a review of the historical collection in the past.

Restricted and Assigned Assets

Restricted assets cash and cash equivalents whose use is limited by legal requirements such as bond indenture.

Assigned assets are cash and cash equivalents whose use is intended to be used for a specific purpose but does not meet the criteria to be classified as restricted or committed. These amounts are assigned by the board of directors.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a restricted purpose.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of cost of capital assets, net of accumulated depreciation, reduced by outstanding balance of any long-term debt used to build or acquire the capital asset.

Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

Pension and OPEB

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

Deferred Inflows/Outflows of Resources

The Statements of Net Position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The Center has two items that qualify for reporting in these categories: deferred outflows and inflows related to other postemployment benefits, and deferred outflows and inflows related to pensions.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Capital related differences include non-facility related fixed asset purchases recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and capitalization and recording of depreciation expense in the statement of activities.

4. DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of a bank failure, the Center's deposits may not be returned. The deposit policy of the Center adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Under Section 440.1 of the Public School Code of 1949, as amended, the Center is permitted to: Deposit in savings accounts or time deposits or share accounts of institutions insured by the FDIC to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that collateral as provided by law is pledged by the depository.

All deposits as of June 30, 2023, are insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$250,000. Deposits over this amount are collateralized by a pool of eligible securities established under Act 72 of the 1971 Session of the Pennsylvania General Assembly for the protection of public depositors. The pledged securities in the pool are safe kept at correspondent banks in accounts specifically segregated for this purpose. Act 72 specifies that it is the bank's responsibility to maintain sufficient assets in the pool to collateralize adequately all public deposits greater than the \$250,000 per type of account per entity which is FDIC insured.

The Center's deposits are maintained at BB&T and Mid Penn Bank. The Center's solicitor has reviewed the collateralization policies of the various banks and determined that it complies with Section 440.1(c)(iii) of the Pennsylvania School Code. As of June 30, 2023, the carrying amount of the Center's deposits was \$1,430,262 and the bank balance was \$1,461,678. Of the bank balance, \$795,797 was covered by federal depository insurance coverage and \$665,881 was covered by pledged securities.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Notes to the Financial Statements
For the Year Ended June 30, 2023**

5. DUE TO OTHER GOVERNMENTS

Under the agreement with the participating school districts (Note 1), any revenue in excess of expenditures in the general fund must be returned to the school districts based on their respective pro-rata number of students. The liability to the participating school districts as of June 30, 2023, is \$248,420 and is included in intergovernmental payable on the accompanying statement of net position.

6. CAPITAL ASSETS

A summary of capital asset activity during the fiscal year follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Total Capital Assets, Not Depreciated	100,000	-	-	100,000
Capital Assets, Being Depreciated:				
Buildings and Improvements	6,779,781	20,200	-	6,799,981
Furniture and Equipment	2,755,784	69,662	-	2,825,446
Total Capital Assets, Being Depreciated	9,535,565	89,862	-	9,625,427
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,386,484	184,859	-	6,571,343
Furniture and Equipment	2,321,195	72,112	-	2,393,307
Total Accumulated Depreciation	8,707,679	256,971	-	8,964,650
Governmental Activities -	<u>\$ 927,886</u>	<u>\$ (167,109)</u>	<u>\$ -</u>	<u>\$ 760,777</u>
Business Type Activities:				
Furniture/Equipment	\$ 35,628	\$ -	\$ -	\$ 35,628
Less: Accumulated Depreciation	16,363	3,563	-	19,926
Business Type Activities-				
Capital Assets, Net	<u>\$ 19,265</u>	<u>\$ (3,563)</u>	<u>\$ -</u>	<u>\$ 15,702</u>

Depreciation was charged to governmental activities as follows:

Government Activities:	
Instruction	\$ 158,370
Instructional Student Support	1,137
Admin. & Financial Support Services	67,903
Operation & Maintenance of Plant Services	29,562
Total Depreciation Expense-Governmental Activities	<u>\$ 256,972</u>

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

7. LONG-TERM LIABILITIES

As of June 30, 2023, long-term liabilities consist of the following:

Governmental activities	Balance, July 1, 2022	Additions	Retirements	Balance, June 30, 2023	Current Portion
Long-Term Debt	\$ 22,680	\$ -	\$ 22,680	\$ -	\$ -
Net Pension Liability	2,176,000	180,000	-	2,356,000	-
Compensated absences	56,127	-	10,747	45,380	1,600
Other Post Employment Benefits	473,287	-	81,594	391,693	-
Total	<u>\$ 2,728,094</u>	<u>\$ 180,000</u>	<u>\$ 115,021</u>	<u>\$ 2,793,073</u>	<u>\$ 1,600</u>

8. PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public-School Employees' Retirement System (PSERS) and additions to/deduction from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS.

Plan description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System 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.

The Administrative staff of PSERS administers the plan. The control and management of PSERS, including the investment of its assets, is vested in the Board of Trustees (Board). The board consists of 15 members: the Secretary of Education, ex officio; the State Treasurer, ex officio; two Senators; two members of the House of Representatives; the executive secretary of the Pennsylvania School Boards Association, ex officio; two Governor appointees, at least one of whom shall not be a school employee or an officer or employee of the State of Pennsylvania; three who are elected by the active professional members of PSERS from among their number; one who is elected by annuitants from among their number; one who is elected by the active nonprofessional member of PSERS from among their number; and one who is elected by members of Pennsylvania public school boards from among their number. The chairman of the Board is elected by the Board members. Each ex officio member of the Board and each legislative member of the Board may appoint a duly authorized designee to act in their stead.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

8. PENSION PLAN (continued)

Plan Description (continued)

PSERS was established on July 18, 1917 under the provisions of Pamphlet Law, No. 343. Benefit payments to members and contribution provision by employers and employees are specified in the Pennsylvania Public School Employees' Retirement Code. The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T- E (Class T-E) and Membership Class T- F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

8. PENSION PLAN (continued)

Benefits Provided (continued)

All members are fully vested in their individual balance in the Members' Saving Account. All non-vested members may receive a refund of their individual balance of member contributions and interest for the Members' Savings Account upon termination of public-school employment. Vested members who enrolled prior to July 1, 2011 may elect to receive a return of their accumulated contributions and interest upon their retirement which results in a reduced monthly annuity. Vested Class T-E and T-F members cannot withdraw their accumulated contributions and interest from the Members' Savings Account upon their retirement.

Member Contribution

Member contribution rates are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class. Member contribution rate are as follows:

Active member who joined the System prior to July 22, 1983, contribute at 5.25% (Members Class T-C) or at 6.50% (Membership 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% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation. Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the 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 Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F Contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contribution

The Center contractually required contribution rate for fiscal year ended June 30, 2019 was 32.60 % of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Center were \$326,329 for the year ended June 30, 2023, which represents 100% of the Center's required contribution.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

8. PENSION PLAN (continued)

Pension liabilities, expense, and deferred outflows of resources and deferred inflows of resources related to pensions

As of June 30, 2023, the Center reported a liability of \$2,176,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2020 to June 30, 2022. The Center’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it related to the total one- year reported covered payroll. As of June 30, 2023, the Center’s proportion was 0.0053 percent, which was a decrease of .0001 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the Center recognized pension expense of \$(45,000).

As of June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,000	\$ 20,000
Changes in assumptions	70,000	-
Net difference between projected and actual investment earnings	-	40,000
Change in proportions	-	48,000
Contributions subsequent to the measurement date	326,329	-
	<u>\$ 397,329</u>	<u>\$ 108,000</u>

\$326,329 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2024	\$ 14,748
2025	14,877
2026	(54,911)
2027	62,286
Total	<u>\$ 37,000</u>

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

8. PENSION PLAN (continued)

Actuarial Assumptions

The total pension liability as of June 30, 2022 was determined by rolling forward the system's total pension liability as of June 30, 2020 to June 30, 2022 using the following actuarial assumptions applied to all periods included in the measurement.

- Actuarial Cost Method – Entry Age Normal – Level % of Pay.
- The Investment Rate of Return was 7.00%, Includes Inflation at 2.50%.
- Salary Growth – Effective Average of 4.50%.
- Mortality rates were based on a blend of 50% Pub-T-201 and 50% PubG-2010 Retiree Tables for Males and Females, adjust to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	9.0%	5.4%
Real estate	11.0%	4.6%
Infrastructure/MLPs	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	100.0%	

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Notes to the Financial Statements
For the Year Ended June 30, 2023**

8. PENSION PLAN (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00%. 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 liability.

Sensitivity of the Center’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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Center's proportionate share of the net pension liability	\$ 3,048,000	\$ 2,356,000	\$ 1,773,000

Pension plan fiduciary net position

Detailed information about PSERS’ fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System’s website at www.psers.state.pa.us.

9. POSTEMPLOYMENT BENEFITS PLAN

During the 2012/2013 year, the Center approved participation in the Multi-County Health Care Insurance Consortium beginning effective July 1, 2013. The Center anticipates that the insurance costs in the consortium will be approximately the same as it presently incurs. Participation in the consortium is intended to stabilize insurance costs.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

9. POSTEMPLOYMENT BENEFITS PLAN (continued)

GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially-determined expense on the statement of activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits. The post-employment benefit liability is recognized on the statement of net position over time. The Center accounts for two post-employment benefit plans: (1) the Health Insurance Premium Assistance Plan, which is a governmental cost-sharing multi-employer defined benefit pension plan, that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania; and (2) the Northumberland County Career and Technology Center's OPEB plan.

Center Specific Plan

Plan Description

Plan Administration. The Center's School Board of Directors administers a single-employer defined benefit postemployment benefit (OPEB) plan (the "Plan") that is used to provide postretirement healthcare benefits for teachers and certain others who retire under the qualifications of the Pennsylvania School Employee's Retirement System. Plan provisions are established based on bargaining agreements negotiated by the Center. The Plan is unfunded, and no financial report is prepared.

Plan Membership. As of June 30, 2023, the Plan's membership consisted of the following:

Active Participants	13
Vested Former Participants	-
Retired Participants	<u>3</u>
Total	<u><u>16</u></u>

Benefits Provided. The Center provides a single employer defined benefit post-employment healthcare benefit, which provides medical benefits to eligible retirees and their spouses. Coverage is provided until the retiree is eligible for Medicare or until the retiree's death, whichever is earlier. The Plan's coverage includes medical, prescription drug, and dental and vision coverage for retiree, spouse and dependents.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

9. POSTEMPLOYMENT BENEFITS PLAN (continued)

Center Specific Plan (continued)

Plan Description (continued)

Contributions. The contribution requirements of the plan members and the Center established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund. Retiree contribution rates and amount vary depending on classification and years of service with the Center.

Total OPEB Liability

The Center's total OPEB liability of \$281,693 was measured as of July 1, 2022 and was rolled forward using actuarial assumptions to the valuation date of June 30, 2023.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Mortality	PubT-2010 and PubG-2010 rates with Scale MP-2021 mortality improvement
Salary increases	2.5% cost of living; 1% real wage growth; merit increases ranging from 0% to 2.75%
Discount rate	4.06% based on S&P Municipal Bond 20-year High Grade Rate Index
Healthcare cost trend rate	6.005% through 2024; gradually decreasing to 3.9% in 2075

Changes in the Center's total OPEB liability for the plan for the fiscal year ended June 30, 2023 were as follows:

	Total OPEB Liability
Balance as of June 30, 2022	\$ 346,287
Service Cost	40,049
Interest	8,338
Differences between Expected and Actual Experience	14,502
Changes in Assumptions	(89,363)
Benefit Payments	(38,120)
Net Changes	(64,594)
Balance as of June 30, 2023	<u>\$ 281,693</u>

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Notes to the Financial Statements
For the Year Ended June 30, 2023**

9. POSTEMPLOYMENT BENEFITS PLAN (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates and Changes in the Discount Rate.

The following presents the total OPEB liability of the Center, as well as what the Center’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage higher than the current discount rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Center's total OPEB liability	<u>\$ 266,521</u>	<u>\$ 281,693</u>	<u>\$ 298,034</u>
	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Center's total OPEB liability	<u>\$ 370,063</u>	<u>\$ 281,693</u>	<u>\$ 223,953</u>

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2023, the Center recognized OPEB expense of \$41,753. As of June 30, 2023, the Center reported deferred outflows related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 43,860	\$ 59,626
Changes in Assumptions	29,159	92,834
Benefit Payments Subsequent to Measure Date	68,375	-
Total	<u>\$ 141,394</u>	<u>\$ 152,460</u>

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Notes to the Financial Statements
For the Year Ended June 30, 2023**

9. POSTEMPLOYMENT BENEFITS PLAN (continued)

Amounts, other than benefits payments subsequent to the measurement date, reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2024	\$	(6,634)
2025		(6,634)
2026		(6,634)
2027		(6,629)
2028		(14,430)
Thereafter		(38,480)
Total	\$	<u>(79,441)</u>

PSERS Healthcare Insurance Premium Assistance Plan

Other Postemployment Benefits

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

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

9. POSTEMPLOYMENT BENEFITS PLAN (continued)

PSERS Healthcare Insurance Premium Assistance Plan (continued)

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.

Pension 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, 2022, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School Centers' contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.0053% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the Center were approximately \$5,000 for the year ended June 30, 2022.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Notes to the Financial Statements
For the Year Ended June 30, 2023**

9. POSTEMPLOYMENT BENEFITS PLAN (continued)

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

As of June 30, 2022, the Center reported a liability of \$127,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The Center'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. As of June 30, 2022, the Center's proportion was .0053% percent, which was a decrease of .0001% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the Center recognized OPEB expense of \$3,000. As of June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,000	\$ 1,000
Changes in assumptions	11,000	23,000
Changes in proportion	1,000	15,000
Contributions subsequent to the measurement date	9,036	-
Total	<u>\$ 22,036</u>	<u>\$ 39,000</u>

\$9,036 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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

Year Ended June 30:	
2024	\$ (1,601)
2025	(1,519)
2026	(1,561)
2027	(1,604)
2028	(1,643)
	<u>\$ (7,928)</u>

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

9. POSTEMPLOYMENT BENEFITS PLAN (continued)

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% 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
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2022.
- 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 tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP2015 Mortality Improvement Scale.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.0%</u>	<u>0.5%</u>

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

9. POSTEMPLOYMENT BENEFITS PLAN (continued)

Actuarial Assumptions (continued)

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, 2022.

Discount rate

The discount rate used to measure the Total OPEB Liability was 4.09%. 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 OPES 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 4.09% which represents the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, 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, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of \$1,200 per year.

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

The following presents the System net OPEB liability for June 30, 2020, calculated using current discount rate and Healthcare cost trends as well as what the System net OPES liability would be if the discount rate and health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Center's total OPEB liability	\$ 98,000	\$ 98,000	\$ 98,000
	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
Center's total OPEB liability	\$ 110,000	\$ 98,000	\$ 87,000

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

Notes to the Financial Statements For the Year Ended June 30, 2023

9. POSTEMPLOYMENT BENEFITS PLAN (continued)

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.

10. COMMITMENTS AND CONTIGENCIES

Litigation

In the normal course of business, there are various claims and suits pending against the Center and its appointed officials. Management is of the opinion that these matters will not have a material adverse effect on the Center's financial position as of June 30, 2023.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Center expects such amounts, if any, to be immaterial.

11. NEW ACCOUNTING PRONOUNCEMENTS

The Center adopted the following pronouncements during the year end June 30, 2023 with no significant effect to the financial statements: GASB Statement No. 91 "Conduit Debt Obligations," GASB Statement No. 92, "Omnibus 2020," GASB statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements," and GASB Statement No. 96, "Subscription-Based Information Technology Agreements."

The following pronouncements are being reviewed by the Center and will be adopted by the required dates:

- GASB issued Statement No. 100 "Accounting Changes and Error Corrections". The Center is required to adopt statement No. 100 for its fiscal year 2024 financial statements.
- GASB issued Statement No. 101, "Compensated Absences". The Center is required to adopt the requirements related to Statement 101 for its fiscal year 2025 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Schedule of Center’s Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's portion of the net pension liability	0.0053%	0.0053%	0.0054%	0.0056%	0.0067%	0.0066%	0.0070%	0.0065%	0.0062%
District's proportionate share of the net pension liability	\$ 2,356,000	\$ 2,176,000	\$ 2,659,000	\$ 2,620,000	\$ 3,216,000	\$ 3,260,000	\$ 3,469,000	\$ 2,816,000	\$ 2,454,000
District's covered-employee payroll	786,285	755,455	755,763	766,964	872,146	872,146	910,628	836,464	794,844
Districts proportionate share of the net pension liability as a percentage of its covered-employee payroll	299.64%	288.04%	351.83%	341.61%	368.75%	373.79%	380.95%	336.66%	308.74%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.40%	52.24%

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Schedule of Center Contributions
For the Year Ended June 30, 2023**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 326,329	\$ 198,713	\$ 252,438	\$ 250,822	\$ 253,218	\$ 277,267	\$ 260,740	\$ 239,547	\$ 170,799
Contributions in relation to the contractually required contribution	<u>(326,329)</u>	<u>(198,713)</u>	<u>(252,438)</u>	<u>(250,822)</u>	<u>(253,218)</u>	<u>(277,267)</u>	<u>(260,740)</u>	<u>(239,547)</u>	<u>(170,799)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 786,285	\$ 755,455	\$ 755,763	\$ 766,964	\$ 872,146	\$ 872,146	\$ 910,628	\$ 836,464	\$ 794,844
Contributions as a percentage of covered-employee payroll	41.50%	26.30%	33.40%	32.70%	29.03%	31.79%	28.63%	28.64%	21.49%

*Ultimately, this schedule should present information for the last ten years. However, until ten years of Information can be compiled, information is presented for as many years as is available.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Schedule of Center’s Proportionate Share of the Net OPEB PSERS Liability
For the Year Ended June 30, 2023**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's portion of the net OPEB-PSERS liability	0.0053%	0.0053%	0.0054%	0.0056%	0.0067%	0.0066%	0.0070%
District's proportionate share of the net OPEB-PSERS liability	\$ 98,000	\$ 127,000	\$ 117,000	\$ 119,000	\$ 140,000	\$ 134,000	\$ 151,000
District's covered-employee payroll	786,285	755,455	755,763	766,964	896,511	872,146	910,628
Districts proportionate share of the net OPEB-PSERS liability as a percentage of its covered-employee payroll	12.46%	16.81%	15.48%	15.52%	15.62%	15.36%	16.58%
Plan fiduciary net position as a percentage of the total OPEB-PSERS liability	5.30%	5.30%	5.69%	5.56%	5.56%	5.73%	N/A

*Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Schedule of Center Contributions – OPEB PSERS
For the Year Ended June 30, 2023**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 9,036	\$ 4,656	\$ 6,298	\$ 6,299	\$ 6,447	\$ 7,251
Contributions in relation to the contractually required contribution	<u>(9,036)</u>	<u>(4,656)</u>	<u>(6,298)</u>	<u>(6,299)</u>	<u>(6,447)</u>	<u>(7,251)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 786,285</u>	<u>\$ 755,455</u>	<u>\$ 755,763</u>	<u>\$ 766,964</u>	<u>\$ 896,511</u>	<u>\$ 872,146</u>
Contributions as a percentage of covered-employee payroll	1.15%	0.62%	0.83%	0.82%	0.72%	0.83%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER

**Schedule of the Center Contributions – OPEB - Center
For the Year Ended June 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability						
Service cost	\$ 40,049	\$ 40,556	\$ 37,198	\$ 37,536	\$ 36,610	\$ 35,807
Interest	8,338	6,799	13,717	12,615	10,841	7,908
Difference between expected and actual experience	14,502	-	(85,180)	-	69,679	-
Changes of assumptions	(89,363)	(9,815)	32,258	(9,989)	508	13,971
Benefit payments	<u>(38,120)</u>	<u>(35,463)</u>	<u>(54,175)</u>	<u>(55,789)</u>	<u>(24,790)</u>	<u>(35,598)</u>
Net Change	(64,594)	2,077	(56,182)	(15,627)	92,848	22,088
Total OPEB liability- beginning	<u>346,287</u>	<u>344,210</u>	<u>400,392</u>	<u>416,019</u>	<u>323,171</u>	<u>301,083</u>
Total OPEB liability- ending	<u>\$ 281,693</u>	<u>\$ 346,287</u>	<u>\$ 344,210</u>	<u>\$ 400,392</u>	<u>\$ 416,019</u>	<u>\$ 323,171</u>
Covered employee payroll	<u>\$ 701,873</u>	<u>\$ 696,689</u>	<u>\$ 696,689</u>	<u>\$ 672,137</u>	<u>\$ 672,137</u>	<u>\$ 779,565</u>
Total OPEB liability as a % of covered-employee payroll	40.13%	49.70%	49.41%	59.57%	61.89%	41.46%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

Note: schedule of contributions is not provided as required contributions have not been calculated.