

**CAREER TECHNOLOGY CENTER OF
LACKAWANNA COUNTY
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2023**

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES
AND SINGLE AUDIT ATTACHMENTS
YEAR ENDED JUNE 30, 2023

| | PAGE |
|---|-------|
| Table of Contents | 2-4 |
| Transmittal Letter | 5 |
| Report Distribution List | 6 |
| Independent Auditors' Report | 7-10 |
| Required Supplementary Information: | |
| Management Discussion and Analysis | 11-20 |
| / | |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 21-22 |
| Statement of Net Activities | 23 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 24 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 25 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 26 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 27-28 |
| Statement of Net Position - Proprietary Fund - Food Service Fund Business - Type Activities | 29 |
| Statement of Revenues, Expenses and Change in Fund Net Position - Proprietary Fund - Food Service Fund Business - Type Activities | 30 |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES
AND SINGLE AUDIT ATTACHMENTS
YEAR ENDED JUNE 30, 2023

| | <u>PAGE</u> |
|--|-------------|
| Statement of Cash Flows - Proprietary Fund - Food Service Fund Business - Type Activities | 31 |
| Notes to Basic Financial Statements | 32-65 |
| Required Supplementary Information: | |
| Statement of Revenues, Expenditures & Changes in Fund Balances - Budget and Actual | 66 |
| Schedule of Proportionate Share of PSERS Net Pension Liability | 67 |
| Schedule of PSERS Contributions Pension | 67 |
| Schedule of Changes in Total OPEB Liability and Related Ratios | 68 |
| Schedule of Components of OPEB Expense | 69 |
| Schedule of School's Proportionate Share of PSERS Net OPEB Liability | 70 |
| Schedule of PSERS Contributions OPEB | 70 |
| Other Supplementary Information: | |
| Supplemental Schedule I – Combining Balance Sheet – Non-Major Governmental Funds | 71 |
| Supplemental Schedule II – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds | 72 |
| Supplemental Schedule III - Statement of Revenue, Expenditures, and Change in Reserve for Capital Improvements | 73 |
| Single Audit Attachments: | |
| Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2023 | 74-77 |
| Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters, Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 78-79 |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES
AND SINGLE AUDIT ATTACHMENTS
YEAR ENDED JUNE 30, 2023

| | <u>PAGE</u> |
|---|-------------|
| Independent Auditors' Report on Compliance for each Major Program and Internal Control over Compliance Required by Uniform Guidance | 80-82 |
| Schedule of Findings and Questioned Costs | 83 |
| Summary Schedule of Prior Audit Findings and Internal Control Weaknesses | 84 |

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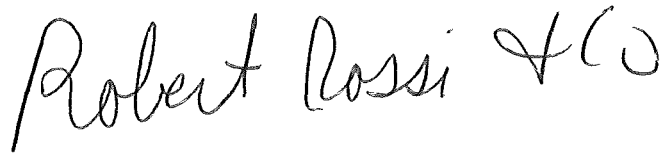
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March 11, 2024

Joint Operating Committee
Career Technology Center of
Lackawanna County

We have performed the Single Audit of the Career Technology Center of Lackawanna County for the fiscal year ended June 30, 2023 and have enclosed the single audit report package.

The single audit was done to fulfill the requirements of the Uniform Guidance. It entailed: 1. An audit of the basic financial statements and Supplementary Schedule of Expenditures of Federal Awards - Governmental Entity and our opinion thereon; 2. A review on Internal Controls Over Financial Reporting and Compliance and Other Matters Based on an audit of Financial Statements performed in accordance with Governmental Auditing Standards and 3. A review of compliance for each major program and on internal controls over compliance required by Uniform Guidance.

A handwritten signature in black ink that reads "Robert Rossi & Co". The signature is written in a cursive style.

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INDEPENDENT AUDITORS' REPORT

March 11, 2024

To the Joint Operating Committee
Career Technology Center of Lackawanna County

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Career Technology Center of Lackawanna County as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Career Technology Center of Lackawanna County, 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

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

Responsibilities of Management for the Financial Statements (Continued)

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 Career Technology Center of Lackawanna County '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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Career Technology Center of Lackawanna County'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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Career Technology Center of Lackawanna County'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, the Schedule of Proportionate Share of PSERS Net Pension Liability, Schedule of PSERS Contribution Pension, Schedule of Changes in the Total OPEB Liability and Related Ratios, Schedule of School's Proportionate Share of Net OPEB Liability, Schedule of PSERS Contributions OPEB, and budgetary comparison information on pages 11 through 20 and 66 through 70 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 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 Career Technology Center of Lackawanna County's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and directly relates to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and

Supplementary Information (Continued)

other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2024, on our consideration of Career Technology Center of Lackawanna County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Career Technology Center of Lackawanna County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Career Technology Center of Lackawanna County's internal control over financial reporting and compliance.

Robert Rossi & Co

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2023

The discussion and analysis of Career Technology Center of Lackawanna County's (CTC) financial performance provides an overall review of the CTC's financial activities for the fiscal year ended June 30, 2023. This discussion and analysis are intended to provide a narrative summary of the financial performance of the CTC as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of CTC's financial performance.

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

OVERVIEW OF THE SCHOOL

The Career Technology Center of Lackawanna County is a joint venture of eight public school districts in Lackawanna County, Pennsylvania organized under the Public-School Code of Pennsylvania. The school provides career and technical training programs for high school students who are residents of participating school districts, non-participating school districts on a tuition basis, and adults enrolled in various Continuing Education programs operated at the facility. CTC is located within the City of Scranton and is governed by its Joint Operating Committee consisting of one member from each of eight participating member school districts. The participating districts include Carbondale Area, Dunmore, Forest City Regional, Mid Valley, Lakeland, North Pocono, Scranton City and Valley View. The school also trains students from non-participating school districts which include Abington Heights, and Western Wayne.

MISSION STATEMENT

It is the mission of the Career Technology Center of Lackawanna County to provide those who have a specific career objective and have expressed a desire for career and technical education, with the skills and knowledge needed for entry level employment commensurate with the requirements of industry or a post- secondary educational experience. Further, as a continuing education resource, we at the Career Technology Center shall maintain, develop, augment and pioneer programs to benefit those who can profit from life-long learning. An educated workforce is the key to a successful and productive society. The Career Technology Center of Lackawanna County (CTCLC) is dedicated to developing that workforce.

FINANCIAL HIGHLIGHTS

General Fund

The School's net position increased by \$1,555,760 as a result of this year's operations. The net position of our Governmental activities increased by \$1,497,515 and the net position of our business type activities increased by \$58,245. The largest source of revenue comes from the school districts to support the secondary education programs and totaled \$6,170,470 for 2022–2023 an increase of \$219,885 from 2021-2022. The following formula is used to calculate member and non-member district costs: "Current operating expenditures shall be allocated to and paid by each of the participating school districts based upon the district average of the last 4 years of ADM as compared to the total 4-year average of ADM's of all participating school districts. The 4 years will begin with the year immediately prior to the ensuing budget year, and backwards 3 years beyond that year. The ADM's of the year immediately prior will be based upon estimated ADM's as of April 1 of that year, and the other 3 years will be based upon audited ADM's. No adjustments will be made to the payments of the districts once the budget is approved, and the amount calculated will be the maximum payment each district will make for that budget year. The net per pupil cost for nonmember districts will be based on the average ADM's as calculated by this formula utilizing the actual ADM's of the non-participating district. Nonparticipating districts may also be charged additional tuition."

Capital Reserve Funds – The CTC operates a Capital Reserve Fund for the purpose of funding capital projects, equipment purchases, and equipment upgrades to the facility and instructional programs. The largest revenue in this fund is from the retention of operating fund balances, and other revenue is derived from the sale of school assets. This fund is set up in order to alleviate additional chargebacks to the districts for funding of capital projects at the CTC.

Debt Service Fund-The CTC Debt Service Fund is a fund required by our 2020 CTC Bond Issue agreement with the Waverly Township Municipal Authority. Revenue from the fund is derived from the debt service payments from the eight participating school districts of the Joint Operating Committee. These payments are made to the fund semi-annually before February 15 and August 15 of each year to the Fidelity Deposit and Discount Bank. The payments will continue to be made to the bondholders in February and August each year through 2032.

Student Activity Fund- The CTC operates a Student Activity Fund for the purpose of directing and accounting for monies used to support co-curricular and extra-curricular student activities. Revenue from this fund is largely derived from funds raised by student run clubs and organizations overseen by instructors.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three components – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two types of statements that present the financial information of CTC in different ways:

- The first two statements of the basic financial statements are *government-wide financial statements*. These statements consist of the Statement of Net Position and the Statement of Activities. The government-wide financial statements provide both short-term and long-term information about CTC's overall financial status.
- The remaining basic financial statements consist of fund financial statements. These statements focus on individual components, or funds, of CTC and provide a more detailed presentation of CTC's operations. The governmental funds statements present how general CTC services were financed in the short-term as well as what remains for future spending.
- The proprietary funds statements present both short-term and long-term information about the activities that CTC operates similar to a business. For CTC, this is our Food Service Fund. Fiduciary fund statements provide information about financial relationships where the CTC acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that provide a more detailed explanation of some of the information in the financial statements. Following the basic financial statements is CTC's *required supplementary information* that provides more detailed data.

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

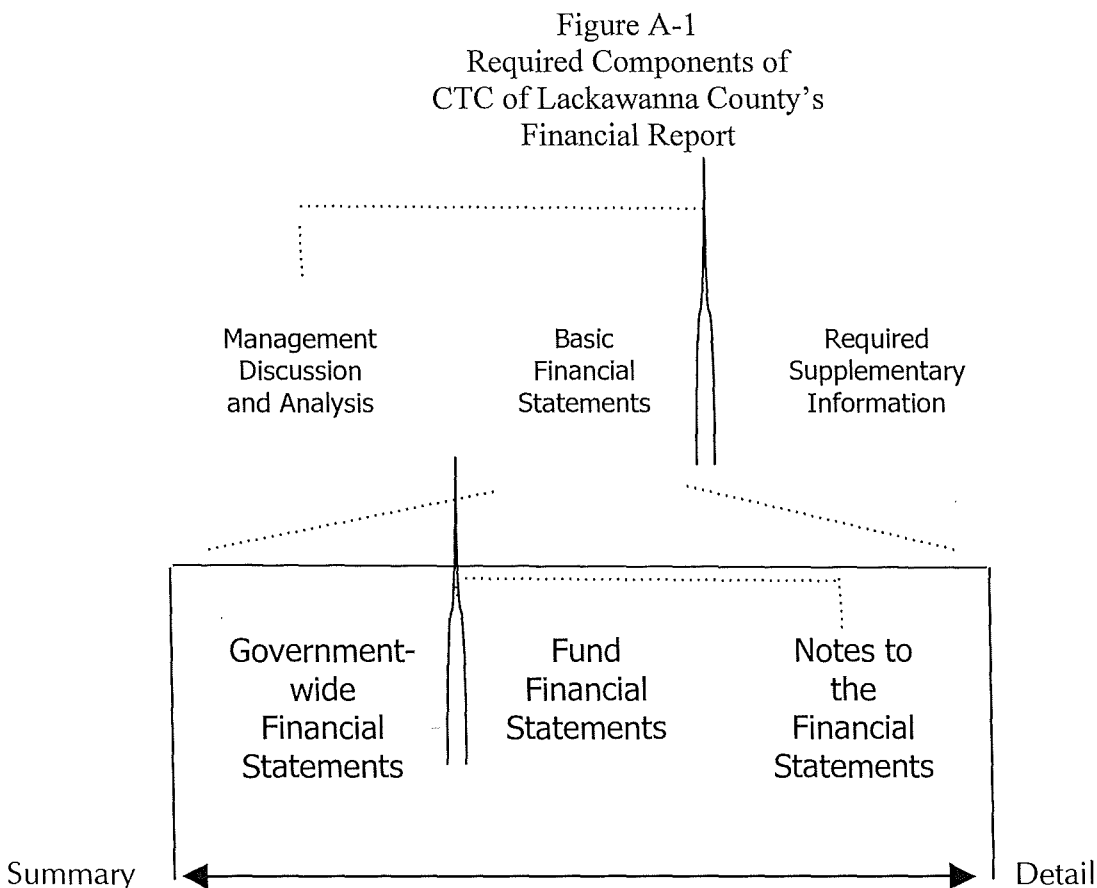


Figure A-2 summarizes the major features of CTC’s financial statements, including the portion of CTC they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of CTC of Lackawanna County’s
Government-wide and Fund Financial Statements

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

Reporting the School as a Whole – Government Wide Statements

Statement of Net Position and the Statement of Activities

The government-wide statements report financial information about CTC of Lackawanna County using accounting methods similar to the accounting used by private-sector companies. The *Statement of Net Position* includes all of CTC's assets and liabilities utilizing the full accrual basis of accounting. The *Statement of Activities* accounts for all of CTC's revenues and expenses, regardless of when cash is received or paid.

These two statements report CTC of Lackawanna County's net position and changes in them. CTC's net position represents the difference between its assets and liabilities. CTC's net position is one way to measure its financial position, or financial health, over time. Increases or decreases in CTC's net position are one indicator of whether its financial health is improving or deteriorating, respectively. In assessing CTC's overall financial health, other non-financial factors must be considered, such as the financial health of the member districts, facility conditions, and the performance of the students.

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

- *Governmental Activities* – Most of CTC's basic services are reported here, such as instruction, administration, support services, depreciation student activities, and debt service fund. Contributions from the member school districts and state and federal government subsidies and grants are the primary funding sources for these activities.
- *Business-type Activities* – CTC operates a food service operation and charges fees to students and staff to help it cover all or most of the cost of the food services it provides.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, or major funds, of CTC –not CTC as a whole. Some funds are required to be reported as major funds by State law and by other requirements. CTC has three types of funds that use different accounting approaches are:

- *Governmental funds* – Most of CTC's basic services are reported here, and focus on changes in financial resources, rather than upon net income determination. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. These funds provide a detailed short-term view of CTC's operations and the basic services it provides. The information reported in the governmental funds helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance CTC's operations. The relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds is described in a reconciliation included in the financial statements.

The governmental funds that are considered to be major funds of CTC are the General Fund (required by GASB Statement No. 34 to be reported as a major fund), and the Capital Reserve Fund, and the Capital Projects Fund. The Debt Service Fund and Student Activities Fund is considered to be a non-major fund.

- *Proprietary funds* – This fund account for CTC’s activities is similar to private sector business operations and focus on the determination of net income and financial position. When CTC charges customers for services it provides – whether to outside customers or to other units in CTC – these services are generally reported in proprietary funds. CTC has the Food Service Fund as a proprietary fund, which is considered an enterprise funds. The information reported for this enterprise fund is the same information we report for the business-type activities reported in the government-wide statement. However, the fund level statements provide more detailed information on the enterprise funds, such as cash flows.

The Food Service Fund is required by the Commonwealth of Pennsylvania Labor, Education and Community Services (LECS) Comptroller’s Office to be reported as a major fund.

FINANCIAL ANALYSIS OF THE CTC AS A WHOLE

Table A-1
Fiscal Year Ending June 30, 2023
Net Assets

| | Governmental Activities | | Business Type Activities | | Total Primary Government | | % Chg |
|------------------------------------|-------------------------|-----------------------|--------------------------|-------------------|--------------------------|-----------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| Current Assets | \$ 2,095,485 | \$ 2,058,090 | \$ 129,912 | \$ 86,621 | \$ 2,225,397 | \$ 2,144,711 | 3.8% |
| Restricted Assets | 3,620 | 1,626 | 0 | 0 | 3,620 | 1,626 | 122.6% |
| Capital Assets | 20,136,325 | 20,567,935 | 62,623 | 43,925 | 20,198,948 | 20,611,860 | -2.0% |
| Total Assets | \$ 22,235,430 | \$ 22,627,651 | \$ 192,535 | \$ 130,546 | \$ 22,427,965 | \$ 22,758,197 | -1.5% |
| Deferred Outflow of Resources | \$ 2,159,619 | \$ 2,111,137 | \$ 0 | \$ 0 | \$ 2,159,619 | \$ 2,111,137 | 2.3% |
| Current Liabilities | \$ 2,136,273 | \$ 2,663,338 | \$ 5,567 | \$ 1,823 | \$ 2,141,840 | \$ 2,665,161 | -19.6% |
| Long Term Liabilities | 21,788,851 | 21,794,344 | 0 | 0 | 21,788,851 | 21,794,344 | 0.0% |
| Total Liabilities | \$ 23,925,124 | \$ 24,457,682 | \$ 5,567 | \$ 1,823 | \$ 23,930,691 | \$ 24,459,505 | -2.2% |
| Deferred Inflow of Resources | \$ 737,309 | \$ 2,046,005 | \$ 0 | \$ 0 | \$ 737,309 | \$ 2,046,005 | -64.0% |
| Net Position | | | | | | | |
| Invested In Capital Assets | \$ 10,548,676 | \$ 9,981,517 | \$ 62,623 | \$ 43,925 | \$ 10,611,299 | \$ 10,025,442 | 5.8% |
| Restricted for Capital Replacement | 770,184 | 270,910 | 0 | 0 | 770,184 | 270,910 | 184.3% |
| Restricted for Student Activities | 87,977 | 91,582 | 0 | 0 | 87,977 | 91,582 | 0.0% |
| Restricted for Debt Service | 2,165 | 171 | 0 | 0 | 2,165 | 171 | 1166.1% |
| Unrestricted | (11,676,386) | (12,109,079) | 124,345 | 84,798 | (11,552,041) | (12,024,281) | -3.9% |
| Total Net Position | \$ (267,384) | \$ (1,764,899) | \$ 186,968 | \$ 128,723 | \$ (80,416) | \$ (1,636,176) | -95.1% |

Changes in Entity-wide Net Position

The results of this year’s operations are presented in CTC’s Statement of Activities. Expenses are reported in the first column of the statement. Specific charges for services and operating grants and contributions that directly relate to specific categories of expenses are applied against the expenses to determine the amount of CTC’s activities that are supported by other general revenues.

The following table takes the information reported on that statement, modifying the format slightly for discussion purposes, in order to present the total revenues and expenses for the year:

Table A-2
Fiscal Year Ending June 30, 2023
Changes in Net Position

| | Governmental Activities | | Business Type Activities | | Total Primary Government | |
|---|-------------------------|-----------------------|--------------------------|-------------------|--------------------------|-----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 1,038,964 | \$ 998,197 | \$ 37,257 | \$ 22,792 | \$ 1,076,221 | \$ 1,020,989 |
| Operating grants and contributions | 2,445,935 | 2,525,910 | 280,767 | 255,350 | 2,726,702 | 2,781,260 |
| Capital grants and contributions | 126,744 | 108,943 | 0 | 0 | 126,744 | 108,943 |
| General Revenues: | | | | | | |
| State grants and subsidies | 873,673 | 770,545 | 0 | 0 | 873,673 | 770,545 |
| Investment earnings | 52,373 | 1,608 | 3,033 | 172 | 55,406 | 1,780 |
| Receipts From Member Districts AVTS | 6,170,470 | 5,950,585 | 0 | 0 | 6,170,470 | 5,950,585 |
| Rent of School Facilities | 0 | 1,000 | 0 | 0 | 0 | 1,000 |
| Refund of Prior Year Expenditures | 341,022 | 0 | 0 | 0 | 341,022 | 0 |
| Miscellaneous Income | 9,998 | 56,627 | 0 | 0 | 9,998 | 56,627 |
| Total Revenues | \$ 11,059,179 | \$ 10,413,415 | \$ 321,057 | \$ 278,314 | \$ 11,380,236 | \$ 10,691,729 |
| Expenses | | | | | | |
| Instruction | \$ 4,683,864 | \$ 4,658,445 | \$ 0 | \$ 0 | \$ 4,683,864 | \$ 4,658,445 |
| Non-Instruction Services | 54,606 | 44,899 | 0 | 0 | 54,606 | 44,899 |
| Support Services | 3,533,710 | 3,117,590 | 0 | 0 | 3,533,710 | 3,117,590 |
| Unallocated Depreciation | 850,097 | 869,458 | 0 | 0 | 850,097 | 869,458 |
| Refund Prior Year Revenue | 170,499 | 0 | 0 | 0 | 170,499 | 0 |
| Interest on Long Term Debt | 208,464 | 217,535 | 0 | 0 | 208,464 | 217,535 |
| Other Administrative | 60,424 | 8,978 | 0 | 0 | 60,424 | 8,978 |
| Food/Production services | 0 | 0 | 262,812 | 201,926 | 262,812 | 201,926 |
| Total Expenses | \$ 9,561,664 | \$ 8,916,905 | \$ 262,812 | \$ 201,926 | \$ 9,824,476 | \$ 9,118,831 |
| Increase (Decrease) in Net Assets Before Transfers | \$ 1,497,515 | \$ 1,496,510 | \$ 58,245 | \$ 76,388 | \$ 1,555,760 | \$ 1,572,898 |
| Transfers | 0 | (17,481) | 0 | 17,481 | 0 | 0 |
| Increase (Decrease) in Net Assets | \$ 1,497,515 | \$ 1,479,029 | \$ 58,245 | \$ 93,869 | \$ 1,555,760 | \$ 1,572,898 |
| Net Position Beginning | (1,764,899) | (3,243,928) | 128,723 | 34,854 | (1,636,176) | (3,209,074) |
| Net Position Ending | \$ (267,384) | \$ (1,764,899) | \$ 186,968 | \$ 128,723 | \$ (80,416) | \$ (1,636,176) |

The largest source of program revenues for the CTC consists of charges for services and operating grants and contributions for operation of its continuing education class to adults of \$1,076,221 in 2022-2023 compared to \$1,020,989 in 2021-2022, contributions from non-member districts of \$468,550 in 2022-2023 compared to \$423,623 in 2021-2022, and operating grants and subsidies, the largest of which represents federal funding from the Carl D. Perkins Vocational and Technical Education grant totaling \$555,956 in 2022-2023 compared to \$525,189 in 2021-2022.

The largest source of general revenue for CTC consists of contributions from eight member districts of \$6,170,470. Included in the revenue figure is \$1,199,600, which represents the nineteenth and twentieth payment on the CTC 2020 Bond Issue. The payment was made by eight participating districts to the Debt Service Account. The \$6,170,470 amount accounts for approximately 56% of total governmental activities revenues. This percentage demonstrates the reliance that CTC places on the contributions received from its member districts.

The second largest source of general revenues for CTC consists of State grants and subsidies, which is \$873,673 for the State Vocational Subsidy for Secondary Programs. This is an increase of \$103,128 from the prior year of \$770,545.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As of June 30, 2023, CTC's General Fund reported a negative fund balance of \$42,940 which is shown as net in Due from Other Governmental Units in the Notes to Financial Statements.

In Government Activities, Instruction Expenses increased from \$4,658,445 in 2022 to \$4,683,864 in 2023 while Support Services increased from \$3,117,590 in 2022 to \$3,533,710 in 2023.

Historically, the Joint Operating Committee of the CTC allows for the transfer of fund balances to the Capital Reserve Fund. As stated earlier, this fund is set up for capital projects, equipment upgrades, and equipment purchases for the school. By transferring the funds to reserve, school districts avoid being periodically assessed for capital improvements at the CTC.

General Fund Budgetary Highlights

The Statement of Revenue and Expenditures, Budget and Actual show a comparison of budget vs. actual and include a column for Variance with Budget. Total Revenue received in the General Fund was \$1,215,446 over budget, while total Expenditures in the General Fund were \$943,652 over budget.

Vocational Education Programs ended with a negative expenditure budgetary variance of \$234,752. The categories included in this total cover instructional costs for secondary students served by the CTC. Adult Education programs ended with a negative budgetary expenditure variance of \$159,920. Total Support Services ended with a expenditure budgetary variance of \$358,698.

CAPITAL ASSETS

As of June 30, 2023, CTC had \$33,791,707 invested in capital assets compared to \$33,349,211 as of June 30, 2022.

Table A-5
Fiscal Year Ending June 30, 2023
Capital Assets– Net of Depreciation.

| Governmental Activities | <u>Total Assets</u> | <u>Accumulated Depreciation</u> | <u>Balance Net of Depreciation</u> |
|--------------------------------------|-----------------------------|-------------------------------------|--|
| Historical Cost | | | |
| Land | \$ 195,444 | \$ 0 | \$ 195,444 |
| Land Improvements | 124,447 | 59,089 | 65,358 |
| Buildings | 26,673,186 | 8,802,739 | 17,870,447 |
| Fixtures and Equipment | <u>6,540,673</u> | <u>4,550,190</u> | <u>1,990,483</u> |
| Total Historical Cost | \$ 33,533,750 | \$ 13,412,018 | \$ 20,121,732 |
| Right-to-Use Lease Assets | <u>51,437</u> | <u>36,844</u> | <u>14,593</u> |
| Total Governmental Activities | <u>\$ 33,585,187</u> | <u>\$ 13,448,862</u> | <u>\$ 20,136,325</u> |
| | | | |
| Business Activities | <u>Total Assets</u> | <u>Accumulated Depreciation</u> | <u>Balance Net of Depreciation</u> |
| Fixtures and Equipment | <u>\$ 206,520</u> | <u>\$ 143,897</u> | <u>\$ 62,623</u> |
| Total Business Activities | <u>\$ 206,520</u> | <u>\$ 143,897</u> | <u>\$ 62,623</u> |

LONG TERM DEBT

Summary of CTC Long Term Debt for the year ended June 30, 2023.

| | <u>Balance July 1, 2022</u> | <u>Additions</u> | <u>Amortization (Accretion)</u> | <u>Retirements</u> | <u>Balance June 30, 2023</u> | <u>Due Within One Year</u> |
|--------------------------|---------------------------------|--------------------|-------------------------------------|--------------------------|----------------------------------|--------------------------------|
| Lease Revenue Bonds: | | | | | | |
| Series of 2020 | \$ 9,740,000 | \$ 0 | \$ 0 | \$ 810,000 | \$ 8,930,000 | \$ 845,000 |
| Amortization / Accretion | 813,035 | 0 | (169,979) | 0 | 643,056 | 0 |
| Right-to-Use Lease | 33,383 | 0 | 0 | 18,790 | 14,593 | 14,593 |
| Compensated Absences | <u>239,477</u> | <u>0</u> | <u>0</u> | <u>31,180</u> | <u>208,297</u> | <u>0</u> |
| TOTALS | <u>\$ 10,825,895</u> | <u>\$ 0</u> | <u>\$ (169,979)</u> | <u>\$ 859,970</u> | <u>\$ 9,795,946</u> | <u>\$ 859,593</u> |

In June 2020, CTC and its JOC members entered into a lease agreement with Waverly Township Municipal Authority to refinance its 2012 bonds. WTMA issued \$11,475,000, 2% to 4% Waverly Township Municipal Authority CTC Lease Revenue Bonds, Series of 2020. Principal and interest is payable on February 15 and interest only on August 15 each year from 2020 to 2032. Detailed information on the bond issue can be found in Note 8 of the Notes to Financial Statement.

ECONOMIC FACTORS AND THE 2023-2024 BUDGET

CTC has a prepared General Fund Operating Budget for the next school year, or the fiscal year ending June 30, 2024. The total 2023-2024 General Operating Budget represents an increase of \$463,365 from the total 2022-2023 General Operating Budget. The member district's costs for 2023-2024 increased 1.3% from the previous year's budget level. The member district increase differs from the budgetary level due to differences in revenue from non-member districts, state/federal revenue, and self-sustaining program changes.

The 2023-2024 General Operating Budget represents a sincere effort of the Joint Operating Committee and the administrative staff to provide a quality program of career and technical education, and to demonstrate fiscal responsibility in an era of constrained resources.

CONTACTING THE CTC FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, parents, students, customers, investors, creditors, and taxpayers of our member districts with a general overview of the CTC financial operations and to show the Joint Operating Committee's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact James McHale, Chief Financial Officer, Career Technology Center of Lackawanna County, 3201 Rockwell Avenue, Scranton, PA 18508; Telephone: 570-346-8471 EXT 194, Fax: 570-342-4251 or E-mail: jmchale@ctclc.edu.

Respectfully submitted:

James McHale, Chief Financial Officer

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2023

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|---|----------------------------|-----------------------------|---------------|
| ASSETS | | | |
| Cash | \$ 1,513,656 | \$ 31,725 | \$ 1,545,381 |
| State Subsidy Receivable | 380,886 | 1,379 | 382,265 |
| Federal Subsidy Receivable | 83,090 | 26,818 | 109,908 |
| Interfund Receivables | 0 | 66,454 | 66,454 |
| Intergovernmental Receivable | 109,874 | 0 | 109,874 |
| Inventory | 0 | 3,536 | 3,536 |
| Other Receivables | 7,979 | 0 | 7,979 |
| Restricted Assets | | | |
| Cash | 3,620 | 0 | 3,620 |
| Capital Assets: | | | |
| Land & Land Improvements | 319,891 | 0 | 319,891 |
| Buildings | 26,673,186 | 0 | 26,673,186 |
| Furniture and Equipment | 6,540,673 | 206,520 | 6,747,193 |
| Right-to-Use Lease Assets | 51,437 | 0 | 51,437 |
| Accumulated Depreciation & Amortization | (13,448,862) | (143,897) | (13,592,759) |
| TOTAL ASSETS | \$ 22,235,430 | \$ 192,535 | \$ 22,427,965 |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred Outflows Related to Pensions | \$ 1,859,156 | \$ 0 | \$ 1,859,156 |
| Deferred Outflows Related to Other Post-Employment Benefits | 230,964 | 0 | 230,964 |
| | 69,499 | 0 | 69,499 |
| TOTAL DEFERRED OUTFLOW OF RESOURCES | \$ 2,159,619 | \$ 0 | \$ 2,159,619 |

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2023

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|--|----------------------------|-----------------------------|----------------------|
| LIABILITIES | | | |
| Accrued Salary and Benefits | \$ 840,092 | \$ 0 | \$ 840,092 |
| Accounts Payable | 240,923 | 828 | 241,751 |
| Interfund Payables | 61,715 | 4,739 | 66,454 |
| Accrued Interest Expense | 133,950 | 0 | 133,950 |
| Current Portion Lease Revenue Bonds Payable | 845,000 | 0 | 845,000 |
| Current Portion Lease Liability Payable | 14,593 | 0 | 14,593 |
| Noncurrent Liabilities: | | | |
| Other Post-Employment Benefits | 1,782,276 | 0 | 1,782,276 |
| Pension Obligation Payable | 11,070,222 | 0 | 11,070,222 |
| Lease Revenue Bonds Payable | 8,728,056 | 0 | 8,728,056 |
| Accumulated Compensated Absences | 208,297 | 0 | 208,297 |
| | <u>\$ 23,925,124</u> | <u>\$ 5,567</u> | <u>\$ 23,930,691</u> |
| DEFERRED INFLOW OF RESOURCES | | | |
| Deferred Inflows Related to Pensions | \$ 320,000 | \$ 0 | \$ 320,000 |
| Deferred Inflows Related to Other Post-Employment Benefits | 321,260 | 0 | 321,260 |
| Unearned Revenue | 96,049 | 0 | 96,049 |
| | <u>\$ 737,309</u> | <u>\$ 0</u> | <u>\$ 737,309</u> |
| COMMITMENTS | | | |
| NET POSITION | | | |
| Investment in Capital Assets, Net of Related Debt | \$ 10,548,676 | \$ 62,623 | \$ 10,611,299 |
| Restricted For: | | | |
| Reserve For Capital Replacement | 770,184 | 0 | 770,184 |
| Reserve for Student Activities | 87,977 | 0 | 87,977 |
| Reserve For Debt Service | 2,165 | 0 | 2,165 |
| Unreserved | (11,676,386) | 124,345 | (11,552,041) |
| | <u>\$ (267,384)</u> | <u>\$ 186,968</u> | <u>\$ (80,416)</u> |

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS | | TOTAL |
|---|---------------------|---------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
| | | CHARGE FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | |
| Governmental Activities: | | | | | | | |
| Instructional Services: | | | | | | | |
| Vocational Education Programs | \$ 3,548,012 | \$ 468,550 | \$ 1,355,998 | \$ 126,744 | \$ (1,596,720) | \$ 0 | \$ (1,596,720) |
| Adult Education Programs | 1,135,852 | 522,772 | 637,028 | 0 | 23,948 | 0 | 23,948 |
| TOTAL INSTRUCTIONAL SERVICES | \$ 4,683,864 | \$ 991,322 | \$ 1,993,026 | \$ 126,744 | \$ (1,572,772) | \$ 0 | \$ (1,572,772) |
| Non-Instructional Services: | | | | | | | |
| Student Activities | \$ 54,606 | \$ 47,642 | \$ 0 | \$ 0 | \$ (6,964) | \$ 0 | \$ (6,964) |
| TOTAL NON-INSTRUCTIONAL SERVICES | \$ 54,606 | \$ 47,642 | \$ 0 | \$ 0 | \$ (6,964) | \$ 0 | \$ (6,964) |
| Support Services | | | | | | | |
| Guidance | \$ 342,259 | \$ 0 | \$ 51,483 | \$ 0 | \$ (290,776) | \$ 0 | \$ (290,776) |
| Instructional Support | 325,408 | 0 | 141,229 | 0 | (184,179) | 0 | (184,179) |
| Administrative Services | 771,152 | 0 | 108,123 | 0 | (663,029) | 0 | (663,029) |
| Pupil Health Services | 82,244 | 0 | 13,327 | 0 | (68,917) | 0 | (68,917) |
| Business Services | 389,362 | 0 | 52,014 | 0 | (337,348) | 0 | (337,348) |
| Operation & Maintenance of Plant Services | 1,623,285 | 0 | 86,733 | 0 | (1,536,552) | 0 | (1,536,552) |
| TOTAL SUPPORT SERVICES | \$ 3,533,710 | \$ 0 | \$ 452,909 | \$ 0 | \$ (3,080,801) | \$ 0 | \$ (3,080,801) |
| Other Expenditures | | | | | | | |
| Unallocated Depreciation & Amortization | \$ 850,097 | \$ 0 | \$ 0 | \$ 0 | \$ (850,097) | \$ 0 | \$ (850,097) |
| Interest on Long - Term Debt | 208,464 | 0 | 0 | 0 | (208,464) | 0 | (208,464) |
| Other Administrative | 60,424 | 0 | 0 | 0 | (60,424) | 0 | (60,424) |
| TOTAL OTHER EXPENDITURES | \$ 1,289,484 | \$ 0 | \$ 0 | \$ 0 | \$ (1,289,484) | \$ 0 | \$ (1,289,484) |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 9,561,664 | \$ 1,038,964 | \$ 2,445,935 | \$ 126,744 | \$ (5,950,021) | \$ 0 | \$ (5,950,021) |
| Business-Type Activities: | | | | | | | |
| Food Service | \$ 262,812 | \$ 37,257 | \$ 280,767 | \$ 0 | \$ 0 | \$ 55,212 | \$ 55,212 |
| TOTAL PRIMARY GOVERNMENT | \$ 9,824,476 | \$ 1,076,221 | \$ 2,726,702 | \$ 126,744 | \$ (5,950,021) | \$ 55,212 | \$ (5,894,809) |
| General Revenues: | | | | | | | |
| Grants, Subsidies, and Contributions Not Restricted | | | | \$ 873,673 | \$ 0 | \$ 873,673 | |
| Receipts From Member District - AVTS | | | | 6,170,470 | 0 | 6,170,470 | |
| Investment Earnings | | | | 52,373 | 3,033 | 55,406 | |
| Miscellaneous Income | | | | 9,998 | 0 | 9,998 | |
| Refund of Prior Year Expenditure | | | | 341,022 | 0 | 341,022 | |
| TOTAL GENERAL REVENUES, SPECIAL ITEMS, AND TRANSFERS | | | | \$ 7,447,536 | \$ 3,033 | \$ 7,450,569 | |
| Change in Net Position | | | | \$ 1,497,515 | \$ 58,245 | \$ 1,555,760 | |
| Net Position - Beginning of Year | | | | (1,764,899) | 128,723 | (1,636,176) | |
| NET POSITION - END OF YEAR | | | | \$ (267,384) | \$ 186,968 | \$ (80,416) | |

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

| | GENERAL FUND | CAPITAL RESERVE FUND | NON-MAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|------------------------------------|-----------------|-------------------------|--------------------|--------------------------------|
| ASSETS | | | | |
| Cash | \$ 911,689 | \$ 513,990 | \$ 87,977 | \$ 1,513,656 |
| State Subsidy Receivable | 380,886 | 0 | 0 | 380,886 |
| Federal Subsidy Receivable | 83,090 | 0 | 0 | 83,090 |
| Interfund Receivables | 0 | 254,739 | 0 | 254,739 |
| Intergovernmental Receivable | 109,874 | 0 | 0 | 109,874 |
| Other Receivables | 7,979 | 0 | 0 | 7,979 |
| Restricted Assets: | | | | |
| Cash | 0 | 1,455 | 2,165 | 3,620 |
| TOTAL ASSETS | \$ 1,493,518 | \$ 770,184 | \$ 90,142 | \$ 2,353,844 |
| LIABILITIES & FUND BALANCE | | | | |
| Accrued Salary and Benefits | \$ 840,092 | \$ 0 | \$ 0 | \$ 840,092 |
| Accounts Payable | 240,923 | 0 | 0 | 240,923 |
| Interfund Payables | 316,454 | 0 | 0 | 316,454 |
| Unearned Revenue | 96,049 | 0 | 0 | 96,049 |
| TOTAL LIABILITIES | \$ 1,493,518 | \$ 0 | \$ 0 | \$ 1,493,518 |
| FUND BALANCE | | | | |
| Capital Reserve Fund | \$ 0 | \$ 770,184 | \$ 0 | \$ 770,184 |
| Student Activities | 0 | 0 | 87,977 | 87,977 |
| Debt Service | 0 | 0 | 2,165 | 2,165 |
| TOTAL FUND BALANCE | \$ 0 | \$ 770,184 | \$ 90,142 | \$ 860,326 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 1,493,518 | \$ 770,184 | \$ 90,142 | \$ 2,353,844 |

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

| | | |
|---|---------------------|---------------------|
| Total Fund Balance - Total Governmental Funds | | \$ 860,326 |
| Amount reported for governmental activities in the statement of net position differs because: | | |
| Capital assets and right-to-use lease assets are not reported as assets in governmental funds. | | |
| The total cost of the assets are | \$ 33,585,187 | |
| and the accumulated depreciation/amortization is | <u>(13,448,862)</u> | 20,136,325 |
| Governmental funds report the effects of bond insurance cost when the debt is first issued, whereas these amounts are deferred and amortized | | |
| | | 69,499 |
| Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future reporting periods and, therefore, are not reported in the funds. | | |
| | | 1,448,860 |
| Long-Term liabilities are not due and payable in the current period and are not reported as liabilities in the funds. Long-Term liabilities at June 30, 2023 consist of | | |
| Other post-employment benefits | \$ (1,782,276) | |
| Pension obligation payable | (11,070,222) | |
| Lease revenue bonds payable | (9,573,056) | |
| Lease liability payable | (14,593) | |
| Accrued interest expense | (133,950) | |
| Compensated absences | <u>(208,297)</u> | <u>(22,782,394)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | | <u>\$ (267,384)</u> |

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

| | GENERAL FUND | CAPITAL RESERVE FUND | NON-MAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|----------------------------|--------------------------|----------------------------|-----------------------------|
| REVENUE | | | | |
| Local Sources | \$ 5,623,905 | \$ 335,797 | \$ 1,252,595 | \$ 7,212,297 |
| State Sources | 2,212,995 | 0 | 0 | 2,212,995 |
| Federal Sources | <u>1,633,887</u> | <u>0</u> | <u>0</u> | <u>1,633,887</u> |
| TOTAL REVENUE | <u>\$ 9,470,787</u> | <u>\$ 335,797</u> | <u>\$ 1,252,595</u> | <u>\$ 11,059,179</u> |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Vocational Education Programs | \$ 4,097,856 | \$ 0 | \$ 0 | \$ 4,097,856 |
| Adult Education Programs | <u>1,202,777</u> | <u>0</u> | <u>0</u> | <u>1,202,777</u> |
| TOTAL INSTRUCTIONAL EXPENDITURES | <u>\$ 5,300,633</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 5,300,633</u> |
| Operation of Non-Instructional Services | | | | |
| School Sponsored Activities | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 54,606</u> | <u>\$ 54,606</u> |
| TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES EXPENDITURES | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 54,606</u> | <u>\$ 54,606</u> |
| Support Services | | | | |
| Guidance | \$ 364,181 | \$ 0 | \$ 0 | \$ 364,181 |
| Instructional Support | 327,993 | 4,236 | 0 | 332,229 |
| Administrative Services | 825,419 | 0 | 2,500 | 827,919 |
| Pupil Health Services | 87,355 | 0 | 0 | 87,355 |
| Business Services | 420,044 | 0 | 0 | 420,044 |
| Operation & Maintenance of Plant Services | 1,628,496 | 101,581 | 0 | 1,730,077 |
| Other Administrative | <u>54,590</u> | <u>0</u> | <u>0</u> | <u>54,590</u> |
| TOTAL SUPPORT SERVICES | <u>\$ 3,708,078</u> | <u>\$ 105,817</u> | <u>\$ 2,500</u> | <u>\$ 3,816,395</u> |
| Other Expenditures | | | | |
| Debt Service | <u>\$ 19,783</u> | <u>\$ 0</u> | <u>\$ 1,199,600</u> | <u>\$ 1,219,383</u> |
| TOTAL OTHER EXPENDITURES | <u>\$ 190,282</u> | <u>\$ 0</u> | <u>\$ 1,199,600</u> | <u>\$ 1,389,882</u> |
| TOTAL EXPENDITURES | <u>\$ 9,198,993</u> | <u>\$ 105,817</u> | <u>\$ 1,256,706</u> | <u>\$ 10,561,516</u> |
| EXCESS OF REVENUES (UNDER)/OVER EXPENDITURES | <u>\$ 271,794</u> | <u>\$ 229,980</u> | <u>\$ (4,111)</u> | <u>\$ 497,663</u> |
| Other Financing Sources (Uses) | | | | |
| Operating Transfer In (Out) | <u>\$ (271,794)</u> | <u>\$ 269,294</u> | <u>\$ 2,500</u> | <u>\$ 0</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ (271,794)</u> | <u>\$ 269,294</u> | <u>\$ 2,500</u> | <u>\$ 0</u> |
| Excess of Revenue and Other Financing Sources (Under)/Over Expenditures and Other Financing Uses | <u>\$ 0</u> | <u>\$ 499,274</u> | <u>\$ (1,611)</u> | <u>\$ 497,663</u> |
| Fund Balance, Beginning of Year | <u>0</u> | <u>270,910</u> | <u>91,753</u> | <u>362,663</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 0</u> | <u>\$ 770,184</u> | <u>\$ 90,142</u> | <u>\$ 860,326</u> |

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 497,663

Amount reported for governmental activities in the statement of activities differs because:

Capital outlays are reported in government funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation/amortization expense. The amount by which capital outlays exceeds depreciation/amortization in the period is as follows:

| | | |
|-------------------------------|------------------|-----------|
| Capital Outlays | \$ 418,487 | |
| Depreciation and Amortization | <u>(850,097)</u> | (431,610) |

In the statement of activities, post employment benefits are provided for when the liability is incurred at its net present value. In governmental funds however, the actual amount paid during the year is reported as an expenditure. This amount represents the change in the net present value calculation of GASB 47 Post Employment Retirement Benefits.

9,522

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the School's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

| | | |
|-----------------------|------------------|---------|
| Pension Expense | \$ (882,826) | |
| Pension Contributions | <u>1,246,156</u> | 363,330 |

District Other Post-Employment Benefit (OPEB) contributions are reported as expenditures in the governmental funds when made. However they are reported as deferred outflows of resources in the Statement of Net Position because the reported net OPEB liability is measured a year before the School's report date. OPEB expense, which is the change in the net OPEB liability adjusted for changes in deferred outflows and inflows of resources related to OPEB, is reported in the Statement of Activities.

| | | |
|---|---------------|--------|
| Other Post-Employment Benefit Expense | \$ (2,523) | |
| Other Post-Employment Benefit Contributions | <u>27,082</u> | 24,559 |

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023

Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also governmental funds report the effects of issuance cost, premiums, and discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The effect of these transactions in the statement of activities is shown below:

| | | |
|--|---------------|---------|
| Bond Premium Accretion | \$ 169,979 | |
| Lease Revenue Bond Principal Payments | 810,000 | |
| Prepaid Bond Insurance Cost Amortization | (8,048) | |
| Right-to-Use Lease Principal Payments | <u>18,790</u> | 990,721 |

In the statement of activities, accrued interest expense is recognized as the interest accrues, regardless of when it is due. Whereas, in the governmental funds interest expense is recognized as an expenditure when it is due. The additional interest accrued in the statement of activities over the amount due is shown here.

12,150

In the statement of activities, compensated absences are measured by the amounts earned during the year. In governmental funds however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

31,180

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 1,497,515

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND - FOOD SERVICE FUND
BUSINESS-TYPE ACTIVITIES
JUNE 30, 2023

ASSETS

| | | |
|----------------------------|----|------------------|
| Cash | \$ | 31,725 |
| State Subsidy Receivable | | 1,379 |
| Federal Subsidy Receivable | | 26,818 |
| Inventory | | 3,536 |
| Interfund Receivables | | 66,454 |
| Capital Assets: | | |
| Furniture And Equipment | | 206,520 |
| Accumulated Depreciation | | <u>(143,897)</u> |

| | | |
|--------------|--|--------------------------|
| TOTAL ASSETS | | \$ <u><u>192,535</u></u> |
|--------------|--|--------------------------|

LIABILITIES

| | | |
|--------------------|----|--------------|
| Accounts Payable | \$ | 828 |
| Interfund Payables | | <u>4,739</u> |

| | | |
|-------------------|--|------------------------|
| TOTAL LIABILITIES | | \$ <u><u>5,567</u></u> |
|-------------------|--|------------------------|

NET POSITION

| | | |
|---|----|----------------|
| Investment in Capital Assets, Net of Related Debt | \$ | 62,623 |
| Unreserved - Undesignated | | <u>124,345</u> |

| | | |
|--------------------|--|--------------------------|
| TOTAL NET POSITION | | \$ <u><u>186,968</u></u> |
|--------------------|--|--------------------------|

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND NET POSITION
PROPRIETARY FUND - FOOD SERVICE FUND
BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

REVENUE

| | | |
|----------------------------|----|------------|
| Food Sales | \$ | 37,067 |
| Other Food Service Revenue | | <u>190</u> |

TOTAL REVENUE \$ 37,257

EXPENSES

| | | |
|----------------------|----|--------------|
| Food Costs | \$ | 121,508 |
| Salaries and Wages | | 78,375 |
| Employee Benefits | | 37,489 |
| Contracted Services | | 10,600 |
| Repair Services | | 9,529 |
| Depreciation Expense | | <u>5,311</u> |

TOTAL EXPENSES 262,812

NET OPERATING LOSS \$ (225,555)

NON-OPERATING REVENUES

| | | |
|------------------------------|----|--------------|
| Federal and State Subsidies | \$ | 262,220 |
| Value of Donated Commodities | | 18,547 |
| Interest Income | | <u>3,033</u> |

TOTAL NON-OPERATING REVENUES 283,800

CHANGE IN NET POSITION \$ 58,245

Net Position at Beginning of Year 128,723

NET POSITION AT END OF YEAR 186,968

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - FOOD SERVICE FUND
BUSINESS-TYPE ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | | |
|---|----|------------------|-----------|
| Cash Received From Users | \$ | 36,262 | |
| Cash Payments To Employees For Service | | (78,375) | |
| Cash Payments To Suppliers For Goods And Services | | <u>(164,890)</u> | |
| Net Cash Used In Operating Activities | \$ | | (207,003) |

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

| | | | |
|---|----|---------------|---------|
| Federal and State Subsidies | \$ | 261,194 | |
| Value of Donated Commodities | | <u>18,547</u> | |
| Net Cash Provided By Non-Capital Financing Activities | | | 279,741 |

CASH FLOW FROM INVESTING ACTIVITIES:

| | | | |
|---------------------------------------|----|------------------|------------------|
| Earnings On Investments | \$ | 3,033 | |
| Purchase of Fixed Assets | | (24,009) | |
| Advances to General Fund | | <u>(199,839)</u> | |
| Net Cash Used In Investing Activities | | | <u>(220,815)</u> |

| | | | |
|---------------------------|----|--|-------------------------|
| Net Decrease in Cash | \$ | | (148,077) |
| Cash at Beginning of Year | | | <u>179,802</u> |
| CASH AT END OF YEAR | | | <u><u>\$ 31,725</u></u> |

RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES:

| | | | |
|--|----|----------------|-------------------------|
| Operating Loss | \$ | | (225,555) |
| Adjustments to Reconcile Operating Loss To Net Cash Used In Operating Activities: | | | |
| Depreciation | | 5,311 | |
| Donated Commodities | | 18,547 | |
| Changes in Assets and Liabilities: | | | |
| (Increase)/Decrease in Inventory | | 456 | |
| Increase/(Decrease) In Accounts Payable | | (995) | |
| Increase/(Decrease) in Interfund Payables | | <u>(4,767)</u> | |
| Net Cash Used In Operating Activities | \$ | | <u><u>(207,003)</u></u> |

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of Operations

The Center was created for the purpose of offering vocational and technical training programs for the benefit of secondary school pupils and post-secondary adults in the Lackawanna County attendance area. The Center is a joint venture of its eight member school districts (collectively, the participating districts). The Eight members are Carbondale Area School District, Dunmore School District, Forest City School District, Lakeland School District, Mid-Valley School District, North Pocono School District, Scranton School District, and Valley View School District.

Note 2 - Summary of Significant Accounting Policies

The accounting and reporting policies of the School District relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments – Audit and Accounting Guide* and by the Financial Accounting Standards Board (when applicable). The significant accounting policies of the School are described below.

Reporting Entity: Career Technology Center of Lackawanna County is the basic level of government which has financial accountability and control over all activities relating to the vocational-technical education in Lackawanna County. The Board receives funding from local, state, federal government and other sources and must comply with the requirements of these funding sources. However, the Board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement. Each member district appoints one of their elected board members to the Board. The board has decision making authority, revenue setting authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement No. 14, 39, 60, and 80 which are included in the School's reporting entity.

The reporting entity of the School is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Component Unit* and GASB Statement No. 61 *The Financial Reporting Entity Omnibus*, and Statement No. 80, *Blending Requirement for Certain Component Units* an Amendment of GASB Statement No. 14. The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, 39, 61, and 80, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. In addition, component units can be other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading. This report presents the activities of the Career Technology Center of Lackawanna County. The District is not a component unit of another reporting entity, nor does it have any component units.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Based upon the application of the criteria in the preceding paragraph, the following is a brief review of certain entities considered in determining the School's reporting entity.

Northeast PA Public School Health Care Consortium

The School does not designate management of the entity and the School was not able to significantly influence operations. The School does not solely fund deficits or receive the surplus funds of any other entity. There is no outstanding debt of another entity that is an obligation of the School, and the School does not contribute to a significant part of any other entity's revenues. Based on the above criteria, the School has not included the entity listed above in the School's annual financial statements. This entity is considered a separate legal entity and is responsible for its own independent review.

Separately issued financial statements of this entity can be obtained from:

Northeast PA Public School Health Care Consortium
1200 Line Street
Archbald, PA 18403

Basis of Presentation: Government-wide Financial Statements: The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements: Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

1. Governmental Fund Type
 - a. The General Fund is the General Operating Fund of the School and accounts for all revenues and expenditures of the School not encompassed within other funds. This is a budgeted fund, and any fund balance/(deficit) is reimbursed to/due from various school districts. The General Fund is always classified as a major fund.
 - b. The Capital Reserve Fund, an unbudgeted fund, accounts for specific sales and purchases of capital projects. The School has classified this fund as a major fund.
 - c. The Student Activity Fund, an unbudgeted fund, accounts for the activities of student groups. The School has classified this fund as a non-major fund.
 - d. The Debt Service Fund, an unbudgeted fund, is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, and is classified as a non-major fund.
2. Proprietary Fund Type - The Food Service Fund, an unbudgeted fund, is used to account for the operations of a School cafeteria that provides lunches to students for the purpose of making a profit. The Pennsylvania Department of Education has mandated that the Food Service Fund is always classified as a major fund.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Measurement Focus: On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting: In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. The School does not attempt to allocate "overhead" costs to the food service fund such as utilities, janitorial service and insurance, etc., nor does the Food Service Fund recognize a cost for the building space it occupies.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Grant Funds: Grant Funds are considered earned to the extent of expenditures made under the provision of the Grant. Accordingly, when such funds are received, they are recorded as unearned revenue until earned.

Inventories: The cost of donated commodities in the food service inventory represents the value assigned by the United States Department of Agriculture. Purchased inventories in the Food Service Fund are stated at cost on a first-in, first-out basis.

Investment in Capital Assets: The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003.

Depreciation of all exhaustible fixed assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- | | |
|----------------------------|-------------|
| • Buildings & Improvements | 20-50 years |
| • Site Improvements | 20 years |
| • Machinery and Equipment | 5-20 years |

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long- Term Debt: The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The School complies with GASB Statement 88 which requires expanded disclosures regarding debt in the Notes to the Financial Statements.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Government-Wide Statements

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

The accounting for leases depends upon its classification (1) Short-term leases have a maximum possible term of 12 months or less. Payment on short-term leases are recorded as outflows of resources based upon payment provisions in the contract (2) Contracts that transfer ownership and reported as financed purchases of the underlying assets; and (3) all other leases are treated in a manner similar to contracts that transfer ownership, resulting in the recognition of a right-to-use asset and lease liability.

Lease liabilities are initially measured at the present value of the payments expected to be made during the lease term. Lease assets are initially measured as the sum of the lease liability, payments made less lease incentives received before commencement of the lease term, and initial direct costs that are necessary to place the leased asset into service.

Bond Insurance costs are amortized over the terms of the respective bonds using the straight-line method. Bond discounts are amortized over the terms of the respective bonds using a method that approximates the effective interest method.

Budgets: Budgets are adopted on a basis consistent with generally accepted accounting principles. The official budget for the General Fund was formally adopted by the School Board Joint Committee on March 22, 2022 at a duly advertised meeting.

Once the budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Board. Amendments are presented to the board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables: During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Interfund Transfers: Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position: Net position represents the difference between assets and deferred outflow of resources and deferred inflows of resources, and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position invested in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Deferred Outflow and Inflows of Resources: GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* were implemented during the year ended June 30, 2014. These statements incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The Statement of Net Position now reports the following components: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, when applicable.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The School provides eligible employees with retirement benefits through the Public-School Employer's Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan. PSERS was established as of July 18, 1917, under the provisions of Public Law 1043, No. 343. The system provides various plans and options, all of which require employee contributions. The retirement system computes the cost of retirement benefits based on its fiscal year of June 30.

Accounting and Financial Reporting for Pensions: The School complies with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the School to report as a liability its portion of the collective pension liability in the Commonwealth of Pennsylvania Public School Employees' Retirement System ("PSERS"). The implementation of the Statements also requires the School to report a deferred outflow and/or inflow for the effect of the net change in the School's proportion of the collective net pension liability and difference during the measurement period between the School's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow of resources is the School contributions to the pension systems subsequent to the measurement date.

The School complies with GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The primary objective of the Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Statement clarifies certain provisions with regard to the accounting and financial reporting for separately financed specific liabilities for defined benefit plans.

Accounting and Financial Reporting for Post-Employment Benefits: The School complies with GASB Statement No. 75 - *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

Other Postemployment Benefits (OPEB) Single-Employer Defined Benefit OPEB Plan: The School sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The single-employer OPEB plan is unfunded.

Cost-Sharing Multiple-Employer Defined Benefit Plan: The School participates in the PSERS Health Insurance Premium Assistance Program. 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 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.

Revenue From Districts: The member school districts are responsible for the operating budget. The amounts charged to individual school districts are computed annually based on budgeted revenues and expenditures and are billed based on the average of the four prior year's actual enrollments.

Revenues Exchange and Non-exchange Transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions in which the School receives value without directly giving equal value in return include grants, entitlements, and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the School on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized under the modified accrual basis. The following revenue sources are considered to be both measurable and available at fiscal year-end: interest, tuition, grants, student fees and rentals.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

Unearned Revenue: Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental, and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

Valuation of Long-Lived Assets: Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The School periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the School's long-lived assets were considered to be impaired as of June 30, 2023.

Equity Classifications:

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Equity

Beginning with fiscal year 2011, Career Technology Center of Lackawanna County implemented GASB Statement 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (Continued)

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The School implemented GASB Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. See Note 14 for information relative to effective dates pertinent to the School.

Beginning with Fiscal Year 2022, the School District implemented GASB Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, GASB specified a transition method that measures leases using the facts and circumstances at the beginning of the implementation period. At implementation, lease liabilities were measured using the remaining lease term and discount rate at July 1, 2021, and right-to-use assets were measured based on the lease liability, accordingly, a restatement of net position was not necessary to implement Statement No. 87.

Change in Accounting Principle - During the current year, the School District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financing reporting for Subscription - Based Information Technology Arrangements (SBITA). It defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. Upon review of the standard, the School determined it does not have any SBITA that fall under the requirements of the standard at this time, but may possibly enter into a SBITA in the future.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 3 - Cash and Investments

The Public School Code authorizes the School to invest in U.S. Treasury bills, short-term obligations of the U.S. Government or its agencies or instrumentalities, savings or time deposit accounts provided such deposits are insured or collateralized by obligations of the United States of America, Commonwealth of Pennsylvania or their agencies or instrumentalities provided such deposits are backed by the full faith and credit of such entities.

Custodial Credit Risk

All school funds are invested in Pennsylvania School District Liquid Asset Fund. All assets contained in the fund are invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each school district or government agency owns shares of the fund, which invests the pooled assets. Since the fund has the characteristics of a mutual fund, it would not be reported by risk category in accordance with Governmental Accounting Standards Board Statement.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. To extent practical, investments are matched with anticipated cash flows.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the School's investments in a single issuer.

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty the School will not be able to recover the value of its investments or collateral securities in the possession of an outside party.

Note 4 - Federal and State Subsidy Receivable/Deferral

Federal and State Subsidy Receivable at June 30, 2023 consists of federal and state sponsored subsidy programs in which the expenditure was made but the corresponding receipts were not received, or the receipt was received, and the corresponding expenditure was not made as of June 30, 2023.

| | <u>FEDERAL</u> | <u>STATE</u> | <u>TOTAL</u> |
|--------------------------------------|------------------|-------------------|-------------------|
| GENERAL FUND: | | | |
| RECEIVABLE: | | | |
| LPN Office of Vocational Rehab. | \$ 2,750 | \$ 0 | \$ 2,750 |
| ARP/ESSER Funds | 80,340 | 0 | 80,340 |
| PA School Mental Health/Safety Grant | 0 | 15,610 | 15,610 |
| Retirement Subsidy | 0 | 292,609 | 292,609 |
| State Training Subsidy, LPN | 0 | 6,593 | 6,593 |
| Social Security Subsidy | 0 | 66,074 | 66,074 |
| RECEIVABLE TOTAL: | <u>\$ 83,090</u> | <u>\$ 380,886</u> | <u>\$ 463,976</u> |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 4 - Federal and State Subsidy Receivable/Deferral (Continued)

| | <u>FEDERAL</u> | <u>STATE</u> | <u>TOTAL</u> |
|--|--------------------|-------------------|--------------------|
| DEFERRED: | | | |
| LPN FSEOG | \$ (863) | \$ 0 | \$ (863) |
| LPN Direct Student Loans | (2,350) | 0 | (2,350) |
| COVID-19 Public Health Workforce Grant | (86,689) | 0 | (86,689) |
| PA TIP Grant Refund | 0 | (824) | (824) |
| DEFERRED TOTAL: | <u>\$ (89,902)</u> | <u>\$ (824)</u> | <u>\$ (90,726)</u> |
| FOOD SERVICE FUND: | | | |
| National School Lunch Program | <u>\$ 26,818</u> | <u>\$ 1,379</u> | <u>\$ 28,197</u> |
| TOTAL FEDERAL AND STATE SUBSIDY RECEIVABLE (DEFERRED) AT JUNE 30, 2023 | <u>\$ 20,006</u> | <u>\$ 381,441</u> | <u>\$ 401,447</u> |

Note 5 - Inventories

Inventories at June 30, 2023 are summarized as follows:

Food Service: Inventories at June 30, 2023 consist of the following:

| | |
|---------------------|-----------------|
| Purchased Food | \$ 1,970 |
| Donated Commodities | <u>1,566</u> |
| Total | <u>\$ 3,536</u> |

Note 6 – Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

| | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> |
|--|------------------------|---------------------|------------------|------------------------|
| Governmental Activities | | | | |
| Historical Cost | | | | |
| Land | \$ 195,444 | \$ 0 | \$ 0 | \$ 195,444 |
| Construction In Progress | 0 | 0 | 0 | 0 |
| Total At Historical Cost Not Being Depreciated | <u>\$ 195,444</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 195,444</u> |
| Site Improvements | \$ 124,447 | \$ 0 | \$ 0 | \$ 124,447 |
| Building & Improvements | 26,656,226 | 16,960 | 0 | 26,673,186 |
| Furniture & Equipment | 6,139,146 | 401,527 | 0 | 6,540,673 |
| Total At Historical Cost Being Depreciated | <u>\$ 32,919,819</u> | <u>\$ 418,487</u> | <u>\$ 0</u> | <u>\$ 33,338,306</u> |
| TOTAL HISTORICAL COST | <u>\$ 33,115,263</u> | <u>\$ 418,487</u> | <u>\$ 0</u> | <u>\$ 33,533,750</u> |
| Less Accumulated Depreciation: | | | | |
| Site Improvements | \$ (51,733) | \$ (7,356) | \$ 0 | \$ (59,089) |
| Building & Improvements | (8,312,584) | (490,155) | 0 | (8,802,739) |
| Furniture & Equipment | <u>(4,216,394)</u> | <u>(333,796)</u> | <u>0</u> | <u>(4,550,190)</u> |
| TOTAL ACCUMULATED DEPRECIATION | <u>\$ (12,580,711)</u> | <u>\$ (831,307)</u> | <u>\$ 0</u> | <u>\$ (13,412,018)</u> |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 6 – Capital Assets (Continued)

| | <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> |
|--|--------------------------|-------------------------|---|--------------------------|
| Right-to-Use Lease Assets: | | | | |
| Equipment | \$ 51,437 | \$ 0 | \$ 0 | \$ 51,437 |
| Total Right-to-Use Lease Assets | <u>\$ 51,437</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 51,437</u> |
| Less: Accumulated Amortization | | | | |
| Equipment | \$ (18,054) | \$ (18,790) | \$ 0 | \$ (36,844) |
| Total Accumulated Amortization | <u>\$ (18,054)</u> | <u>\$ (18,790)</u> | <u>\$ 0</u> | <u>\$ (36,844)</u> |
| GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS NET | <u>\$ 20,567,935</u> | <u>\$ (431,610)</u> | <u>\$ 0</u> | <u>\$ 20,136,325</u> |
| Business Activities | | | | |
| Historical Cost | | | | |
| Machinery & Equipment | \$ 182,511 | \$ 24,009 | \$ 0 | \$ 206,520 |
| TOTAL HISTORICAL COST | <u>\$ 182,511</u> | <u>\$ 24,009</u> | <u>\$ 0</u> | <u>\$ 206,520</u> |
| Less Accumulated Depreciation: | | | | |
| Machinery & Equipment | \$ (138,586) | \$ (5,311) | \$ 0 | \$ (143,897) |
| TOTAL ACCUMULATED DEPRECIATION | <u>\$ (138,586)</u> | <u>\$ (5,311)</u> | <u>\$ 0</u> | <u>\$ (143,897)</u> |
| TOTAL CAPITAL ASSETS, NET | <u>\$ 20,611,860</u> | <u>\$ (412,912)</u> | <u>\$ 0</u> | <u>\$ 20,198,948</u> |
| Depreciation and Amortization expense was charged to Governmental Activities as follows: | | | | |
| | | | | \$ 850,097 |
| | | | Unallocated | <u>\$ 850,097</u> |
| | | | Total Depreciation and Amortization Expense | <u>\$ 850,097</u> |

Note 7 - Compensated Absences

The School is obligated to accumulate unused sick days for each employee covered under the terms of a union contract. The total allowable sick days per school year which can be accumulated to the extent unused is twelve (12). The maximum allowable number of sick days accumulated for compensation and payable upon termination is 165 days for professional and support staff, 150 days for maintenance staff and aides and 180 days for administration. As provided in the current union agreement, compensation will be at a rate of \$85 per day for professional employees, \$35 per day for clerical, and \$70 per day for maintenance employees. Administrative employees are compensated for unused sick days based upon the terms of their respective employment contracts. The provision for compensated absences represents the total accumulated sick days unpaid as of June 30, 2023 based on the applicable per day rate. At June 30, 2023 the aggregate liability for unused sick pay is \$208,297.

Note 8 - Inter-Government Receivable/(Payable)

The School currently is receiving payments from eight (8) area school districts participating in the Lackawanna County Area-Vocational Technical Program. The School is also receiving payments from various non-participating school districts for such programs in the form of tuition. Such payments received are used to fund the various vocational-technical programs offered by the School.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 8 - Inter-Government Receivable/(Payable) (Continued)

The amounts charged to individual school districts are computed annually based on budgeted revenues and expenditures and are billed based on the average of the four prior year's actual enrollments. The amount of such billings charged to the member school districts during the fiscal year ended June 30, 2023 amounted to \$4,419,470 of which \$66,934 was unpaid and reflected as a receivable at June 30, 2023 and is reflected in the accompanying Balance Sheet under the heading Inter-Governmental Receivable/(Payable) in the General Fund.

The amount of any excess of actual revenues over/under actual expenditures are billed/reimbursed to the various school districts based on actual enrollment. For the fiscal year ended June 30, 2023 actual expenditures exceeded actual revenues in the amount of \$42,940.

For the year ended June 30, 2023, member district revenue was increased pursuant to board motion authorizing the transfer of \$269,294 to the Capital Reserve Fund from the June 2021 fund balance, \$120,000 to the general fund from the June 30, 2021 fund balance and \$122,525 to the general fund from the June 2022 fund balance.

At June 30, 2023 the balance of the amounts due to other governmental units consists of the following:

| | DUE (TO) / FROM OTHER GOVERNMENTAL UNIT | | |
|---|---|------------------------------|-------------------|
| | MEMBER DISTRICTS | NON - MEMBER DISTRICTS | TOTAL |
| Accrued & Unpaid from June 30, 2023 | \$ 0 | \$ 66,934 | \$ 66,934 |
| Amount of Excess Actual Expenditures Over Revenues at June 30, 2023 Due from School Districts Based on Actual Enrollment | | | <u>42,940</u> |
| Total Inter-Governmental Receivables/(Payable) at June 30, 2023 | | | <u>\$ 109,874</u> |

Note 9 – Long Term Debt

In June 2020, the School as owner and lessor, and with the approval of the Member Districts, entered into a lease agreement with the Waverly Township Municipal Authority (WTMA) as lessee for the purposes of undertaking a current refunding of the State Public School Building Authority (Career Technology Center of Lackawanna County Lease Revenue Bonds, Series of 2012 ("the Refunding Project"). In order to finance the Refunding Project, the School developed a plan of financing (the "Financing Plan") which included the following:

- a.) The leasing by the School to the WTMA pursuant to the lease of the Premise and existing educational facilities, collectively referred to as the leased property.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Long Term Debt (Continued)

- b.) The issuance of Waverly Township Municipal Authority Career Technology Center of Lackawanna County Lease Revenue Bonds, Series of 2020 by the WTMA in the principal amounts of \$ 11,475,000 to finance the cost of the Refunding Project. The 2020 Bonds are to be secured under and pursuant to a Trust Indenture between the WTMA and The Fidelity Deposit and Discount Bank, as Trustee, and the scheduled payments of the principal of and interest on such 2020 Bonds when due to be guaranteed by Build America Mutual Assurance Company (including any successor thereto or assignee thereof and insurer of Additional Bonds, the “Bond Insurer”) under its municipal bond insurance policy.
- c.) The subleasing of the Leased Property by the WTMA to the School and Participating Member Districts. All eight (8) of the Member Districts entered into the Sublease Agreement. The sublease provides for the payment of rentals adequate to meet the debt service requirements and assigned the Sublease by WTMA to the Trustee as security under the Indenture.
- d.) The proceeds of the sale of the 2020 Bonds, after payment of all expenses of issuance and other expenses relating to the transaction, shall be made available to the School, the same constituting rent due from WTMA under the Lease to enable the School to carry out the Refunding Project.

The WTMA issued \$11,475,000, 2.0% to 4.0% aggregate principal amount, Waverly Township Municipal Authority Career Technology Center of Lackawanna County Lease Revenue Bonds, Series of 2020. The Bonds are dated the date of delivery thereof maturing or subject to mandatory sinking fund redemption, in various principal amounts on February 15 of the years 2021 through 2032. Interest is payable on February 15 and August 15, beginning February 15, 2021. The Bonds are subject to mandatory and optional redemption prior to their stated dates of maturity as follows:

OPTIONAL REDEMPTION

In the manner and upon the terms and conditions provided in the Indenture, the Bonds stated to mature on and after February 15, 2029 are subject to redemption prior to maturity at the option of the WTMA, at the direction of the School, in any order of maturity either as a whole, or in part, at any times on or after August 15, 2028, and, if in part, by lot within a maturity, at a redemption price equal to one hundred percent (100%) of the principal amount thereof together with accrued interest to the date fixed for redemption.

MANDATORY REDEMPTION

The Bonds are not subject to mandatory redemption prior to their stated maturity dates.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Long Term Debt (Continued)

Defaults and Remedies. Under the Sublease, the failure of the School to make any payments required of it as Sublease Rentals or otherwise, or the failure to comply with covenants after written notice or the occurrence of a default under the Indenture and payment of the Bonds is accelerated, or the failure to carry out the Refunding Project to be financed in part by the proceeds of the Bonds, shall constitute events of default. In the event of any such default, and after due notice as required, the WTMA, and/or the Trustee as its assignee, may, in addition to any other remedies, (i) declare all sums payable under the Sublease to be immediately due; or (ii) by legal action enforce all rights of WTMA under the Sublease; and (iii) in the event of a default in payment, notify the Department of Education of the Commonwealth to commence proceedings for the withholding of any appropriations due the Participating Districts under the School Code, as appropriate.

Minimum Future Payments Under Lease Revenue Bonds as of June 30, 2023.

| <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------|---------------------|---------------------|----------------------|
| 2024 | \$ 845,000 | \$ 357,200 | \$ 1,202,200 |
| 2025 | 880,000 | 323,400 | 1,203,400 |
| 2026 | 910,000 | 288,200 | 1,198,200 |
| 2027 | 950,000 | 251,800 | 1,201,800 |
| 2028 | 985,000 | 213,800 | 1,198,800 |
| 2029 - 2032 | <u>4,360,000</u> | <u>444,400</u> | <u>4,804,400</u> |
| | <u>\$ 8,930,000</u> | <u>\$ 1,878,800</u> | <u>\$ 10,808,800</u> |

The following summarizes the changes in long-term debt for the year ended June 30, 2023.

| | <u>Balance July 1, 2022</u> | <u>Additions</u> | <u>Amortization (Accretion)</u> | <u>Retirements</u> | <u>Balance June 30, 2023</u> | <u>Due Within One Year</u> |
|--------------------------|---------------------------------|------------------|-------------------------------------|--------------------|----------------------------------|--------------------------------|
| Lease Revenue Bonds: | | | | | | |
| Series of 2020 | \$ 9,740,000 | \$ 0 | \$ 0 | \$ 810,000 | \$ 8,930,000 | \$ 845,000 |
| Amortization / Accretion | 813,035 | 0 | (169,979) | 0 | 643,056 | 0 |
| Right-to-Use Lease | 33,383 | 0 | 0 | 18,790 | 14,593 | 14,593 |
| Compensated Absences | <u>239,477</u> | <u>0</u> | <u>0</u> | <u>31,180</u> | <u>208,297</u> | <u>0</u> |
| TOTALS | <u>\$ 10,825,895</u> | <u>\$ 0</u> | <u>\$ (169,979)</u> | <u>\$ 859,970</u> | <u>\$ 9,795,946</u> | <u>\$ 859,593</u> |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments

General information about the Pension Plan

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

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 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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% to 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 disability benefits.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

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.

Contributions

Members Contributions:

The contribution rates based on qualified member compensation for virtually all members are presented below:

| Member Contribution Rate | | | | |
|-----------------------------|--------------------------------|---|----------------------|---|
| Membership Class | Continuous Employment Since | Defined Benefit (DB) Contribution Rate | DC Contribution Rate | Total Contribution Rate |
| T - C | Prior To July 22, 1983 | 0.0525 | N/A | 5.25% |
| T - C | On or After July 22, 1983 | 0.0625 | N/A | 6.25% |
| T - D | Prior To July 22, 1983 | 0.065 | N/A | 6.50% |
| T - D | On or After July 22, 1983 | 0.075 | N/A | 7.50% |
| T - E | On or After July 21, 2011 | 7.50% Base Rate With Shared Risk Provision | N/A | Prior to 7/1/21: 7.50% After 7/1/21: 8.00% |
| T - F | On or After July 21, 2011 | 10.30% Base Rate With Shared Risk Provision | N/A | Prior to 7/1/21: 10.3% After 7/1/21: 10.8% |
| T - G | On or After July 21, 2019 | 5.50% Base Rate With Shared Risk Provision | 2.75% | Prior to 7/1/21: 8.25% After 7/1/21: 9.00% |
| T - H | On or After July 21, 2019 | 4.50% Base Rate With Shared Risk Provision | 3.00% | Prior to 7/1/21: 7.50% After 7/1/21: 8.25% |
| DC | On or After July 21, 2019 | N/A | 7.50% | 7.50% |
| Shared Risk Program Summary | | | | |
| Membership Class | Defined Benefit (DB) Base Rate | Shared Risk Increment | Minimum | Maximum |
| T - E | 7.50% | +/- 0.50% | 5.50% | 9.50% |
| T - F | 10.30% | +/- 0.50% | 8.30% | 12.30% |
| T - G | 5.50% | +/- 0.75% | 2.50% | 8.50% |
| T - H | 4.50% | +/- 0.75% | 1.50% | 7.50% |

Employer Contributions: The school districts' contractually required contribution rate for fiscal year ended June 30, 2023 was 34.31% of covered payroll, 0.20%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were \$1,246,156 for the year ended June 30, 2023.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

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

At June 30, 2023, the District reported a liability of \$11,070,222 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, 2021 to June 30, 2022. The District’s proportion of the new pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District’s proportion was .0249 percent which was an increase of .0008 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$882,826. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 5,000 | \$ 96,000 |
| Changes in Assumptions | 331,000 | 0 |
| Difference between projected and actual investment earnings | 0 | 188,000 |
| Changes in proportions | 277,000 | 36,000 |
| Contributions subsequent to the measurement date | 1,246,156 | 0 |
| | <u>\$ 1,859,156</u> | <u>\$ 320,000</u> |

\$1,246,156 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a 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:

School year ended June 30; PSERS year-end one year earlier:

| | |
|------------|-------------------|
| 2024 | \$ 107,000 |
| 2025 | 120,000 |
| 2026 | (196,000) |
| 2027 | 262,000 |
| 2028 | 0 |
| Thereafter | 0 |
| | <u>\$ 293,000</u> |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Change In Actuarial Assumptions: The total pension liability as of June 30, 2022 was determined by rolling forward the System's total pension liability as of the June 30, 2021 actuarial valuation to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2021
- Actuarial Cost Method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.75%.
- Salary Growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit of seniority increases.
- Mortality rates were based on a blend of 50% Pub T-2010 and 50% Pub G -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.
- The discount rate used to measure the total pension liability 7.00% as of June 30, 2021, and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are 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 Improvement Scale.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

Investments: 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

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 maintain a fully funded status for the benefits provided through the pension.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|------------------------------|---|
| Global public equity | 28.0% | 5.3% |
| Private Equity | 12.0% | 8.0% |
| Fixed income | 33.0% | 2.3% |
| Commodities | 9.0% | 2.3% |
| Infrastructure/MLP’S | 9.0% | 5.4% |
| Real Estate | 11.0% | 4.6% |
| Absolute Return | 6.0% | 3.5% |
| Cash | 3.0% | 0.5% |
| Leverage | <u>(11.0%)</u> | 0.5% |
| | <u>100.0%</u> | |

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

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 pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate:

The following presents the net pension liability, calculated using the discount rate of 7.00%, 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.

| | <u>1% Decrease 6.00%</u> | <u>Current Discount Rate 7.00%</u> | <u>1% Increase 8.00%</u> |
|---|----------------------------------|--|----------------------------------|
| District’s proportionate share of the net pension liability | \$14,319,000 | \$11,070,000 | \$8,331,000 |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Pension plan fiduciary net position

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

Termination Benefits Payable are as follows:

The School is providing group insurance healthcare termination benefits to one employee. The termination benefits end April 2026.

Annual termination benefits of \$12,219 have been projected to increase at an annual rate of 5.00% and have been discounted to 4.25% estimated yield on investments expected to be used to figure the benefits.

| | |
|---|------------------|
| Beginning of year net present value | \$ 44,456 |
| Payment of benefits made during school year | (12,219) |
| Change in present value of benefits | <u>2,697</u> |
| End of year net present value | <u>\$ 34,934</u> |

Post - Employment Healthcare Plan Single Employer Plan:

Plan description: The School administers a Single-Employer Plan that covers current and former employees as follows:

Professional employees retiring under any of the retirement provisions of PSERS and have at least twenty (20) years of service with the Career Technology Center of Lackawanna County and/or Lackawanna County Area Vocational-Technical School are eligible for benefits. Health insurance benefits are paid in full from age 55 until eligible for Medicare (generally age 65). Spousal benefits are available at the retiree’s own expense. Before age 55, coverage is provided but at employees’ own expense. No dental or vision coverage is available.

Act 93 administrators and Non-Contracted personnel retiring under any of the retirement provisions of PSERS are eligible for benefits. Medical, dental and vision benefits for a maximum of five (5) years or until eligible for Medicare are paid by Plan Sponsor if PPO coverage is elected, otherwise, the employee must pay the difference. Spousal coverage is provided at no charge while the retiree is eligible, except the spouse must pay the excess of the traditional plan over the PPO plan premium and must pay any dental premium in excess of \$75 per month.

Administrative Director: Same as coverage for Administrators. Coverage paid in full, except there is maximum family vision reimbursement of \$500, and out-of-pocket medical, vision, and dental expenses up to \$2,000 per year are reimbursed.

Chief Financial Officer: Same as coverage for Administrators, except that traditional plan and dental plan charges do not apply.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

All other employees not included in the above groups or those employees who are included but do not meet the eligibility requirements may be eligible for continued health coverage at his or her own expense (corporate) under Acts 110 and 43, until reaching Medicare eligibility.

There was a change in benefit terms during the measurement period ending June 30, 2023. Maintenance union employees will, upon attaining age 62 with 20 years of service, receive health insurance benefits until attaining age 65. Additionally, union secretary and support personnel who have 20 years of service will receive two years of health insurance benefits, fully paid by the Center. There are no spouse or dependent coverages.

Funding Policy: The funding policy is to pay for plan benefits when they become due each year. An actuarially determined contribution is not calculated. There is no accumulation of assets in a trust for the plan.

Employees Covered by Benefit Terms: At June 30, 2023 the following employees were covered by the benefit term:

| | |
|--|-----------|
| Active Participants | 39 |
| Retired participants with healthcare coverage* | 6 |
| Surviving spouses with healthcare coverage | <u>0</u> |
| Total active and inactive participants covered by benefit terms | <u>45</u> |

The Plan is open to new entrants.

*Four of the retired participants have a spouse with healthcare coverage.

Total OPEB Liability: The School’s total OPEB liability of \$1,287,342 was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified.

General:

Reporting Date is June 30, 2023, the end of the employer's fiscal year.

Measurement Date is June 30, 2023.

Actuarial Valuation Date used for June 30, 2023 liability measurement is July 1, 2021.

Actuarial Valuation Date used for June 30, 2021 liability measurement is July 1, 2021.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Standard actuarial techniques were used to roll forward the Total OPEB Liability from the Valuation Date to the Measurement Date.

Discount rate, using S&P Municipal Bond 20 Year High Grade Rate Yield to Maturity:

- 4.13% at June 30, 2023 measurement date
- 4.09% at June 30, 2022 measurement date

No other assumption and input changes were made between the June 30, 2022 and June 30, 2023 measurement dates.

All other actuarial assumptions used for the calculation of Total OPEB Liability for GASB 75 reporting purposes, their justifications, and models used, are described in the July 1, 2021 Actuarial Valuation Report.

Pre and Post Retirement Mortality: The Society of Actuaries (SOA) Public T.H-2010 (Teachers) and G.H-2010 (Others) male and female tables projected using a modified version of the MP-2021 Mortality Improvement Scale.

Marital Status: 25% of active participants are assumed to have a covered spouse at retirement and husbands are assumed to be 2 years older than the wife.

Participation: 100% of eligible employees are assumed to elect coverage at retirement. 0% of active employees currently opting out of coverage are assumed to opt back in before retirement.

Trend: Blended rates for future inflation for medical and prescription drug benefits range from 7.00% for the current year down to 4.00% for years after 2069.

Aging Factors: Actual gross starting cost for medical and prescription drugs are developed at each age by taking the claims cost and spreading it using age factors between 2.0% for participant's age 30-39 years old and to a high of 4.5% for participants aged 45-49 and 55-59 years old.

Changes in the total OPEB Liability:

| | Total OPEB Liability |
|--------------------------|-------------------------|
| Balance at June 30, 2022 | \$ 1,287,111 |
| Changes for the year: | |
| Service Cost | \$ 45,623 |
| Interest | 50,742 |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

| | Total OPEB Liability |
|--|-------------------------|
| Differences between expected and actual experience | 0 |
| Changes of benefit terms | 91,154 |
| Changes of assumptions or other inputs | (3,069) |
| Benefit payments (Expected claims) | (184,219) |
| Net Changes | \$ 231 |
| Balance at June 30, 2023 | \$ 1,287,342 |

Sensitivity of the Total OPEB Liability to Changes in Discount Rate: The following presents the total OPEB liability of the School, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

| | 1% Decrease 3.13% | Current Discount Rate 4.13% | 1% Increase 5.13% |
|----------------------|----------------------|-----------------------------------|----------------------|
| Total OPEB Liability | \$1,368,105 | \$ 1,287,342 | \$ 1,213,114 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total of OPEB liability of the School, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current healthcare cost trend rate:

| | Healthcare Cost Trend Rate | | |
|----------------------|----------------------------|------------------------|----------------------|
| | 1% Decrease 5.50% | Current rates 6.50% | 1% Increase 7.50% |
| Initial rate: | 5.50% | 6.50% | 7.50% |
| Ultimate rate: | 3.00% | 4.00% | 5.00% |
| Total OPEB Liability | \$1,184,307 | \$ 1,287,342 | \$ 1,408,905 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2023, the School recognized OPEB expense of \$167,642. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following services:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 100,567 | \$ 0 |
| Changes of assumptions or other inputs | 23,315 | 207,260 |
| Total | \$ 123,882 | \$ 207,260 |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

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

| <u>Fiscal Year Ending June 30,</u> | <u>Outflows</u> | <u>Inflows</u> |
|------------------------------------|------------------|------------------|
| 2024 | \$ 35,334 | \$ 56,209 |
| 2025 | 31,356 | 56,209 |
| 2026 | 31,356 | 56,209 |
| 2027 | 22,959 | 37,999 |
| 2028 | 2,877 | 487 |
| Thereafter | 0 | 147 |
| Total | <u>\$123,882</u> | <u>\$207,260</u> |

Differences Between Expected and Actual Experience

The effects of differences between expected and actual experience are recognized in OPEB expense, beginning in the current reporting period, using straight-line amortization over a closed period equal to the average of the expected remaining service lives of all participants who are provided with OPEB through the OPEB plan (active and inactive participants), determined as of the beginning of the measurement period.

| <u>Fiscal Year Ending</u> | <u>Initial</u> | | <u>Remaining at 06/30/2023</u> | | <u>Amount Recognized for FYE 06/30/2023</u> |
|-------------------------------|----------------|---------------|------------------------------------|-------------------|---|
| | <u>Amount</u> | <u>Period</u> | <u>Period</u> | <u>Amount</u> | |
| 06/30/20 | \$ 17,014 | 7.6 | 3.6 | \$ 8,058 | \$ 2,239 |
| 06/30/22 | \$ 142,513 | 5.7 | 3.7 | 92,509 | 25,002 |
| 06/30/23 | \$ 0 | 6.3 | 5.3 | 0 | 0 |
| | | | | <u>\$ 100,567</u> | <u>\$ 27,241</u> |

Changes of Assumptions or Other Inputs

The effects of changes of assumptions or other inputs are recognized in OPEB expense, beginning in the current reporting period, using straight-line amortization over a closed period equal to the average of the expected remaining service lives of all participants who are provided with OPEB through the OPEB plan (active and inactive participants), determined as of the beginning of the measurement period.

| <u>Fiscal Year Ending</u> | <u>Initial</u> | | <u>Remaining at 06/30/2023</u> | | <u>Amount Recognized for FYE 06/30/2023</u> |
|-------------------------------|----------------|---------------|------------------------------------|---------------------|---|
| | <u>Amount</u> | <u>Period</u> | <u>Period</u> | <u>Amount</u> | |
| 06/30/18 | \$ 18,929 | 6.8 | 0.8 | \$ 2,225 | \$ 2,784 |
| 06/30/19 | \$ 12,713 | 5.8 | 0.8 | 1,753 | 2,192 |
| 06/30/20 | \$ (113,422) | 7.6 | 3.6 | (53,726) | (14,924) |
| 06/30/21 | \$ 31,682 | 7.7 | 4.7 | 19,337 | 4,115 |
| 06/30/22 | \$ (232,548) | 5.7 | 3.7 | (150,952) | (40,798) |
| 06/30/23 | \$ (3,069) | 6.3 | 5.3 | (2,582) | (487) |
| | | | | <u>\$ (183,945)</u> | <u>\$ (47,118)</u> |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

PSERS Health Insurance Premium Assistance

General Information about the Health Insurance Premium Assistance Program: PSERS 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 of the PSERS'S Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all of part of their distributions.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Employers Contributions: The school districts’ contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% 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 School were \$27,082 for the year ended June 30, 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2023, the School reported a liability of \$460,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System’s total OPEB liability as of June 30, 2021 to June 30, 2022. The School’s proportion of the net OPEB liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the School’s proportion was 0.0250 percent, which was a increase of 0.0009 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School recognized OPEB expense of \$19,103. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ 4,000 | \$ 2,000 |
| Changes in assumptions | 51,000 | 109,000 |
| Net difference between projected and actual investment earnings | 1,000 | 0 |
| Changes in proportion | 24,000 | 3,000 |
| Difference between employer contributions and proportionate share of total contributions | 0 | 0 |
| Contributions subsequent to the Measurement date | 27,082 | 0 |
| | \$ 107,082 | \$ 114,000 |

\$27,082 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as 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:

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Year ended June 30:

| | |
|------------|--------------------------|
| 2023 | \$ (5,000) |
| 2024 | (2,000) |
| 2025 | (7,000) |
| 2026 | (9,000) |
| 2027 | (11,000) |
| Thereafter | <u>0</u> |
| | <u><u>\$(34,000)</u></u> |

Actuarial Assumptions (PSERS):

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 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.
- Investment return – 4.09% - 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 \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% Pub T-2020 and 50% Pub G-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

- Eligible retirees will elect to participate Pre age 65 at 50%
- Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 65% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 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>OPEB Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|---|
| Cash | <u>100.0%</u> | 0.5% |

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 OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates: Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 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. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2022 calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

| | Dollar Amounts | | |
|---------------------------|-----------------|-----------------------|-----------------|
| | 1% Decrease | Current Trend Rate | 1% Increase |
| System net OPEB liability | \$1,840,584,000 | \$1,840,771,000 | \$1,840,921,000 |

Sensitivity of the School’s proportionate share of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

| | 1% Decrease 3.09% | Current Discount Rate 4.09% | 1% Increase 5.09% |
|---|----------------------|--------------------------------------|-------------------------|
| District's proportionate share of the net OPEB liability | \$ 520,000 | \$460,000 | \$ 410,000 |

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

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 11 – Litigation, Claims, and Assessments

The School is currently involved in various civil lawsuits in relation to the conduct of a former teacher. They are defending the lawsuits vigorously and have stated that they do not believe they will have a material impact on their future financial reporting.

Note 12 – Leases

In December 2018, the School entered into a lease agreement for copiers for a term of 63 months, expiring March 2024. At inception, the lease required monthly payments of \$1,649 and required the School to be responsible for all repairs. While the base monthly payment remains flat through the life of the lease, the lessor does have the ability to charge additional fees for the number of copies made in a given month above the base amount as described in the lease agreement. The School’s estimated incremental borrowing rate of 4.00% was used to discount the lease liability.

Right-to-use assets are reported as non-current assets, net of amortization. At June 30, 2023 the original cost of right-to-use assets totaled \$51,437, with accumulated amortization of \$36,844, and a net book value of \$14,593.

The amortization charged for right-to-use lease assets was \$18,790 during the year ended June 30, 2023, and is included in Governmental Activities – Other Expenditures. Annual requirements to amortize the lease liability and related interest are as follows:

| <u>June 30,</u> 2024 | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------|------------------|-----------------|------------------|
| | \$ 14,593 | \$ 244 | \$ 14,837 |
| | <u>\$ 14,593</u> | <u>\$ 244</u> | <u>\$ 14,837</u> |

Note 13 – Interfund Receivable/Payable

Interfund balances at June 30, 2023 consist of the following individual fund Receivables and Payables:

| | <u>Receivable</u> | <u>Payable</u> |
|----------------------|-------------------|-------------------|
| General Fund: | | |
| Food Service Fund | \$ 0 | \$ 66,454 |
| Capital Reserve Fund | 0 | 250,000 |
| Capital Reserve Fund | | |
| General Fund | 250,000 | 0 |
| Food Service Fund | 4,739 | 0 |
| Food Service Fund: | | |
| General Fund | 66,454 | 0 |
| Capital Reserve Fund | <u>0</u> | <u>4,739</u> |
| | <u>\$321,193</u> | <u>\$ 321,193</u> |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 14 – Operating Transfer In/Out

Operating transfer at June 30, 2023 consist of the following individual operating transfers in and out:

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|-----------------------|--------------------|---------------------|
| General Fund: | | |
| Capital Reserve Fund | \$ 0 | \$ 269,294 |
| Debt Service Fund | 0 | 2,500 |
| Debt Service Fund | | |
| General Fund | 2,500 | 0 |
| Capital Reserve Fund: | | |
| General Fund | 269,294 | 0 |
| | <u>\$271,794</u> | <u>\$ 271,794</u> |

Note 15 Subsequent Events

Pursuant to ASC 955, subsequent events were evaluated through March 11, 2024, which is the date the financial statements were available to be issued.

Note 16 New Accounting Pronouncements

The Governmental Accounting Standards Board has issued the following pronouncements that will be coming effective for the fiscal year ending June 30, 2024 and beyond. At this time, the School does not expect the new pronouncements to impact their financial statements.

Requirements related to financial guarantees and the classification and reporting of derivative instruments effective for fiscal year beginning June 30, 2023. The standard would be effective for fiscal year ending June 30, 2024 for the School.

GASB No. 100 Accounting changes and error correction – an amendment of GASB Statement No. 62 effective for fiscal year beginning after June 15, 2023. This standard would be effective for fiscal year ending June 30, 2024 for the School.

GASB No. 101 Compensated Absences effective for fiscal years beginning after December 15, 2023. This standard would be effective for fiscal year ending June 30, 2025 for the School.

GASB No. 102 Certain Risk Disclosures effective for fiscal years beginning after June 15, 2024. This standard would be effective for fiscal year ending June 30, 2025 for the School.

The School has not yet determined the effect of the adoption of the aforementioned GASB Statements on its Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

| | BUDGET ORIGINAL & FINAL | ACTUAL (BUDGETARY BASIS) | VARIANCE WITH BUDGET |
|--|----------------------------|-----------------------------|-------------------------|
| REVENUE | | | |
| Local Sources | \$ 5,369,180 | \$ 5,623,905 | \$ 254,725 |
| State Sources | 1,877,398 | 2,212,995 | 335,597 |
| Federal Sources | <u>1,008,763</u> | <u>1,633,887</u> | <u>625,124</u> |
| TOTAL REVENUE | <u>\$ 8,255,341</u> | <u>\$ 9,470,787</u> | <u>\$ 1,215,446</u> |
| EXPENDITURES | | | |
| Instruction | | | |
| Vocational Education Programs | \$ 3,863,104 | \$ 4,097,856 | \$ (234,752) |
| Adult Education Programs | <u>1,042,857</u> | <u>1,202,777</u> | <u>(159,920)</u> |
| TOTAL INSTRUCTIONAL EXPENDITURES | <u>\$ 4,905,961</u> | <u>\$ 5,300,633</u> | <u>\$ (394,672)</u> |
| Support Services | | | |
| Guidance | \$ 354,210 | \$ 364,181 | \$ (9,971) |
| Instructional Support | 321,512 | 327,993 | (6,481) |
| Administrative Services | 841,855 | 825,419 | 16,436 |
| Pupil Health Services | 84,642 | 87,355 | (2,713) |
| Business Services | 357,057 | 420,044 | (62,987) |
| Operation & Maintenance of Plant Services | 1,280,058 | 1,628,496 | (348,438) |
| Other Administrative | <u>110,046</u> | <u>54,590</u> | <u>55,456</u> |
| TOTAL SUPPORT SERVICES | <u>\$ 3,349,380</u> | <u>\$ 3,708,078</u> | <u>\$ (358,698)</u> |
| Other Expenditures | | | |
| Refund of Prior Year Revenue | \$ 0 | \$ 170,499 | \$ (170,499) |
| Debt Service | <u>0</u> | <u>19,783</u> | <u>(19,783)</u> |
| TOTAL OTHER EXPENDITURES | <u>\$ 0</u> | <u>\$ 190,282</u> | <u>\$ (190,282)</u> |
| TOTAL EXPENDITURES | <u>\$ 8,255,341</u> | <u>\$ 9,198,993</u> | <u>\$ (943,652)</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ 0</u> | <u>\$ 271,794</u> | <u>\$ 271,794</u> |
| Other Financing Uses | | | |
| Operating Transfer Out | \$ 0 | \$ 271,794 | \$ 271,794 |
| TOTAL OTHER FINANCING USES | <u>\$ 0</u> | <u>\$ 271,794</u> | <u>\$ 271,794</u> |
| Excess of Expenditures and Other Financing Uses over Revenues | \$ 0 | \$ 0 | \$ 0 |
| Fund Balance, Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Proportionate Share of PSERS Net Pension Liability (NPL)
 A Ten (10) Year Schedule Determined As of The Measurement Date

| Fiscal Year Ended Measurement Date One (1) Year Prior Than Fiscal Year | The Employer's Proportion (Percentage) of the Collective NPL | The Employer's Proportion (Amount) of the Collective NPL | The Employer's Covered- Employee Payroll | The Employer's Proportionate Share (Amount) Of The Collective NPL as a Percentage Of The Employer's Covered- Employee Payroll | The Plan's Fiduciary Net Position As A Percentage of the Total Pension Liability |
|--|---|---|--|---|--|
| 30-Jun-22 | 0.0249% | \$ 11,070,000 | \$ 3,673,613 | 301.3382% | 61.3359% |
| 30-Jun-21 | 0.0241% | \$ 9,895,000 | \$ 3,413,468 | 289.8811% | 63.6744% |
| 30-Jun-20 | 0.0242% | \$ 11,916,000 | \$ 3,411,332 | 349.3064% | 54.3220% |
| 30-Jun-19 | 0.0243% | \$ 11,368,000 | \$ 3,344,993 | 339.8512% | 55.6632% |
| 30-Jun-18 | 0.0242% | \$ 11,617,000 | \$ 3,253,655 | 357.0446% | 54.0044% |
| 30-Jun-17 | 0.0233% | \$ 11,508,000 | \$ 3,108,365 | 370.2268% | 51.8367% |
| 30-Jun-16 | 0.0229% | \$ 11,349,000 | \$ 2,967,350 | 382.4625% | 50.1385% |
| 30-Jun-15 | 0.0223% | \$ 9,659,000 | \$ 2,873,695 | 336.1178% | 54.3573% |

Schedule Of PSERS Contribution Pension
 A Ten (10) Year Schedule Determined As of The Employer's Most Recent Fiscal Year End

| Fiscal Year End | The Statutorily Or Contractually Required Employer Contributions | The Amount Of Contributions Recognized By the Plan In Relation To The Statutorily Or Contractually Required Employer Contributions | The Difference Between Statutorily Or Contractually Required Contributions and The Amount of Contributions Recognized By The Plan | The Employer's Covered- Employee Payroll | The Amount of Contributions Recognized By The Plan In Relation To the Statutorily Or Contractually Required Contribution As A Percentage Of The Employer's Covered- Employee Payroll |
|--------------------|---|---|---|--|--|
| 30-Jun-23 | \$ 1,246,156 | \$ 1,246,156 | \$ 0 | \$ 3,673,613 | 33.9218% |
| 30-Jun-22 | \$ 1,266,276 | \$ 1,266,276 | \$ 0 | \$ 3,413,468 | 37.0965% |
| 30-Jun-21 | \$ 1,150,474 | \$ 1,150,474 | \$ 0 | \$ 3,411,332 | 33.7251% |
| 30-Jun-20 | \$ 1,129,559 | \$ 1,129,559 | \$ 0 | \$ 3,344,993 | 33.7687% |
| 30-Jun-19 | \$ 1,095,203 | \$ 1,095,203 | \$ 0 | \$ 3,253,655 | 33.6607% |
| 30-Jun-18 | \$ 1,045,351 | \$ 1,045,351 | \$ 0 | \$ 3,108,365 | 33.6303% |
| 30-Jun-17 | \$ 864,132 | \$ 864,132 | \$ 0 | \$ 2,967,350 | 29.1213% |
| 30-Jun-16 | \$ 726,842 | \$ 726,842 | \$ 0 | \$ 2,907,368 | 25.0000% |

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Changes in the Total OPEB Liability and Related Ratios
A Ten (10) Year Schedule Determined As of The Measurement Date

| | Measurement Period Ending | | | | | |
|--|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 |
| Total OPEB liability | | | | | | |
| Net change during year | | | | | | |
| - Service Cost | \$ 45,623 | \$ 67,453 | \$ 78,510 | \$ 82,374 | \$ 77,365 | \$ 77,249 |
| - Interest | 50,742 | 27,571 | 31,122 | 31,300 | 34,698 | 34,988 |
| - Differences between expected and actual experience | 0 | 142,513 | 0 | 17,014 | 0 | 0 |
| - Changes of benefit terms | 91,154 | 252,672 | 0 | 0 | 0 | 0 |
| - Changes of assumptions or other inputs | (3,069) | (232,548) | 31,682 | (113,422) | 12,713 | 18,929 |
| - Benefit payments | (184,219) | (162,562) | (81,627) | (57,895) | (77,655) | (91,789) |
| - Net change in total OPEB liability | \$ 231 | \$ 95,099 | \$ 59,687 | \$ (40,629) | \$ 47,121 | \$ 39,377 |
| Total OPEB liability - beginning of year | <u>1,287,111</u> | <u>1,192,012</u> | <u>1,132,325</u> | <u>1,172,954</u> | <u>1,125,833</u> | <u>1,086,456</u> |
| Total OPEB liability - end of year | <u>\$ 1,287,342</u> | <u>\$ 1,287,111</u> | <u>\$ 1,192,012</u> | <u>\$ 1,132,325</u> | <u>\$ 1,172,954</u> | <u>\$ 1,125,833</u> |
| Covered employee payroll for year | \$ 2,817,274 | \$ 2,296,891 | \$ 2,949,773 | \$ 3,070,998 | \$ 2,485,739 | \$ 2,608,426 |
| Total OPEB liability as a percentage of covered employee payroll | 45.69% | 56.04% | 40.41% | 36.87% | 47.19% | 43.16% |
| Discount rate assumption: | | | | | | |
| Beginning of year | 4.09% | 2.18% | 2.66% | 2.79% | 2.98% | 3.13% |
| End of year | 4.13% | 4.09% | 2.18% | 2.66% | 2.79% | 2.98% |

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2023

Schedule of Components of OPEB Expense for Fiscal Year Ended June 30, 2023

| | <u>Measurement</u> | <u>period ending</u> | <u>Notes</u> |
|--|----------------------|----------------------|--------------|
| | <u>June 30, 2023</u> | | |
| Total OPEB expense | | | |
| Net change during year | | | |
| - Service Cost | \$ 45,623 | | a |
| - Interest on the total OPEB liability | 50,742 | | a |
| - Differences between expected and actual experience | 27,241 | | b |
| - Changes of benefit terms | 91,154 | | c |
| - Changes of assumptions or other inputs | <u>(47,118)</u> | | d |
| Total OPEB expense | <u>\$ 167,642</u> | | |

Notes to Schedule:

a. The measurement period used for fiscal year ending June 30, 2023 is June 30, 2022 through June 30, 2023. The assumed discount rate was 4.09% at the beginning of the measurement period and 4.13% at the end of the measurement period.

b. See Note 10 for information about actual experience differing from expected from the Actuarial Valuation performed as of July 1, 2021. Programming refinements based on clarification of how PSERS service applies to benefits and assumptions resulted in an experience gain as of July 1, 2021, also described in Note 10. Total July 1, 2021 OPEB liability is rolled forward to June 30, 2023 using standard actuarial techniques. As a result, there are no differences between expected and actual demographic experience after July 1, 2021 Actuarial Valuation Report. See Note 10 for a description of the amortization method.

c. There was a change in benefit terms during the measurement period ending June 30, 2023. Maintenance union employees will, upon attaining age 62 with 20 years of service, receive health insurance benefits until attaining age 65. Additionally, union secretary and support personnel who have 20 years of service will receive two years of health insurance benefits, fully paid by the Center. There are no spouse or dependent coverages. The liability associated with the change is recognized immediately in expense.

d. The discount rate changed as noted in (a) above, and described in Note 10, along with assumption changes made in the July 1, 2021 Actuarial Valuation report and those reported in the GASB 75 Expense and Disclosure Information as of June 30, 2022. The liability is recognized in OPEB expense using a straight-line amortization over the average expected future service for all plan participants, as described in Note 10.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2023

Schedule of the District's Proportionate Share of PSERS Net OPEB Liability
 A Ten (10) Year Schedule Determined As of The Measurement Date

| Fiscal Year Ended Measurement Date One (1) Year Prior Than Fiscal Year | District's Proportion of the net OPEB liability | District's Proportionate Share of the net OPEB liability | District's Covered- Employee Payroll | District's Proportionate Share Of The Net OPEB Liability as a Percentage Of Its Covered- Employee Payroll | The Plan's Fiduciary Net Position As A Percentage of the Total OPEB Liability |
|--|--|--|---|---|--|
| 30-Jun-22 | 0.0250% | \$ 460,000 | \$ 3,673,613 | 12.5217% | 6.8552% |
| 30-Jun-21 | 0.0241% | \$ 571,000 | \$ 3,413,468 | 16.7279% | 5.2951% |
| 30-Jun-20 | 0.0243% | \$ 525,000 | \$ 3,411,332 | 15.3899% | 6.0359% |
| 30-Jun-19 | 0.0243% | \$ 517,000 | \$ 3,344,993 | 15.4559% | 5.5588% |
| 30-Jun-18 | 0.0242% | \$ 505,000 | \$ 3,253,655 | 15.5210% | 5.5594% |
| 30-Jun-17 | 0.0233% | \$ 475,000 | \$ 3,108,365 | 15.2813% | 5.7258% |
| 30-Jun-16 | 0.0229% | \$ 493,000 | \$ 2,967,350 | 16.6142% | 5.4668% |

Schedule Of PSERS Contributions OPEB
 A Ten (10) Year Schedule Determined As of The Employer's Most Recent Fiscal Year End

| Fiscal Year End | The Statutorily Or Contractually Required Employer Contributions | The Amount Of Contributions Recognized By the Plan In Relation To The Statutorily Or Contractually Required Employer Contributions | The Difference Between Statutorily Or Contractually Required Contributions and The Amount of Contributions Recognized By The Plan | The Employer's Covered- Employee Payroll | The Amount of Contributions Recognized By The Plan In Relation To the Statutorily Or Contractually Required Contribution As A Percentage Of The Employer's Covered-Employee Payroll |
|--------------------|---|---|---|--|--|
| 30-Jun-23 | \$ 27,082 | \$ 27,082 | \$ 0 | \$ 3,673,613 | 0.7372% |
| 30-Jun-22 | \$ 29,100 | \$ 29,100 | \$ 0 | \$ 3,413,468 | 0.8525% |
| 30-Jun-21 | \$ 28,002 | \$ 28,002 | \$ 0 | \$ 3,411,332 | 0.8209% |
| 30-Jun-20 | \$ 28,336 | \$ 28,336 | \$ 0 | \$ 3,344,993 | 0.8471% |
| 30-Jun-19 | \$ 27,884 | \$ 27,884 | \$ 0 | \$ 3,253,655 | 0.8570% |
| 30-Jun-18 | \$ 27,336 | \$ 27,336 | \$ 0 | \$ 3,108,365 | 0.8794% |
| 30-Jun-17 | \$ 24,563 | \$ 24,563 | \$ 0 | \$ 2,967,350 | 0.8278% |

OTHER SUPPLEMENTARY INFORMATION

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 SUPPLEMENTAL SCHEDULE I COMBINING BALANCE SHEET
 NON-MAJOR
 GOVERNMENTAL FUNDS
 JUNE 30, 2023

| | <u>DEBT SERVICE</u> | <u>STUDENT ACTIVITY</u> | <u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u> |
|--|-------------------------|-----------------------------|---|
| ASSETS | | | |
| Cash | \$ 0 | \$ 87,977 | \$ 87,977 |
| Restricted Assets: | | | |
| Cash | <u>2,165</u> | <u>0</u> | <u>2,165</u> |
| TOTAL ASSETS | <u>\$ 2,165</u> | <u>\$ 87,977</u> | <u>\$ 90,142</u> |
| FUND BALANCE | | | |
| Restricted | <u>\$ 2,165</u> | <u>\$ 87,977</u> | <u>\$ 90,142</u> |
| TOTAL FUND BALANCE | <u>\$ 2,165</u> | <u>\$ 87,977</u> | <u>\$ 90,142</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 2,165</u> | <u>\$ 87,977</u> | <u>\$ 90,142</u> |

"See accompanying independent auditors' report."

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 COMBINING STATEMENT OF SUPPLEMENTAL SCHEDULE II REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

| | <u>DEBT SERVICE</u> | <u>STUDENT ACTIVITIES</u> | <u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u> |
|--|-------------------------|-------------------------------|---|
| REVENUES | | | |
| Local Sources | \$ 1,201,594 | \$ 51,001 | \$ 1,252,595 |
| TOTAL REVENUES | <u>\$ 1,201,594</u> | <u>\$ 51,001</u> | <u>\$ 1,252,595</u> |
| EXPENDITURES | | | |
| SUPPORT SERVICES | | | |
| Other Administration Services | \$ 2,500 | \$ 0 | \$ 2,500 |
| TOTAL SUPPORT SERVICES | <u>\$ 2,500</u> | <u>\$ 0</u> | <u>\$ 2,500</u> |
| OPERATION OF NON-INSTRUCTIONAL SERVICES | | | |
| School Sponsored Activities | \$ 0 | \$ 54,606 | \$ 54,606 |
| TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES | <u>\$ 0</u> | <u>\$ 54,606</u> | <u>\$ 54,606</u> |
| DEBT SERVICES | | | |
| Debt Service | \$ 1,199,600 | \$ 0 | \$ 1,199,600 |
| TOTAL DEBT SERVICE | <u>\$ 1,199,600</u> | <u>\$ 0</u> | <u>\$ 1,199,600</u> |
| TOTAL EXPENDITURES | <u>\$ 1,202,100</u> | <u>\$ 54,606</u> | <u>\$ 1,256,706</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (506)</u> | <u>\$ (3,605)</u> | <u>\$ (4,111)</u> |
| OTHER FINANCING SOURCES(USES) | | | |
| Operating Transfers In | \$ 2,500 | \$ 0 | \$ 2,500 |
| TOTAL OTHER FINANCING SOURCES | <u>\$ 2,500</u> | <u>\$ 0</u> | <u>\$ 2,500</u> |
| EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | <u>\$ 1,994</u> | <u>\$ (3,605)</u> | <u>\$ (1,611)</u> |
| Fund Balance, July 1, 2022 | <u>171</u> | <u>91,582</u> | <u>91,753</u> |
| FUND BALANCE, JUNE 30, 2023 | <u>\$ 2,165</u> | <u>\$ 87,977</u> | <u>\$ 90,142</u> |

"See accompanying independent auditors' report."

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 SUPPLEMENTAL SCHEDULE III - STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGE IN RESERVE FOR CAPITAL IMPROVEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

REVENUES AND OTHER FINANCING SOURCES

Local Sources:

| | | | |
|----------------------------------|--------|----------------|-------------|
| Interest Income | \$ | 19,368 | |
| Refund of Prior Year Expenditure | | <u>316,429</u> | |
| Total Revenue, Local Sources | \$ | | 335,797 |

Other Financing Sources:

| | | | |
|--|----|----------------|--------------------|
| Operating Transfer from General Fund | \$ | <u>269,294</u> | |
| Total Revenue, Other Financing Sources | | | <u>269,294</u> |

| | | | |
|--|----|--|----------------|
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ | | <u>605,091</u> |
|--|----|--|----------------|

EXPENDITURES

| | | | |
|---|----|----------------|--|
| Equipment Purchases, Trade & Industrial Programs | \$ | 4,236 | |
| Equipment Purchase, Operation & Maintenance of Plant Services | | <u>101,581</u> | |

| | | | |
|--------------------|----|--|----------------|
| TOTAL EXPENDITURES | \$ | | <u>105,817</u> |
|--------------------|----|--|----------------|

| | | | |
|---|----|--|---------|
| REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | \$ | | 499,274 |
|---|----|--|---------|

| | | | |
|---|--|--|----------------|
| Reserve For Capital Improvements, Beginning of Year | | | <u>270,910</u> |
|---|--|--|----------------|

| | | | |
|---|----|--|----------------|
| RESERVE FOR CAPITAL IMPROVEMENTS, END OF YEAR | \$ | | <u>770,184</u> |
|---|----|--|----------------|

"See Accompanying Independent Auditors' Report"

SINGLE AUDIT ATTACHMENTS

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | SRC. CODE | FEDERAL CFDA NUMBER | PASS-THRU. GRANTOR'S NUMBER | GRANT PERIOD BEGINNING/ ENDING | PROGRAM OR AWARD AMT. | TOTAL RECEIVED FOR THE YEAR | ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2022 | REVENUE RECOGNIZED | EXPEND. AMOUNT | ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2023 |
|---|-----------|---------------------|-----------------------------|--------------------------------|-----------------------|-----------------------------|---|--------------------|----------------|--|
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | | | |
| STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER | | | | | | | | | | |
| SEOG Grants | D | 84.007 | N/A | 07/01/2022 - 06/30/2023 | \$ 0 | \$ 16,548 | \$ 6,644 | \$ 9,904 | \$ 9,904 | (1)(6) \$ 0 |
| Pell Grants | D | 84.063 | N/A | 07/01/2022 - 06/30/2023 | 0 | 301,285 | 0 | 300,422 | 300,422 | (1)(6) (863) |
| Direct Student Loans | D | 84.268 | N/A | 07/01/2022 - 06/30/2023 | 0 | 482,911 | 30,439 | 450,122 | 450,122 | (1) (2,350) |
| TOTAL STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER | | | | | \$ 0 | \$ 800,744 | \$ 37,083 | \$ 760,448 | \$ 760,448 | \$ (3,213) |
| U.S. DEPARTMENT OF EDUCATION - EDUCATION STABILIZATION FUND - DIRECT | | | | | | | | | | |
| Higher Education Emergency Relief Fund - Institutional Portion (CARES Act) | D | 84.425F | N/A | 05/26/2020 - 06/30/2023 | 514,600 | 286,872 | 36,140 | 250,732 | 250,732 | (1) 0 |
| TOTAL EDUCATION STABILIZATION FUND - DIRECT | | | | | \$ 514,600 | \$ 286,872 | \$ 36,140 | \$ 250,732 | \$ 250,732 | \$ 0 |
| U.S. DEPARTMENT OF EDUCATION - EDUCATION STABILIZATION FUND | | | | | | | | | | |
| Passed Through the Pennsylvania Department of Education: | | | | | | | | | | |
| American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) | I | 84.425U | 224-211196 | 03/13/2020 - 09/30/2024 | 527,382 | 402,728 | 60,528 | 422,540 | 422,540 | (1) 80,340 |
| TOTAL EDUCATION STABILIZATION FUNDS PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF EDUCATION | | | | | \$ 527,382 | \$ 402,728 | \$ 60,528 | \$ 422,540 | \$ 422,540 | \$ 80,340 |
| TOTAL EDUCATION STABILIZATION FUNDS | | | | | \$ 1,041,982 | \$ 689,600 | \$ 96,668 | \$ 673,272 | \$ 673,272 | \$ 80,340 |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | | | |
| Passed Through the Pennsylvania Department of Education: | | | | | | | | | | |
| Secondary Vocational Instruction | I | 84.048 | 380-230037 | 07/01/2022 - 06/30/2023 | 555,956 | 555,956 | 0 | 555,956 | 555,956 | 0 |
| TOTAL SECONDARY VOCATIONAL INSTRUCTION | | | | | \$ 555,956 | \$ 555,956 | \$ 0 | \$ 555,956 | \$ 555,956 | \$ 0 |
| TOTAL PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF EDUCATION | | | | | \$ 1,083,338 | \$ 958,684 | \$ 60,528 | \$ 978,496 | \$ 978,496 | \$ 80,340 |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | | | |
| Passed Through the Pennsylvania Department of Labor and Industry: | | | | | | | | | | |
| Vocational Rehabilitation Grants | I | 84.126 | PO1665931 | 07/01/2022 - 06/30/2023 | 5,500 | 2,750 | 0 | 5,500 | 5,500 | 2,750 |
| TOTAL VOCATIONAL REHABILITATION GRANTS | | | | | \$ 5,500 | \$ 2,750 | \$ 0 | \$ 5,500 | \$ 5,500 | \$ 2,750 |
| TOTAL PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF LABOR AND INDUSTRY | | | | | \$ 5,500 | \$ 2,750 | \$ 0 | \$ 5,500 | \$ 5,500 | \$ 2,750 |
| TOTAL DEPARTMENT OF EDUCATION | | | | | \$ 1,603,438 | \$ 2,049,050 | \$ 133,751 | \$ 1,995,176 | \$ 1,995,176 | \$ 79,877 |

See Accompanying Independent Auditors' Report.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | FEDERAL SRC. CODE | CFDA NUMBER | PASS-THRU. GRANTOR'S NUMBER | GRANT PERIOD BEGINNING/ ENDING | PROGRAM OR AWARD AMT. | TOTAL RECEIVED FOR THE YEAR | ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2022 | REVENUE RECOGNIZED | EXPEND. AMOUNT | ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2023 |
|--|-------------------|-------------|-----------------------------|--------------------------------|-----------------------|-----------------------------|---|--------------------|----------------|--|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | | | |
| Passed Through the Pennsylvania Department of Education | | | | | | | | | | |
| COVID-19 Public Health Workforce Supplemental Grant | I | 93.354 | 160-230011 | 07/01/2022 - 06/30/2024 | \$ 198,146 | \$ 86,689 | \$ 0 | \$ 0 | \$ 0 | \$ (86,689) |
| TOTAL COVID-19 PUBLIC HEALTH WORKFORCE SUPPLEMENTAL GRANTS | | | | | \$ 198,146 | \$ 86,689 | \$ 0 | \$ 0 | \$ 0 | \$ (86,689) |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | \$ 198,146 | \$ 86,689 | \$ 0 | \$ 0 | \$ 0 | \$ (86,689) |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | | | |
| CHILD NUTRITION CLUSTER | | | | | | | | | | |
| Passed Through the Pennsylvania Department of Education: | | | | | | | | | | |
| National School Breakfast Program | I | 10.553 | N/A | 07/01/2022 - 06/30/2023 | N/A | \$ 28,929 | \$ 6,708 | \$ 27,321 | \$ 27,321 | \$ 5,100 |
| National School Lunch Program | I | 10.555 | N/A | 07/01/2022 - 06/30/2023 | N/A | 241,498 | 37,759 | 225,457 | 225,457 | 21,718 |
| TOTAL PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF EDUCATION | | | | | N/A | \$ 270,427 | \$ 44,467 | \$ 252,778 | \$ 252,778 | \$ 26,818 |
| CHILD NUTRITION CLUSTER | | | | | | | | | | |
| Passed Through the Pennsylvania Department of Agriculture: | | | | | | | | | | |
| National School Lunch Program | I | 10.555 | N/A | 07/01/2022 - 06/30/2023 | N/A | \$ 18,547 (2) | \$ (3,992) (3) | \$ 19,003 | \$ 19,003 (4) | \$ (3,536) (5) |
| TOTAL NATIONAL SCHOOL LUNCH PROGRAM | | | | | N/A | \$ 18,547 | \$ (3,992) | \$ 19,003 | \$ 19,003 | \$ (3,536) |
| State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants | I | 10.649 | N/A | 07/01/2022 - 06/30/2023 | N/A | \$ 628 | \$ 0 | \$ 628 | \$ 628 | \$ 0 |
| TOTAL P-EBT ADMINISTRATIVE COST GRANTS | | | | | N/A | \$ 628 | \$ 0 | \$ 628 | \$ 628 | \$ 0 |
| TOTAL PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF AGRICULTURE | | | | | N/A | \$ 19,175 | \$ (3,992) | \$ 19,631 | \$ 19,631 | \$ (3,536) |
| TOTAL DEPARTMENT OF AGRICULTURE AND CHILD NUTRITION CLUSTER | | | | | N/A | \$ 289,602 | \$ 40,475 | \$ 272,409 | \$ 272,409 | \$ 23,282 |
| U.S. DEPARTMENT OF LABOR | | | | | | | | | | |
| WIA/WIOA CLUSTER | | | | | | | | | | |
| Passed Through the Lackawanna County Career Link: | | | | | | | | | | |
| WORKFORCE INVESTMENT ACT | | | | | | | | | | |
| WIA/WIOA Adult Program | I | 17.259 | 2021-YA-05 | 08/27/2021 - 12/09/2022 | \$ 1,809 | \$ 1,809 | \$ 0 | \$ 1,809 | \$ 1,809 | \$ 0 |
| WIA/WIOA Adult Program | I | 17.258 | 21-AD-10 | 08/27/2021 - 11/23/2022 | 3,808 | 3,808 | 0 | 3,808 | 3,808 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 21-AD-12 | 08/27/2021 - 11/23/2022 | 1,809 | 1,809 | 0 | 1,809 | 1,809 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 21-AD-16 | 08/27/2021 - 11/23/2022 | 1,938 | 1,938 | 0 | 1,938 | 1,938 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | PY20-AD-12 | 12/07/2020 - 03/26/2022 | 1,232 | 1,232 | 0 | 1,232 | 1,232 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 21-AD-13 | 08/27/2021 - 11/23/2022 | 1,809 | 1,809 | 0 | 1,809 | 1,809 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 20-AD-25 | 03/10/2021 - 11/23/2022 | 1,232 | 1,232 | 0 | 1,232 | 1,232 | 0 |
| WIA/WIOA Adult Program | I | 17.259 | 2021-YA-18 | 03/07/2022 - 06/04/2023 | 2,886 | 2,886 | 0 | 2,886 | 2,886 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 21-AD-46 | 08/27/2021 - 11/23/2022 | 996 | 996 | 0 | 996 | 996 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 21-AD-43 | 03/07/2022 - 06/02/2023 | 2,886 | 2,886 | 0 | 2,886 | 2,886 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 21-AD-49 | 03/07/2022 - 11/28/2023 | 996 | 996 | 0 | 996 | 996 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 21-AD-50 | 03/07/2022 - 06/02/2023 | 2,928 | 2,928 | 0 | 2,928 | 2,928 | 0 |
| WIA/WIOA Adult Program | I | 17.278 | 21-DW-48 | 03/07/2022 - 06/02/2023 | 11,300 | 11,300 | 0 | 11,300 | 11,300 | 0 |
| WIA/WIOA Adult Program | I | 17.259 | 2021-YA-13 | 03/07/2022 - 03/13/2024 | 603 | 603 | 0 | 603 | 603 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 22-AD-36 | 11/29/2022 - 03/13/2024 | 1,203 | 1,203 | 0 | 1,203 | 1,203 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 22-AD-39 | 11/29/2022 - 03/13/2024 | 2,299 | 2,299 | 0 | 2,299 | 2,299 | 0 |
| WIA/WIOA Adult Program | I | 17.278 | 22-DW-01 | 11/29/2022 - 03/13/2024 | 1,203 | 1,203 | 0 | 1,203 | 1,203 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 22-AD-34 | 11/29/2022 - 03/13/2024 | 2,299 | 2,299 | 0 | 2,299 | 2,299 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 22-AD-30 | 11/29/2022 - 02/03/2023 | 1,203 | 1,203 | 0 | 1,203 | 1,203 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 22-AD-27 | 11/29/2022 - 03/13/2024 | 1,203 | 1,203 | 0 | 1,203 | 1,203 | 0 |
| WIA/WIOA Adult Program | I | 17.258 | 22-AD-35 | 11/29/2022 - 02/03/2023 | 1,203 | 1,203 | 0 | 1,203 | 1,203 | 0 |

"See Accompanying Independent Auditors' Report."

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | SRC. CODE | FEDERAL CFDA NUMBER | PASS-THRU. GRANTOR'S NUMBER | GRANT PERIOD BEGINNING/ ENDING | PROGRAM OR AWARD AMT. | TOTAL RECEIVED FOR THE YEAR | ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2022 | REVENUE RECOGNIZED | EXPEND. AMOUNT | ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2023 |
|---|-----------|---------------------|-----------------------------|--------------------------------|-----------------------|-----------------------------|---|--------------------|----------------|--|
| WIA/WIOA Adult Program | I | 17.258 | 22-AD-62 | 03/06/2023 - 03/13/2024 | 5,084 | 5,084 | 0 | 5,084 | 5,084 | 0 |
| WIA/WIOA Adult Program | I | 17.278 | #BEP4.0-01 | 07/01/2022 - 06/30/2023 | 15,200 | 15,200 | 0 | 15,200 | 15,200 | 0 |
| WIA/WIOA Adult Program | I | 17.278 | #BEP4.0-01 | 07/01/2022 - 06/30/2023 | 30,450 | 30,450 | 0 | 30,450 | 30,450 | 0 |
| WIA/WIOA Adult Program | I | 17.278 | #BEP4.0-01 | 07/01/2022 - 06/30/2023 | 6,430 | 6,430 | 0 | 6,430 | 6,430 | 0 |
| WIA/WIOA Adult Program | I | 17.278 | #BEP4.0-01 | 07/01/2022 - 06/30/2023 | 5,600 | 5,600 | 0 | 5,600 | 5,600 | 0 |
| WIA/WIOA Adult Program | I | 17.278 | #BEP4.0-01 | 07/01/2022 - 06/30/2023 | 9,600 | 9,600 | 0 | 9,600 | 9,600 | 0 |
| WIA/WIOA Adult Program | I | 17.278 | #BEP4.0-01 | 07/01/2022 - 06/30/2023 | 5,500 | 5,500 | 0 | 5,500 | 5,500 | 0 |
| COUNTY CAREER LINK | | | | | \$ 124,709 | \$ 124,709 | \$ 0 | \$ 124,709 | \$ 124,709 | \$ 0 |
| TOTAL WIA/WIOA CLUSTER | | | | | \$ 124,709 | \$ 124,709 | \$ 0 | \$ 124,709 | \$ 124,709 | \$ 0 |
| TOTAL DEPARTMENT OF LABOR | | | | | \$ 124,709 | \$ 124,709 | \$ 0 | \$ 124,709 | \$ 124,709 | \$ 0 |
| U.S. DEPARTMENT OF VETERANS AFFAIRS | | | | | | | | | | |
| Post 9/11 Veterans Educational Assistance | I | 64.028 | N/A | N/A | \$ 14,400 | \$ 14,400 | \$ 0 | \$ 14,400 | \$ 14,400 | \$ 0 |
| Veterans Administration Annual Reporting Fee | I | 64.028 | N/A | 07/01/2022 - 06/30/2023 | N/A | 32 | 0 | 32 | 32 | 0 |
| TOTAL POST 9/11 VETERANS EDUCATIONAL ASSISTANCE | | | | | \$ 12,325 | \$ 14,432 | \$ 0 | \$ 14,432 | \$ 14,432 | \$ 0 |
| TOTAL DEPARTMENT OF VETERANS AFFAIRS | | | | | \$ 12,325 | \$ 14,432 | \$ 0 | \$ 14,432 | \$ 14,432 | \$ 0 |
| TOTAL FEDERAL ASSISTANCE | | | | | \$ 1,938,618 | \$ 2,564,482 | \$ 174,226 | \$ 2,406,726 | \$ 2,406,726 | \$ 16,470 |

"See Accompanying Independent Auditors' Report."

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR-ENDED JUNE 30, 2023

| SRC. CODE | FEDERAL CFDA NUMBER | PASS-THRU. GRANTOR'S NUMBER | GRANT PERIOD BEGINNING/ ENDING | PROGRAM OR AWARD AMT. | TOTAL RECEIVED FOR THE YEAR | ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2022 | REVENUE RECOGNIZED | EXPEND. AMOUNT | ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2023 |
|--|---------------------|-----------------------------|--------------------------------|-----------------------|-----------------------------|---|--------------------|----------------|--|
| PENNSYLVANIA DEPARTMENT OF EDUCATION | | | | | | | | | |
| School Lunch Program | | N/A | 07/01/2022 - 06/30/2023 | N/A | \$ 8,686 | \$ 1,251 | \$ 8,814 | \$ 8,814 | \$ 1,379 |
| TOTAL SCHOOL LUNCH PROGRAM FROM PENNSYLVANIA DEPARTMENT OF EDUCATION | | | | N/A | \$ 8,686 | \$ 1,251 | \$ 8,814 | \$ 8,814 | \$ 1,379 |
| TOTAL PENNSYLVANIA ASSISTANCE | | | | N/A | \$ 8,686 | \$ 1,251 | \$ 8,814 | \$ 8,814 | \$ 1,379 |

FOOTNOTES:

(1) Identification of 40% rule:

| | | | | |
|-----------------------------|--------------|-----------------------------|--|-----------------------------------|
| Total Federal Expenditures: | \$ 2,406,726 | Programs selected for test: | | |
| | x 40% | | SEOG Grants, CFDA #84.007 | \$ 9,904 |
| | | | PELL Grants, CFDA #84.063 | 300,422 |
| | | | Direct Student Loans, CFDA #84.268 | 450,122 |
| | \$ 962,690 | | Education Stabilization Fund, CFDA #84.425 | 673,272 |
| | | | | \$ 1,433,720 / 2,406,726 = 59.57% |

(2) Total amount of commodities received from the Department of Agriculture.

(3) Beginning inventory at July 1, 2022

(4) Total amount of commodities used.

(5) Ending inventory at June 30, 2023

(6) Includes -0- in Administrative Allowance expense.

(7) BASIS OF PRESENTATION - The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of the Career Technology under programs of the Federal Government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Career Technology center of Lackawanna County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Career Technology Center of Lackawanna

(8) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(9) The Career Technology Center of Lackawanna County has elected not to use the ten (10%) percent de minimis indirect cost rate as allowed under the Uniform Guidance. The Career Technology Center of Lackawanna County did not use any indirect cost in fiscal year ended June 30, 2023.

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

March 11, 2024

Joint Operating Committee
Career Technology Center of
Lackawanna County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Career Technology Center of Lackawanna County, as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the Career Technology Center of Lackawanna County's basic financial statements, and have issued our report thereon dated March 11, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Career Technology Center of Lackawanna County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Career Technology Center of Lackawanna County's internal control. Accordingly, we do not express an opinion on, the effectiveness of Career Technology Center of Lackawanna County's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Robert Rossi & Co". The signature is written in a cursive style with a large, stylized initial 'R'.

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

March 11, 2024

To the Board of Directors
Career Technology Center of Lackawanna County

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Career Technology Center of Lackawanna County's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Career Technology Center of Lackawanna County's major federal programs for the year ended June 30, 2023. Career Technology Center of Lackawanna County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Career Technology Center of Lackawanna County complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Career Technology Center of Lackawanna County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Career Technology Center of Lackawanna County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Career Technology Center of Lackawanna County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Career Technology Center of Lackawanna County's compliance based on our audit. 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 generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Career Technology Center of Lackawanna County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Career Technology Center of Lackawanna County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Career Technology Center of Lackawanna County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Career Technology Center of Lackawanna County's internal control over compliance. Accordingly, no such opinion is expressed.

Auditor's Responsibilities for the Audit of Compliance (continued)

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 over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in black ink that reads "Robert Rossi" followed by a stylized mark that appears to be "460".

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section 1- Auditors' Result Section

- (1) An unmodified opinion was expressed on the financial statements of the auditee.
- (2) The audit did not disclose, identify any deficiency in internal control over compliance that was considered to be a material weakness.
- (3) The audit did not disclose any noncompliance which is material to the financial statements of the auditee, as required to be reported in accordance with *Government Auditing Standards*.
- (4) The audit did not disclose a deficiency in internal control over major programs that was considered to be a material weakness.
- (5) An unmodified opinion was expressed on the auditee compliance for major programs.
- (6) The audit disclosed no audit findings that the auditor is required to report under section 510 (A) of OMB Circular A-133.
- (7) Identification of Major Programs is as follows:
 - (A) Education Stabilization Fund CFDA 84.425:
 - (1) Higher Education Emergency Relief Fund – Institutional Portion CFDA #84.425F
 - (2) American Rescue Plan – Elementary and Secondary School Emergency Relief CFDA #84.425U
 - (B) SEOG Grants CFDA #84.007
 - (C) Pell Grants CFDA #84.063
 - (D) Direct Student Loans CFDA #84.268
- (8) The dollar threshold used to distinguish Type A and Type B Programs as described in 2 CFR 2—Section 518 of the Uniform Guidance was \$750,000.
- (9) The auditee did not qualify as a low-risk auditee under section 2 CFR Section 520 of the Uniform Guidance.

Section 2- Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Governmental Auditing Standards is as follows:

NONE

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND
SIGNIFICANT DEFICIENCIES

INTERNAL CONTROLS RELATED TO FINDINGS AND QUESTIONED COSTS FOR THE
FINANCIAL STATEMENTS

2022 – 1 Calculation of Eligible Payments & Certification of Award Amount

The audit for the year ended June 30, 2022 noted that:

a.) Twelve (12) students were enrolled and attending during a prior award year and were not eligible to receive the PA-TIP Grant for the Summer 2021 term. Based on the start date of the program and the length in weeks, the students exceeded the number of approved payments for the program and the School was over-awarded grant funds.

b.) Ten (10) students were deemed ineligible for all, or a portion of the PA-TIP awards they received resulting in the School both being over-awarded grant funds and certifying incorrect award amounts.

As a result of the above, questioned cost of over-awarded PA-TIP Grant awards totaling \$45,347.

In September 2022, the School filed an appeal of the PHEAA's Findings. In October 2022, the School received a response from the PHEAA denying their appeal. In December 2022, the School issued a refund to the PHEAA in the amount of \$45,347.

2022 – 2 Procedures for Recording Capital Asset Additions

The audit for the year ended June 30, 2022 noted that:

The School failed to identify a number of General Fund expenditures, specifically Equipment purchases paid for with grant awards, for addition into the School's listing of Capital Assets.

As a result of the above, additions and accumulated depreciation were understated as follows:

- a.) Underreported additions to Building and Improvements totaling \$565,200
- b.) Underreported additions to Machinery and Equipment totaling \$404,676
- c.) Underreported Depreciation Expense totaling \$28,147

The School made the appropriate corrections to its fixed asset and depreciation scheduled and emphasized improving the utilization and use of its fixed asset system.