

**CAREER TECHNOLOGY CENTER OF  
LACKAWANNA COUNTY  
INDEPENDENT AUDITORS' REPORT  
JUNE 30, 2021**

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES  
AND SINGLE AUDIT ATTACHMENTS  
YEAR ENDED JUNE 30, 2021

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ROBERT ROSSI & CO.  
CERTIFIED PUBLIC ACCOUNTANTS

ROBERT L. ROSSI, C.P.A.  
ROBERT T. ARVONIO, C.P.A.  
PETER D. ARVONIO, JR., C.P.A.  
ROBERT A. HANIS, C.P.A.

299 MAIN ST. 2<sup>ND</sup> FL  
OLYPHANT, PA 18447-2326  
TEL. (570) 876-2300 - FAX (570) 876-5153  
Website: www.rroco.net

SALVATORE A. NOLE, JR., C.P.A.  
JOSEPH E. ROSSI, C.P.A.  
SEAN J. GRASSI, C.P.A.  
RALPH R. MORRIS, III, C.P.A.  
PETER C. ARVONIO, III, C.P.A.

March 1, 2022

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, 2021 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 of Compliance and Internal Controls over Financial Reporting Based on an audit of Financial Statements performed in accordance with Governmental Auditing Standards and 3. A review of compliance with requirements applicable to each major program and internal controls over compliance in accordance with the Uniform Guidance.

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

## REPORT DISTRIBUTION LIST

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PETER D. ARVONIO, JR., C.P.A.  
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299 MAIN ST. 2<sup>ND</sup> FLR  
OLYPHANT, PA 18447-2326  
TEL. (570) 876-2300 - FAX (570) 876-5153  
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INDEPENDENT AUDITORS' REPORT

March 1, 2022

To the Board of Directors  
Career Technology Center of Lackawanna County

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Career Technology Center of Lackawanna County as of and for the year ended June 30, 2021, 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.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes

### ***Auditor's Responsibility (Continued)***

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Career Technology Center of Lackawanna County as of June 30, 2021 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.

### **Changes in Accounting Principle**

As described in Note 1, during the year ended June 30, 2021, the Career Technology Center of Lackawanna County implemented GASB Statement No. 84, *Fiduciary Activities*. As a result of this implementation, the School is required to report Student Activity Funds that were previously reported as fiduciary funds as non-major special revenue funds. The format and reporting of the financial statements has changed to reflect the required components of this GASB statement as applicable.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information as listed in the Table of Contents on Page 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



## ***Other Matters (Continued)***

### *Other 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 introductory section and combining non-major fund financial statement are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining individual non-major fund financial statement and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statement as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2022, 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, 2021

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, 2021. This discussion and analysis is 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, Lackawanna Trail 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 \$26,209 as a result of this year's operations. The net position of our Governmental activities increased by \$39,184 and the net position of our business type activities decreased by \$12,978. The largest source of revenue comes from the school districts to support the secondary education programs and totaled \$5,370,463 for 2020-2021, a decrease of \$55,539 from 2019-2020. 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 made by 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 through 2032 to the Fidelity Deposit & Discount Bank, the bond trustee. The trustee makes payments to the bond holders on February 15 and August 15 of 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:

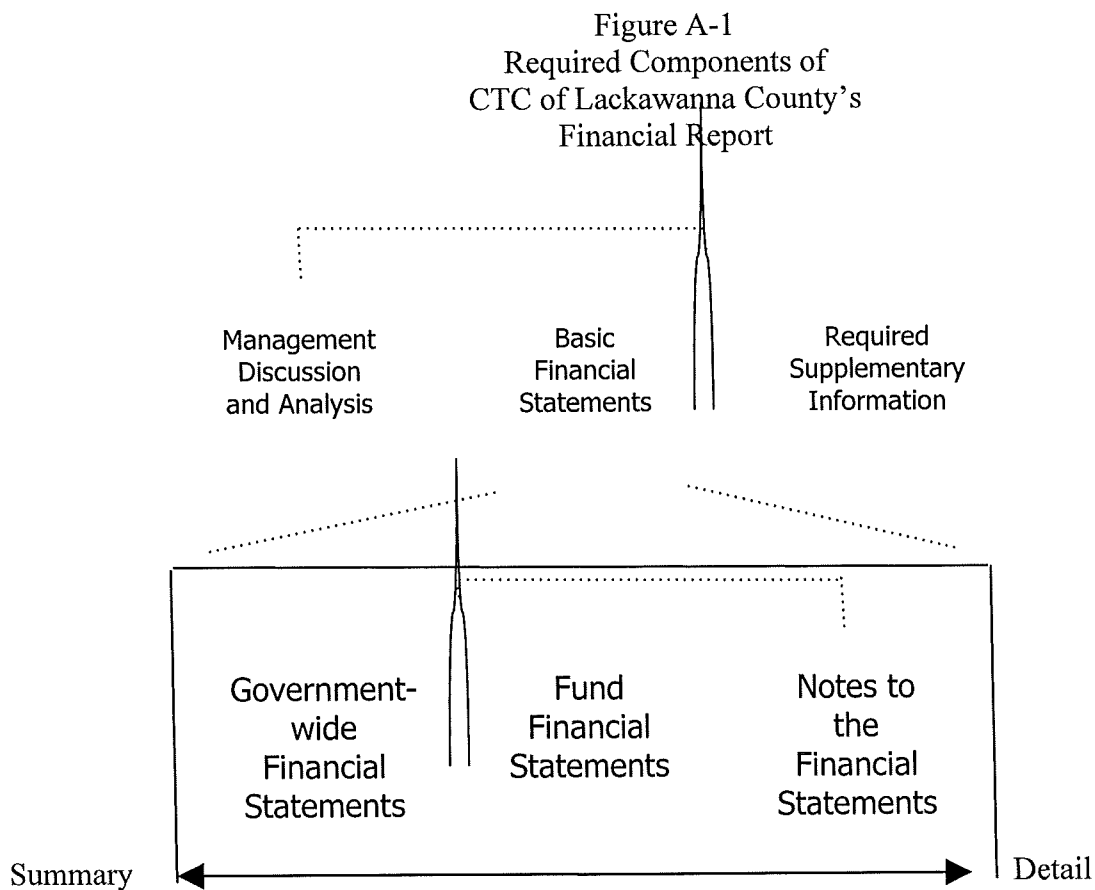


Figure A-2 summarizes the major features of CTC's financial statements, including the portion of CTC they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

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>
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
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
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
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
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

## 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. The Debt Service Fund and Student Activities Fund are 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, 2021  
Net Assets

	Governmental Activities		Business Type Activities		Total Primary Government		% Chg
	2021	2020	2021	2020	2021	2020	
Current Assets	\$ 2,906,809	\$ 2,421,839	\$ 4,919	\$ 15,356	\$ 2,911,728	\$ 2,437,195	19.5%
Restricted Assets	1,622	1,617	0	0	1,622	1,617	0.3%
Capital Assets	19,955,874	20,518,818	30,053	32,760	19,985,927	20,551,578	-2.8%
<b>Total Assets</b>	<b>\$ 22,864,305</b>	<b>\$ 22,942,274</b>	<b>\$ 34,972</b>	<b>\$ 48,116</b>	<b>\$ 22,899,277</b>	<b>\$ 22,990,390</b>	<b>-0.4%</b>
Deferred Outflow of Resources	\$ 2,080,104	\$ 2,030,329	\$ 0	\$ 0	\$ 2,080,104	\$ 2,030,329	2.5%
Current Liabilities	\$ 2,918,856	\$ 2,668,216	\$ 118	\$ 287	\$ 2,918,974	\$ 2,668,503	9.4%
Restricted Liabilities	0	0	0	0	0	0	0.0%
Long Term Liabilities	24,716,936	25,123,308	0	0	24,716,936	25,123,308	-1.6%
<b>Total Liabilities</b>	<b>\$ 27,635,792</b>	<b>\$ 27,791,524</b>	<b>\$ 118</b>	<b>\$ 287</b>	<b>\$ 27,635,910</b>	<b>\$ 27,791,811</b>	<b>-0.6%</b>
Deferred Inflow of Resources	\$ 552,545	\$ 538,181	\$ 0	\$ 0	\$ 552,545	\$ 538,181	2.7%
Net Position							
Invested In Capital Assets	\$ 8,411,970	\$ 7,776,090	\$ 30,053	\$ 32,760	\$ 8,442,023	\$ 7,808,850	8.1%
Restricted for Capital Repl	720,975	747,620	0	0	720,975	747,620	-3.6%
Restricted for Student Activities	88,659	0	0	0	88,659	0	0.0%
Restricted for Debt Service	167	162	0	0	167	162	3.1%
Unrestricted	(12,465,699)	(11,880,974)	4,801	15,069	(12,460,898)	(11,865,905)	5.0%
<b>Total Net Position</b>	<b>\$ (3,243,928)</b>	<b>\$ (3,357,102)</b>	<b>\$ 34,854</b>	<b>\$ 47,829</b>	<b>\$ (3,209,074)</b>	<b>\$ (3,309,273)</b>	<b>-3.0%</b>

### 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, 2021  
Changes in Net Position

	Governmental Activities		Business Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 771,278	\$ 962,027	\$ 2,727	\$ 24,953	\$ 774,005	\$ 986,980
Operating grants and contributions	1,981,964	1,535,697	48,301	155,680	2,030,265	1,691,377
Capital grants and contributions	155,380	174,080	0	0	155,380	174,080
<b>General Revenues:</b>						
State grants and subsidies	901,554	716,420	0	0	901,554	716,420
Investment earnings	201	18,799	4	323	205	19,122
Receipts From Member Districts AVTS	5,370,463	5,426,002	0	0	5,370,463	5,426,002
Rent of School Facilities	1,000	1,000	0	0	1,000	1,000
Refund of Prior Year Expenditures	92,433	243,801	0	0	92,433	243,801
Miscellaneous Income	78,337	53,931	0	0	78,337	53,931
<b>Total Revenues</b>	<u>\$ 9,352,610</u>	<u>\$ 9,131,757</u>	<u>\$ 51,032</u>	<u>\$ 180,956</u>	<u>\$ 9,403,642</u>	<u>\$ 9,312,713</u>
<b>Expenses</b>						
Instruction	\$ 4,893,206	\$ 4,646,232	\$ 0	\$ 0	\$ 4,893,206	\$ 4,646,232
Non-Instruction Services	18,679	0	0	0	18,679	0
Support Services	3,065,487	3,126,370	0	0	3,065,487	3,126,370
Unallocated Depreciation	833,668	830,811	0	0	833,668	830,811
Refund Prior Year Revenue	0	135	0	0	-	135
Interest on Long Term Debt	386,145	388,435	0	0	386,145	388,435
Facility Acquisition, Construction, Improvement Services	0	9,000	0	0	-	9,000
Other Administrative	71,241	352,483	0	0	71,241	352,483
Food/Production services	0	0	109,007	190,142	109,007	190,142
<b>Total Expenses</b>	<u>\$ 9,268,426</u>	<u>\$ 9,353,466</u>	<u>\$ 109,007</u>	<u>\$ 190,142</u>	<u>\$ 9,377,433</u>	<u>\$ 9,543,608</u>
<b>Increase (Decrease) in Net Assets Before Transfers</b>	\$ 84,184	\$ (221,709)	\$ (57,975)	\$ (9,186)	\$ 26,209	\$ (230,895)
Transfers	(45,000)	0	45,000	0	0	0
<b>Increase (Decrease) in Net Assets</b>	<u>\$ 39,184</u>	<u>\$ (221,709)</u>	<u>\$ (12,975)</u>	<u>\$ (9,186)</u>	<u>\$ 26,209</u>	<u>\$ (230,895)</u>
Net Position Beginning (Restated)	(3,283,112)	(3,135,393)	47,829	57,015	(3,235,283)	(3,078,378)
<b>Net Position Ending</b>	<u>\$ (3,243,928)</u>	<u>\$ (3,357,102)</u>	<u>\$ 34,854</u>	<u>\$ 47,829</u>	<u>\$ (3,209,074)</u>	<u>\$ (3,309,273)</u>

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 \$774,005 in 2020- 2021 compared to \$986,980 in 2019-2020, contributions from non-member districts of \$317,733 in 2020-2021 compared to \$313,996 in 2019-2020, and operating grants and subsidies, the largest of which represents federal funding from the Carl D. Perkins Vocational and Technical Education grant totaling \$485,473 in 2020-2021 compared to \$517,183 in 2019-2020

The largest source of general revenue for CTC consists of contributions from eight member districts of \$5,370,463. Included in the revenue figure is \$1,248,259, which represents the sixteenth and seventeenth payment on the CTC 2012 Bond Issue. The payment was made by eight participating districts to the Debt Service Account. The \$5,370.463 amount accounts for approximately 57% 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 \$901,554 for the State Vocational Subsidy for Secondary Programs. This is an increase of \$185,134 over the prior year of \$716,420.

## FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As of June 30, 2021, CTC's General Fund reported a fund balance of \$389,294 which is shown as net in Due from Other Governmental Units in the Notes to Financial Statements.

In Government Activities, Instruction Expenses increased from \$4,646,232 in 2020 to \$4,893,206 in 2021 while Support Services decreased from \$3,126,370 in 2020 to \$3,065,487 in 2021.

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 \$145,891 over budget, while total Expenditures in the General Fund were \$85,153 over budget.

Vocational Education Programs ended with a negative expenditure budgetary variance of \$189,974. The categories included in this total cover instructional costs for secondary students served by the CTC. Adult Education programs ended with a negative expenditure variance of \$84,963. Total Support Services showed a positive expenditure variance of \$187,035.

## CAPITAL ASSETS

As of June 30, 2021, CTC had \$31,850,211 invested in capital assets compared to \$31,579,487 as of June 30, 2020.

Table A-3  
Fiscal Year Ending June 30, 2021  
Capital Assets— Net of Depreciation.

	<u>Total Assets</u>	<u>Accumulated Depreciation</u>	<u>Balance Net of Depreciation</u>
<b>Governmental Activities</b>			
Land	\$ 195,444	\$ 0	\$ 195,444
Land Improvements	124,447	44,377	80,070
Buildings	25,750,652	7,778,440	17,972,212
Fixtures and Equipment	<u>5,614,638</u>	<u>3,906,490</u>	<u>1,708,148</u>
<b>Total Governmental Activities</b>	<u>\$ 31,685,181</u>	<u>\$ 11,729,307</u>	<u>\$ 19,955,874</u>

Table A-4  
Fiscal Year Ending June 30, 2021  
Capital Assets– Net of Depreciation.

	Total Assets	Accumulated Depreciation	Balance Net of Depreciation
<b>Business Activities</b>			
Fixtures and Equipment	\$ 165,030	\$ 134,977	\$ 30,053
<b>Total Business Activities</b>	<u>\$ 165,030</u>	<u>\$ 134,977</u>	<u>\$ 30,053</u>

### LONG TERM DEBT

Summary of CTC Long Term Debt for the year ended June 30, 2021.

	Balance July 1, 2020	Additions	Amortization (Accretion)	Retirements	Balance June 30, 2021	Due Within One Year
Lease Revenue Bonds: Series of 2020	\$ 11,475,000	\$ 0	\$ 0	\$ 955,000	\$ 10,520,000	\$ 780,000
Amortization / Accretion	1,216,435	0	(209,928)	0	1,006,507	0
Capitalized Lease	51,293	0	0	33,896	17,397	17,397
Compensated Absences	<u>289,292</u>	<u>0</u>	<u>0</u>	<u>3,440</u>	<u>285,852</u>	<u>0</u>
<b>TOTALS</b>	<u>\$ 13,032,020</u>	<u>\$ -</u>	<u>\$ (209,928)</u>	<u>\$ 992,336</u>	<u>\$ 11,829,756</u>	<u>\$ 797,397</u>

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

### ECONOMIC FACTORS AND THE 2021-2022 BUDGET

CTC has a prepared General Fund Operating Budget for the next school year, or the fiscal year ending June 30, 2022. The total 2022-2023 General Operating Budget represents an increase of \$128,544 from the total 2020-2021 General Operating Budget. The member district's costs for 2021-2022 remained at the previous year's budget level with no increase due to the pandemic. 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 2021-2022 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](mailto:jmchale@ctclc.edu).

Respectfully submitted:

James McHale, Chief Financial Officer

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 2,291,005	\$ 24,374	\$ 2,315,379
State Subsidy Receivable	449,089	394	449,483
Federal Subsidy Receivable	77,853	9,837	87,690
Interfund Receivables	36,478	(36,478)	0
Inventory	0	6,792	6,792
Other Receivables	52,384	0	52,384
Restricted Assets			
Cash	1,622	0	1,622
Capital Assets:			
Land & Land Improvements	319,891	0	319,891
Buildings	25,750,652	0	25,750,652
Furniture and Equipment	5,614,638	165,030	5,779,668
Accumulated Depreciation	(11,729,307)	(134,977)	(11,864,284)
TOTAL ASSETS	\$ 22,864,305	\$ 34,972	\$ 22,899,277
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	\$ 1,869,474	\$ 0	\$ 1,869,474
Deferred Outflows Related to Other Post-Employment Benefits	125,035	0	125,035
Prepaid Bond Insurance Cost	85,595	0	85,595
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 2,080,104	\$ 0	\$ 2,080,104

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>LIABILITIES</b>			
Accrued Salary and Benefits	\$ 946,619	\$ 0	\$ 946,619
Accounts Payable	156,811	118	156,929
Intergovernmental Payable	827,154	0	827,154
Payroll Deductions Payable	33,075	0	33,075
Accrued Interest Expense	157,800	0	157,800
Current Portion Capitalized Lease Payable	17,397	0	17,397
Current Portion Lease Revenue Bonds Payable	780,000	0	780,000
Noncurrent Liabilities:			
Other Post-Employment Benefits	1,768,735	0	1,768,735
Pension Obligation Payable	11,915,842	0	11,915,842
Lease Revenue Bonds Payable	10,746,507	0	10,746,507
Accumulated Compensated Absences	285,852	0	285,852
<b>TOTAL LIABILITIES</b>	<b>\$ 27,635,792</b>	<b>\$ 118</b>	<b>\$ 27,635,910</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflows Related to Pensions	\$ 322,000	\$ 0	\$ 322,000
Deferred Inflows Related to Other Post-Employment Benefits	95,574	0	95,574
Unearned Revenue	134,971	0	134,971
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>\$ 552,545</b>	<b>\$ 0</b>	<b>\$ 552,545</b>
<b>COMMITMENTS</b>			
<b>NET POSITION</b>			
Investment in Capital Assets, Net of Related Debt	\$ 8,411,970	\$ 30,053	\$ 8,442,023
Restricted For:			
Reserve For Capital Replacement	720,975	0	720,975
Reserve for Student Activities	88,659	0	88,659
Reserve For Debt Service	167	0	167
Unreserved	(12,465,699)	4,801	(12,460,898)
<b>TOTAL NET POSITION</b>	<b>\$ (3,243,928)</b>	<b>\$ 34,854</b>	<b>\$ (3,209,074)</b>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF NET ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		
		CHARGE FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
Governmental Activities:						
Instructional Services:						
Vocational Education Programs	\$ 3,779,770	\$ 317,733	\$ 985,492	\$ 155,380	\$ (2,321,165)	\$ 0
Adult Education Programs	1,113,436	420,205	490,780	0	(202,451)	0
TOTAL INSTRUCTIONAL SERVICES	\$ 4,893,206	\$ 737,938	\$ 1,476,272	\$ 155,380	\$ (2,523,616)	\$ 0
Non-Instructional Services:						
Student Activities	\$ 18,679	\$ 33,340	\$ 0	\$ 0	\$ 14,661	\$ 0
TOTAL NON-INSTRUCTIONAL SERVICES	\$ 18,679	\$ 33,340	\$ 0	\$ 0	\$ 14,661	\$ 0
Support Services						
Guidance	\$ 324,815	\$ 0	\$ 45,807	\$ 0	\$ (279,008)	\$ 0
Instructional Support	320,901	0	137,109	0	(183,792)	0
Administrative Services	777,290	0	90,741	0	(686,549)	0
Pupil Health Services	94,483	0	12,487	0	(81,996)	0
Business Services	383,714	0	49,712	0	(334,002)	0
Operation & Maintenance of Plant Services	1,164,284	0	85,901	0	(1,078,383)	0
TOTAL SUPPORT SERVICES	\$ 3,065,487	\$ 0	\$ 421,757	\$ 0	\$ (2,643,730)	\$ 0
Other Expenditures						
Unallocated Depreciation	\$ 833,668	\$ 0	\$ 0	\$ 0	\$ (833,668)	\$ 0
Interest on Long - Term Debt	386,145	0	0	0	(386,145)	0
Other Administrative	71,241	0	83,935	0	12,694	0
TOTAL OTHER EXPENDITURES	\$ 1,291,054	\$ 0	\$ 83,935	\$ 0	\$ (1,207,119)	\$ 0
TOTAL GOVERNMENTAL ACTIVITIES	\$ 9,269,426	\$ 771,278	\$ 1,891,964	\$ 155,380	\$ (6,359,804)	\$ 0
Business-Type Activities:						
Food Service	\$ 109,007	\$ 2,727	\$ 48,301	\$ 0	\$ (57,979)	\$ (57,979)
TOTAL PRIMARY GOVERNMENT	\$ 9,377,433	\$ 774,005	\$ 2,030,265	\$ 155,380	\$ (6,359,804)	\$ (6,417,783)
General Revenues:						
Grants, Subsidies, and Contributions Not Restricted				\$ 901,554	\$ 0	\$ 901,554
Receipts From Member District - AVTS				5,370,463	0	5,370,463
Investment Earnings				201	4	205
Rent of School Facilities				1,000	0	1,000
Miscellaneous Income				78,337	0	78,337
Refund of Prior Year Expenditure				92,433	0	92,433
Transfers				(45,000)	45,000	0
TOTAL GENERAL REVENUES, SPECIAL ITEMS, AND TRANSFERS				\$ 6,398,988	\$ 45,004	\$ 6,443,992
Change In Net Position				\$ 39,184	\$ (12,975)	\$ 26,209
Net Position - Beginning of Year - Restated				(3,283,112)	47,829	(3,235,283)
NET POSITION - END OF YEAR				\$ (3,243,928)	\$ 34,854	\$ (3,209,074)

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	GENERAL FUND	CAPITAL RESERVE FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	\$ 1,475,113	\$ 727,233	\$ 88,659	\$ 2,291,005
State Subsidy Receivable	449,089	0	0	449,089
Federal Subsidy Receivable	77,853	0	0	77,853
Interfund Receivables	36,478	0	0	36,478
Other Receivables	52,384	0	0	52,384
Restricted Assets:				
Cash	0	1,455	167	1,622
TOTAL ASSETS	\$ 2,090,917	\$ 728,688	\$ 88,826	\$ 2,908,431
LIABILITIES & FUND BALANCE				
Accrued Salary and Benefits	\$ 946,619	\$ 0	\$ 0	\$ 946,619
Accounts Payable	149,098	7,713	0	156,811
Intergovernmental Payable	827,154	0	0	827,154
Unearned Revenue	134,971	0	0	134,971
Payroll Deductions Payable	33,075	0	0	33,075
TOTAL LIABILITIES	\$ 2,090,917	\$ 7,713	\$ 0	\$ 2,098,630
FUND BALANCE				
Restricted For				
Capital Reserve Fund	\$ 0	\$ 720,975	\$ 0	\$ 720,975
Student Activities	0	0	88,659	88,659
Debt Service	0	0	167	167
TOTAL FUND BALANCE	\$ 0	\$ 720,975	\$ 88,826	\$ 809,801
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,090,917	\$ 728,688	\$ 88,826	\$ 2,908,431

"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, 2021

Total Fund Balance - Total Governmental Funds		\$	809,801
Amount reported for governmental activities in the statement of net position differs because:			
Capital assets used in governmental activities are not reported as assets in governmental funds.			
The total cost of the assets is	\$ 31,685,181		
and the accumulated depreciation is	<u>(11,729,307)</u>		19,955,874
Governmental funds report the effects of bond insurance cost when the debt is first issued, whereas these amounts are deferred and amortized			
			85,595
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.			
			1,576,935
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, 2021 consist of			
Other post-employment benefits	\$ (1,768,735)		
Pension obligation payable	(11,915,842)		
Capitalized lease payable	(17,397)		
Lease revenue bonds payable	(11,526,507)		
Accrued interest expense	(157,800)		
Compensated absences	<u>(285,852)</u>		<u>(25,672,133)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u>(3,243,928)</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, 2021

	GENERAL FUND	CAPITAL RESERVE FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUE</b>				
Local Sources	\$ 4,671,586	\$ 74	\$ 1,281,620	\$ 5,953,280
State Sources	2,145,242	0	0	2,145,242
Federal Sources	<u>1,254,088</u>	<u>0</u>	<u>0</u>	<u>1,254,088</u>
<b>TOTAL REVENUE</b>	<u>\$ 8,070,916</u>	<u>\$ 74</u>	<u>\$ 1,281,620</u>	<u>\$ 9,352,610</u>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Vocational Education Programs	\$ 3,770,559	\$ 1,850	\$ 0	\$ 3,772,409
Adult Education Programs	<u>1,107,366</u>	<u>0</u>	<u>0</u>	<u>1,107,366</u>
<b>TOTAL INSTRUCTIONAL EXPENDITURES</b>	<u>\$ 4,877,925</u>	<u>\$ 1,850</u>	<u>\$ 0</u>	<u>\$ 4,879,775</u>
<b>Operation of Non-Instructional Services</b>				
School Sponsored Activities	\$ 0	\$ 0	\$ 18,679	\$ 18,679
<b>TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES EXPENDITURES</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,679</u>	<u>\$ 18,679</u>
<b>Support Services</b>				
Guidance	\$ 309,743	\$ 0	\$ 0	\$ 309,743
Instructional Support	309,415	0	0	309,415
Administrative Services	760,276	0	500	760,776
Pupil Health Services	80,814	0	0	80,814
Business Services	387,667	0	0	387,667
Operation & Maintenance of Plant Services	1,135,332	114,846	0	1,250,178
Other Administrative	<u>39,116</u>	<u>0</u>	<u>0</u>	<u>39,116</u>
<b>TOTAL SUPPORT SERVICES</b>	<u>\$ 3,022,363</u>	<u>\$ 114,846</u>	<u>\$ 500</u>	<u>\$ 3,137,709</u>
<b>Other Expenditures</b>				
Debt Service	\$ 35,151	\$ 0	\$ 1,248,267	\$ 1,283,418
<b>TOTAL OTHER EXPENDITURES</b>	<u>\$ 35,151</u>	<u>\$ 0</u>	<u>\$ 1,248,267</u>	<u>\$ 1,283,418</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 7,935,439</u>	<u>\$ 116,696</u>	<u>\$ 1,267,446</u>	<u>\$ 9,319,581</u>
<b>EXCESS OF REVENUES (UNDER)/OVER EXPENDITURES</b>	<u>\$ 135,477</u>	<u>\$ (116,622)</u>	<u>\$ 14,174</u>	<u>\$ 33,029</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfer In (Out)	\$ (135,477)	\$ 89,977	\$ 500	\$ (45,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ (135,477)</u>	<u>\$ 89,977</u>	<u>\$ 500</u>	<u>\$ (45,000)</u>
Excess of Revenue and Other Financing Sources (Under)/Over Expenditures and Other Financing Uses	\$ 0	\$ (26,645)	\$ 14,674	\$ (11,971)
Fund Balance, Beginning of Year - Restated	<u>0</u>	<u>747,620</u>	<u>74,152</u>	<u>821,772</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 720,975</u>	<u>\$ 88,826</u>	<u>\$ 809,801</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, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (11,971)

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 expense. The amount by which capital outlays exceeds depreciation in the period is as follows:

Capital Outlays	\$ 270,724	
Depreciation	<u>(833,668)</u>	(562,944)

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.

10,962

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	\$ (1,412,227)	
Pension Contributions	<u>1,150,474</u>	(261,753)

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	\$ (55,777)	
Other Post-Employment Benefit Contributions	<u>28,002</u>	(27,775)

"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, 2021

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	\$ 209,928	
Lease Revenue Bond Principal Payments	955,000	
Deferred Loss on Early Retirement of Debt	(162,080)	
Prepaid Bond Insurance Cost Amortization	(8,048)	
Capitalized Lease Principal Payments	<u>33,896</u>	1,028,696

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.

(139,471)

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.

3,440

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

\$ 39,184

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUND - FOOD SERVICE FUND  
BUSINESS-TYPE ACTIVITIES  
JUNE 30, 2021

ASSETS		
Cash	\$	24,374
State Subsidy Receivable		394
Federal Subsidy Receivable		9,837
Inventory		6,792
Capital Assets:		
Furniture And Equipment		165,030
Accumulated Depreciation		<u>(134,977)</u>
TOTAL ASSETS		<u>\$ 71,450</u>
LIABILITIES		
Accounts Payable	\$	118
Interfund Payables		<u>36,478</u>
TOTAL LIABILITIES		<u>\$ 36,596</u>
NET POSITION		
Investment in Capital Assets, Net of Related Debt	\$	30,053
Unreserved - Undesignated		<u>4,801</u>
TOTAL NET POSITION		<u>\$ 34,854</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, 2021

REVENUE		
Food Sales	\$	<u>2,727</u>
TOTAL REVENUE	\$	2,727
EXPENSES		
Food Costs	\$	20,117
Salaries and Wages		46,023
Employee Benefits		29,381
Contracted Services		10,779
Depreciation Expense		<u>2,707</u>
TOTAL EXPENSES		<u>109,007</u>
NET OPERATING LOSS	\$	(106,280)
NON-OPERATING REVENUES		
Federal and State Subsidies	\$	41,471
Value of Donated Commodities		6,830
Interest Income		<u>4</u>
TOTAL NON-OPERATING REVENUE		<u>48,305</u>
NET INCOME (LOSS)	\$	(57,975)
OPERATING TRANSFERS		
General Fund	\$	<u>45,000</u>
TOTAL OPERATING TRANSFERS		<u>45,000</u>
NET	\$	(12,975)
Net Position at Beginning of Year		<u>47,829</u>
NET POSITION AT END OF YEAR	\$	<u><u>34,854</u></u>

"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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received From Users	\$	2,558	
Cash Payments To Employees For Service		(46,023)	
Cash Payments To Suppliers For Goods And Services		<u>(44,763)</u>	
Net Cash Used In Operating Activities	\$		(88,228)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Federal and State Subsidies	\$	36,481	
Value of Donated Commodities		6,830	
Advances From Capital Reserve Fund		<u>45,000</u>	
Net Cash Provided By Non-Capital Financing Activities			88,311

CASH FLOW FROM INVESTING ACTIVITIES:

Earnings On Investments	\$	<u>4</u>	
Net Cash Used In Investing Activities			<u>4</u>

Net Increase in Cash \$ 87

Cash at Beginning of Year 24,287

CASH AT END OF YEAR \$ 24,374

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

Operating Loss	\$	(106,280)	
Adjustments to Reconcile Operating Loss To Net Cash Used In Operating Activities			
Depreciation		2,707	
Donated Commodities		6,830	
Changes in Assets and Liabilities			
(Increase)/Decrease in Inventory		(720)	
Increase/(Decrease) In Accounts Payable		(169)	
Increase/(Decrease) in Interfund Payables		<u>9,404</u>	
Net Cash Used In Operating Activities	\$		<u><u>(88,228)</u></u>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 1 - 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 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 accompanying basic financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity Omnibus*: which amends GASB Statement 14 and 34 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.

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 except for fiduciary funds. 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 1      Summary of Significant Accounting Policies (Continued)

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.

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.



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (Continued)

- 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.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 1      Summary of Significant Accounting Policies (Continued)

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.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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.

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 June 18, 2020 at a duly advertised meeting.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 1          Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 1      Summary of Significant Accounting Policies (Continued)

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 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.

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

Unlike under prior guidance, GASB Statement No. 75 no longer requires an actuarially determined contribution. Career Technology Center of Lackawanna County will now recognize the net OPEB Liability as of the measurement date as a liability. OPEB expense, and deferred inflows and outflows of resources related to OPEB are derived from changes to the net OPEB Liability over the period. Employer contributions after the measurement date but before the fiscal year-end are reported as deferred outflows.

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."

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 1      Summary of Significant Accounting Policies (Continued)

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:

- 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.

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.

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.

During the year, the School adopted the Provisions of GASB Statement No. 84, *Fiduciary Activities*. The adoption of this statement changed the classification of Student Activity Funds from a Fiduciary Fund to a Governmental Fund, as well as resulted in a restatement of non-major funds of governmental activities and custodial net position.

Change in Accounting Principle – Restatement of Net Position: Net position as of July 1, 2020 has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Activities*:

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 1            Summary of Significant Accounting Policies (Continued)

	Governmental Activities	Non-Major Funds
Net Position as presently reported at June 30, 2020	\$ (3,357,102)	\$ 162
Prior period adjustment - Implementation of GASB 84: Understatement due to change in Custodial Funds	73,990	73,990
Net Position as restated, July 1, 2020	\$ (3,283,112)	\$ 74,152

Note 2 - 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 2 - Cash and Investments (Continued)

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 3 - Federal and State Subsidy Receivable

Federal and State Subsidy Receivable at June 30, 2021 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, 2021.

	FEDERAL	STATE	TOTAL
GENERAL FUND:			
LPN Pell Grants	\$ 5	\$ 0	\$ 5
GEER Continuity of Education	77,848	0	77,848
State Vocational Education	0	118,185	118,185
Retirement Subsidy	0	267,685	267,685
State Training Subsidy, LPN	0	2,570	2,570
Social Security Subsidy	0	60,649	60,649
Sub Total	\$ 77,853	\$ 449,089	\$ 526,942
FOOD SERVICE FUND:			
National School Lunch Program	\$ 9,837	\$ 394	\$ 10,231
TOTAL FEDERAL AND STATE SUBSIDY RECEIVABLE AT JUNE 30, 2021			
	\$ 87,690	\$ 449,483	\$ 537,173

Note 4 - Inventories

Inventories at June 30, 2021 are summarized as follows:

Food Service: Inventories at June 30, 2021 consist of the following:

Purchased Food	\$ 1,965
Donated Commodities	4,827
Total	\$ 6,792



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance	Additions	Deletions	Balance
<b>Governmental Activities</b>				
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	25,735,299	15,353	0	25,750,652
Furniture & Equipment	5,359,267	255,371	0	5,614,638
Total At Historical Cost Being Depreciated	<u>\$ 31,219,013</u>	<u>\$ 270,724</u>	<u>\$ 0</u>	<u>\$ 31,489,737</u>
<b>TOTAL HISTORICAL COST</b>	<u><b>\$ 31,414,457</b></u>	<u><b>\$ 270,724</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 31,685,181</b></u>
<b>Less Accumulated Depreciation:</b>				
Site Improvements	\$ (37,021)	\$ (7,356)	\$ 0	\$ (44,377)
Building & Improvements	(7,250,810)	(527,630)	0	(7,778,440)
Furniture & Equipment	(3,607,808)	(298,682)	0	(3,906,490)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u><b>\$ (10,895,639)</b></u>	<u><b>\$ (833,668)</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ (11,729,307)</b></u>
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS NET</b>	<u><b>\$ 20,518,818</b></u>	<u><b>\$ (562,944)</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 19,955,874</b></u>
<b>Business Activities</b>				
Historical Cost				
Machinery & Equipment	\$ 165,030	\$ 0	\$ 0	\$ 165,030
<b>TOTAL HISTORICAL COST</b>	<u><b>\$ 165,030</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 165,030</b></u>
<b>Less Accumulated Depreciation:</b>				
Machinery & Equipment	\$ (132,270)	\$ (2,707)	\$ 0	\$ (134,977)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u><b>\$ (132,270)</b></u>	<u><b>\$ (2,707)</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ (134,977)</b></u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u><b>\$ 20,551,578</b></u>	<u><b>\$ (565,651)</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 19,985,927</b></u>

Depreciation expense was charged to Governmental Activities as follows:

Unallocated	\$ 833,668
Total Depreciation Expense	<u>\$ 833,668</u>

Note 6 - 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, 2021 based on the applicable per day rate. At June 30, 2021 aggregate liability for unused sick pay is \$285,852.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 7 - 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.

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, 2021 amounted to \$4,332,626 of which \$270 was overpaid and reflected as a payable at June 30, 2021 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, 2021 actual revenues exceeded actual expenditures in the amount of \$389,294 which is to be reimbursed to the member districts. For the fiscal year ended June 30, 2020, a balance of \$539,495 remained. Of that amount, \$139,495 has been retained to be reimbursed to the member districts as of June 30, 2021, which pursuant to the 2020-2021 budget will be used to reduce the member contributions. The remaining \$400,000 was subsequently transferred to the Capital Reserve Fund in December 2021.

For the year ended June 30, 2021, member district revenue was increased pursuant to board motion authorizing the transfer of \$78,852 to the Capital Reserve Fund from the June 2019 fund balance and \$100,000 to the general fund from the June 2019 fund balance.

At June 30, 2021 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, 2021	\$ (270)	\$ 101,905	\$ 101,635
Amount of Excess Actual Revenue Over Expenditures at June 30, 2020 Retained in General Fund to be Used to Reduce Member Contributions During 2021 - 2022 School Year			(139,495)
Amount of Excess Actual Revenue Over Expenditures at June 30, 2020 Subsequently Transferred to Capital Reserve Fund During 2021 - 2022 School Year			(400,000)
Amount of Excess Actual Revenue Over Expenditures at June 30, 2021 Due to School Districts Based on Actual Enrollment			(389,294)
Total Inter-Governmental Receivables/(Payable) at June 30, 2021			\$ (827,154)

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 8 – Long Term Debt

Capital Lease: In 2011, the School entered into an Equipment Lease Agreement to purchase a printing press. The lease requires monthly payments of \$2,929. The lease rate is 3.50%, maturity December 2021.

Minimum future lease payments under capital lease as of June 30, 2021.

	<u>June 30,</u> 2022	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	17,397	\$ 178	\$ 17,575
Total Future Minimum Lease Payments		<u>\$ 17,397</u>	<u>\$ 178</u>	\$ 17,575
Amount Representing Interest				(178)
Present Value of Future Minimum Lease Payments				<u>\$ 17,397</u>
The Cost of the Asset				\$ 296,222
The Accumulated Depreciation through June 30, 2021				(187,606)
The Net Book Value				<u>\$ 108,616</u>

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.
- 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 8 – Long Term Debt (Continued)

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.

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, 2021.

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	780,000	420,800	1,200,800
2023	810,000	389,600	1,199,600
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 - 2031	5,140,000	863,800	6,003,800
2032	1,155,000	46,200	1,201,200
	<u>\$ 10,520,000</u>	<u>\$ 2,689,200</u>	<u>\$ 13,209,200</u>

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 8 – Long Term Debt (Continued)

The following summarizes the changes in long-term debt for the year ended June 30, 2021.

	Balance July 1, 2020	Additions	Amortization (Accretion)	Retirements	Balance June 30, 2021	Due Within One Year
Lease Revenue Bonds:						
Series of 2020	\$ 11,475,000	\$ 0	\$ 0	\$ 955,000	\$ 10,520,000	\$ 780,000
Amortization / Accretion	1,216,435	0	(209,928)	0	1,006,507	0
Capitalized Lease	51,293	0	0	33,896	17,397	17,397
Compensated Absence	<u>289,292</u>	<u>0</u>	<u>0</u>	<u>3,440</u>	<u>285,852</u>	<u>0</u>
TOTALS	<u>\$ 13,032,020</u>	<u>\$ 0</u>	<u>\$ (209,928)</u>	<u>\$ 992,336</u>	<u>\$ 11,829,756</u>	<u>\$ 797,397</u>

Note 9 – Commitments

General information about the Pension Plan

Plan Description: PSERS is a governmental cost-sharing multi-employer defined benefit plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://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. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – 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:

Member Contributions: Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation.

Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Act 5 of 2017

On June 12, 2017, the Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation established a new hybrid benefit/defined contribution retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan options under Act 5 are as follows:

Option 1: (Default Hybrid): A side-by-side DB/DC hybrid with a 1.25% multiplier for the DB component. This is the default plan if no election is made by the employee within 90 days. School employees become members of a new Class T-G.

Option 2: (Alternative Hybrid): A side-by-side DB/DC hybrid with a 1% multiplier for the DB component. School employees become members of a new Class T-H.

Option 3: Defined Contribution Plan

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

Employer Contributions: The school districts' contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% of covered payroll, plus .18 for Act 5 of 2017 defined contribution as described below, 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 \$1,150,474 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$11,915,842 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. 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, 2020, the District's proportion was .0242 percent which was an decrease of .0001 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,412,227. At June 30, 2021, 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 Outflows of Resources</u>
Difference between projected and actual investment earnings	\$ 523,000	\$ 0
Difference between expected and actual experience	31,000	286,000
Changes in proportions	165,000	36,000
Contributions subsequent to the measurement date	1,150,474	0
	<u>\$ 1,869,474</u>	<u>\$ 322,000</u>

\$1,150,474 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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

2022	\$ 79,000
2023	21,000
2024	143,000
2025	154,000
2026	0
Thereafter	<u>0</u>
	<u>\$ 397,000</u>

Actuarial assumptions: The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability as of the June 30, 2019 actuarial valuation to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Change in assumptions used in measurement of the total pension liability beginning June 30, 2020 validation date.

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

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.

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.



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.12%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	15.0%	5.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Risk parity	8.0%	3.3%
Infrastructure/MLP'S	6.0%	5.7%
Real estate	10.0%	5.5%
Private Equity	15.0%	7.2%
Cash	6.0%	(1.0%)
Financing (LIBOR)	<u>(14.0%)</u>	(0.7%)
	<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, 2020.

Discount Rate:

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

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

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

	1% Decrease <u>6.25%</u>	Current Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
District's proportionate share of the net pension liability	\$14,743,000	\$11,916,000	\$9,521,000

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – 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](http://www.psers.pa.gov).

Operating Leases: The School had entered into a lease for copiers for a term of 60 months and maturity to March 2024. The lease requires monthly payments of \$1,649 and requires the lessor to be responsible for all repairs. Total rent expense for the year ended June 30, 2021 was \$19,951.

The future minimum lease payments required as of June 30, 2021 under operating leases that have initial non-cancelable lease terms exceeding one year are as follows:

Year ended June 30:

2022	\$ 19,788
2023	\$ 19,788
2024	\$ 14,841
2025	\$ 0
2026	\$ 0
Thereafter	\$ 0

Termination Benefit 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 \$11,168 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	\$ 62,685
Payment of benefits made during school year	(11,168)
Change in present value of benefits	<u>206</u>
End of year net present value	<u>\$ 51,723</u>

Post - Employment Healthcare 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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.

The former Chief Financial Officer is eligible for benefits. Medical, dental, and vision benefits are paid in full until Medicare eligible. Spouse coverage is provided while the retiree is eligible, but the spouse must pay 100% of the premium for coverage (retiree has opted out of medical and spousal coverage).

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.

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.

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, 2021 the following employees were covered by the benefit term:

Active Participants	41
Retired participants with healthcare coverage*	4
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.

\*There are no retired participants that have a spouse with healthcare coverage.

Total OPEB Liability: The School's total OPEB liability of \$1,192,012 was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

General:

Reporting Date is June 30, 2021, the end of the employer's fiscal year.

Measurement Date is June 30, 2021.

Actuarial Valuation Date used for June 30, 2021 liability measurement is July 1, 2019.

Actuarial Valuation Date used for June 30, 2020 liability measurement is July 1, 2019.

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:

- 2.18% at June 30, 2021 measurement date
- 2.66% at June 30, 2020 measurement date

All other actuarial assumptions used for the calculation of Total OPEB Liability for GASB 75 reporting purposes, and their justifications, are described in the July 1, 2019 Actuarial Valuation Report, in Exhibit A, and in the GASB 75 information as of June 30, 2020 (issued September 14, 2020).

Pre and Post Retirement Mortality: The Society of Actuaries (SOA) RP-2014 male and female tables projected using a modified version of the MP-2015 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 and 25% are assumed to cover their spouse. 0% of 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 4.0% for years after 2070.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

Changes in the total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2020	\$ 1,132,325
Changes for the year:	
Service Cost	\$ 78,510
Interest	31,122
Differences between expected and actual experience	0
Changes of benefit terms	0
Changes of assumptions or other benefits	31,682
Benefit payments	<u>(81,627)</u>
Net Changes	<u>\$ 59,687</u>
Balance at June 30, 2021	<u>\$ 1,192,012</u>

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 (1.18%) or 1 percentage point higher (3.18%) than the current discount rate:

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
Total OPEB Liability	\$1,260,085	\$ 1,192,012	\$ 1,126,826

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 (6.00%) or 1 percentage point higher (8.00%) than the current healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease 6.00%	Current rates 7.00%	1% Increase 8.00%
Initial rate:	6.00%	7.00%	8.00%
Ultimate rate:	3.00%	4.00%	5.00%
Total OPEB Liability	<u>\$ 1,087,428</u>	<u>\$ 1,192,012</u>	<u>\$ 1,314,742</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2021, the School recognized OPEB expense of \$106,038. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following services:

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,536	\$ 0
Changes of assumptions or other inputs	\$ 41,497	\$ 83,574
Total	\$ 54,033	\$ 83,574

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

Fiscal Year Ending June 30,	Outflows	Inflows
2022	\$11,330	\$ 14,924
2023	\$11,330	\$ 14,924
2024	\$10,332	\$ 14,924
2025	\$ 6,354	\$ 14,924
2026	\$ 6,354	\$ 14,924
Thereafter	\$ 8,333	\$ 8,954
Total	\$54,033	\$ 83,574

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.

Fiscal Year Ending	Initial		Remaining at 06/30/2021		Amount Recognized for FYE 06/30/2021
	Amount	Period	Period	Amount	
06/30/20	\$ 17,014	7.6	5.6	\$ 12,536	\$ 2,239
06/30/21	\$ 0	7.7	6.7	0	0
				\$ 12,536	\$ 2,239

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

Fiscal Year Ending	Initial		Remaining at 06/30/2021		Amount Recognized for FYE 06/30/2021
	Amount	Period	Period	Amount	
06/30/18	\$ 18,929	6.8	2.8	\$ 7,793	\$ 2,784
06/30/19	\$ 12,713	5.8	2.8	6,137	2,192
06/30/20	\$ (113,422)	7.6	5.6	(83,574)	(14,924)
06/30/21	\$ 31,682	7.7	6.7	27,567	4,115
				\$ (42,077)	\$ (5,833)

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 or the PSERS'S Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

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

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

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

Benefits provided: Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

Employers Contributions: The school districts' contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% 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 \$28,002 for the year ended June 30, 2021.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2021, the School reported a liability of \$525,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 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, 2019 to June 30, 2020. 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, 2021, the School's proportion was 0.0243 percent, which was unchanged from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School recognized OPEB expense of \$31,366. At June 30, 2021, 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	\$ 5,000	\$ 0
Changes in assumptions	21,000	12,000
Net difference between projected and actual investment earnings	1,000	0
Changes in proportion	16,000	0
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the Measurement date	28,002	0
	\$ 71,002	\$ 12,000

\$28,002 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, 2021. 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 9 – Commitments (Continued)

Year ended June 30:

2021	\$ 6,000
2022	6,000
2023	6,000
2024	8,000
2025	4,000
Thereafter	<u>1,000</u>
	<u>\$31,000</u>

Actuarial Assumptions (PSERS):

The Total OPEB Liability as of June 30, 2020, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.66% - S & P 20 Year Municipal Bond Rate
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Participation rate:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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	50.3%	(1.0%)
US Core Fixed Income	46.5%	(0.1%)
Non-US Developed Fixed	3.2%	(0.1%)
	<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, 2020.

Discount rate: The discount rate used to measure the Total OPEB Liability was 2.66%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the S&P 20-year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 9 – 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, 2020, 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, 2020 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 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, 2020, 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	\$2,463,528,000	\$2,160,697,000	\$1,909,927,000

Sensitivity of the School’s proportionate share of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
District's proportionate share of the net OPEB liability	\$ 599,000	\$525,000	\$ 464,000

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](http://www.psers.pa.gov).

Prior to year-end, a global pandemic due to the spread of the COVID-19 coronavirus caused the United States government to declare a national emergency. The pandemic has led to wide-spread voluntary and government-mandated closings of local entities and has had a significant and continuing impact on all aspects of the School’s operations. Due to the pandemic’s impact, the collection of the School’s source revenues from its participating member districts could be adversely affected.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 10 – 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 11 – Interfund Receivable/Payable

Interfund balances at June 30, 2021 consist of the following individual fund Receivables and Payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Food Service Fund	\$ 36,478	\$ 0
Food Service Fund:		
General Fund	0	36,478
	\$ 36,478	\$ 36,478

Note 12 – Operating Transfer In/Out

Operating transfer at June 30, 2021 consist of the following individual operating transfers in and out:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Capital Reserve Fund	\$ 0	\$ 89,977
Cafeteria Fund	0	45,000
Debt Service Fund	0	500
Cafeteria Fund:		
General Fund	45,000	0
Debt Service Fund		
General Fund	500	0
Capital Reserve Fund:		
General Fund	89,977	0
	\$135,477	\$ 135,477

Note 13 Subsequent Events

Pursuant to ASC 955, subsequent events were evaluated through March 1, 2022, which is the date the financial statements were available to be issued.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 14 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, 2022 and beyond. At this time, the District does not expect the new pronouncements to impact their financial statements. Most of these standards were delayed either one (1) year or eighteen (18) months after their original effective date by GASB Statement No. 95 *Postponement of the Effective Date of certain Authoritative Guidance*.

GASB No. 87 *Leases and Implementation Guide 2019-3* effective for fiscal years beginning after June 15, 2021. This standard would be effective for fiscal year ending June 30, 2022 for the School.

GASB No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period* effective for fiscal years beginning after December 15, 2020. This standard would be effective for fiscal year ending June 30, 2022 for the School.

GASB No. 91 *Conduit Debt Obligation* effective for fiscal years beginning after December 15, 2021. This standard would be effective for fiscal year ending June 30, 2022 for the School.

GASB No. 92 Omnibus 2020

a.) Intra-Entity Transfers of Assets paragraph 6 and Reporting Assets Accumulated for Defined Benefit Postemployment Benefits Provided through Plans That Are Not Administered through Trusts That Meet Specified Criteria paragraph 7 effective for fiscal years beginning after June 15, 2021. This standard would be effective for fiscal year ending June 30, 2022 for the School.

b.) Applicability of Certain Requirements of Statement 84 to Postemployment Benefit Arrangements paragraphs 8 and 9, Nonrecurring Fair Value Measurements paragraph 12 effective for reporting period beginning after June 15, 2021. This standard would be effective for fiscal year ending June 30, 2022 for the School.

c.) Exception to Acquisition Value in a Government Acquisition paragraph 10 effective for reporting period beginning after June 15, 2021. This standard would be effective for fiscal year ending June 30, 2022 for the School.

GASB No. 93 *Replacement of Interbank Offered Rates* except for paragraphs 13 and 14 which are effective for fiscal years beginning after June 15, 2021, all other paragraphs are effective for reporting period beginning after June 15, 2021. This standard would be effective for fiscal year ending June 30, 2022 for the School.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 14      New Accounting Pronouncements (Continued)

GASB No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* effective for fiscal years beginning after June 15, 2022. This standard would be effective for fiscal year ending June 30, 2023 for the School.

GASB No. 96 *Subscription-Based Information Technology Arrangements* effective for fiscal years beginning after June 15, 2022. This standard would be effective for fiscal year ending June 30, 2022 for the School.

GASB No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84 and a Supersession of GASB Statement No. 32* effective for fiscal years beginning after June 15, 2021. This standard would be effective for fiscal year ending June 30, 2022 for the School

GASB No. 98 *The Annual Comprehensive Financial Report* effective for fiscal year ending December 15, 2021. The standard would be effective from fiscal year ending June 30, 2022 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, 2021

	BUDGET ORIGINAL & FINAL	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH BUDGET
REVENUE			
Local Sources	\$ 5,061,977	\$ 4,671,586	\$ (390,391)
State Sources	1,708,048	2,145,242	437,194
Federal Sources	<u>1,155,000</u>	<u>1,254,088</u>	<u>99,088</u>
TOTAL REVENUE	<u>\$ 7,925,025</u>	<u>\$ 8,070,916</u>	<u>\$ 145,891</u>
EXPENDITURES			
Instruction			
Vocational Education Programs	\$ 3,580,585	\$ 3,770,559	\$ (189,974)
Adult Education Programs	<u>1,022,403</u>	<u>1,107,366</u>	<u>(84,963)</u>
TOTAL INSTRUCTIONAL EXPENDITURES	<u>\$ 4,602,988</u>	<u>\$ 4,877,925</u>	<u>\$ (274,937)</u>
Support Services			
Guidance	\$ 325,999	\$ 309,743	\$ 16,256
Instructional Support	303,071	309,415	(6,344)
Administrative Services	933,306	760,276	173,030
Pupil Health Services	79,742	80,814	(1,072)
Business Services	383,263	387,667	(4,404)
Operation & Maintenance of Plant Services	1,086,083	1,135,332	(49,249)
Other Administrative	<u>97,934</u>	<u>39,116</u>	<u>58,818</u>
TOTAL SUPPORT SERVICES	<u>\$ 3,209,398</u>	<u>\$ 3,022,363</u>	<u>\$ 187,035</u>
Other Expenditures			
Debt Service	<u>\$ 37,900</u>	<u>\$ 35,151</u>	<u>\$ 2,749</u>
TOTAL OTHER EXPENDITURES	<u>\$ 37,900</u>	<u>\$ 35,151</u>	<u>\$ 2,749</u>
TOTAL EXPENDITURES	<u>\$ 7,850,286</u>	<u>\$ 7,935,439</u>	<u>\$ (85,153)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 74,739</u>	<u>\$ 135,477</u>	<u>\$ 60,738</u>
Other Financing Uses			
Operating Transfer Out	<u>\$ 0</u>	<u>\$ 135,477</u>	<u>\$ 135,477</u>
TOTAL OTHER FINANCING USES	<u>\$ 0</u>	<u>\$ 135,477</u>	<u>\$ 135,477</u>
Excess of Expenditures and Other Financing Uses over Revenues	\$ 74,739	\$ 0	\$ (74,739)
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 74,739</u>	<u>\$ 0</u>	<u>\$ (74,739)</u>

"See Accompanying Independent Auditors' Report"



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 (UNAUDITED)  
 FOR THE YEAR ENDED JUNE 30, 2021

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-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-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, 2021

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, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB liability</b>				
Net change during year				
- Service Cost	\$ 78,510	\$ 82,374	\$ 77,365	\$ 77,249
- Interest	31,122	31,300	34,698	34,988
- Differences between expected and actual experience	0	17,014	0	0
- Changes of benefit terms	0	0	0	0
- Changes of assumptions or other inputs	31,682	(113,422)	12,713	18,929
- Benefit payments	(81,627)	(57,895)	(77,655)	(91,789)
- Net change in total OPEB liability	\$ 59,687	\$ (40,629)	\$ 47,121	\$ 39,377
Total OPEB liability - beginning of year	1,132,325	1,172,954	1,125,833	1,086,456
Total OPEB liability - end of year	<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	\$ 2,949,773	\$ 3,070,998	\$ 2,485,739	\$ 2,608,426
Total OPEB liability as a percentage of covered employee payroll	40.41%	36.87%	47.19%	43.16%
Discount rate assumption:				
Beginning of year	2.66%	2.79%	2.98%	3.13%
End of year	2.18%	2.66%	2.79%	2.98%

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 (UNAUDITED)  
 FOR THE YEAR ENDED JUNE 30, 2021

Schedule of Components of OPEB Expense for Fiscal Year Ended June 30, 2021

	<u>Measurement</u>	<u>period ending</u>	<u>Notes</u>
	<u>June 30, 2021</u>		
Total OPEB expense			
Net change during year			
- Service Cost	\$ 78,510		a
- Interest on the total OPEB liability	31,122		a
- Differences between expected and actual experience	2,239		b
- Changes of benefit terms	0		c
- Changes of assumptions or other inputs	<u>(5,833)</u>		d
Total OPEB expense	<u>\$ 106,038</u>		

Notes to Schedule:

- a. The measurement period used for fiscal year ending June 30, 2021 is June 30, 2020 through June 30, 2021. The assumed discount rate was 2.66% at the beginning of the measurement period and 2.18% at the end of the measurement period.
  
- b. Total OPEB liability calculated as of July 1, 2019 is rolled forward to June 30, 2021 using standard actuarial techniques. As a result, there are no differences between expected and actual demographic experience after the July 1, 2019 Actuarial Valuation Report. See Note 9 for a description of the amortization method.
  
- c. There were no changes in benefit terms during the measurement period ending June 30, 2021.
  
- d. The discount rate changed as noted in (a) above, and described in Note 9. The liability change is recognized in OPEB expense using a straight-line amortization over the average expected future service for all plan participants, as described in Note 9.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 (UNAUDITED)  
 FOR THE YEAR ENDED JUNE 30, 2021

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-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-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, 2021

	DEBT SERVICE	STUDENT ACTIVITY	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash	\$ 0	\$ 88,659	\$ 88,659
Restricted Assets:			
Cash	167	0	167
TOTAL ASSETS	\$ 167	\$ 88,659	\$ 88,826
FUND BALANCE			
Restricted	\$ 167	\$ 88,659	\$ 88,826
TOTAL FUND BALANCE	\$ 167	\$ 88,659	\$ 88,826
TOTAL LIABILITIES AND FUND BALANCES	\$ 167	\$ 88,659	\$ 88,826

"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, 2021

	DEBT SERVICE	STUDENT ACTIVITIES	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES			
Local Sources	\$ 1,248,272	\$ 33,348	\$ 1,281,620
 TOTAL REVENUES	 \$ 1,248,272	 \$ 33,348	 \$ 1,281,620
EXPENDITURES			
SUPPORT SERVICES			
Other Administration Services	\$ 500	\$ 0	\$ 500
 TOTAL SUPPORT SERVICES	 \$ 500	 \$ 0	 \$ 500
OPERATION OF NON-INSTRUCTIONAL SERVICES			
School Sponsored Activities	\$ 0	\$ 18,679	\$ 18,679
 TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES	 \$ 0	 \$ 18,679	 \$ 18,679
DEBT SERVICES			
Debt Service	\$ 1,248,267	\$ 0	\$ 1,248,267
 TOTAL DEBT SERVICE	 \$ 1,248,267	 \$ 0	 \$ 1,248,267
 TOTAL EXPENDITURES	 \$ 1,248,767	 \$ 18,679	 \$ 1,267,446
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (495)	\$ 14,669	\$ 14,174
OTHER FINANCING SOURCES(USES)			
Operating Transfers In	\$ 500	\$ 0	\$ 500
 TOTAL OTHER FINANCING SOURCES	 \$ 500	 \$ 0	 \$ 500
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 5	\$ 14,669	\$ 14,674
Fund Balance, July 1, 2020 As Restated	<u>162</u>	<u>73,990</u>	<u>74,152</u>
FUND BALANCE, JUNE 30, 2021	<u>\$ 167</u>	<u>\$ 88,659</u>	<u>\$ 88,826</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, 2021

REVENUES AND OTHER FINANCING SOURCES

Local Sources:

Interest Income	\$ <u>74</u>	
Total Revenue, Local Sources		\$ 74

Other Financing Sources:

Operating Transfer from General Fund	\$ <u>89,977</u>	
Total Revenue, Other Financing Sources		<u>89,977</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ <u>90,051</u>
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EXPENDITURES

Equipment Purchases, Home Economics	\$ 475	
Equipment Purchases, Trade & Industrial Programs	1,375	
Equipment Purchase, Operation & Maintenance of Plant Services	<u>114,846</u>	
TOTAL EXPENDITURES		\$ <u>116,696</u>

REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES		\$ (26,645)
--	--	-------------

Reserve For Capital Improvements, Beginning of Year		<u>747,620</u>
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RESERVE FOR CAPITAL IMPROVEMENTS, END OF YEAR		<u><u>720,975</u></u>
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"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, 2021

SRC.	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, 2020	REVENUE RECOG- NIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2021
U.S. DEPARTMENT OF EDUCATION									
STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER									
D	84.007	N/A	07/01/2020 - 06/30/2021	\$ 0	\$ 10,000	\$ 0	\$ 10,000	\$ 10,000 (6)	\$ 0
D	84.063	N/A	07/01/2020 - 06/30/2021	0	252,656	145	252,516	252,516 (6)	5
D	84.268	N/A	07/01/2020 - 06/30/2021	0	420,011	0	420,011	420,011	0
				\$ 0	\$ 682,667	\$ 145	\$ 682,527	\$ 682,527	\$ 5
TOTAL STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER									
U.S. DEPARTMENT OF EDUCATION									
Higher Education Emergency Relief Fund - Student Aid Portion (CARES Act)									
D	84.425E	N/A	05/12/2020 - 05/11/2022	\$ 413,922	\$ 87,650	\$ 0	\$ 87,650	\$ 87,650 (1)	\$ 0
D	84.425F	N/A	05/12/2020 - 01/27/2022	514,600	106,781	0	106,781	106,781 (1)	0
U.S. DEPARTMENT OF EDUCATION									
Passed Through the Pennsylvania Department of Education: Secondary Vocational Instruction									
I	84.048	380-210004	07/01/2020 - 06/30/2021	485,473	485,473	0	485,473	485,473	0
I	84.425C	354-210043	08/13/2020 - 06/30/2021	171,266	171,266	0	171,266	171,266 (1)	0
Governor's Emergency Education Relief Fund - Continuity of Education Grant									
I	84.126	PO1568216	07/01/2020 - 06/30/2021	5,500	5,500	0	5,500	5,500	0
				\$ 1,590,761	\$ 1,539,337	\$ 145	\$ 1,539,197	\$ 1,539,197	\$ 5
TOTAL DEPARTMENT OF EDUCATION									
U.S. DEPARTMENT OF TREASURY									
Passed Through the Pennsylvania Commission on Crime and Delinquency: COVID Relief Fund School Safety & Security Program									
I	21.019	N/A	06/14/2020 - 06/14/2021	\$ 90,000	\$ 83,935	\$ 0	\$ 83,935	\$ 83,935	\$ 0
				\$ 90,000	\$ 83,935	\$ 0	\$ 83,935	\$ 83,935	\$ 0
TOTAL DEPARTMENT OF TREASURY									
U.S. DEPARTMENT OF AGRICULTURE									
CHILD NUTRITION CLUSTER									
Passed Through the Pennsylvania Department of Education: National School Breakfast Program National School Lunch Program									
I	10.553	N/A	07/01/2020 - 06/30/2021	N/A	\$ 7,460	\$ 2,074	\$ 6,593	\$ 6,593	\$ 1,207
I	10.555	N/A	07/01/2020 - 06/30/2021	N/A	34,144	9,512	33,262	33,262	8,630
Passed Through the Pennsylvania Department of Agriculture: National School Lunch Program									
I	10.555	N/A	07/01/2020 - 06/30/2021	N/A	6,830 (2)	(3,104) (3)	5,107	5,107 (4)	(4,827) (5)
				N/A	\$ 48,434	\$ 8,482	\$ 44,962	\$ 44,962	\$ 5,010
TOTAL DEPARTMENT OF AGRICULTURE AND CHILD NUTRITION CLUSTER									

"See Accompanying Independent Auditors' Report."



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2020	REVENUE RECOGNIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2021
	Passed Through the Pennsylvania Department of Labor and Industry:								
I	17.245	TAA-0116-17	03/09/2020 - 06/30/2021	\$ 16,050	\$ 2,745	\$ 0	\$ 2,745	\$ 2,745	\$ 0
I	17.245	TAA-0116-17	03/09/2020 - 06/30/2021	16,160	11,918	0	11,918	11,918	0
I	17.245	TAA-0116-17	03/09/2020 - 06/30/2021	16,350	11,835	0	11,835	11,835	0
I	17.245	TAA-0116-17	08/28/2019 - 12/31/2020	16,135	3,768	0	3,768	3,768	0
I	17.245	TAA-0116-17	08/28/2019 - 12/31/2020	15,360	3,970	0	3,970	3,970	0
I	17.245	TAA-0116-17	03/09/2020 - 06/30/2021	16,100	11,965	0	11,965	11,965	0
				\$ 96,155	\$ 46,201	\$ 0	\$ 46,201	\$ 46,201	\$ 0
				\$ 277,655	\$ 135,282	\$ 0	\$ 135,282	\$ 135,282	\$ 0
	TOTAL DEPARTMENT OF LABOR								
	U.S. DEPARTMENT OF VETERANS AFFAIRS								
I	64.028	N/A	N/A	\$ 8,080	\$ 8,080	\$ 0	\$ 8,080	\$ 8,080	\$ 0
I	64.028	N/A	07/01/2019 - 06/30/2020	N/A	48	0	48	48	0
				\$ 8,080	\$ 8,128	\$ 0	\$ 8,128	\$ 8,128	\$ 0
				\$ 1,966,496	\$ 1,815,116	\$ 8,627	\$ 1,811,504	\$ 1,811,504	\$ 5,015
	TOTAL FEDERAL ASSISTANCE								

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR-ENDED JUNE 30, 2021

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		EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2021
						REVENUE AT JULY 1, 2020	REVENUE RECOG- NIZED		
		N/A	07/01/2020 - 06/30/2021	N/A	\$ 1,707	\$ 485	\$ 1,616	\$ 1,616	\$ 394
					\$ 1,707	\$ 485	\$ 1,616	\$ 1,616	\$ 394
					\$ 1,707	\$ 485	\$ 1,616	\$ 1,616	\$ 394

PENNSYLVANIA DEPARTMENT OF EDUCATION  
 School Lunch Program

TOTAL SCHOOL LUNCH PROGRAM FROM PENNSYLVANIA DEPARTMENT OF EDUCATION

TOTAL PENNSYLVANIA ASSISTANCE

FOOTNOTES:

(1) Identification of 20% rule:  
 Total Federal Expenditures; \$ 1,811,504

x 20%  
\$ 362,301

Programs selected for test:

Education Stabilization Fund, CFDA #84.425  
365,697  
 \$ 365,697 / 1,811,504 = 20.19%

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

(3) Beginning inventory at July 1, 2020

(4) Total amount of commodities used.

(5) Ending inventory at June 30, 2021

(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, 2021. 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, 2021.

ROBERT ROSSI & CO.  
CERTIFIED PUBLIC ACCOUNTANTS

ROBERT L. ROSSI, C.P.A.  
ROBERT T. ARVONIO, C.P.A.  
PETER D. ARVONIO, JR., C.P.A.  
ROBERT A. HANIS, C.P.A.

299 MAIN ST. 2<sup>ND</sup> FL  
OLYPHANT, PA 18447-2326  
TEL. (570) 876-2300 - FAX (570) 876-5153  
Website: www.rcco.net

SALVATORE A. NOLE, JR., C.P.A.  
JOSEPH E. ROSSI, C.P.A.  
SEAN J. GRASSI, C.P.A.  
RALPH R. MORRIS, III, C.P.A.  
PETER C. ARVONIO, III, C.P.A.

**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 1, 2022

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, 2021, 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 1, 2022.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. However, material weaknesses may exist that have not been identified.

### **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.

Robert Rossi & Co

ROBERT ROSSI & CO.  
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ROBERT L. ROSSI, C.P.A.  
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PETER D. ARVONIO, JR., C.P.A.  
ROBERT A. HANIS, C.P.A.

299 MAIN ST. 2<sup>ND</sup> FL  
OLYPHANT, PA 18447-2326  
TEL. (570) 876-2300 - FAX (570) 876-5153  
Website: www.rroco.net

SALVATORE A. NOLE, JR., C.P.A.  
JOSEPH E. ROSSI, C.P.A.  
SEAN J. GRASSI, C.P.A.  
RALPH R. MORRIS, III, C.P.A.  
PETER C. ARVONIO, III, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

March 1, 2022

Joint Operating Committee  
Career Technology Center of  
Lackawanna County

**Report on Compliance for Each Major Federal Program**

We have audited Career Technology Center of Lackawanna County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Career Technology Center of Lackawanna County's major federal programs for the year ended June 30, 2021. Career Technology Center of Lackawanna County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions to its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Career Technology Center of Lackawanna County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the Federal Awards* (Uniform Guidance), and require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Career Technology Center of Lackawanna County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Career Technology Center of Lackawanna County's compliance.



## Opinion on Each Major Federal Program

In our opinion, Career Technology Center of Lackawanna County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

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

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

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

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

Robert Rossi & Co

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021

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 – Student Aid Portion CFDA #84.425E
    - (2) Higher Education Emergency Relief Fund – Institutional Portion CFDA #84.425F
    - (3) Governor's Emergency Education Relief Fund – Continuity of Education Grant CFDA #84.425C
- (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 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

Section 3- Findings and questioned costs for Federal Awards as defined in Section 310 (A) of OMB Circular A-133.

None

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND INTERNAL CONTROL WEAKNESSES

NONE