

**CAREER TECHNOLOGY CENTER OF
LACKAWANNA COUNTY
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2020**

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES
AND SINGLE AUDIT ATTACHMENTS
YEAR ENDED JUNE 30, 2020

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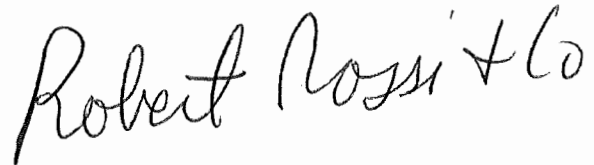
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February 26, 2021

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, 2020 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.



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INDEPENDENT AUDITORS' REPORT

February 26, 2021

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, 2020, 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, 2020 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.

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 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 non-major fund financial statement is 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.

Other Information (Continued)

The 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 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 February 26, 2021, 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.

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

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2020

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, 2020. This discussion and analysis are intended to provide a narrative summary of the financial performance of the CTC as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of CTC's financial performance.

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

OVERVIEW OF THE SCHOOL

The Career Technology Center of Lackawanna County is a joint venture of eight public school districts in Lackawanna County, Pennsylvania organized under the Public-School Code of Pennsylvania. The school provides career and technical training programs for high school students who are residents of participating school districts, non-participating school districts on a tuition basis, and adults enrolled in various Continuing Education programs operated at the facility. CTC is located within the City of Scranton and is governed by its Joint Operating Committee consisting of one member from each of eight participating member school districts. The participating districts include Carbondale Area, Dunmore, Forest City Regional, Mid Valley, Lakeland, North Pocono, Scranton City and Valley View. The school also trains students from non-participating school districts which include Abington Heights, 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 decreased by \$230,895 as a result of this year's operations. The net position of our Governmental activities decreased by \$ 221,709 and the net position of our business type activities decreased by \$9,186. The largest source of revenue comes from the school districts to support the secondary education programs and totaled \$5,426,002 for 2019-2020, a decrease of \$191,625 from 2018-2019. 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.

Capital Project Fund-The CTC operated a Capital Projects Fund for the purpose of funding the CTC renovation project. The revenue from the fund was derived from the CTC 2012 Bond issue and funded the CTC construction project. Estimated cost of the project was \$18.1 million and included a total renovation of the school. Payments to the contractors were made from this account, which was under control of the trustee, Community Bank (First Liberty Bank) after application was made to the State Public Building Authority. The project has been completed. Any remaining funds were transferred to the Debt Service Fund in June 2020.

Debt Service Fund-The CTC Debt Service Fund is a fund required by our 2012 CTC Bond Issue agreement. Revenue from the fund is derived from the debt service payments made by eight participating school districts of the Joint Operating Committee. These payments were set to be made to the fund semi-annually before February 15 and August 15 of each year through 2032 to Community Bank (First Liberty Bank), the bond trustee. The trustee makes payments to the bond holders on February 15 and August 15 of each year through 2032. In June 2020, the bond was refinanced through the Waverly Township Municipal Authority for \$11.5 million. The trustee for the refinanced bond is Fidelity Deposit and Discount Bank. The payments will continue to be made to the bondholders in February and August each year through 2032.

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:

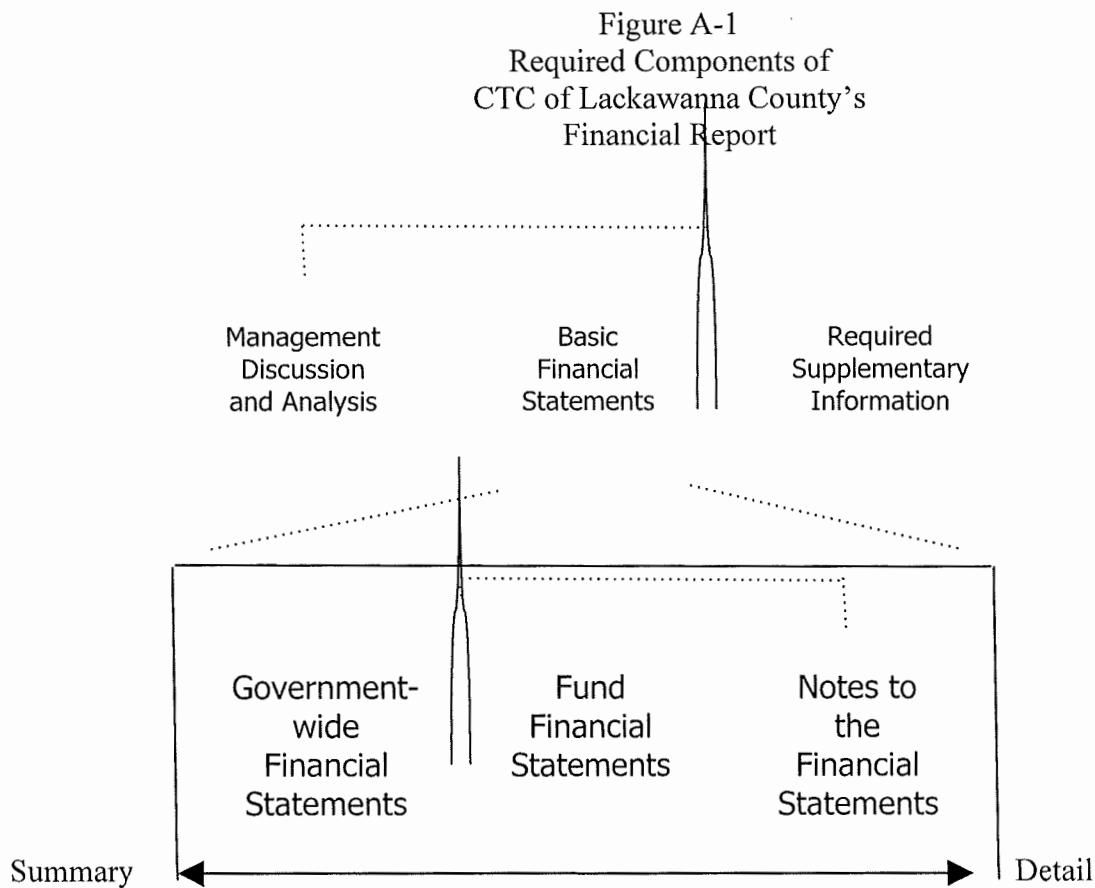


Figure A-2 summarizes the major features of CTC's financial statements, including the portion of CTC they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

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

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

Reporting the School as a Whole – Government Wide Statements

Statement of Net Position and the Statement of Activities

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

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

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

- *Governmental Activities* – Most of CTC's basic services are reported here, such as instruction, administration, support services, depreciation 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), the Capital Reserve Fund, and the Capital Projects Fund. The Debt Service Fund is considered to be a non-major fund.

- *Proprietary funds* – This fund account for CTC’s activities is similar to private sector business operations and focus on the determination of net income and financial position.

When CTC charges customers for services it provides – whether to outside customers or to other units in CTC – these services are generally reported in proprietary funds. CTC has the Food Service Fund as a proprietary fund, which is considered an enterprise funds. The information reported for this enterprise fund is the same information we report for the business-type activities reported in the government-wide statement. However, the fund level statements provide more detailed information on the enterprise funds, such as cash flows.

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

- *Fiduciary funds* - CTC is the trustee, or fiduciary, for some student activity funds. All of CTC’s fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from CTC's government-wide financial statement because CTC cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CTC AS A WHOLE

Table A-1
Fiscal Year Ending June 30, 2020
Net Assets

	Governmental Activities		Business Type Activities		Total Primary Government		% Chg
	2020	2019	2020	2019	2020	2019	
Current Assets	\$ 2,421,839	\$ 1,934,286	\$ 15,356	\$ 21,502	\$ 2,437,195	\$ 1,955,788	24.6%
Restricted Assets	1,617	153,443	0	0	1,617	153,443	-98.9%
Capital Assets	20,518,818	20,978,081	32,760	35,571	20,551,578	21,013,652	-2.2%
Total Assets	\$ 22,942,274	\$ 23,065,810	\$ 48,116	\$ 57,073	\$ 22,990,390	\$ 23,122,883	-0.6%
Deferred Outflow of Resources	\$ 2,030,329	\$ 2,244,862	\$ 0	\$ 0	\$ 2,030,329	\$ 2,244,862	-9.6%
Current Liabilities	\$ 2,668,216	\$ 2,210,215	\$ 287	\$ 58	\$ 2,668,503	\$ 2,210,273	20.7%
Restricted Liabilities	0	0	0	0	0	0	0.0%
Long Term Liabilities	25,123,308	25,999,075	0	0	25,123,308	25,999,075	-3.4%
Total Liabilities	\$ 27,791,524	\$ 28,209,290	\$ 287	\$ 58	\$ 27,791,811	\$ 28,209,348	-1.5%
Deferred Inflow of Resources	\$ 538,181	\$ 236,775	\$ 0	\$ 0	\$ 538,181	\$ 236,775	127.3%
Net Position							
Invested In Capital Assets	\$ 7,776,090	\$ 7,785,139	\$ 32,760	\$ 35,571	\$ 7,808,850	\$ 7,820,710	-0.2%
Restricted for Capital Repl	747,620	786,169	0	0	747,620	786,169	-4.9%
Restricted for Capital Project	0	16,045	0	0	0	16,045	-100.0%
Restricted for Debt Service	162	2,329	0	0	162	2,329	-93.0%
Unrestricted	(11,880,974)	(11,725,075)	15,069	21,444	(11,865,905)	(11,703,631)	1.4%
Total Net Position	\$ (3,357,102)	\$ (3,135,393)	\$ 47,829	\$ 57,015	\$ (3,309,273)	\$ (3,078,378)	7.5%

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, 2020
Changes in Net Position

	Governmental Activities		Business Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	\$ 962,027	\$ 993,715	\$ 24,953	\$ 35,742	\$ 986,980	\$ 1,029,457
Operating grants and contributions	1,535,697	1,380,474	155,680	184,491	1,691,377	1,564,965
Capital grants and contributions	174,080	58,293	0	0	174,080	58,293
General Revenues:						
State grants and subsidies	716,420	635,878	0	0	716,420	635,878
Investment earnings	18,799	32,143	323	629	19,122	32,772
Receipts From Member Districts AVTS	5,426,002	5,617,127	0	0	5,426,002	5,617,127
Rent of School Facilities	1,000	1,000	0	0	1,000	0
Refund of Prior Year Expenditures	243,801	55,640	0	0	243,801	0
Miscellaneous Income	53,931	102,440	0	0	53,931	102,440
Total Revenues	\$ 9,131,757	\$ 8,876,710	\$ 180,956	\$ 220,862	\$ 9,312,713	\$ 9,040,932
Expenses						
Instruction	\$ 4,646,232	\$ 4,437,204	\$ 0	\$ 0	\$ 4,646,232	\$ 4,437,204
Support services	3,126,370	3,028,489	0	0	3,126,370	3,028,489
Unallocated Depreciation	830,811	824,572	0	0	830,811	824,572
Refund Prior Year Revenue	135	0	0	0	0	0
Interest on Long Term Debt	388,435	416,867	0	0	388,435	416,867
Facility Acquisition, Construction, Improvement Services	9,000	0	0	0	0	0
Other Administrative	352,483	83,611	0	0	352,483	83,611
Food/Production services	0	0	190,142	209,127	190,142	209,127
Total Expenses	\$ 9,353,466	\$ 8,790,743	\$ 190,142	\$ 209,127	\$ 9,534,473	\$ 8,999,870
Increase (Decrease) in Net Assets Before Transfers	\$ (221,709)	\$ 85,967	\$ (9,186)	\$ 11,735	\$ (230,895)	\$ 97,702
Transfers	0	(10,358)	0	10,358	0	0
Increase (Decrease) in Net Assets	\$ (221,709)	\$ 75,609	\$ (9,186)	\$ 22,093	\$ (230,895)	\$ 97,702
Net Position Beginning	(3,135,393)	(3,211,002)	57,015	34,922	(3,078,378)	(3,176,080)
Net Position Ending	\$ (3,357,102)	\$ (3,135,393)	\$ 47,829	\$ 57,015	\$ (3,309,273)	\$ (3,078,378)

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 \$986,980 in 2019-2020 compared to \$1,029,457 in 2018-2019, contributions from non-member districts of \$313,996 in 2019-2020 compared to \$401,445 in 2018-2019, and operating grants and subsidies, the largest of which represents federal funding from the Carl D. Perkins Vocational and Technical Education grant totaling \$517,183 in 2019-2020 compared to \$415,752 in 2018-2019.

The largest source of general revenue for CTC consists of contributions from eight member districts of \$5,426,002. Included in the revenue figure is \$1,335,113, which represents the fourteenth and fifteenth payment on the CTC 2012 Bond Issue. The payment was made by eight participating districts to the Debt Service Account. The \$5,426,002 amount accounts for approximately 59% 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 \$716,420 for the State Vocational Subsidy for Secondary Programs. This is an increase of \$80,552 over the prior year of \$635,878.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As of June 30, 2020, CTC's General Fund reported a fund balance of \$539,495 which is shown as net in Due from Other Governmental Units in the Notes to Financial Statements.

In Government Activities, Instruction Expenses increased from \$4,437,204 in 2019 to \$4,646,232 while Support Services increased from \$3,028,489 in 2019 to \$3,126,370 in 2020.

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 \$141,296 over budget largely due to the receipt of an unbudgeted refund of prior year health care expenses in the amount of \$243,801, while total Expenditures in the General Fund were \$39,012 over budget due to a large increase in equipment costs for vocational education departments offsetting decreases in other areas.

Vocational Education Programs ended with a negative expenditure budgetary variance of \$170,866. The categories included in this total cover instructional costs for secondary students served by the CTC. Adult Education programs ended with a slight positive expenditure variance of \$204. Total Support Services showed a positive expenditure variance of \$129,036.

CAPITAL ASSETS

As of June 30, 2020, CTC had \$31,579,487 invested in capital assets compared to \$31,207,939 as of June 30, 2019.

Table A-3
Fiscal Year Ending June 30, 2020
Capital Assets– Net of Depreciation.

	<u>Total Assets</u>	<u>Accumulated Depreciation</u>	<u>Balance Net of Depreciation</u>
Governmental Activities			
Land	\$ 195,444	\$ 0	\$ 195,444
Land Improvements	124,447	37,021	87,426
Buildings	25,735,299	7,250,810	18,484,489
Fixtures and Equipment	<u>5,359,267</u>	<u>3,607,808</u>	<u>1,751,459</u>
Total Governmental Activities	<u>\$ 31,414,457</u>	<u>\$ 10,895,639</u>	<u>\$ 20,518,818</u>

	<u>Total Assets</u>	<u>Accumulated Depreciation</u>	<u>Balance Net of Depreciation</u>
Business Activities			
Fixtures and Equipment	<u>165,030</u>	<u>132,270</u>	<u>32,760</u>
Total Business Activities	<u>\$ 165,030</u>	<u>\$ 132,270</u>	<u>\$ 32,760</u>

LONG TERM DEBT

Summary of CTC Long Term Debt for the year ended June 30, 2020.

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Amortization (Accretion)</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Lease Revenue Bonds:						
Series of 2012	\$ 12,970,000	\$ 0	\$ 0	\$ 12,970,000	\$ 0	\$ 0
Series of 2020	0	11,475,000	0	0	11,475,000	955,000
Amortization / Accretion	138,917	1,225,353	(147,835)	0	1,216,435	0
Capitalized Lease	84,025	0	0	32,732	51,293	33,896
Compensated Absences	<u>265,053</u>	<u>24,239</u>	<u>0</u>	<u>0</u>	<u>289,292</u>	<u>0</u>
TOTALS	<u>\$ 13,457,995</u>	<u>\$ 12,724,592</u>	<u>\$ (147,835)</u>	<u>\$ 13,002,732</u>	<u>\$ 13,032,020</u>	<u>\$ 988,896</u>

CTC of Lackawanna County entered into a lease agreement with the State Public Building Authority (SPBA) as lessee in order to finance the planning and construction of a renovation project for the CTC Building project. Principal Amount on the bond was \$17,170,000, 1% to 5% aggregate principal amount. Interest was payable On February 15 and August 15 each year from 2013 through 2032. In June 2020, CTC and its JOC members entered into a lease agreement with Waverly Township Municipal Authority to refinance the 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 232. Detailed information on the bond issue can be found in Note 8 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND THE 2020-2021 BUDGET

CTC has a prepared General Fund Operating Budget for the next school year, or the fiscal year ending June 30, 2021. The total 2020-2021 General Operating Budget represents an increase of \$279,948 from the total 2019-2020 General Operating Budget. The member district's costs for 2020-2021 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 2020-2021 General Operating Budget represents a sincere effort of the Joint Operating Committee and the administrative staff to provide a quality program of career and technical education, and to demonstrate fiscal responsibility in an era of constrained resources.

CONTACTING THE CTC FINANCIAL MANAGEMENT

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

Respectfully submitted:

James McHale, Chief Financial Officer

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 1,858,100	\$ 24,287	\$ 1,882,387
State Subsidy Receivable	355,148	485	355,633
Federal Subsidy Receivable	145	11,586	11,731
Interfund Receivables	27,074	(27,074)	0
Inventory	0	6,072	6,072
Other Receivables	181,372	0	181,372
Restricted Assets			
Cash	1,617	0	1,617
Capital Assets:			
Land & Land Improvements	319,891	0	319,891
Buildings	25,735,299	0	25,735,299
Furniture and Equipment	5,359,267	165,030	5,524,297
Accumulated Depreciation	(10,895,639)	(132,270)	(11,027,909)
TOTAL ASSETS	\$ 22,942,274	\$ 48,116	\$ 22,990,390
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	\$ 1,671,559	\$ 0	\$ 1,671,559
Deferred Outflows Related to Other Post-Employment Benefits	103,047	0	103,047
Deferred Loss on Early Retirement of Debt	162,080		162,080
Prepaid Bond Insurance Cost	93,643	0	93,643
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 2,030,329	\$ 0	\$ 2,030,329

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Accrued Salary and Benefits	\$ 901,419	\$ 0	\$ 901,419
Accounts Payable	201,788	287	202,075
Intergovernmental Payable	523,035	0	523,035
Payroll Deductions Payable	34,749	0	34,749
Accrued Interest Expense	18,329		18,329
Current Portion Capitalized Lease Payable	33,896	0	33,896
Current Portion Lease Revenue Bonds Payable	955,000	0	955,000
Noncurrent Liabilities:			
Other Post-Employment Benefits	1,712,010	0	1,712,010
Pension Obligation Payable	11,368,174		11,368,174
Capitalized Lease Payable	17,397	0	17,397
Lease Revenue Bonds Payable	11,736,435		11,736,435
Accumulated Compensated Absences	289,292	0	289,292
TOTAL LIABILITIES	\$ 27,791,524	\$ 287	\$ 27,791,811
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	\$ 410,000	\$ 0	\$ 410,000
Deferred Inflows Related to Other Post-Employment Benefits	113,498	0	113,498
Unearned Revenue	14,683	0	14,683
TOTAL DEFERRED INFLOW OF RESOURCES	\$ 538,181	\$ 0	\$ 538,181
COMMITMENTS			
NET POSITION			
Investment in Capital Assets, Net of Related Debt	\$ 7,776,090	\$ 32,760	\$ 7,808,850
Restricted For:			
Reserve For Capital Replacement	747,620	0	747,620
Reserve For Debt Service	162	0	162
Unreserved	(11,880,974)	15,069	(11,865,905)
TOTAL NET POSITION	\$ (3,357,102)	\$ 47,829	\$ (3,309,273)

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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	TOTAL
Governmental Activities:							
Instruction:							
Vocational Education Programs	\$ 3,577,626	\$ 313,996	\$ 829,394	\$ 174,080	\$ (2,260,156)	\$ 0	\$ (2,260,156)
Adult Education Programs	1,068,606	648,031	267,464	0	(153,111)	0	(153,111)
TOTAL INSTRUCTIONAL EXPENDITURES	\$ 4,646,232	\$ 962,027	\$ 1,096,858	\$ 174,080	\$ (2,413,267)	\$ 0	\$ (2,413,267)
Support Services							
Guidance	\$ 334,553	\$ 0	\$ 45,624	\$ 0	\$ (288,929)	\$ 0	\$ (288,929)
Instructional Support	299,377	0	132,371	0	(167,006)	0	(167,006)
Administrative Services	951,933	0	122,284	0	(829,649)	0	(829,649)
Pupil Health Services	103,829	0	11,573	0	(92,256)	0	(92,256)
Business Services	409,908	0	46,354	0	(363,554)	0	(363,554)
Operation & Maintenance of Plant Services	1,026,770	0	74,568	0	(952,202)	0	(952,202)
TOTAL SUPPORT SERVICES	\$ 3,126,370	\$ 0	\$ 432,774	\$ 0	\$ (2,693,596)	\$ 0	\$ (2,693,596)
Other Expenditures							
Unallocated Depreciation	\$ 830,811	\$ 0	\$ 0	\$ 0	\$ (830,811)	\$ 0	\$ (830,811)
Refund of Prior Year Revenue	135	0	0	0	(135)	0	(135)
Facility Acquisition, Construction, Improvement Services	9,000	0	0	0	(9,000)	0	(9,000)
Interest on Long - Term Debt	388,435	0	0	0	(388,435)	0	(388,435)
Other Administrative	352,483	0	6,065	0	(346,418)	0	(346,418)
TOTAL SUPPORT SERVICES	\$ 1,580,864	\$ 0	\$ 6,065	\$ 0	\$ (1,574,799)	\$ 0	\$ (1,574,799)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 9,353,466	\$ 962,027	\$ 1,535,697	\$ 174,080	\$ (6,681,662)	\$ 0	\$ (6,681,662)
Business-Type Activities:							
Food Service	\$ 190,142	\$ 24,953	\$ 155,680	\$ 0	\$ 0	\$ (9,509)	\$ (9,509)
TOTAL PRIMARY GOVERNMENT	\$ 9,543,608	\$ 986,980	\$ 1,691,377	\$ 174,080	\$ (6,681,662)	\$ (9,509)	\$ (6,691,171)
General Revenues:							
Grants, Subsidies, and Contributions Not Restricted					\$ 716,420	\$ 0	\$ 716,420
Receipts From Member District - AVTS					5,426,002	0	5,426,002
Investment Earnings					18,799	323	19,122
Rent of School Facilities					1,000	0	1,000
Miscellaneous Income					53,931	0	53,931
Refund of Prior Year Expenditure					243,801	0	243,801
TOTAL GENERAL REVENUES, SPECIAL ITEMS, AND TRANSFERS					\$ 6,459,953	\$ 323	\$ 6,460,276
Change In Net Position					\$ (221,709)	\$ (9,186)	\$ (230,895)
Net Position - Beginning of Year					(3,135,393)	57,015	(3,078,378)
NET POSITION - END OF YEAR					\$ (3,357,102)	\$ 47,829	\$ (3,309,273)

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	GENERAL FUND	CAPITAL PROJECTS FUND	CAPITAL RESERVE FUND	NON-MAJOR FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	\$ 1,111,935	\$ 0	\$ 746,165	\$ 0	\$ 1,858,100
State Subsidy Receivable	355,148	0	0	0	355,148
Federal Subsidy Receivable	145	0	0	0	145
Interfund Receivables	27,074	0	0	0	27,074
Other Receivables	181,372	0	0	0	181,372
Restricted Assets:					
Cash	0	0	1,455	162	1,617
TOTAL ASSETS	\$ 1,675,674	\$ 0	\$ 747,620	\$ 162	\$ 2,423,456
LIABILITIES & FUND BALANCE					
Accrued Salary and Benefits	\$ 901,419	\$ 0	\$ 0	\$ 0	\$ 901,419
Accounts Payable	201,788	0	0	0	201,788
Intergovernmental Payable	523,035	0	0	0	523,035
Unearned Revenue	14,683	0	0	0	14,683
Payroll Deductions Payable	34,749	0	0	0	34,749
TOTAL LIABILITIES	\$ 1,675,674	\$ 0	\$ 0	\$ 0	\$ 1,675,674
FUND BALANCE					
Restricted For					
Capital Reserve Fund	\$ 0	\$ 0	\$ 747,620	\$ 0	747,620
Debt Service	0	0	0	162	162
TOTAL FUND BALANCE	\$ 0	\$ 0	\$ 747,620	\$ 162	\$ 747,782
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,675,674	\$ 0	\$ 747,620	\$ 162	\$ 2,423,456

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balance - Total Governmental Funds		\$ 747,782
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	\$ 31,414,457	
and the accumulated depreciation is	<u>(10,895,639)</u>	20,518,818
Governmental funds report the effects of bond insurance cost when the debt is first issued, whereas these amounts are deferred and amortized		
		93,643
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.		
		1,251,108
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, 2020 consist of		
Other post-employment benefits	\$ (1,712,010)	
Pension obligation payable	(11,368,174)	
Capitalized lease payable	(51,293)	
Lease revenue bonds payable	(12,691,435)	
Accrued interest expense	(18,329)	
Deferred loss on early retirement of debt	162,080	
Compensated absences	<u>(289,292)</u>	<u>(25,968,453)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (3,357,102)</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, 2020

	GENERAL FUND	CAPITAL PROJECTS FUND	CAPITAL RESERVE FUND	NON-MAJOR FUND	TOTAL GOVERNMENTAL FUNDS
REVENUE					
Local Sources	\$ 4,773,827	\$ 667	\$ 8,513	\$ 1,336,204	\$ 6,119,211
State Sources	1,852,327	0	0	0	1,852,327
Federal Sources	1,160,219	0	0	0	1,160,219
TOTAL REVENUE	\$ 7,786,373	\$ 667	\$ 8,513	\$ 1,336,204	\$ 9,131,757
EXPENDITURES					
Instruction					
Vocational Education Programs	\$ 3,602,156	\$ 0	\$ 17,255	\$ 0	\$ 3,619,411
Adult Education Programs	1,000,445	0	0	0	1,000,445
TOTAL INSTRUCTIONAL EXPENDITURES	\$ 4,602,601	\$ 0	\$ 17,255	\$ 0	\$ 4,619,856
Support Services					
Guidance	\$ 311,911	\$ 0	\$ 1,222	\$ 0	\$ 313,133
Instructional Support	301,827	0	0	0	301,827
Administrative Services	931,015	0	0	2,000	933,015
Pupil Health Services	76,248	0	0	0	76,248
Business Services	389,368	0	9,662	0	399,030
Operation & Maintenance of Plant Services	996,161	0	120,207	0	1,116,368
Other Administrative	39,672	0	0	279,270	318,942
TOTAL SUPPORT SERVICES	\$ 3,046,202	\$ 0	\$ 131,091	\$ 281,270	\$ 3,458,563
Other Expenditures					
Refund of Prior Year Revenues	\$ 135	\$ 0	\$ 0	\$ 0	\$ 135
Facility Acquisition, Construction, Improvement Services	0	9,000	0	0	9,000
Debt Service	35,151	0	0	1,335,113	1,370,264
TOTAL OTHER EXPENDITURES	\$ 35,286	\$ 9,000	\$ 0	\$ 1,335,113	\$ 1,379,399
TOTAL EXPENDITURES	\$ 7,684,089	\$ 9,000	\$ 148,346	\$ 1,616,383	\$ 9,457,818
EXCESS OF REVENUES (UNDER)/OVER EXPENDITURES	\$ 102,284	\$ (8,333)	\$ (139,833)	\$ (280,179)	\$ (326,061)
Other Financing Sources (Uses)					
Lease Revenue Bond Issued for Refunding Debt	\$ 0	\$ 0	\$ 0	\$ 11,475,000	\$ 11,475,000
Lease Revenue Bond Premium Received	0	0	0	1,225,353	1,225,353
Payment to Escrow for Refunding Debt	0	0	0	(12,431,053)	(12,431,053)
Operating Transfer In (Out)	(102,284)	(7,712)	101,284	8,712	0
TOTAL OTHER FINANCING SOURCES (USES)	\$ (102,284)	\$ (7,712)	\$ 101,284	\$ 278,012	\$ 269,300
Excess of Revenue and Other Financing Sources (Under)/Over Expenditures and Other Financing Uses	\$ 0	\$ (16,045)	\$ (38,549)	\$ (2,167)	\$ (56,761)
Fund Balance, Beginning of Year	0	16,045	786,169	2,329	804,543
FUND BALANCE, END OF YEAR	\$ 0	\$ 0	\$ 747,620	\$ 162	\$ 747,782

"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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (56,761)

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	\$ 371,548	
Depreciation	<u>(830,811)</u>	(459,263)

Certain member district revenues receivable that are not available soon enough to pay for the current period's expenditures are reported as unearned revenue. However, in the statement of activities, the revenue is recognized. (86,469)

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. 10,971

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	\$ (1,485,175)	
Pension Contributions	<u>1,129,559</u>	(355,616)

"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, 2020

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	\$ (77,954)	
Other Post-Employment Benefit Contributions	<u>28,366</u>	(49,588)

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:

Lease Revenue Bond Issued for Refunding Debt	\$ (11,475,000)	
Net Lease Revenue Bond Premium (Discount) Proceeds	(1,225,353)	
Bond Premium Accretion	147,835	
Lease Revenue Bond Principal Payments	795,000	
Lease Revenue Bond Principal Refunded	12,175,000	
Deferred Loss on Early Retirement of Debt	78,103	
Prepaid Bond Insurance Cost Paid During Year	93,974	
Prepaid Bond Insurance Cost Amortization	(7,247)	
Capitalized Lease Principal Payments	<u>32,732</u>	615,044

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.

184,212

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.

(24,239)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

\$ (221,709)

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 STATEMENT OF NET POSITION
 PROPRIETARY FUND - FOOD SERVICE FUND
 BUSINESS-TYPE ACTIVITIES
 JUNE 30, 2020

ASSETS

Cash	\$	24,287
State Subsidy Receivable		485
Federal Subsidy Receivable		11,586
Inventory		6,072
Capital Assets:		
Furniture And Equipment		165,030
Accumulated Depreciation		<u>(132,270)</u>

TOTAL ASSETS			\$ <u>75,190</u>
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LIABILITIES

Accounts Payable	\$	287
Interfund Payables		<u>27,074</u>

TOTAL LIABILITIES			\$ <u>27,361</u>
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NET POSITION

Investment in Capital Assets, Net of Related Debt	\$	32,760
Unreserved - Undesignated		<u>15,069</u>

TOTAL NET POSITION			\$ <u>47,829</u>
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"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, 2020

REVENUE		
Food Sales	\$	24,847
Other Food Service Revenue		<u>106</u>
 TOTAL REVENUE		 \$ 24,953
EXPENSES		
Food Costs	\$	78,863
Salaries and Wages		66,070
Employee Benefits		32,968
Contracted Services		8,514
Other Expenses		916
Depreciation Expense		<u>2,811</u>
 TOTAL EXPENSES		 <u>190,142</u>
NET OPERATING LOSS		\$ (165,189)
NON-OPERATING REVENUES		
Federal and State Subsidies	\$	146,376
Value of Donated Commodities		9,304
Interest Income		<u>323</u>
 TOTAL NON-OPERATING REVENUE		 <u>156,003</u>
NET INCOME (LOSS)		\$ (9,186)
Net Position at Beginning of Year		<u>57,015</u>
NET POSITION AT END OF YEAR		<u><u>\$ 47,829</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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received From Users	\$	25,182	
Cash Payments To Employees For Service		(66,070)	
Cash Payments To Suppliers For Goods And Services		<u>(99,353)</u>	
Net Cash Used In Operating Activities	\$		(140,241)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Federal and State Subsidies	\$	130,036	
Value of Donated Commodities		<u>9,304</u>	
Net Cash Provided By Non-Capital Financing Activities			139,340

CASH FLOW FROM INVESTING ACTIVITIES:

Earnings On Investments	\$	<u>323</u>	
Net Cash Used In Investing Activities			<u>323</u>

Net Decrease in Cash	\$		(578)
Cash at Beginning of Year			<u>24,865</u>
CASH AT END OF YEAR	\$		<u><u>24,287</u></u>

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

Operating Loss	\$		(165,189)
Adjustments to Reconcile Operating Loss To Net Cash Used In Operating Activities			
Depreciation			2,811
Donated Commodities			9,304
Changes in Assets and Liabilities			
(Increase)/Decrease in Inventory			(4,435)
Increase/(Decrease) In Accounts Payable			229
Increase/(Decrease) in Interfund Payables			<u>17,039</u>
Net Cash Used In Operating Activities	\$		<u><u>(140,241)</u></u>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUND - AGENCY FUND
JUNE 30, 2020

ASSETS

Cash \$ 73,990

TOTAL ASSETS \$ 73,990

LIABILITIES

Due To Specific Student Activity \$ 73,990

TOTAL LIABILITIES \$ 73,990

"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 Capital Project Fund, an unbudgeted fund, accounts for the planning and construction of the Schools 2012 Capital Building Project as described in Note 8. The School has classified this fund as a major fund. As of June 30, 2020, the project was completed, and remaining funds were transferred to the Debt Service 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.
3. Fiduciary Fund Type - The Student Activities Fund, an unbudgeted agency fund, is used to account for activities of student groups and other types of activities requiring clearing accounts. This fund has no equity, assets equal liabilities, and does not include revenues and expenditures for general operation of the School. Since the resources in the Fiduciary Funds cannot be used for school operations, they are not included in the Government-wide financial statements.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (Continued)

- 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.

- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (Continued)

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

Government-wide Statements

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

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

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

Fund Financial Statements

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

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

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (Continued)

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 20, 2019 at a duly advertised meeting.

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

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

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (Continued)

Equity Classifications:

Government-wide Statements

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

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

Fund Equity

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

- 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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 except for the Capital Project Fund described below 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.

Capital Project Custodial Credit Risk

In connection with the Career Technology Center of Lackawanna County Lease Revenue Bonds, Series of 2012 as discussed in Note 8, the Trust Indenture between the State Public School Building Authority (SPSBA) and Community Bank, National Association established a Project Fund into which shall be deposited the amount of proceeds from the sale of the Bonds for the purpose of paying the Cost of the Capital Project. The monies in the Project Fund are to be held by the Trustee in trust and secured and invested in securities meeting the requirement of clause (a), (b), or (c) of the definition of qualified Investments or secured as provided by law for trust deposits. After completion of the Capital Project funds shall be retained in or transferred to the Revenue Fund and credited against the payment obligations of the School under its Sublease agreement. As of June 30, 2020, the Capital Project was substantially completed, and the remaining funds were transferred to the Debt Service Fund.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Cash and Investments (Continued)

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

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

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

Note 3 - Federal and State Subsidy Receivable

Federal and State Subsidy Receivable at June 30, 2020 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, 2020.

	FEDERAL	STATE	TOTAL
GENERAL FUND:			
LPN Pell Grants	\$ 145	\$ 0	\$ 145
State Vocational Education	0	14,326	14,326
Retirement Subsidy	0	259,667	259,667
State Training Subsidy, LPN	0	9,607	9,607
Social Security Subsidy	0	71,548	71,548
Sub Total	\$ 145	\$ 355,148	\$ 355,293
FOOD SERVICE FUND:			
National School Lunch Program	\$ 11,586	\$ 485	\$ 12,071
TOTAL FEDERAL AND STATE SUBSIDY RECEIVABLE AT JUNE 30, 2020			
	\$ 11,731	\$ 355,633	\$ 367,364

Note 4 - Inventories

Inventories at June 30, 2020 are summarized as follows:

Food Service: Inventories at June 30, 2020 consist of the following:

Purchased Food	\$ 2,968
Donated Commodities	3,104
Total	\$ 6,072

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Governmental Activities				
Historical Cost				
Land	\$ 195,444	\$ 0	\$ 0	\$ 195,444
Construction In Progress	192,564	0	(192,564)	0
Total At Historical Cost Not Being Depreciated	<u>\$ 388,008</u>	<u>\$ 0</u>	<u>\$ (192,564)</u>	<u>\$ 195,444</u>
Site Improvements	\$ 124,447	\$ 0	\$ 0	\$ 124,447
Building & Improvements	25,520,218	215,081	0	25,735,299
Furniture & Equipment	5,010,236	349,031	0	5,359,267
Total At Historical Cost Being Depreciated	<u>\$ 30,654,901</u>	<u>\$ 564,112</u>	<u>\$ 0</u>	<u>\$ 31,219,013</u>
TOTAL HISTORICAL COST	<u>\$ 31,042,909</u>	<u>\$ 564,112</u>	<u>\$ (192,564)</u>	<u>\$ 31,414,457</u>
Less Accumulated Depreciation:				
Site Improvements	\$ (29,665)	\$ (7,356)	\$ 0	\$ (37,021)
Building & Improvements	(6,725,260)	(525,550)	0	(7,250,810)
Furniture & Equipment	(3,309,903)	(297,905)	0	(3,607,808)
TOTAL ACCUMULATED DEPRECIATION	<u>\$ (10,064,828)</u>	<u>\$ (830,811)</u>	<u>\$ 0</u>	<u>\$ (10,895,639)</u>
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS NET	<u>\$ 20,978,081</u>	<u>\$ (266,699)</u>	<u>\$ (192,564)</u>	<u>\$ 20,518,818</u>
Business Activities				
Historical Cost				
Machinery & Equipment	\$ 165,030	\$ 0	\$ 0	\$ 165,030
TOTAL HISTORICAL COST	<u>\$ 165,030</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 165,030</u>
Less Accumulated Depreciation:				
Machinery & Equipment	\$ (129,459)	\$ (2,811)	\$ 0	\$ (132,270)
TOTAL ACCUMULATED DEPRECIATION	<u>\$ (129,459)</u>	<u>\$ (2,811)</u>	<u>\$ 0</u>	<u>\$ (132,270)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 21,013,652</u>	<u>\$ (269,510)</u>	<u>\$ (192,564)</u>	<u>\$ 20,551,578</u>
Depreciation expense was charged to Governmental Activities as follows:				
		Unallocated		<u>\$ 830,811</u>
		Total Depreciation Expense		<u>\$ 830,811</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, 2020 based on the applicable per day rate. At June 30, 2020 aggregate liability for unused sick pay is \$289,292.

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, 2020 amounted to \$4,332,626 of which \$186,182 was due and reflected as a receivable at June 30, 2020 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, 2020 actual revenues exceeded actual expenditures in the amount of \$539,495 which is to be reimbursed to the member districts. For the fiscal year ended June 30, 2019, a balance of \$178,852 remained. Of that amount, \$100,000 has been retained to be reimbursed to the member districts as of June 30, 2020, which pursuant to the 2020-2021 budget will be used to reduce the member contributions. The remaining \$78,852 was subsequently transferred to the Capital Reserve Fund in November 2020.

For the year ended June 30, 2020, member district revenue was increased pursuant to board motion authorizing the transfer of \$101,284 to the Capital Reserve Fund from the June 2018 fund balance and \$110,000 to the general fund from the June 2018 fund balance.

At June 30, 2020, 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, 2020	\$ 186,182	\$ 9,130	\$ 195,312
Amount of Excess Actual Revenue Over Expenditures at June 30, 2019 Retained in General Fund to be Used to Reduce Member Contributions During 2020-2021 School Year			(100,000)
Amount of Excess Actual Revenue Over Expenditures at June 30, 2019 Subsequently Transferred to Capital Reserve Fund During 2020 - 2021 School Year			(78,852)
Amount of Excess Actual Revenue Over Expenditures at June 30, 2020 Due to School Districts Based on Actual Enrollment			(539,495)
Total Inter-Governmental Receivables/(Payable) at June 30, 2020			\$ (523,035)

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, 2020.

	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2021	\$	33,896	\$	1,255	\$	35,151
2022		<u>17,397</u>		<u>178</u>		<u>17,575</u>
Total Future Minimum Lease Payments		<u>\$ 51,293</u>		<u>\$ 1,433</u>		\$ 52,726
Amount Representing Interest						<u>(1,433)</u>
Present Value of Future Minimum Lease Payments						<u>\$ 51,293</u>
The Cost of the Asset						\$ 296,222
The Accumulated Depreciation through June 30, 2020						<u>(167,858)</u>
The Net Book Value						<u>\$ 128,364</u>

In October 2012, the School as owner and lessor entered into a lease agreement with the State Public School Building Authority (SPSBA) as lessee in order to finance the planning, construction, and purchase of the Capital Project and developed a plan of financing which included the following:

- a.) The leasing by the School to the SPSBA pursuant to the lease of the Premise and existing educational facilities, together with the Capital Projects collectively referred to as the leased property.
- b.) The issuance of Direct Placement State Public School Building Authority Career Technology Center of Lackawanna County Lease Revenue Bonds, Series of 2012 by the SPSBA in the principal amounts of \$ 17,170,000 to finance the cost of the Capital Project. The Bonds are to be secured under and pursuant to a Trust Indenture between the SPSBA and Community Bank National Association D/B/A First Liberty Bank & Trust, as Trustee, and the scheduled payments of the principal of and interest on such 2012 Bonds when due to be guaranteed by Assured Guaranty Municipal Corp.
- c.) The subleasing of the Leased Property by the SPSBA to the School and Participating Member Districts. Eight (8) out of nine (9) 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 SPSBA to the Trustee as security under the Indenture.
- d.) The proceeds of the sale of the 2012 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 SPSBA under the Lease to enable the School to carry out the Capital Project. All cost, expenses, and charges whatsoever arising in respect to the Leased Property after the payment of rent to the Trustee shall be the sole and complete responsibility of the School for the term of the lease.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 8 – Long Term Debt (Continued)

The SPSBA issued \$17,170,000, 1.0% to 5.0% aggregate principal amount, State Public School Building Authority, Career Technology Center of Lackawanna County Direct Placement Lease Revenue Bonds, Series of 2012. 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 2013 through 2032. Interest was payable on February 15 and August 15, beginning February 15, 2013. In June 2020, the Bonds were defeased pursuant to a refunding agreement with the Waverly Township Municipal Authority.

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 has developed a plan of financing (the “Financing Plan”) which will include 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.

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:

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 8 – Long Term Debt (Continued)

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, 2020.

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 955,000	\$ 293,267	\$ 1,248,267
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 - 2030	4,940,000	1,061,400	6,001,400
2031 - 2035	2,265,000	136,800	2,401,800
	<u>\$ 11,475,000</u>	<u>\$ 2,982,467</u>	<u>\$ 14,457,467</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, 2020.

	Balance July 1, 2020	Additions	Amortization (Accretion)	Retirements	Balance June 30, 2020	Due Within One Year
Lease Revenue Bonds:						
Series of 2012	\$ 12,970,000	\$ 0	\$ 0	\$ 12,970,000	\$ 0	\$ 0
Series of 2020	0	11,475,000	0	0	11,475,000	955,000
Amortization / Accretion	138,917	1,225,353	(147,835)	0	1,216,435	0
Capitalized Lease	84,025	0	0	32,732	51,293	33,896
Compensated Absences	265,053	24,239	0	0	289,292	0
TOTALS	<u>\$ 13,457,995</u>	<u>\$ 12,724,592</u>	<u>\$ (147,835)</u>	<u>\$ 13,002,732</u>	<u>\$ 13,032,020</u>	<u>\$ 988,896</u>

As a result of the current refunding of the Series of 2012 Bonds, the School decreased its total debt service requirements by \$1,554,583, which resulted in an Economic Gain in the amount of \$1,361,432.

The proceeds of the Bonds were deposited in the debt service fund as follows:

Bond Issue	\$11,475,000
Original Issue Premium	<u>1,225,353</u>
	<u>\$12,700,353</u>

Bond closing costs were incurred for the Series of 2020 Bonds in the amount of \$279,270 as follows:

Underwriter's Discount	\$ 91,800
Legal Fees	\$ 47,500
Bond Insurance	\$ 93,974
Rating Fees	\$ 25,000
Printing	\$ 8,000
Paying Agent Fees	\$ 3,000
Trustee Closing Fee	\$ 4,500
Authority Fee	\$ 5,000
Miscellaneous	\$ 496

In 2020, the School defeased its Series of 2012 bond issue through a refunding agreement. New debt has been issued and the proceeds have been used to purchase U.S. Government Securities. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability. These Bonds are scheduled to be paid off in August 2020.

As of June 30, 2020, the amount of defeased debt outstanding is as follows:

Lease Revenue Bonds, Series of 2012	\$ 12,175,000
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CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

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.

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.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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

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, 2020 was 33.36% of covered payroll, plus .09 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 \$1,129,559 for the year ended June 30, 2020.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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

At June 30, 2020, the District reported a liability of \$11,368,174 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. 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, 2019, the District’s proportion was .0243 percent which was an increase of .0001 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,485,175. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Changes in assumptions	\$ 109,000	\$ 0
Difference between expected and actual experience	63,000	377,000
Changes in proportions	370,000	33,000
Contributions subsequent to the measurement date	1,129,559	0
	\$ 1,671,559	\$ 410,000

\$1,129,559 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

2021	\$ 260,000
2022	(45,000)
2023	(102,000)
2024	19,000
2025	0
Thereafter	0
	\$ 132,000

Actuarial assumptions: The total pension liability as of June 30, 2019 was determined by rolling forward the System’s total pension liability as of the June 30, 2018 actuarial valuation to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

Change in assumptions used in measurement of the total pension liability beginning June 30, 2019.

- 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, 2019 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.6%
Fixed Income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLP'S	8.0%	5.5%
Real estate	10.0%	4.1%
Alternative investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	(20.0%)	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, 2019.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District’s proportionate share of the net pension liability	\$14,160,000	\$11,368,000	\$9,004,000

Pension plan fiduciary net position

Detailed information about PSERS’ fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System’s website at www.psers.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, 2020 was \$20,116.

The future minimum lease payments required as of June 30, 2020 under operating leases that have initial non-cancelable lease terms exceeding one year are as follows:

Year ended June 30:	
2021	\$ 19,788
2022	\$ 19,788
2023	\$ 19,788
2024	\$ 14,841
2025	\$ 0
Thereafter	\$ 0

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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	\$ 73,656
Payment of benefits made during school year	(11,168)
Change in present value of benefits	<u>197</u>
End of year net present value	<u>\$ 62,685</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.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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

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, 2020, 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 \$1,132,325 was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified.

General:

Reporting Date is June 30, 2020, the end of the employer's fiscal year.

Measurement Date is June 30, 2020.

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

Actuarial Valuation Date used for June 30, 2019 liability measurement is July 1, 2017.

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:

- 2.66% at June 30, 2020 measurement date
- 2.79% at June 30, 2019 measurement date

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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.

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 7.25% 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.

Changes in the total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 1,172,954
Changes for the year:	
Service Cost	\$ 82,374
Interest	31,300
Differences between expected and actual experience	17,014
Changes of benefit terms	0
Changes of assumptions or other benefits	(113,422)
Benefit payments	<u>(57,895)</u>
Net Changes	\$ <u>(40,629)</u>
Balance at June 30, 2020	<u>\$ 1,132,325</u>

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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 (1.66%) or 1 percentage point higher (3.66%) than the current discount rate:

	1% Decrease <u>1.66%</u>	Current Discount Rate <u>2.66%</u>	1% Increase <u>3.66%</u>
Total OPEB Liability	\$1,196,160	\$ 1,132,325	\$ 1,071,266

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 (6.25%) or 1 percentage point higher (8.25%) than the current healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current rates	1% Increase
Initial rate:	6.25%	7.25%	8.25%
Ultimate rate:	<u>3.00%</u>	<u>4.00%</u>	<u>5.00%</u>
Total OPEB Liability	\$ 1,034,924	\$ 1,132,325	\$ 1,246,328

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2020, the School recognized OPEB expense of \$105,965. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following services:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,775	\$ 0
Changes of assumptions or other inputs	<u>\$ 18,906</u>	<u>\$ 98,498</u>
Total	<u>\$ 33,681</u>	<u>\$ 98,498</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Outflows</u>	<u>Inflows</u>
2021	\$ 7,215	\$ 14,924
2022	\$ 7,215	\$ 14,924
2023	\$ 7,215	\$ 14,924
2024	\$ 6,217	\$ 14,924
2025	\$ 2,239	\$ 14,924
Thereafter	<u>\$ 3,580</u>	<u>\$ 23,878</u>
Total	<u>\$33,681</u>	<u>\$ 98,498</u>

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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 6/30/2020		Amount Recognized for FYE 6/30/2020
	Amount	Period	Period	Amount	
6/30/2020	\$ 17,014	7.6	6.6	\$ 14,775	\$ 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.

Fiscal Year Ending	Initial		Remaining at 6/30/2020		Amount Recognized for FYE 6/30/2020
	Amount	Period	Period	Amount	
6/30/2018	\$ 18,929	6.8	3.8	\$ 10,577	\$ 2,784
6/30/2019	\$ 12,713	5.8	3.8	\$ 8,329	\$ 2,192
6/30/2020	\$ (113,422)	7.6	6.6	\$ (98,498)	\$ (14,924)
				\$ (79,592)	\$ (9,948)

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, 2019, 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)

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

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

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

Benefits provided: Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

Employers Contributions: The school districts' contractually required contribution rate for the fiscal year ended June 30, 2019 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB Plan from the School were \$28,336 for the year ended June 30, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2020, the School reported a liability of \$517,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 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, 2018 to June 30, 2019. 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, 2020, the School's proportion was 0.0243 percent, which was an increase of 0.0001 from its proportion measured as of June 30, 2019.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

For the year ended June 30, 2020, the School recognized OPEB expense of \$29,884. At June 30, 2020, 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	\$ 3,000	\$ 0
Changes in assumptions	17,000	15,000
Net difference between projected and actual investment earnings	1,000	0
Changes in proportion	20,000	0
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the Measurement date	28,366	0
	\$ 69,366	\$ 15,000

\$28,366 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$ 4,000
2021	4,000
2022	4,000
2023	4,000
2024	7,000
Thereafter	3,000
	\$26,000

Actuarial Assumptions (PSERS):

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.79% - S & P 20 Year Municipal Bond Rate

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

- 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, 2017 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, 2016 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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	13.2%	.02%
US Core Fixed Income	83.1%	1.0%
Non-US Developed Fixed	<u>3.7%</u>	0.0%
	<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, 2019.

Discount rate: The discount rate used to measure the Total OPEB Liability was 2.79%. 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 2.79% which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates: Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, 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, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 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, 2019, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Dollar Amounts</u>		
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$2,126,515,000	\$2,126,842,000	\$2,127,106,000

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 9 – Commitments (Continued)

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 2.79%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage-point higher (3.79%) than the current rate:

	<u>1% Decrease</u> <u>1.79%</u>	<u>Current Discount Rate</u> <u>2.79%</u>	<u>1% Increase</u> <u>3.79%</u>
District's proportionate share of the net OPEB liability	\$ 589,000	\$517,000	\$ 457,000

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.

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.

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, 2020 consist of the following individual fund Receivables and Payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Food Service Fund	\$ 27,074	\$ 0
Food Service Fund:		
General Fund	<u>0</u>	<u>27,074</u>
	<u>\$ 27,074</u>	<u>\$ 27,074</u>

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 12 – Operating Transfer In/Out

Operating transfer at June 30, 2020 consist of the following individual operating transfers in and out:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Capital Reserve Fund	\$ 0	\$ 101,284
Debt Service Fund	0	1,000
Capital Project Fund		
Debt Service Fund	0	7,712
Debt Service Fund		
Capital Projects Fund	7,712	0
General Fund	1,000	0
Capital Reserve Fund:		
General Fund	<u>101,284</u>	<u>0</u>
	<u>\$109,996</u>	<u>\$ 109,996</u>

Note 13 Subsequent Events

Pursuant to ASC 955, subsequent events were evaluated through February 26, 2021, which is the date the financial statements were available to be issued.

Note 14 New Accounting Pronouncements

Statement No. 84 of the Governmental Accounting Standards Board Fiduciary Activities Issue: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 14 New Accounting Pronouncements (Continued)

the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Statement No. 84 will be effective for fiscal year ending June 30, 2021.

Statement No. 87 of the Governmental Accounting Standard Board Leases: Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments leasing activities. This Statement will increase the usefulness of government's financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2021. Earlier application is encouraged. Statement No. 87 will be effective for fiscal year ending June 30, 2022.

Statement No. 89 of the Governmental Accounting Standards Board Accounting for Interest Cost Incurred Before The End of A Construction Period: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. Statement No. 89 will be effective for fiscal year ending June 30, 2022.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 14 New Accounting Pronouncements (Continued)

Statement No. 90 of the Governmental Accounting Standard Board Majority Equity Interests amends previously issued Statements Nos. 14 and 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. Statement No. 90 will be effective for fiscal year ending June 30, 2021.

Statement No. 91 of the Governmental Accounting Standards Board, Conduit Debt Obligations: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 14 New Accounting Pronouncements (Continued)

service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. Statement No. 91 will be effective for its fiscal year ending June 30, 2023.

Statement No. 94 of the Governmental Accounting Standards Board, Public-Private and Public-Public Partnerships and Availability Payment Arrangements: The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged. Statement No. 94 will be effective for fiscal year ending June 30, 2023.

Statement No. 95 of the Governmental Accounting Standards Board, Postponement of the Effective Dates of Certain Authoritative Guidance: The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished 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.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 14 New Accounting Pronouncements (Continued)

- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

Statement No. 96 of the Governmental Accounting Standards Board, Subscription-Based Information Technology Arrangements: This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 14 New Accounting Pronouncements (Continued)

incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Statement No. 97 of the Governmental Accounting Standards Board, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32: The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively. This Statement also (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 14 New Accounting Pronouncements (Continued)

as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

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, 2020

	BUDGET ORIGINAL & FINAL	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH BUDGET
REVENUE			
Local Sources	\$ 5,177,422	\$ 4,773,827	\$ (403,595)
State Sources	1,580,007	1,852,327	272,320
Federal Sources	<u>887,648</u>	<u>1,160,219</u>	<u>272,571</u>
TOTAL REVENUE	<u>\$ 7,645,077</u>	<u>\$ 7,786,373</u>	<u>\$ 141,296</u>
EXPENDITURES			
Instruction			
Vocational Education Programs	\$ 3,431,290	\$ 3,602,156	\$ (170,866)
Adult Education Programs	<u>1,000,649</u>	<u>1,000,445</u>	<u>204</u>
TOTAL INSTRUCTIONAL EXPENDITURES	<u>\$ 4,431,939</u>	<u>\$ 4,602,601</u>	<u>\$ (170,662)</u>
Support Services			
Guidance	\$ 310,397	\$ 311,911	\$ (1,514)
Instructional Support	311,613	301,827	9,786
Administrative Services	904,089	931,015	(26,926)
Pupil Health Services	77,799	76,248	1,551
Business Services	358,356	389,368	(31,012)
Operation & Maintenance of Plant Services	1,110,932	996,161	114,771
Other Administrative	<u>102,052</u>	<u>39,672</u>	<u>62,380</u>
TOTAL SUPPORT SERVICES	<u>\$ 3,175,238</u>	<u>\$ 3,046,202</u>	<u>\$ 129,036</u>
Other Expenditures			
Refund of Prior Year Revenue	\$ 0	\$ 135	\$ (135)
Debt Service	<u>37,900</u>	<u>35,151</u>	<u>2,749</u>
TOTAL OTHER EXPENDITURES	<u>\$ 37,900</u>	<u>\$ 35,286</u>	<u>\$ 2,614</u>
TOTAL EXPENDITURES	<u>\$ 7,645,077</u>	<u>\$ 7,684,089</u>	<u>\$ (39,012)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 0</u>	<u>\$ 102,284</u>	<u>\$ 102,284</u>
Other Financing Uses			
Operating Transfer Out	\$ 0	\$ 102,284	\$ 102,284
TOTAL OTHER FINANCING USES	<u>\$ 0</u>	<u>\$ 102,284</u>	<u>\$ 102,284</u>
Excess of Expenditures and Other Financing Uses over Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2020

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-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-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, 2020

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

Schedule of Components of OPEB Expense for Fiscal Year Ended June 30, 2020

	<u>Measurement</u>	<u>period ending</u>	<u>Notes</u>
	June 30, 2020		
Total OPEB expense			
Net change during year			
- Service Cost	\$ 82,374		a
- Interest on the total OPEB liability	31,300		a
- Differences between expected and actual experience	2,239		b
- Changes of benefit terms	0		c
- Changes of assumptions or other inputs	(9,948)		d
Total OPEB expense	<u>\$ 105,965</u>		

Notes to Schedule:

- a. The measurement period used for fiscal year ending June 30, 2020 is June 30, 2019 through June 30, 2020. The assumed discount rate was 2.79% at the beginning of the measurement period and 2.66% at the end of the measurement period.

- b. Total OPEB liability calculated as of July 1, 2019 is rolled forward to June 30, 2020 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, 2020.

- 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, 2020

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-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-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 - STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUND - AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2020

ADDITIONS:

Activity Revenues		
Supplemental Schedule II	\$	70,995
Interest Income		<u>697</u>
TOTAL ADDITIONS	\$	71,692

DEDUCTIONS:

Activity Expenditures		
Supplemental Schedule II	\$	<u>36,814</u>
TOTAL DEDUCTIONS		<u>36,814</u>

DEFICIENCY OF ADDITIONS UNDER DEDUCTIONS		\$ <u><u>34,878</u></u>
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"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 SUPPLEMENTAL SCHEDULE II - STATEMENT OF ADDITIONS AND DEDUCTIONS
 CLASSES AND CLUBS
 FOR THE YEAR ENDED JUNE 30, 2020

CLUB NAME OR ACTIVITY	REVENUES	INTER-CLUB TRANSFERS IN	INTER-CLUB TRANSFERS OUT	EXPENDITURES
Ambassador	\$ 791	\$ 0	\$ 0	\$ 610
Auto Technology	1,644	0	0	1,530
Carpentry	175	0	0	0
Commercial Art	150	0	0	50
Computer Information Technology	2,507	0	0	2,006
Cosmetology	3,115	0	0	2,567
Culinary Arts	1,108	0	0	0
Electricity	0	0	0	641
Graphic Communication	467	0	0	242
Health Occupations	10,845	0	0	5,505
LPN	38,795	0	0	16,275
Service Occupation	2,497	0	0	1,778
Scholarship	100	0	0	850
Skills USA	6,726	0	0	4,760
Student Assessment	2,000	0	0	0
Welding	75	0	0	0
	<u>\$ 70,995</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,814</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, 2020

REVENUES AND OTHER FINANCING SOURCES

Local Sources:

Interest Income	\$ <u>8,513</u>	
Total Revenue, Local Sources		\$ 8,513

Other Financing Sources:

Operating Transfer from General Fund	\$ <u>101,284</u>	
Total Revenue, Other Financing Sources		<u>101,284</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES		<u>\$ 109,797</u>
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EXPENDITURES

Equipment Purchases, Technical Programs	\$ 4,195	
Equipment Purchases, Trade & Industrial Programs	13,060	
Equipment Purchases, Guidance	1,222	
Equipment Purchases, Business Office	9,662	
Equipment Purchase, Operation & Maintenance of Plant Services	<u>120,207</u>	

TOTAL EXPENDITURES		<u>\$ 148,346</u>
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REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES		\$ (38,549)
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Reserve For Capital Improvements, Beginning of Year		<u>786,169</u>
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RESERVE FOR CAPITAL IMPROVEMENTS, END OF YEAR		<u>\$ 747,620</u>
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CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 SUPPLEMENTAL SCHEDULE IV - STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGE IN RESERVE FOR CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2020

REVENUES AND OTHER FINANCING SOURCES

Local Sources:

Interest Income	\$ <u>667</u>	
Total Revenue, Local Sources		\$ <u>667</u>

EXPENDITURES

Facility Acquisition, Construction, Improvement Services	\$ <u>9,000</u>	
TOTAL EXPENDITURES		<u>9,000</u>

OTHER FINANCING USES

Operating Transfer To Debt Service Fund	\$ <u>7,712</u>	
Total Other Financing Uses		<u>7,712</u>

TOTAL EXPENDITURES AND OTHER FINANCING USES		\$ <u>16,712</u>
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REVENUE AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES		\$ (16,045)
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Reserve For Capital Projects, Beginning of Year		<u>16,045</u>
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RESERVE FOR CAPITAL PROJECTS, END OF YEAR		<u><u>0</u></u>
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"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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, 2019	REVENUE RECOGNIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2020
U.S. DEPARTMENT OF EDUCATION										
STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER										
SEOG Grants	D	84.007	N/A	07/01/2019 - 06/30/2020	\$ 0	\$ 9,280	\$ 0	\$ 9,280	\$ 9,280	(1)(6) \$ 0
Pell Grants	D	84.063	N/A	07/01/2019 - 06/30/2020	0	299,004	10	299,139	299,139	(1)(6) 145
Direct Student Loans	D	84.268	N/A	07/01/2019 - 06/30/2020	0	577,630	0	577,630	577,630	(1) 0
TOTAL STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER					\$ 0	\$ 885,914	\$ 10	\$ 886,049	\$ 886,049	\$ 145
U.S. DEPARTMENT OF EDUCATION										
Higher Education Emergency Relief Fund - Strengthening Institutions Program (CARES Act)	D	84.425M	N/A	07/01/2019 - 06/30/2020	\$ 0	\$ 87,040	\$ 0	\$ 87,040	\$ 87,040	(1)(6) \$ 0
U.S. DEPARTMENT OF EDUCATION										
Passed Through the Pennsylvania Department of Education: Secondary Vocational Instruction	I	84.048	380-200042	07/01/2019 - 06/30/2020	\$ 517,183	\$ 517,183	\$ 0	\$ 517,183	\$ 517,183	\$ 0
TOTAL DEPARTMENT OF EDUCATION					\$ 517,183	\$ 1,490,137	\$ 10	\$ 1,490,272	\$ 1,490,272	\$ 145
U.S. DEPARTMENT OF AGRICULTURE										
CHILD NUTRITION CLUSTER										
Passed Through the Pennsylvania Department of Education: National School Breakfast Program	I	10.553	N/A	07/01/2019 - 06/30/2020	N/A	\$ 23,695	\$ 1,105	\$ 24,664	\$ 24,664	\$ 2,074
National School Lunch Program	I	10.555	N/A	07/01/2019 - 06/30/2020	N/A	110,041	3,719	115,834	115,834	9,512
Passed Through the Pennsylvania Department of Agriculture: National School Lunch Program	I	10.555	N/A	07/01/2019 - 06/30/2020	N/A	9,304 (2)	(665) (3)	6,865	6,865 (4)	(3,104) (5)
TOTAL DEPARTMENT OF AGRICULTURE AND CHILD NUTRITION CLUSTER					N/A	\$ 143,040	\$ 4,159	\$ 147,363	\$ 147,363	\$ 8,482

"See Accompanying Independent Auditors' Report."

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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, 2019	REVENUE RECOGNIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2020
U.S. DEPARTMENT OF LABOR										
WIA/WIOA CLUSTER										
Passed Through the Trehab Center and Susquehanna County Workforce Investment Act:										
WORKFORCE INVESTMENT ACT										
	I	17.258	ADULT-Wyoming	11/25/2019 - 03/31/2020	\$ 1,843	\$ 1,843	\$ 0	\$ 1,843	\$ 1,843	\$ 0
Passed Through the Lackawanna County Career Link:										
WORKFORCE INVESTMENT ACT										
	I	17.258	EDSI-19-AD-16	08/28/2019 - 12/31/2020	\$ 5,000	\$ 2,873	\$ 0	\$ 2,873	\$ 2,873	\$ 0
	I	17.258	EDSI-19-AD-19	08/28/2019 - 12/31/2020	5,000	2,873	0	2,873	2,873	0
	I	17.258	EDSI-18-AD-17	11/30/2018 - 03/31/2020	5,000	2,058	0	2,058	2,058	0
	I	17.258	EDSI-18-AD-16	11/30/2018 - 03/31/2020	5,000	2,058	0	2,058	2,058	0
	I	17.258	EDSI-19-AD-72	03/09/2020 - 12/31/2020	5,000	2,039	0	2,039	2,039	0
	I	17.258	EDSI-19-AD-75	03/09/2020 - 06/30/2021	5,000	1,113	0	1,113	1,113	0
	I	17.258	EDSI-19-AD-73	03/09/2020 - 06/30/2021	5,000	3,650	0	3,650	3,650	0
	I	17.258	EDSI-19-AD-76	03/09/2020 - 12/31/2020	5,000	2,039	0	2,039	2,039	0
	I	17.258	EDSI-19-AD-74	03/09/2020 - 06/30/2021	5,000	1,113	0	1,113	1,113	0
	I	17.258	EDSI-19-AD-71	03/09/2020 - 06/30/2021	5,000	4,310	0	4,310	4,310	0
	I	17.259	RecCare 19-YA-06	08/28/2019 - 12/31/2020	5,000	2,872	0	2,872	2,872	0
	I	17.259	RecCare 19-YA-05	08/28/2019 - 12/31/2020	5,000	2,872	0	2,872	2,872	0
	I	17.278	EDSI-19-DWG-11	11/25/2019 - 12/31/2020	N/A	6,084	0	6,084	6,084	0
	I	17.278	EDSI-19-DWG-10	11/25/2019 - 12/31/2020	N/A	11,639	0	11,639	11,639	0
	I	17.278	EDSI-19-DW-12	11/25/2019 - 12/31/2020	N/A	11,639	0	11,639	11,639	0
	I	17.278	EDSI-19-DW-63	03/09/2020 - 06/30/2021	5,000	1,113	0	1,113	1,113	0
	I	17.278	EDSI-19-DW-62	03/09/2020 - 06/30/2021	5,000	1,113	0	1,113	1,113	0
	I	N/A	BEP-Project 2	03/01/2019 - 06/30/2020	62,815	33,815	0	33,815	33,815	0
Passed Through the Pocono Counties Workforce Investment Act:										
WORKFORCE INVESTMENT ACT										
	I	17.258	W18-004	11/30/2018 - 03/31/2020	\$ 8,000	\$ 480	\$ 0	\$ 480	\$ 480	\$ -
	I	17.258	P19-014-ITA	03/09/2020 - 05/31/2020	8,000	3,300	0	3,300	3,300	0
	I	17.258	P19-017-ITA	03/09/2020 - 05/31/2020	8,000	1,030	0	1,030	1,030	0
	I	17.258	W19-016	03/09/2020 - 06/30/2021	8,000	2,405	0	2,405	2,405	0
	I	17.278	6519-015	03/09/2020 - 06/30/2021	3,197	1,030	0	1,030	1,030	0
TOTAL WIA/WIOA CLUSTER					\$ 169,855	\$ 105,361	\$ 0	\$ 105,361	\$ 105,361	\$ 0

"See Accompanying Independent Auditors' Report."

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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, 2019	REVENUE RECOG- NIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2020
Passed Through the Pennsylvania Department of Labor and Industry:										
Terms for Trade Act Agreement	I	17.245	TAA-0116-17	11/30/2018 - 03/31/2020	\$ 13,906	\$ 7,117	\$ 0	\$ 7,117	\$ 7,117	\$ 0
Terms for Trade Act Agreement	I	17.245	TAA-0116-17	11/30/2018 - 03/31/2020	13,845	7,165	0	7,165	7,165	0
Terms for Trade Act Agreement	I	17.245	TAA-0116-17	08/28/2019 - 11/30/2020	15,360	12,205	0	12,205	12,205	0
Terms for Trade Act Agreement	I	17.245	TAA-0116-17	08/28/2019 - 11/30/2020	15,360	12,367	0	12,367	12,367	0
Terms for Trade Act Agreement	I	17.245	TAA-0116-17	03/09/2020 - 06/30/2021	16,050	4,796	0	4,796	4,796	0
Terms for Trade Act Agreement	I	17.245	TAA-0116-17	03/09/2020 - 06/30/2021	16,160	4,619	0	4,619	4,619	0
Terms for Trade Act Agreement	I	17.245	TAA-0116-17	03/09/2020 - 06/30/2021	16,100	4,311	0	4,311	4,311	0
Terms for Trade Act Agreement	I	17.245	TAA-0116-17	03/09/2020 - 06/30/2021	16,350	4,107	0	4,107	4,107	0
TOTAL TRADE ADJUSTMENT ASSISTANCE					<u>\$ 123,131</u>	<u>\$ 56,687</u>	<u>\$ 0</u>	<u>\$ 56,687</u>	<u>\$ 56,687</u>	<u>\$ 0</u>
TOTAL DEPARTMENT OF LABOR					<u>\$ 292,986</u>	<u>\$ 162,048</u>	<u>\$ 0</u>	<u>\$ 162,048</u>	<u>\$ 162,048</u>	<u>\$ 0</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS										
Post 9/11 Veterans Educational Assistance	I	64.028	N/A	N/A	\$ 6,800	\$ 6,800	\$ 0	\$ 6,800	\$ 6,800	\$ 0
Veterans Administration Annual Reporting Fee	I	64.028	N/A	07/01/2019 - 06/30/2020	N/A	45	0	45	45	0
TOTAL DEPARTMENT OF VETERANS AFFAIRS					<u>\$ 6,800</u>	<u>\$ 6,845</u>	<u>\$ 0</u>	<u>\$ 6,845</u>	<u>\$ 6,845</u>	<u>\$ 0</u>
TOTAL FEDERAL ASSISTANCE					<u>\$ 816,969</u>	<u>\$ 1,802,070</u>	<u>\$ 4,169</u>	<u>\$ 1,806,528</u>	<u>\$ 1,806,528</u>	<u>\$ 8,627</u>

"See Accompanying Independent Auditors' Report."

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR-ENDED JUNE 30, 2020

	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, 2019	REVENUE RECOG- NIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2020
PENNSYLVANIA DEPARTMENT OF EDUCATION										
School Lunch Program			N/A	07/01/2019 - 06/30/2020	N/A	\$ 5,604	\$ 211	\$ 5,878	\$ 5,878	\$ 485
TOTAL SCHOOL LUNCH PROGRAM FROM PENNSYLVANIA DEPARTMENT OF EDUCATION					N/A	\$ 5,604	\$ 211	\$ 5,878	\$ 5,878	\$ 485
TOTAL PENNSYLVANIA ASSISTANCE					N/A	\$ 5,604	\$ 211	\$ 5,878	\$ 5,878	\$ 485

FOOTNOTES:

(1) Identification of 40% rule:

Total Federal Expenditures;	\$ 1,806,528	Programs selected for test:			
	<u>x 40%</u>		SEOG Grants, CFDA #84.007	\$ 9,280	
	<u>\$ 722,611</u>		PELL Grants, CFDA #84.063	299,139	
			Direct Student Loans, CFDA #84.268	<u>577,630</u>	
				\$ 886,049 /	1,806,528 = 49.05%

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

(3) Beginning inventory at July 1, 2019

(4) Total amount of commodities used.

(5) Ending inventory at June 30, 2020

(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, 2020. 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, 2020.

"See Accompanying Independent Auditors' Report."

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

February 26, 2021

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, 2020, 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 February 26, 2021.

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.

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

ROBERT ROSSI & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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**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**

February 26, 2021

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, 2020. 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, 2020.

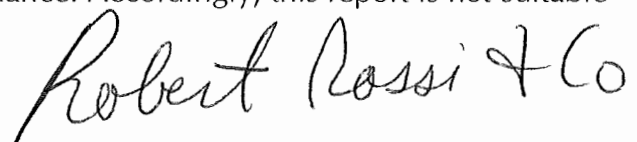
Report on Internal Control Over Compliance

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.



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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:
 - (1) SEOG Grants CFDA #84.007
 - (2) Pell Grants CFDA #84.063
 - (3) Direct Student Loans CFDA #84.268
- (8) The dollar threshold used to distinguish Type A and Type B Programs as described in 2 CFR 2—Section 518 of the Uniform Guidance was \$750,000.
- (9) The auditee did not qualify as a low-risk auditee under section 2 CFR Section 520 of the Uniform Guidance.

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

None

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