

**CAREER TECHNOLOGY CENTER OF
LACKAWANNA COUNTY
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2018**

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES
AND SINGLE AUDIT ATTACHMENTS
YEAR ENDED JUNE 30, 2018

	<u>PAGE</u>
Table of Contents	2-4
Transmittal Letter	5
Report Distribution List	6
Independent Auditors' Report	7-9
Required Supplementary Information:	
Management Discussion and Analysis	10-19
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	20-21
Statement of Net Activities	22
Fund Financial Statements:	
Balance Sheet - Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	26-27
Statement of Net Position - Proprietary Fund - Food Service Fund Business - Type Activities	28
Statement of Revenues, Expenses and Change in Fund Net Position - Proprietary Fund - Food Service Fund Business - Type Activities	29

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES
AND SINGLE AUDIT ATTACHMENTS
YEAR ENDED JUNE 30, 2018

	<u>PAGE</u>
Statement of Cash Flows - Proprietary Fund - Food Service Fund Business - Type Activities	30
Statement of Net Position - Fiduciary Fund - Agency Fund	31
Notes to Basic Financial Statements	32-66
Required Supplementary Information:	
Statement of Revenues, Expenditures & Changes in Fund Balances - Budget and Actual	67-73
Schedule of Proportionate Share of PSERS Net Pension Liability	74
Schedule of PSERS Contributions Pension	74
Schedule of Changes in Total OPEB Liability and Related Ratios	75
Schedule of District's Proportionate Share of PSERS Net OPEB Liability	76
Schedule of PSERS Contributions OPEB	76
Other Supplementary Information:	
Supplemental Schedule I - Statement of Changes in Net Position - Fiduciary Funds - Agency Fund	77
Supplemental Schedule II - Statement of Additions and Deductions - Classes and Clubs	78
Supplemental Schedule III - Statement of Revenue, Expenditures, and Change in Reserve for Capital Improvements	79
Supplemental Schedule IV - Statement of Revenue, Expenditures, and Change in Reserve for Capital Projects	80
Single Audit Attachments:	
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2018	81-83
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	84-85

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES
AND SINGLE AUDIT ATTACHMENTS
YEAR ENDED JUNE 30, 2018

	<u>PAGE</u>
Independent Auditors' Report on Compliance for each Major Program and Internal Control over Compliance Required by Uniform Guidance	86-87
Schedule of Findings and Questioned Costs	88
Summary Schedule of Prior Audit Findings and Internal Control Weaknesses	89

ROBERT ROSSI & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

299 MAIN ST. 2ND FLR
OLYPHANT, PA 18447-2326
TEL. (570) 876-2300 - FAX (570) 876-5153
Website: www.rrco.net

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

January 4, 2019

Board of Directors
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, 2018 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.

Robert Rossi & Co

REPORT DISTRIBUTION LIST

Filed on-line with
Office of the Budget
Bureau of Audits 1 Copy

Filed on-line with
Federal Audit Clearing House 1 Copy

Scranton Lackawanna Human Development Agency
Attn: Ryan McKeown
Head Start Office
321 Spruce Street
Scranton, Pennsylvania 18503 1 Copy

ROBERT ROSSI & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

299 MAIN ST. 2ND FLR
OLYPHANT, PA 18447-2326
TEL. (570) 876-2300 - FAX (570) 876-5153
Website: www.rrco.net

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

INDEPENDENT AUDITORS' REPORT

January 4, 2019

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, 2018, 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 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, 2018 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle

As discussed in Note 1, during the year ended June 30, 2018, the Career Technology Center of Lackawanna Implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. As a result of this implementation, the School is required to recognize a liability equal to the net OPEB liability measured as of a date no earlier than the end of the prior fiscal year and no later than the end of the current fiscal year. The format and reporting of the financial statements has changed to reflect the required components of this GASB Statement as applicable. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedule of proportionate share of PSERS net pension liability, the schedule of PSERS contributions pension analysis, the schedule of changes in total OPEB liability and related ratios, the schedule of District's proportionate share of PSERS net OPEB liability, the schedule of PSERS contributions OPEB, and budgetary comparison information on pages 10 thru 19 and 67 thru 76 to 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 is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The individual non-major fund financial statement schedule 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2019, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Career Technology Center of Lackawanna County's internal control over financial reporting and compliance.

Robert Rossit Co

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

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, 2018. This discussion and analysis is intended to provide a narrative summary of the financial performance of the CTC as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of CTC's financial performance.

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

OVERVIEW OF THE SCHOOL

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

MISSION STATEMENT

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

FINANCIAL HIGHLIGHTS

General Fund

The School's net position increased by \$342,359 as a result of this year's operations. The net position of our Governmental activities increased by \$ 320,441 and the net position of our business type activities increased by \$21,918. The largest source of revenue comes from the school districts to support the secondary education programs which totaled \$5,813,615 for 2017-2018, an increase of \$894,087 from 2016-2017. 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

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

FINANCIAL HIGHLIGHTS (Continued)

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. Non-participating districts may also be charged additional tuition.”

During the year, the School adopted and implemented GASB Statement No. 75 *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. As a result, the District is required to recognize a liability equal to the net OPEB liability. The information required a restatement reduction of its beginning net position of \$906,238

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 charge-backs to the districts for funding of capital projects at the CTC.

Capital Project Fund-The CTC operates a Capital Projects Fund for the purpose of funding the CTC renovation project. The revenue from the fund is derived from the CTC 2012 Bond issue and funds the current CTC construction project. Estimated cost of the project is \$18.1 million and includes a total renovation of the school. Payments to the contractors are made from this account which is under control of the trustee, Community Bank (First Liberty Bank) after application is made to the State Public Building Authority. The project has essentially been completed.

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 are made to the fund semi-annually before February 15 and August 15 of each year through 2032 to the 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.

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.

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS, (Continued)

- 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-1
Required Components of
CTC of Lackawanna County's
Financial Report

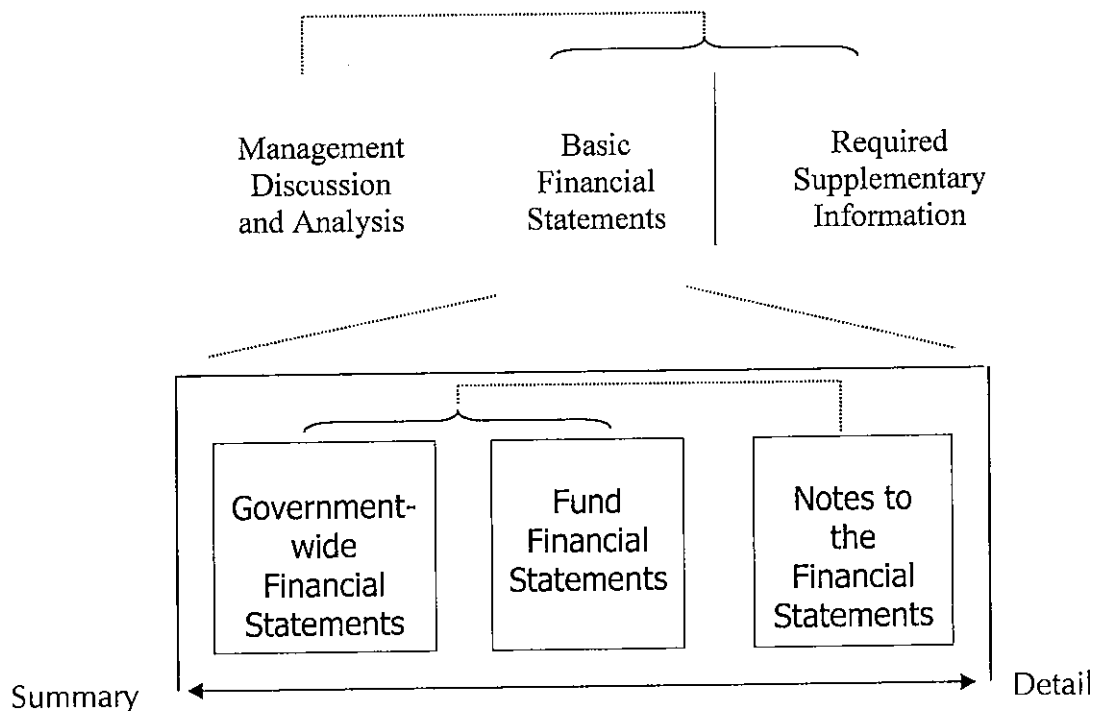


Figure A-2 summarizes the major features of CTC's financial statements, including the portion of CTC they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

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

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

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

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.

Reporting the School's Most Significant Funds

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.

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

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* – These funds account for CTC’s activities that are 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, 2018
Net Assets

	Governmental Activities		Business Type Activities		Total Primary Government		% Chg
	2018	2017	2018	2017	2018	2017	
Current Assets	\$ 1,941,917	\$ 2,157,447	\$ 7,262	\$ 2,267	\$ 1,949,179	\$ 2,159,714	-9.7%
Restricted Assets	214,345	257,618	0	0	214,345	257,618	-16.8%
Capital Assets	21,468,933	22,088,657	27,784	10,939	21,496,717	22,099,596	-2.7%
Total Assets	\$ 23,625,195	\$ 24,503,722	\$ 35,046	\$ 13,206	\$ 23,660,241	\$ 24,516,928	-3.5%
Deferred Outflow of Resources	\$ 2,353,994	\$ 2,481,865	\$ 0	\$ 0	\$ 2,353,994	\$ 2,481,865	-5.2%
Current Liabilities	\$ 2,159,097	\$ 2,611,599	\$ 124	\$ 202	\$ 2,159,221	\$ 2,611,801	-17.3%
Restricted Liabilities	0	3,000	0	0	0	3,000	-100.0%
Long Term Liabilities	26,758,960	26,571,230	0	0	26,758,960	26,571,230	0.7%
Total Liabilities	\$ 28,918,057	\$ 29,185,829	\$ 124	\$ 202	\$ 28,918,181	\$ 29,186,031	-0.9%
Deferred Inflow of Resources	\$ 272,134	\$ 424,963	\$ 0	\$ 0	\$ 272,134	\$ 424,963	-36.0%
Net Position							
Invested In Capital Assets	\$ 7,533,865	\$ 7,226,310	\$ 27,784	\$ 10,939	\$ 7,561,649	\$ 7,237,249	4.5%
Restricted for Capital Repl	781,952	557,491	0	0	781,952	557,491	40.3%
Restricted for Capital Project	211,975	219,482	0	0	211,975	219,482	-3.4%
Restricted for Debt Service	915	287	0	0	915	287	218.8%
Unrestricted	(11,739,709)	(10,628,775)	7,138	2,065	(11,732,571)	(10,626,710)	10.4%
Total Net Position	\$ (3,211,002)	\$ (2,625,205)	\$ 34,922	\$ 13,004	\$ (3,176,080)	\$ (2,612,201)	21.6%

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

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, 2018
Changes in Net Position

	Governmental Activities		Business Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for services	\$ 976,000	\$ 1,020,068	\$ 47,297	\$ 65,578	\$ 1,023,297	\$ 1,085,646
Operating grants and contributions	1,365,986	1,237,182	159,557	110,661	1,525,543	1,347,843
Capital grants and contributions	80,187	76,894	0	0	80,187	76,894
General Revenues:						
State grants and subsidies	621,750	494,933	0	0	621,750	494,933
Investment earnings	18,523	6,906	526	207	19,049	7,113
Receipts From Member Districts AVTS	5,813,615	4,919,528	0	0	5,813,615	4,919,528
Refund of Prior Year Expenditures	0	341,895	0	0	0	341,895
Rentals and Miscellaneous	76,492	79,781	0	0	76,492	79,781
Total Revenues	\$ 8,952,553	\$ 8,177,187	\$ 207,380	\$ 176,446	\$ 9,159,933	\$ 8,353,633
Expenses						
Instruction	\$ 4,435,277	\$ 4,066,079	\$ 0	\$ 0	\$ 4,435,277	\$ 4,066,079
Support services	2,905,499	2,814,379	0	0	2,905,499	2,814,379
Unallocated Depreciation	807,193	787,853	0	0	807,193	787,853
Interest on Long Term Debt	429,926	448,248	0	0	429,926	448,248
Facility Acquisition, Construction, Improvement Services	10,000	23,937	0	0	10,000	23,937
Other Administrative	24,711	59,887	0	0	24,711	59,887
Food/Production services	0	0	204,968	163,513	204,968	163,513
Total Expenses	\$ 8,612,606	\$ 8,200,383	\$ 204,968	\$ 163,513	\$ 8,817,574	\$ 8,363,896
Increase (Decrease) in Net Assets Before Transfers	\$ 339,947	\$ (23,196)	\$ 2,412	\$ 12,933	\$ 342,359	\$ (10,263)
Transfers	(19,506)	0	19,506	0	0	0
Increase (Decrease) in Net Assets	\$ 320,441	\$ (23,196)	\$ 21,918	\$ 12,933	\$ 342,359	\$ (10,263)
Net Position Beginning (Restated)	(3,531,443)	(2,602,009)	13,004	71	(3,518,439)	(2,601,938)
Change in Accounting Principle	0	0	0	0	0	(906,238)
Net Position Ending	\$ (3,211,002)	\$ (2,625,205)	\$ 34,922	\$ 13,004	\$ (3,176,080)	\$ (3,518,439)

The largest sources 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 \$838,060 in 2017-2018 compared to \$845,373 in 2016-2017, contributions from non-member districts of \$396,216 in 2017-2018 compared to \$400,608 in 2016-2017 operating grants and subsidies, the largest of which represents federal funding from the Secondary Vocational Instruction grant totaling \$431,685 in 2017-2018 compared to \$408,886 in 2016-2017, and state funding for social security and retirement subsidies of \$809,345 in 2017-2018 compared to \$704,204 in 2016-2017.

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

2018 compared to \$408,886 in 2016-2017, and state funding for social security and retirement subsidies of \$809,345 in 2017-2018 compared to \$704,204 in 2016-2017.

Changes in Entity-wide Net Position, (Continued)

The largest source of general revenue for CTC consists of contributions from eight-member districts of \$5,813,615. Included in the revenue figure is \$1,331,963, which represents the eighth and ninth payment on the CTC 2012 Bond Issue. The payment was made by eight participating districts to the Debt Service Account. The \$5,813,615 amount accounts for approximately 65% 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 \$621,750 for the State Vocational Subsidy for Secondary Programs. This is an increase from the prior year of \$126,817.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As of June 30, 2018, CTC's General Fund reported a fund balance of \$271,119 which is shown as net in Due from Other Governmental Units in the Notes to Financial Statements.

In Government Activities, Instruction Expenses increased from \$4,066,079 in 2017 to \$4,435,277 while Support Services increased \$91,120 to \$2,905,499.

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 \$417,121 over budget, while total Expenditures in the General Fund were \$146,002 over budget.

Vocational Education Programs ended with a negative expenditure budgetary variance of \$67,485. The categories included in this total cover instructional costs for secondary students served by the CTC. Adult Education programs ended with a positive expenditure budgetary variance of \$2,654. Total Support Services showed a negative expenditure budgetary variance of \$83,920.

CAPITAL ASSETS

As of June 30, 2018, CTC had \$30,521,720 invested in capital assets compared to \$29,610,062 as of June 30, 2017.

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

Table A-5
Fiscal Year Ending June 30, 2018
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	22,309	102,138
Buildings	25,496,565	6,201,962	19,294,603
Fixtures and Equipment	<u>4,892,733</u>	<u>3,015,985</u>	<u>1,876,748</u>
Total Governmental Activities	<u>\$ 30,709,189</u>	<u>\$ 9,240,256</u>	<u>\$ 21,468,933</u>

	<u>Total Assets</u>	<u>Accumulated Depreciation</u>	<u>Balance Net of Depreciation</u>
Business Activities			
Fixtures and Equipment	<u>154,672</u>	<u>126,888</u>	<u>27,784</u>
Total Business Activities	<u>\$ 154,672</u>	<u>\$ 126,888</u>	<u>\$ 27,784</u>

LONG TERM DEBT

	Balance July 1, 2017	Additions	Amortization (Accretion)	Retirements	Balance June 30, 2018	Due Within One Year
Lease Revenue Bonds	\$ 14,490,000	\$ 0	\$ 0	\$ 750,000	\$ 13,740,000	\$ 770,000
Amortization / Accretion	445,676	0	(154,264)	0	291,412	0
Capitalized Lease	<u>146,153</u>	<u>0</u>	<u>0</u>	<u>30,522</u>	<u>115,631</u>	<u>31,607</u>
TOTALS	<u>\$ 15,081,829</u>	<u>\$ 0</u>	<u>\$ (154,264)</u>	<u>\$ 780,522</u>	<u>\$ 14,147,043</u>	<u>\$ 801,607</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 is \$17,170,000, 1 to 5% aggregate principal amount. Interest is payable On February 15 and August 15 each year from 2013 through 2032. Detailed information on the bond issue can be found in Note 8 of the Notes to the Financial Statement

Career Technology Center Of Lackawanna County

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

June 30, 2018

ECONOMIC FACTORS AND THE 2018-2019 BUDGET

CTC has a prepared General Fund Operating Budget for the next school year, or the fiscal year ending June 30, 2019. The total 2018-2019 General Operating Budget represents an increase of \$253,057 or 1.4% from the total 2017-2018 General Operating Budget, primarily due to expected increases in salaries and corresponding employee benefits. The member districts' costs for 2018-2019 increased by \$172,619 over 2017-2018. 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 2018-2019 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: jinchale@ctclc.edu.

Respectfully submitted:

James McHale, Chief Financial Officer

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 1,356,383	\$ 24,158	\$ 1,380,541
State Subsidy Receivable	295,673	1,011	296,684
Federal Subsidy Receivable	74,772	22,753	97,525
Interfund Receivables	46,616	(42,895)	3,721
Intergovernmental Receivable	111,101	0	111,101
Inventory	0	2,235	2,235
Other Receivables	57,372	0	57,372
Restricted Assets			
Cash	214,049	0	214,049
Accrued Interest Receivable	296	0	296
Capital Assets:			
Land & Land Improvements	319,891	0	319,891
Buildings	25,496,565	0	25,496,565
Furniture and Equipment	4,892,733	154,672	5,047,405
Accumulated Depreciation	(9,240,256)	(126,888)	(9,367,144)
	<u>\$ 23,625,195</u>	<u>\$ 35,046</u>	<u>\$ 23,660,241</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	\$ 2,200,351	\$ 0	\$ 2,200,351
Deferred Outflows Related to Other Post-Employment Benefits	51,481	0	51,481
Prepaid Bond Insurance Cost	102,162	0	102,162
	<u>\$ 2,353,994</u>	<u>\$ 0</u>	<u>\$ 2,353,994</u>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Accrued Salary and Benefits	\$ 782,530	\$ 0	\$ 782,530
Accounts Payable	329,668	124	329,792
Payroll Deductions Payable	34,088	0	34,088
Accrued Interest Expense	211,204		211,204
Current Portion Capitalized Lease Payable	31,607	0	31,607
Current Portion Lease Revenue Bonds Payable	770,000	0	770,000
Noncurrent Liabilities:			
Other Post-Employment Benefits	1,661,225	0	1,661,225
Pension Obligation Payable	11,507,498		11,507,498
Capitalized Lease Payable	84,024	0	84,024
Lease Revenue Bonds Payable	13,261,412		13,261,412
Accumulated Compensated Absences	244,801	0	244,801
	<u>\$ 28,918,057</u>	<u>\$ 124</u>	<u>\$ 28,918,181</u>
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	\$ 235,000	\$ 0	\$ 235,000
Deferred Inflows Related to Other Post-Employment Benefits	22,000	0	22,000
Unearned Revenue	15,134	0	15,134
	<u>\$ 272,134</u>	<u>\$ 0</u>	<u>\$ 272,134</u>
COMMITMENTS			
NET POSITION			
Investment in Capital Assets, Net of Related Debt	\$ 7,533,865	\$ 27,784	\$ 7,561,649
Restricted For:			
Reserve For Capital Project	211,975	0	211,975
Reserve For Capital Replacement	781,952	0	781,952
Reserve For Debt Service	915	0	915
Unreserved	(11,739,709)	7,138	(11,732,571)
	<u>\$ (3,211,002)</u>	<u>\$ 34,922</u>	<u>\$ (3,176,080)</u>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGE FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instructional:							
Vocational Education Programs	\$ 3,428,355	\$ 396,216	\$ 777,764	\$ 80,187	\$ (2,224,188)	\$ 0	\$ (2,224,188)
Adult Education Programs	1,006,922	579,784	258,276	0	(168,862)	0	(168,862)
TOTAL INSTRUCTIONAL EXPENDITURES	\$ 4,435,277	\$ 976,000	\$ 986,040	\$ 80,187	\$ (2,393,050)	\$ 0	\$ (2,393,050)
Support Services							
Guidance	\$ 197,679	\$ 0	\$ 26,490	\$ 0	\$ (171,189)	\$ 0	\$ (171,189)
Instructional Support	298,252	0	121,614	0	(176,638)	0	(176,638)
Administrative Services	864,687	0	101,516	0	(763,181)	0	(763,181)
Pupil Health Services	90,158	0	9,859	0	(80,299)	0	(80,299)
Business Services	385,812	0	36,550	0	(347,262)	0	(347,262)
Operation & Maintenance of Plant Services	1,068,901	0	81,917	0	(986,984)	0	(986,984)
TOTAL SUPPORT SERVICES	\$ 2,905,489	\$ 0	\$ 379,946	\$ 0	\$ (2,525,553)	\$ 0	\$ (2,525,553)
Other Expenditures							
Unallocated Depreciation	\$ 807,193	\$ 0	\$ 0	\$ 0	\$ (807,193)	\$ 0	\$ (807,193)
Facility Acquisition, Construction, Improvement Services	10,000	0	0	0	(10,000)	0	(10,000)
Interest on Long - Term Debt	429,926	0	0	0	(429,926)	0	(429,926)
Other Administrative	24,711	0	0	0	(24,711)	0	(24,711)
TOTAL SUPPORT SERVICES	\$ 1,271,830	\$ 0	\$ 0	\$ 0	\$ (1,271,830)	\$ 0	\$ (1,271,830)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 8,612,606	\$ 976,000	\$ 1,365,986	\$ 80,187	\$ (6,190,433)	\$ 0	\$ (6,190,433)
Business-Type Activities:							
Food Service	\$ 204,968	\$ 47,297	\$ 159,557	\$ 0	\$ 0	\$ 1,886	\$ 1,886
TOTAL PRIMARY GOVERNMENT	\$ 8,817,574	\$ 1,023,297	\$ 1,525,543	\$ 80,187	\$ (6,190,433)	\$ 1,886	\$ (6,188,547)
General Revenues:							
Grants, Subsidies, and Contributions Not Restricted					\$ 510,622	\$ 0	\$ 510,622
Receipts From Member District - AVIS					5,813,615	0	5,813,615
Investment Earnings					18,523	526	19,049
Rent of School Facilities					2,000	0	2,000
RACP Grant					111,128	0	111,128
Miscellaneous Income					74,492	0	74,492
Transfers					(19,506)	19,506	0
TOTAL GENERAL REVENUES, SPECIAL ITEMS, AND TRANSFERS					\$ 6,510,874	\$ 20,032	\$ 6,530,906
Change In Net Position					\$ 320,441	\$ 21,918	\$ 342,359
Net Position - Beginning of Year (Restated)					(3,531,443)	13,004	(3,518,439)
NET POSITION - END OF YEAR					\$ (3,211,002)	\$ 34,922	\$ (3,176,080)

See Accompanying Notes and Independent Auditors' Report

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL FUND	CAPITAL PROJECTS FUND	CAPITAL RESERVE FUND	NON-MAJOR FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	\$ 576,499	\$ 0	\$ 779,884	\$ 0	\$ 1,356,383
State Subsidy Receivable	295,673	0	0	0	295,673
Federal Subsidy Receivable	74,772	0	0	0	74,772
Interfund Receivables	46,616	0	24,931	0	71,547
Intergovernmental Receivable	111,101	0	0	0	111,101
Other Receivables	57,372	0	0	0	57,372
Restricted Assets:					
Cash	0	211,679	1,455	915	214,049
Accrued Interest Receivable	0	296	0	0	296
TOTAL ASSETS	\$ 1,162,033	\$ 211,975	\$ 806,270	\$ 915	\$ 2,181,193
LIABILITIES & FUND BALANCE					
Accrued Salary and Benefits	\$ 782,530	\$ 0	\$ 0	\$ 0	\$ 782,530
Accounts Payable	305,350	0	24,318	0	329,668
Interfund Payables	24,931	0	0	0	24,931
Unearned Revenue	15,134	0	0	0	15,134
Payroll Deductions Payable	34,088	0	0	0	34,088
TOTAL LIABILITIES	\$ 1,162,033	\$ 0	\$ 24,318	\$ 0	\$ 1,186,351
FUND BALANCE					
Restricted For					
Capital Projects Fund	\$ 0	\$ 211,975	\$ 0	\$ 0	\$ 211,975
Capital Reserve Fund	0	0	781,952	0	781,952
Debt Service	0	0	0	915	915
TOTAL FUND BALANCE	\$ 0	\$ 211,975	\$ 781,952	\$ 915	\$ 994,842
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,162,033	\$ 211,975	\$ 806,270	\$ 915	\$ 2,181,193

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2018

Total Fund Balance - Total Governmental Funds		\$ 994,842
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	\$ 30,709,189	
and the accumulated depreciation is	<u>(9,240,256)</u>	21,468,933
Governmental funds report the effects of bond insurance cost when the debt is first issued, whereas these amounts are deferred and amortized		
		102,162
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.		
		1,994,832
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, 2018 consist of		
Other post-employment benefits	\$ (1,661,225)	
Pension obligation payable	(11,507,498)	
Capitalized lease payable	(115,631)	
Lease revenue bonds payable	(14,031,412)	
Accrued interest expense	(211,204)	
Compensated absences	<u>(244,801)</u>	<u>(27,771,771)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ (3,211,002)</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, 2018

REVENUE	GENERAL FUND	CAPITAL PROJECTS FUND	CAPITAL RESERVE FUND	NON-MAJOR FUND	TOTAL GOVERNMENTAL FUNDS
Local Sources	\$ 4,949,537	\$ 2,493	\$ 230,730	\$ 1,332,591	\$ 6,515,351
State Sources	1,525,110	0	0	0	1,525,110
Federal Sources	912,092	0	0	0	912,092
TOTAL REVENUE	\$ 7,386,739	\$ 2,493	\$ 230,730	\$ 1,332,591	\$ 8,952,553
EXPENDITURES					
Instruction					
Vocational Education Programs	\$ 3,339,578	\$ 0	\$ 11,843	\$ 0	\$ 3,351,421
Adult Education Programs	972,432	0	295	0	972,727
TOTAL INSTRUCTIONAL EXPENDITURES	\$ 4,312,010	\$ 0	\$ 12,138	\$ 0	\$ 4,324,148
Support Services					
Guidance	\$ 194,816	\$ 0	\$ 0	\$ 0	\$ 194,816
Instructional Support	287,211	0	738	0	287,949
Administrative Services	838,279	0	0	1,000	839,279
Pupil Health Services	77,238	0	0	0	77,238
Business Services	376,132	0	0	0	376,132
Operation & Maintenance of Plant Services	1,056,921	0	94,599	0	1,151,520
Other Administrative	39,146	0	48,123	0	87,269
TOTAL SUPPORT SERVICES	\$ 2,869,743	\$ 0	\$ 143,460	\$ 1,000	\$ 3,014,203
Other Expenditures					
Facility Acquisition, Construction, Improvement Services	\$ 0	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Debt Service	35,151	0	0	1,331,963	1,367,114
TOTAL OTHER EXPENDITURES	\$ 35,151	\$ 10,000	\$ 0	\$ 1,331,963	\$ 1,377,114
TOTAL EXPENDITURES	\$ 7,216,904	\$ 10,000	\$ 155,598	\$ 1,332,963	\$ 8,715,465
EXCESS OF REVENUES (UNDER)/OVER EXPENDITURES	\$ 169,835	\$ (7,507)	\$ 75,132	\$ (372)	\$ 237,088
Other Financing Sources (Uses)					
Operating Transfer In (Out)	\$ (169,835)	\$ 0	\$ 149,329	\$ 1,000	\$ (19,506)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (169,835)	\$ 0	\$ 149,329	\$ 1,000	\$ (19,506)
Excess of Revenue and Other Financing Sources (Under)/Over Expenditures and Other Financing Uses	\$ 0	\$ (7,507)	\$ 224,461	\$ 628	\$ 217,582
Fund Balance, Beginning of Year	0	219,482	557,491	287	777,260
FUND BALANCE, END OF YEAR	\$ 0	\$ 211,975	\$ 781,952	\$ 915	\$ 994,842

"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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 217,582

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	\$ 187,469	
Depreciation	<u>(807,193)</u>	(619,724)

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 75 & 47 Post Employment Retirement Benefits.

(10,496)

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	\$ (1,238,395)	
Pension Contributions	<u>1,072,687</u>	(165,708)

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

Bond Premium Accretion	\$ 154,264	
Lease Revenue Bond Principal Payments	750,000	
Prepaid Bond Insurance Cost Amortization	(4,629)	
Capitalized Lease Principal Payments	<u>30,522</u>	930,157

"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, 2018

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. 7,031

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. (38,401)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 320,441

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND - FOOD SERVICE FUND
BUSINESS-TYPE ACTIVITIES
JUNE 30, 2018

ASSETS

Cash	\$ 24,158
State Subsidy Receivable	1,011
Federal Subsidy Receivable	22,753
Inventory	2,235
Capital Assets:	
Furniture And Equipment	154,672
Accumulated Depreciation	<u>(126,888)</u>

TOTAL ASSETS \$ 77,941

LIABILITIES

Accounts Payable	\$ 124
Interfund Payables	<u>42,895</u>

TOTAL LIABILITIES \$ 43,019

NET POSITION

Investment in Capital Assets, Net of Related Debt	\$ 27,784
Unreserved - Undesignated	<u>7,138</u>

TOTAL NET POSITION \$ 34,922

"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, 2018

REVENUE		
Food Sales	\$	46,566
Other Food Service Revenue		<u>731</u>
 TOTAL REVENUE	 \$	 47,297
EXPENSES		
Food Costs	\$	96,365
Salaries and Wages		61,063
Employee Benefits		34,339
Contracted Services		10,127
Other Expenses		413
Depreciation Expense		<u>2,661</u>
 TOTAL EXPENSES		 <u>204,968</u>
NET OPERATING LOSS	\$	(157,671)
NON-OPERATING REVENUES		
Federal and State Subsidies	\$	159,557
Interest Income		<u>526</u>
 TOTAL NON-OPERATING REVENUE		 <u>160,083</u>
NET INCOME BEFORE OPERATING TRANSFER	\$	<u>2,412</u>
OPERATING TRANSFERS		
Capital Reserve Fund	\$	<u>19,506</u>
 TOTAL OPERATING TRANSFERS		 <u>19,506</u>
NET INCOME	\$	21,918
Net Position at Beginning of Year		<u>13,004</u>
NET POSITION AT END OF YEAR	\$	<u>34,922</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received From Users	\$	47,219
Cash Payments To Employees For Service		(61,063)
Cash Payments To Suppliers For Goods And Services		<u>(156,417)</u>
Net Cash Used In Operating Activities	\$	(170,261)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Federal and State Subsidies	\$	141,999
Advances From Capital Reserve Fund		<u>19,506</u>
Net Cash Provided By Non-Capital Financing Activities		161,505

CASH FLOW FROM INVESTING ACTIVITIES:

Earnings On Investments	\$	526
Purchase of Fixed Assets		<u>(19,506)</u>
Net Cash Used In Investing Activities		<u>(18,980)</u>

Net Decrease in Cash \$ (27,736)

Cash at Beginning of Year 51,894

CASH AT END OF YEAR \$ 24,158

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

Operating Loss	\$	(157,671)
Adjustments to Reconcile Operating Loss To Net Cash Used In Operating Activities		
Depreciation		2,661
Donated Commodities		10,068
Changes in assets and liabilities		
(Increase)/Decrease in Inventory		356
Increase/(Decrease) In Accounts Payable		(78)
Increase/(Decrease) in Interfund Payables		<u>(25,597)</u>
Net Cash Used In Operating Activities	\$	<u>(170,261)</u>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUND - AGENCY FUND
JUNE 30, 2018

ASSETS

Cash \$ 45,120

TOTAL ASSETS \$ 45,120

LIABILITIES

Due To Specific Student Activity \$ 41,399
Groups

Interfund Payables 3,721

TOTAL LIABILITIES \$ 45,120

"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.
 - 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.

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 29, 2017 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)

Change in Accounting Principle – Restatement of Net Position: Net position as of July 1, 2017 has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*.

Activities	Governmental
Net Position as previously reported At June 30, 2017	\$ <u>(2,625,205)</u>
Prior period adjustment- implementation of GASB 75:	
Net OPEB liability (measurement Date as of June 30, 2017	\$ (931,652)
Deferred outflows- district contributions made during fiscal year 2017	<u>25,414</u>
Total prior period adjustment	\$ <u>(906,238)</u>
Net position as restated, July 1, 2017	\$ <u>(3,531,443)</u>

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 do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Equity

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

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

Interfund Transfers

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

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 2 - Cash and Investments (Continued)

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 the project is winding down, the monies are in Federated Treasury Obligations 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.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 3 - Federal and State Subsidy Receivable

Federal and State Subsidy Receivable at June 30, 2018 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, 2018.

	FEDERAL	STATE	TOTAL
GENERAL FUND:			
Perkins, Federal	\$ 71,614	\$ 0	\$ 71,614
Workforce Investment Act	2,997	0	2,997
LPN Pell Grants	150	0	150
LPN Direct Student Loans	11	0	11
Retirement Subsidy	0	225,478	225,478
State Training Subsidy, LPN	0	12,209	12,209
Social Security Subsidy	0	57,986	57,986
Sub Total	\$ 74,772	\$ 295,673	\$ 370,445
FOOD SERVICE FUND:			
National School Lunch Program	\$ 22,753	\$ 1,011	\$ 23,764
TOTAL FEDERAL AND STATE SUBSIDY RECEIVABLE AT JUNE 30, 2018			
	\$ 97,525	\$ 296,684	\$ 394,209

Note 4 - Inventories

Inventories at June 30, 2018 are summarized as follows:

Food Service: Inventories at June 30, 2018 consist of the following:

Purchased Food	\$ 1,616
Donated Commodities	619
Total	\$ 2,235

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2018 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
Total At Historical Cost Not Being Depreciated	<u>\$ 195,444</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 195,444</u>
Site Improvements	\$ 124,447	\$ 0	\$ 0	\$ 124,447
Building & Improvements	25,401,662	94,903	0	25,496,565
Furniture & Equipment	4,800,167	92,566	0	4,892,733
Total At Historical Cost Being Depreciated	<u>\$ 30,326,276</u>	<u>\$ 187,469</u>	<u>\$ 0</u>	<u>\$ 30,513,745</u>
TOTAL HISTORICAL COST	<u>\$ 30,521,720</u>	<u>\$ 187,469</u>	<u>\$ 0</u>	<u>\$ 30,709,189</u>
Less Accumulated Depreciation:				
Site Improvements	\$ (14,953)	\$ (7,356)	\$ 0	\$ (22,309)
Building & Improvements	(5,679,816)	(522,146)	0	(6,201,962)
Furniture & Equipment	(2,738,294)	(277,691)	0	(3,015,985)
TOTAL ACCUMULATED DEPRECIATION	<u>\$ (8,433,063)</u>	<u>\$ (807,193)</u>	<u>\$ 0</u>	<u>\$ (9,240,256)</u>
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS NET	<u>\$ 22,088,657</u>	<u>\$ (619,724)</u>	<u>\$ 0</u>	<u>\$ 21,468,933</u>
Business Activities				
Historical Cost				
Machinery & Equipment	\$ 135,166	\$ 19,506	\$ 0	\$ 154,672
TOTAL HISTORICAL COST	<u>\$ 135,166</u>	<u>\$ 19,506</u>	<u>\$ 0</u>	<u>\$ 154,672</u>
Less Accumulated Depreciation:				
Machinery & Equipment	\$ (124,227)	\$ (2,661)	\$ 0	\$ (126,888)
TOTAL ACCUMULATED DEPRECIATION	<u>\$ (124,227)</u>	<u>\$ (2,661)</u>	<u>\$ 0</u>	<u>\$ (126,888)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 22,099,596</u>	<u>\$ (602,879)</u>	<u>\$ 0</u>	<u>\$ 21,496,717</u>

Depreciation expense was charged to Governmental Activities as follows:

Unallocated	\$ 807,193
Total Depreciation Expense	<u>\$ 807,193</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 150 days for professional, support staff and maintenance staff 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, 2018 based on the applicable per day rate. At June 30, 2018 aggregate liability for unused sick pay is \$244,801.

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, 2018 amounted to \$4,070,074 of which \$306,660 was due and reflected as a receivable at June 30, 2018 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, 2018 actual revenues exceeded actual expenditures in the amount of \$271,119 which is to be reimbursed to the member districts. For the fiscal year ended June 30, 2017, a balance of \$150,000 remained to be reimbursed to the member districts as of June 30, 2018, which pursuant to the 2018-2019 budget will be used to reduce the member contributions.

For the year ended June 30, 2018, member district revenue was increased pursuant to board motion authorizing the transfer of \$268,834 to the Capital Reserve Fund from the June 2017 fund balance and \$300,000 to the general fund from the June 2016 fund balance.

At June 30, 2018 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, 2018	\$ 306,660	\$ 225,560	\$ 532,220
Amount of Excess Actual Revenue Over Expenditures at June 30, 2017 Due to School Districts Based on Actual Enrollment To Be Used To Reduce Member Contributions For The 2018 - 2019 School Year			(150,000)
Amount of Excess Actual Revenue Over Expenditures at June 30, 2018 Due to School Districts Based on Actual Enrollment			(271,119)
Total Inter-Governmental Receivables/(Payable) at June 30, 2018			\$ 111,101

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, 2017.

	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 31,607	\$ 3,544	\$ 35,151	\$ 35,151
2020	32,732	2,419	35,151	35,151
2021	33,896	1,255	35,151	35,151
2022	17,396	179	17,575	17,575
2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Future Minimum Lease Payments	<u>\$ 115,631</u>	<u>\$ 7,397</u>	\$ 123,028	\$ 123,028
Amount Representing Interest			<u>(7,397)</u>	<u>(7,397)</u>
Present Value of Future Minimum Lease Payments			<u>\$ 115,631</u>	<u>\$ 115,631</u>
The Cost of the Asset			\$ 296,222	\$ 296,222
The Accumulated Depreciation through June 30, 2018			<u>(128,362)</u>	<u>(128,362)</u>
The Net Book Value			<u>\$ 167,860</u>	<u>\$ 167,860</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 has developed a plan of financing which will include 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 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 8 – Long Term Debt (Continued)

- 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.

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 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 is payable on February 15 and August 15, beginning February 15, 2013. The Bonds are subject to mandatory and optional redemption prior to their stated dates of maturity as follows:

OPTIONAL REDEMPTION

In the manner and upon the terms and conditions provided in the Indenture, the Bonds stated to mature on and after February 21, 2021 are subject to redemption prior to maturity at the option of the SPSBA, 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, 2020, 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

In the manner and upon the terms and conditions provided in the Indenture, the Bonds stated to mature on February 15, 2032 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to one hundred percent (100%) of the principal amount thereof together with accrued interest thereon, to the dates fixed for redemption, on August 1 of the years and amounts set forth in the Indenture.

EXTRAORDINARY OPTIONAL REDEMPTION

The Bonds shall be subject to redemption prior to maturity, in whole or in part at any time, in any order of maturity selected by the School, and within any maturity by lot, upon payment of a redemption price equal to one hundred percent (100%) of the principal amount, plus accrued interest to date of redemption but only in the event that all or a portion of the School Facilities financed or refinanced with the proceeds of the Bonds are condemned, sold under threat of condemnation, damaged, or destroyed and it is

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 8 – Long Term Debt (Continued)

determined by the School that repair or reconstruction is not desirable, practical, or financially feasible from and to the extent of insurance proceeds, condemnation award, or proceeds of sale in lieu of condemnation payable to the School and deposited for such purposes with the Trustee.

Minimum Future Payments Under Lease Revenue Bonds as of June 30, 2018.

	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$	770,000	\$ 563,213	\$ 1,333,213
2020		795,000	540,113	1,335,113
2021		820,000	516,263	1,336,263
2022		835,000	497,813	1,332,813
2023		870,000	464,413	1,334,413
2024 - 2028		4,920,000	1,753,063	6,673,063
2029 - 2033		4,730,000	605,500	5,335,500
		<u>\$ 13,740,000</u>	<u>\$ 4,940,378</u>	<u>\$ 18,680,378</u>

The following summarizes the changes in long-term debt for the year ended June 30, 2018.

	<u>Balance July</u> <u>1, 2017</u>	<u>Additions</u>	<u>Amortization</u> <u>(Accretion)</u>	<u>Retirements</u>	<u>Balance June</u> <u>30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Lease Revenue Bonds	\$ 14,490,000	\$ 0	\$ 0	\$ 750,000	\$ 13,740,000	\$ 770,000
Amortization / Accretion	445,676	0	(154,264)	0	291,412	0
Capitalized Lease	<u>146,153</u>	<u>0</u>	<u>0</u>	<u>30,522</u>	<u>115,631</u>	<u>31,607</u>
TOTALS	<u>\$ 15,081,829</u>	<u>\$ 0</u>	<u>\$ (154,264)</u>	<u>\$ 780,522</u>	<u>\$ 14,147,043</u>	<u>\$ 801,607</u>

Note 9 – RACP Grant Temporary Funding Member Districts

The School entered into a contract with Lackawanna County for a roof replacement and masonry restoration project. The funding for this project was received from the nine Member Districts and a Redevelopment Assistance Grant Agreement RACP Grant in the amounts of \$1,015,002 and \$1,000,000 respectively. The permanent funding from the Member Districts of \$1,015,002 was received in fiscal year 2011-2012. The temporary funding from the Member Districts was recorded as a current liability in the Statement of Net Position in prior year. The temporary funds were to be returned to the Member Districts when the grant is received during fiscal year 2017 - 2018 with the approval of the Member Districts. The School was allowed to keep the Grant Funds, therefore Member District Revenue was increased by \$113,861. The cash for the RACP Grant is held in escrow by Lackawanna County on behalf of the School and is disbursed by Lackawanna County directly to the vendors. In September 2013, eighty eight percent (88%) of the temporary funding was returned to the member districts. The grant received its final audit and approval by the Commonwealth of Pennsylvania, and the remaining funds were disbursed during the fiscal year 2017 - 2018.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments

General information about the Pension Plan

Plan Description: PSERS is a governmental cost-sharing multi-employer defined benefit 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Contributions:

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions: The school districts' contractually required contribution rate for fiscal year ended June 30, 2018 was 32.57% 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.

Retirement Plan Contributions for the years ended are as follows:

	<u>School District</u>
2018	\$1,045,351
2017	\$ 864,132
2016	\$ 726,842

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

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

At June 30, 2018, the District reported a liability of \$11,507,488 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016 to June 30, 2017. 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, 2017, the District's proportion was .0233 percent which was an increase of .0004 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,211,059. At June 30, 2018, 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	\$ 313,000	\$ 0
Difference between expected and actual experience	120,000	70,000
Net difference between projected and actual investment earnings	267,000	0
Changes in proportions	455,000	165,000
Contributions subsequent to the measurement date	1,045,351	0
	\$ 2,200,351	\$ 235,000

\$1,045,351 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$170,000
2019	457,000
2020	294,000
2021	(1,000)
2022	0
Thereafter	0

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Actuarial assumptions: The total pension liability as of June 30, 2017 was determined by rolling forward the System’s total pension liability as of the June 30, 2016 actuarial valuation to June 30, 2017 using the following actuarial assumptions, applies to all periods included in the measurement:

Change in assumptions used in measurement of the total pension liability beginning June 30, 2017.

- 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

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%	5.1%
Fixed Income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
Infrastructure/MLP'S	8.0%	4.8%
Real estate	10.0%	3.6%
Alternative investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	(20.0%)	1.1%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – 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.

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
District’s proportionate share of the net pension liability	\$14,165,000	\$11,508,000	\$9,264,000

Pension plan fiduciary net position

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

Operating Leases: The School had entered into a lease for copiers for a term of 60 months and maturity to February 2020. The lease requires monthly payments of \$1,221 and requires the lessor to be responsible for all repairs. Total rent expense for the year ended June 30, 2018 was \$18,339.

Termination Benefit Payable: For the year ended June 30, 2018 the school has adopted GASB-47 *Accounting for Termination Benefits*.

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

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Annual termination benefits of \$10,110 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	\$ 66,943
Payment of benefits made during school year	(10,110)
Change in present value of benefits	<u>3,559</u>
End of year net present value	<u>\$ 60,392</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 his or her 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.

Full-Time Maintenance personnel retiring under terms of a one-time retirement incentive that closed June 30, 2016, requiring at least 20 years of service with the Career Technology Center of Lackawanna County and age 62 or older are eligible for benefits. Medical, dental, and vision benefits are paid in full until Medicare eligible if PPO coverage is elected. If the traditional insurance plan is elected, the retiree must pay the premium difference. There is no spouse coverage.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

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

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, 2018, the following employees were covered by the benefit term:

Active Participants	49
Retired participants with healthcare coverage*	7
Surviving spouses with healthcare coverage	<u>0</u>
Total active and inactive participants covered by benefit terms	<u>56</u>

The Plan is open to new entrants.

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

Total OPEB Liability: The School's total OPEB liability of \$1,125,833 was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2018 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, 2018, the end of the employer's fiscal year.

Measurement Date is June 30, 2018.

Actuarial Valuation Date used for June 30, 2018 liability measurement is July 1, 2017.

Actuarial Valuation Date used for June 30, 2017 liability measurement is July 1, 2017. The GASB 75 opening balance replaces the GASB 45 ending balance. See the footnote to Exhibit B.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

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

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

- 2.98% at June 30, 2018 measurement date
- 3.13% at June 30, 2017 measurement date

Annual increases to threshold for ACA "Cadillac Tax":

- For 6/30/2017 liability measurement: Based on changes in CPI-U, assumed to be 2.70% annually (with 1.0% additional increase for 2019, as specified by law).
- For 6/30/2018 liability measurement: Based on changes in chained CPI-U, assumed to be 2.45% annually (with 1.0% additional increase for 2019, as specified by law). The spread between the unadjusted CPI-U and the chained CPI-U is based on information posted in 2013 by the Congressional Budget Office.

Year ACA "Cadillac Tax" first effective:

- Effective in 2022 for 6/30/2018 measurement date.
- Effective in 2020 as of 7/1/2017 valuation date.

All other actuarial assumptions used for the calculation of Total OPEB Liability for GASB 75 reporting purposes, and their justifications, are described in the July 1, 2017 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 7.75% for the current year down to 4.0% for years after 2058.

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

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Changes in the total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2017*	\$ <u>1,086,456</u>
Changes for the year:	
Service Cost	\$ 77,249
Interest	34,898
Differences between expected and actual experience	0
Changes of benefit terms	0
Changes of assumptions or other benefits	18,929
Benefit payments	<u>(91,789)</u>
Net Changes	\$ <u>39,377</u>
Balance at June 30, 2018	<u>\$ 1,125,833</u>

*GASB 45 ending balance at June 30, 2017 is replaced by GASB 75 opening balance as of July 1, 2017 for the 2018 fiscal year.

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 (1.98%) or 1 percentage point higher (3.98%) than the current discount rate:

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
Total OPEB Liability	\$1,191,141	\$ 1,125,833	\$ 1,062,868

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 (6.75%) or 1 percentage point higher (8.75%) than the current healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease 6.75%	Current rates 7.75%	1% Increase 8.75%
Initial rate:	6.75%	7.75%	8.75%
Ultimate rate:	<u>3.00%</u>	<u>4.00%</u>	<u>5.00%</u>
Total OPEB Liability	\$ 1,017,483	\$ 1,125,833	\$ 1,251,998

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, the School recognized OPEB expense of \$115,021. At June 30, 2018, 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	\$ <u>0</u>	\$ <u>0</u>
Changes of assumptions or other inputs	\$ <u>16,145</u>	\$ <u>0</u>

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

Fiscal Year Ending June 30,	Amount
2019	\$ 2,784
2020	\$ 2,784
2021	\$ 2,784
2022	\$ 2,784
2023	\$ 2,784
Thereafter	<u>\$ 2,225</u>
Total	<u>\$16,145</u>

Differences Between Expected and Actual Experience

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

Fiscal Year Ending	Initial		Remaining at 6/30/2018		Amount Recognized for FYE 6/30/2018	
	Amount	Period	Period	Amount		
6/30/2018	\$ 0	6.8	5.8	\$ 0	0	\$ 0

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 6/30/2018		Amount Recognized for FYE 6/30/2018	
	Amount	Period	Period	Amount		
6/30/2018	\$ 18,929	6.8	5.8	\$ 16,145	2,784	\$ 2,784

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

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, 2017 there were no assumed future benefit increases to participating eligible retirees.

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

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

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

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, 2017 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, 2017 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 \$27,336 for the year ended June 30, 2017.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2018, the School reported a liability of \$475,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017 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, 2016 to June 30, 2017. 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, 2018, the School’s proportion was 0.0233 percent, which was an increase of 0.0004 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the School recognized OPEB expense of \$21,151. At June 30, 2018, 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	\$ 0	\$ 0
Changes in assumptions	0	22,000
Net difference between projected and actual investment earnings	1,000	0
Changes in proportion	7,000	0
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the Measurement date	27,336	0
	\$ 35,336	\$ 22,000

\$27,336 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, 2018. 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:

2018	\$ (2,000)
2019	(2,000)
2020	(2,000)
2021	(2,000)
2022	(2,000)
Thereafter	(4,000)
	\$(14,000)

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

Actuarial Assumptions (PSERS):

The Total OPEB Liability as of June 30, 2017, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2016 to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
 - Investment return – 3.13% - S & P 20 Year Municipal Bond Rate
 - Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
 - Premium Assistance reimbursement is capped at \$1,200 per year.
 - Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
 - Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2015 determined the employer contribution rate for fiscal year 2017.
- 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.)

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

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

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

<u>OPEB Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	76.4%	0.6%
Fixed Income	23.6%	1.5%
	<u>100.0%</u>	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

Discount rate: The discount rate used to measure the Total OPEB Liability was 3.13%. 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 3.13% which represents the S&P 20 year Municipal Bond Rate at June 30, 2017, 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, 2017, 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, 2016, 91,797 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2016, 1,354 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 10 – Commitments (Continued)

The following presents the System net OPEB liability for June 30, 2017, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	Dollar Amounts		
	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$2,036,880,000	\$2,037,412,000	\$2,037,839,000

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the net OPEB liability, calculated using the discount rate of 3.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13%) or 1-percentage-point higher (4.13%) than the current rate:

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
	District's proportionate share of the net OPEB liability	\$ 549,000	\$ 421,000

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.org.

Note 11 - Interfund Receivables and Payables

Interfund balances at June 30, 2016, consist of the following individual fund Receivables and Payables:

	Receivable	Payable
General Fund:		
Food Service Fund	\$ 42,895	\$ 0
Student Activity Fund	3,721	0
Capital Reserve	0	24,931
Student Activity Fund		
General Fund	0	3,721
Capital Reserve Fund		
General Fund	24,931	0
Food Service Fund:		
General Fund	0	42,895
	<u>\$ 71,547</u>	<u>\$ 71,547</u>

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 12 - Operating Transfer In/Out

Operating transfer at June 30, 2018 consist of the following individual operating transfers in an out:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Capital Reserve Fund	\$ 0	\$168,835
Debt Service Fund	0	1,000
Cafeteria Fund:		
Capital Reserve Fund	19,506	0
Debt Service Fund		
General Fund	1,000	0
Capital Reserve Fund:		
General Fund	168,835	0
Cafeteria Fund	0	19,506
	<u>\$189,341</u>	<u>\$189,341</u>

Note 13 Subsequent Events

Pursuant to ASC 955, subsequent events were evaluated through January 4, 2019, which is the date the financial statements were available to be issued.

Note 14 New Accounting Pronouncements

Statement No. 83 of the Governmental Accounting Standards Board Certain Asset Retirement Obligations (ARO'S): This Statement established criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for ARO'S. This Statement requires that recognition occur when the liability is both incurred and reasonably estimated and for the measurement of an ARO'S to be based on the best estimate of the current value of outlays expected to be incurred. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. Statement No. 83 will be effective for fiscal year ending June 30, 2019.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 14 New Accounting Pronouncements (Continued)

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 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, 2018. Earlier application is encouraged. Statement No. 84 will be effective for fiscal year ending June 30, 2019.

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 December 15, 2019. Earlier application is encouraged. Statement No. 87 will be effective for fiscal year ending June 30, 2021

Statement No. 88 of the Governmental Accounting Standard Board Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The objective of this Statement is to improve the information that is disclosed in notes to government financial statement related to debt and clarify which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in the notes to financial statements, including unused lines of credit; assets pledged as collateral for debt, and terms

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 14 New Accounting Pronouncements (Continued)

specified in debt agreement related to events with finance-related consequences. It also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. Statement No. 88 will be effective for fiscal year ending June 30, 2019.

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, 2019. 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, 2021.

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

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 14 New Accounting Pronouncements (Continued)

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, 2018. 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, 2020.

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

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET ORIGINAL & FINAL	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH BUDGET
REVENUE			
Local Sources			
Earnings on Investments	\$ 200	\$ 9,661	\$ 9,461
Rent of School Facilities	1,000	2,000	1,000
Tuition - Adult Programs	133,083	10,740	(122,343)
Tuition - LPN Program	283,500	88,637	(194,863)
Misc. Revenue	90,000	74,492	(15,508)
Receipts from Member Districts	4,070,074	4,367,791	297,717
Rec. from Non-Member Dist.	346,526	396,216	49,690
TOTAL REVENUE, LOCAL SOURCES	\$ 4,924,383	\$ 4,949,537	\$ 25,154
State Sources			
Vocational Education Subsidy, Secondary	\$ 491,638	\$ 510,622	\$ 18,984
Vocational Education Subsidy, Adult	2,000	66	(1,934)
Innovative Learning Grants	0	57,190	57,190
State Equipment Grant	0	22,997	22,997
Vocational Training - LPN Program	150,000	124,890	(25,110)
Social Sec. & Retirement Subsidy	630,353	809,345	178,992
TOTAL REVENUE, STATE SOURCES	\$ 1,273,991	\$ 1,525,110	\$ 251,119
Federal Sources			
Secondary Vocational Instruction	\$ 410,632	\$ 431,685	\$ 21,053
Federal WIA Programs	85,000	26,289	(58,711)
LPN Veterans Administration	0	2,997	2,997
Tuition, LPN PELL Grants	376,896	330,482	(46,414)
LPN Direct Loans	0	538,830	538,830
Tuition Refund, LPN	0	(418,191)	(418,191)
TOTAL REVENUE, FEDERAL SOURCES	\$ 872,528	\$ 912,092	\$ 39,564
TOTAL REVENUES	\$ 7,070,902	\$ 7,386,739	\$ 315,837

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

EXPENDITURES	BUDGET ORIGINAL & FINAL	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH BUDGET
INSTRUCTIONAL PROGRAMS			
Vocational Education Programs			
Service Occupation			
Instructor Salaries	\$ 42,442	\$ 44,381	\$ (1,939)
Lab Assistant Salaries	20,353	20,353	0
Employee Benefits	46,539	47,907	(1,368)
General Supplies	8,000	5,276	2,724
Reference Material	1,000	0	1,000
TOTAL VOC. ED. AGRICULTURE	\$ 118,334	\$ 117,917	\$ 417
Health Occupations			
Instructor Salaries	\$ 100,673	\$ 93,833	\$ 6,840
Employee Benefits	84,083	74,823	9,260
General Supplies	5,000	4,258	742
Reference Material	3,500	0	3,500
TOTAL VOC. ED. HEALTH OCCUPATIONS	\$ 193,256	\$ 172,914	\$ 20,342
Home Economics			
Instructor Salaries	\$ 146,959	\$ 147,587	\$ (628)
Employee Benefits	119,250	120,691	(1,441)
General Supplies	32,500	25,834	6,666
Reference Material	700	333	367
TOTAL HOME ECONOMICS	\$ 299,409	\$ 294,445	\$ 4,964
Technical Programs			
Instructor Salaries	\$ 276,946	\$ 239,092	\$ 37,854
Employee Benefits	212,426	180,330	32,096
Travel Expenses	0	158	(158)
General Supplies	7,000	1,209	5,791
Reference Material	3,500	0	3,500
TOTAL TECHNICAL PROGRAMS	\$ 499,872	\$ 420,789	\$ 79,083

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET ORIGINAL & FINAL	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH BUDGET
Trade and Industrial Programs			
Instructor Salaries	\$ 802,426	\$ 800,641	\$ 1,785
Instructor Aide Salaries	136,870	165,068	(28,198)
Instructor Salaries, Substitutes	37,000	31,984	5,016
Employee Benefits	836,386	848,609	(12,223)
Contracted Services	30,000	15,890	14,110
Repair Services	10,000	9,500	500
Pupil Transportation Services	15,000	10,545	4,455
Travel Expenses	8,000	15,554	(7,554)
General Supplies	156,750	254,391	(97,641)
Reference Material	8,150	3,996	4,154
Equipment Purchases, Original	<u>58,500</u>	<u>102,069</u>	<u>(43,569)</u>
TOTAL TRADE AND INDUSTRIAL PROGRAMS	\$ 2,099,082	\$ 2,258,247	\$ (159,165)
Co-Op Education			
Instructor Salaries	\$ 36,711	\$ 49,764	\$ (13,053)
Employee Benefits	24,429	25,502	(1,073)
Travel Expenses	<u>1,000</u>	<u>0</u>	<u>1,000</u>
TOTAL CO-OP EDUCATION	\$ 62,140	\$ 75,266	\$ (13,126)
TOTAL VOCATIONAL EDUCATION PROGRAMS	\$ 3,272,093	\$ 3,339,578	\$ (67,485)
ADULT EDUCATION PROGRAMS			
Adult Education, Evening			
Supervisor Salary	\$ 68,145	\$ 62,903	\$ 5,242
Instructor Salaries	10,000	10,448	(448)
Employee Benefits	55,592	31,417	24,175
Travel Expenses	250	1,436	(1,186)
General Supplies	1,000	4,761	(3,761)
Reference Material	<u>1,500</u>	<u>257</u>	<u>1,243</u>
TOTAL ADULT EDUCATION, EVENING	\$ 136,487	\$ 111,222	\$ 25,265

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>BUDGET ORIGINAL & FINAL</u>	<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE WITH BUDGET</u>
Adult Education, LPN Program			
Supervisor Salary	\$ 83,138	\$ 83,138	\$ 0
Financial Aid Coordinator Salary	41,195	29,499	11,696
Instructor Salaries	308,138	350,113	(41,975)
Clerical Salaries	34,719	34,719	0
Employee Benefits	348,259	347,317	942
Repair Services	4,050	0	4,050
Travel Expenses	1,000	3,709	(2,709)
General Supplies	7,000	6,146	854
Textbooks	600	0	600
Other Expenses	<u>10,500</u>	<u>6,569</u>	<u>3,931</u>
TOTAL ADULT EDUCATION, LPN	<u>\$ 838,599</u>	<u>\$ 861,210</u>	<u>\$ (22,611)</u>
TOTAL ADULT EDUCATION PROGRAMS	<u>\$ 975,086</u>	<u>\$ 972,432</u>	<u>\$ 2,654</u>
TOTAL INSTRUCTIONAL PROGRAMS	<u>\$ 4,247,179</u>	<u>\$ 4,312,010</u>	<u>\$ (64,831)</u>
SUPPORT SERVICES			
Support Services, Guidance			
Guidance Counselors Salaries	\$ 99,652	\$ 109,476	\$ (9,824)
Clerical Salaries	25,174	0	25,174
Employee Benefits	85,641	79,823	5,818
Travel Expenses	3,000	2,800	200
General Supplies	1,250	2,717	(1,467)
Books & Periodicals	<u>250</u>	<u>0</u>	<u>250</u>
TOTAL SUPPORT SERVICES, GUIDANCE	<u>\$ 214,967</u>	<u>\$ 194,816</u>	<u>\$ 20,151</u>
Support Services, Instructional Support			
Salaries, Instructional Support	\$ 131,734	\$ 131,083	\$ 651
Employee Benefits	99,187	100,090	(903)
Contracted Services	37,700	26,625	11,075
Travel Expenses	251	76	175
General Supplies	<u>20,000</u>	<u>29,337</u>	<u>(9,337)</u>
TOTAL SUPPORT SERVICES, INST. SUPPORT	<u>\$ 288,872</u>	<u>\$ 287,211</u>	<u>\$ 1,661</u>
Support Services, Board			
Contracted Auditing Expenses	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 0</u>
TOTAL SUPPORT SERVICES, BOARD	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 0</u>

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET ORIGINAL & FINAL	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH BUDGET
Support Services, Legal			
Contracted Legal Expenses	\$ 25,000	\$ 18,000	\$ 7,000
TOTAL SUPPORT SERVICES, LEGAL	<u>\$ 25,000</u>	<u>\$ 18,000</u>	<u>\$ 7,000</u>
Support Services, Office of Director			
Director Salary	\$ 128,986	\$ 138,122	\$ (9,136)
Secretary Salary	46,251	46,251	0
Employee Benefits	105,756	109,405	(3,649)
Stipend, Superintendent of Record	3,600	3,600	0
Travel Expenses	1,500	2,621	(1,121)
General Supplies	250	0	250
Books & Periodicals	100	0	100
Dues and Fees	200	0	200
TOTAL SUPPORT SERVICES, OFFICE OF DIR.	<u>\$ 286,643</u>	<u>\$ 299,999</u>	<u>\$ (13,356)</u>
Support Services, Advertising			
Advertising Expenses	\$ 10,000	\$ 5,580	\$ 4,420
TOTAL SUPPORT SERVICES, ADVERTISING	<u>\$ 10,000</u>	<u>\$ 5,580</u>	<u>\$ 4,420</u>
Support Services, Office of Principal			
Principal and Supervisor Salaries	\$ 172,722	\$ 175,226	\$ (2,504)
Clerical Salaries	58,331	62,481	(4,150)
Employee Benefits	191,551	210,266	(18,715)
Travel Expenses	2,500	3,955	(1,455)
General Supplies	35,000	42,772	(7,772)
TOTAL SUPPORT SERVICES, OFFICE OF PRIN.	<u>\$ 460,104</u>	<u>\$ 494,700</u>	<u>\$ (34,596)</u>
TOTAL SUPPORT SERVICES, ADMINISTRATIVE	<u>\$ 801,747</u>	<u>\$ 838,279</u>	<u>\$ (36,532)</u>
Support Services, Pupil Health			
School Nurse Salaries	\$ 40,071	\$ 40,739	\$ (668)
Employee Benefits	25,802	35,493	(9,691)
Travel Expenses	0	140	(140)
General Supplies	2,000	866	1,134
TOTAL SUPPORT SERVICES, PUPIL HEALTH	<u>\$ 67,873</u>	<u>\$ 77,238</u>	<u>\$ (9,365)</u>

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET ORIGINAL & FINAL	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH BUDGET
Support Services, Business Office			
Business Manager Salary	\$ 72,186	\$ 72,186	\$ 0
Clerical Salaries	83,128	87,079	(3,951)
Employee Benefits	140,191	182,931	(42,740)
Travel Expenses	125	43	82
General Supplies	1,000	5,977	(4,977)
Contracted Services	27,760	27,600	160
Dues and Fees	450	316	134
TOTAL SUPPORT SERVICES, BUSINESS	\$ 324,840	\$ 376,132	\$ (51,292)
Support Services, Maintenance			
Supervisor Salaries	\$ 70,070	\$ 70,070	\$ 0
Custodial Staff Salaries	264,842	268,574	(3,732)
Employee Benefits	294,449	307,397	(12,948)
Garbage Disposal Services	12,000	14,250	(2,250)
Natural Gas	40,000	49,170	(9,170)
Water and Sewage	21,500	19,699	1,801
Repair Services	84,963	106,946	(21,983)
General Liability Insurance	63,200	56,975	6,225
Automobile Insurance	8,500	5,811	2,689
Telephone Expenses	15,000	11,116	3,884
General Supplies	36,000	44,771	(8,771)
Equipment, Safe Schools Initiative	0	4,209	(4,209)
Electricity Expenses	110,000	95,135	14,865
Gasoline Expenses	2,000	2,798	(798)
TOTAL SUPPORT SERVICES, MAINTENANCE.	\$ 1,022,524	\$ 1,056,921	\$ (34,397)
Support Services, Administrative			
Other Services, Administrative	\$ 65,000	\$ 39,146	\$ 25,854
TOTAL SUPPORT SERVICES, ADMINISTRATION	\$ 65,000	\$ 39,146	\$ 25,854
TOTAL SUPPORT SERVICES	\$ 2,785,823	\$ 2,869,743	\$ (83,920)

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET ORIGINAL & FINAL	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH BUDGET
OTHER EXPENDITURES			
Debt Service			
Capitalized Lease Principal Payments	\$ 30,800	\$ 30,522	\$ 278
Capitalized Lease Interest Payments	<u>7,100</u>	<u>4,629</u>	<u>2,471</u>
TOTAL DEBT SERVICE	<u>\$ 37,900</u>	<u>\$ 35,151</u>	<u>\$ 2,749</u>
TOTAL OTHER EXPENDITURES	<u>\$ 37,900</u>	<u>\$ 35,151</u>	<u>\$ 2,749</u>
TOTAL EXPENDITURES	<u>\$ 7,070,902</u>	<u>\$ 7,216,904</u>	<u>\$ (146,002)</u>
EXCESS OF EXPENDITURES UNDER REVENUES	<u>\$ 0</u>	<u>\$ 169,835</u>	<u>\$ 169,835</u>
OTHER FINANCING USES			
Operating Transfers Out	<u>\$ 0</u>	<u>\$ 169,835</u>	<u>\$ 169,835</u>
TOTAL OTHER FINANCING USES	<u>\$ 0</u>	<u>\$ 169,835</u>	<u>\$ 169,835</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><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2018

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-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-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, 2018

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

	Measurement period ending June 30, 2018	Notes
Total OPEB liability		
Net change during year		
- Service Cost	\$ 77,249	a
- Interest	34,988	a
- Differences between expected and actual experience	0	b
- Changes of benefit terms	0	
- Changes of assumptions or other inputs	18,929	c
- Benefit payments	(91,789)	
- Net change in total OPEB liability	<u>\$ 39,377</u>	
Total OPEB liability - beginning of year	1,086,456	
Total OPEB liability - end of year	<u>\$ 1,125,833</u>	
 Covered employee payroll for year	 \$ 2,608,426	
 Total OPEB liability as a percentage of covered employee payroll	 43.16%	
 Discount rate assumption:		
Beginning of year	3.13%	
End of year	2.98%	

Notes to Schedule:

- a. The measurement period used for fiscal year ending June 30, 2018 is June 30, 2017 through June 30, 2018. The assumed discount rate was 3.13% at the beginning of the measurement period and 2.98% at the end of the measurement period.
- b. For the initial year of GASB 75 accounting, total OPEB liability calculated as of July 1, 2017 is rolled forward to June 30, 2018 using standard actuarial techniques. As a result, there are no differences between expected and actual demographic experience in the initial year.
- c. Changes of assumptions or other inputs include the discount rate noted in (a) above, and two healthcare law changes related to the ACA Cadillac Tax. The liability change is recognized in OPEB expense, beginning in the current reporting period, using a straight-line amortization over a closed period equal to the average of the expected remaining service lives of all participants who are provided with OPEB through the OPEB plan (active and inactive participants), determined as of the beginning of the measurement period.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2018

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-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-18	\$ 27,336	\$ 27,336	\$ 0	\$ 3,108,365	0.8794%
30-Jun-17	\$ 24,563	\$ 24,563	\$ 0	\$ 2,967,350	0.8278%

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, 2018

ADDITIONS:

Activity Revenues	
Supplemental Schedule II	\$ 54,131
Interest Income	<u>456</u>

TOTAL ADDITIONS		\$ 54,587
-----------------	--	-----------

DEDUCTIONS:

Activity Expenditures	
Supplemental Schedule II	\$ <u>42,482</u>

TOTAL DEDUCTIONS		<u>42,482</u>
------------------	--	---------------

DEFICIENCY OF ADDITIONS UNDER DEDUCTIONS		<u>\$ 12,105</u>
--	--	------------------

"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, 2018

CLUB NAME OR ACTIVITY	REVENUES	INTER-CLUB TRANSFERS IN	INTER-CLUB TRANSFERS OUT	EXPENDITURES
Ambassador	\$ 352	\$ 0	\$ 0	\$ 962
Auto Technology	886	0	0	725
Carpentry	1,140	0	0	539
Child Care	3,074	0	0	2,359
Collision Repair	377	0	0	418
Commercial Art	150	0	0	666
Computer Information Technology	586	0	0	924
Cosmetology	2,736	0	0	4,609
Culinary Arts	212	0	0	116
Electricity	823	0	0	745
Graphic Communication	2,599	0	0	1,612
Health Occupations	5,790	0	0	1,835
LPN	22,395	0	0	16,886
Plumbing/Heating	0	0	0	44
Service Occupation	9,525	0	0	3,990
Scholarship	100	0	0	600
Skills USA	2,749	0	0	5,382
Trowel Trade	324	0	0	44
Welding	313	0	0	26
	<u>\$ 54,131</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,482</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, 2018

REVENUES AND OTHER FINANCING SOURCES

Local Sources:

Interest Income	\$	5,741
Revenue from Member Districts		113,861
RACP Grant		<u>111,128</u>

Total Revenue, Local Sources \$ 230,730

Other Financing Sources:

Operating Transfer from General Fund	\$	<u>168,835</u>
Total Revenue, Other Financing Sources		<u>168,835</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES \$ 399,565

EXPENDITURES

Equipment Purchases, Technical Programs	\$	3,180
Equipment Purchases, Trade & Ind. Programs.		8,663
Equipment Purchases, Adult LPN Programs.		295
Equipment Purchases, Audio Visual		738
Equipment Purchase, Operation & Maintenance of Plant Services		94,599
Equipment Purchases, Other		<u>48,123</u>

TOTAL EXPENDITURES \$ 155,598

OTHER FINANCING USES

Operating Transfer To Cafeteria Fund	\$	<u>19,506</u>
--------------------------------------	----	---------------

Total Other Financing Uses 19,506

TOTAL EXPENDITURES AND OTHER FINANCING USES \$ 175,104

REVENUE AND OTHER FINANCING SOURCES

UNDER EXPENDITURES AND OTHER FINANCING USES \$ 224,461

Reserve For Capital Improvements, Beginning of Year 557,491

RESERVE FOR CAPITAL IMPROVEMENTS, END OF YEAR \$ 781,952

"See Accompanying Independent Auditors' Report"

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, 2018

REVENUES AND OTHER FINANCING SOURCES

Local Sources:

Interest Income \$ 2,493

Total Revenue, Local Sources \$ 2,493

EXPENDITURES

Facility Acquisition, Construction, Improvement Services \$ 10,000

TOTAL EXPENDITURES 10,000

REVENUE AND OTHER FINANCING SOURCES

UNDER EXPENDITURES AND OTHER FINANCING USES \$ (7,507)

Reserve For Capital Projects, Beginning of Year 219,482

RESERVE FOR CAPITAL PROJECTS, END OF YEAR \$ 211,975

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

U.S. DEPARTMENT OF EDUCATION		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, 2017	REVENUE RECOG- NIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2018
STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER										
D	84.007	N/A		07/01/2017 - 06/30/2018	\$ 0	\$ 19,520	\$ 9,760	\$ 9,760	\$ 9,760	\$ 0
D	84.063	N/A		07/01/2017 - 06/30/2018	0	326,387	5,815	320,722	320,722	(1)(6)
D	84.268	N/A		07/01/2017 - 06/30/2018	0	538,819	0	538,830	538,830	(1)
TOTAL STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER										
					\$ 0	\$ 884,726	\$ 15,575	\$ 869,312	\$ 869,312	\$ 161
U.S. DEPARTMENT OF EDUCATION										
Passed Through the Pennsylvania										
Department of Education:										
I	84.048	380-170050		07/01/2016 - 06/30/2017	\$ 414,830	\$ 63,194	\$ 63,194	\$ 0	\$ 0	\$ 0
I	84.048	380-180036		07/01/2017 - 06/30/2018	431,685	360,071	0	431,685	431,685	71,614
TOTAL DEPARTMENT OF EDUCATION										
					\$ 846,515	\$ 1,307,991	\$ 78,769	\$ 1,300,997	\$ 1,300,997	\$ 71,775
U.S. DEPARTMENT OF AGRICULTURE										
CHILD NUTRITION CLUSTER										
Passed Through the Pennsylvania										
Department of Education:										
I	10.553	N/A		07/01/2017 - 06/30/2018	N/A	\$ 22,468	\$ 1,501	\$ 25,360	\$ 25,360	\$ 4,393
I	10.555	N/A		07/01/2017 - 06/30/2018	N/A	123,175	14,071	127,464	127,464	18,360
TOTAL DEPARTMENT OF AGRICULTURE AND CHILD NUTRITION CLUSTER										
					N/A	10,068 (2)	(1,106) (3)	10,555	10,555 (4)	(619) (5)
					N/A	\$ 155,711	\$ 14,466	\$ 163,379	\$ 163,379	\$ 22,134

See Accompanying Independent Auditors' Report.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2017	REVENUE RECOGNIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2018
U.S. DEPARTMENT OF LABOR									
WIA/WIOA CLUSTER									
Passed Through the Lackawanna County Career Link:									
WORKFORCE INVESTMENT ACT									
I	17.258	EDS1-17-AD-07	08/29/2017 - 12/31/2018	\$ 5,000	\$ 4,419	\$ 0	\$ 4,419	\$ 4,419	\$ 0
I	17.258	16-AD-30	11/29/2016 - 03/31/2018	5,000	1,259	0	1,259	1,259	0
I	17.258	16-AD-40	11/29/2016 - 03/31/2018	5,000	1,459	0	1,459	1,459	0
I	17.258	16-AD-29	11/29/2016 - 03/31/2018	5,000	1,259	0	1,259	1,259	0
I	17.258	16-AD-38	11/29/2016 - 03/31/2018	5,000	1,260	0	1,260	1,260	0
I	17.258	16-AD-35	11/29/2016 - 03/31/2018	5,000	1,698	0	1,698	1,698	0
I	17.258	16-AD-36	11/29/2016 - 03/31/2018	5,000	1,283	0	1,283	1,283	0
I	17.258	EDS1-17-AD-24	03/09/2018 - 06/30/2019	5,000	1,382	0	1,382	1,382	0
I	17.258	EDS1-17-AD-25	03/09/2018 - 06/30/2019	5,000	1,382	0	1,382	1,382	0
I	17.258	16-AD-28	11/29/2016 - 03/31/2018	5,000	729	0	729	729	0
I	17.258	16-AD-37	11/29/2016 - 03/31/2018	5,000	729	0	729	729	0
I	17.259	OSY-16-13	11/29/2016 - 03/31/2018	5,000	1,259	0	1,259	1,259	0
I	17.278	15-DW-54	03/07/2016 - 06/30/2017	5,000	1,259	0	1,259	1,259	0
I	17.278	16-DW-22	11/29/2016 - 03/31/2018	5,000	1,260	0	1,260	1,260	0
I	17.278	16-DW-72	03/07/2016 - 06/30/2017	5,000	1,259	0	1,259	1,259	0
TOTAL WIA/WIOA CLUSTER									
				\$ 89,545	\$ 26,289	\$ 0	\$ 26,289	\$ 26,289	\$ 0
TOTAL DEPARTMENT OF LABOR									
				\$ 89,545	\$ 26,289	\$ 0	\$ 26,289	\$ 26,289	\$ 0
U.S. DEPARTMENT OF VETERANS AFFAIRS									
I	64-028	18089038	03/12/2018 - 06/09/2018	\$ 2,997	\$ 0	\$ 0	\$ 2,997	\$ 2,997	\$ 2,997
Post 9/11 Veterans Educational Assistance									
TOTAL DEPARTMENT OF VETERANS AFFAIRS									
				\$ 2,997	\$ 0	\$ 0	\$ 2,997	\$ 2,997	\$ 2,997
TOTAL FEDERAL ASSISTANCE									
				\$ 939,057	\$ 1,489,991	\$ 93,235	\$ 1,493,662	\$ 1,493,662	\$ 96,206

Passed Through the Pocono Counties Workforce Investment Act:

WORKFORCE INVESTMENT ACT
 WIA/WIOA Adult Program
 WIA/WIOA Youth Activities
 WIA/WIOA Youth Activities

TOTAL WIA/WIOA CLUSTER

TOTAL DEPARTMENT OF LABOR

U.S. DEPARTMENT OF VETERANS AFFAIRS

Post 9/11 Veterans Educational Assistance

TOTAL DEPARTMENT OF VETERANS AFFAIRS

TOTAL FEDERAL ASSISTANCE

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR-ENDED JUNE 30, 2018

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, 2017	REVENUE RECOGNIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2018
		N/A	07/01/2017 - 06/30/2018	N/A	\$ 6,425	\$ 702	\$ 6,734	\$ 6,734	\$ 1,011
PENNSYLVANIA DEPARTMENT OF EDUCATION School Lunch Program									
TOTAL SCHOOL LUNCH PROGRAM FROM PENNSYLVANIA DEPARTMENT OF EDUCATION									
		N/A		N/A	\$ 6,425	\$ 702	\$ 6,734	\$ 6,734	\$ 1,011
TOTAL PENNSYLVANIA ASSISTANCE									

FOOTNOTES:

- (1) Identification of 40% rule:
 Total Federal Expenditures; \$ 1,493,662
 x 40%
 \$ 597,465
- Programs selected for test:
 SEOG Grants, CFDA #84.007 \$ 9,760
 PELL Grants, CFDA #84.063 320,722
 Direct Student Loans, CFDA #84.268 538,830
 \$ 869,312 / 1,493,662 = 58.20%

- (2) Total amount of commodities received from the Department of Agriculture.
 (3) Beginning inventory at July 1, 2017
 (4) Total amount of commodities used.
 (5) Ending inventory at June 30, 2018
 (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 Center of Lackawanna County, it is not intended to and does not present the financial position, changes in net position, or cash flows under programs of the Federal Government for the year ended June 30, 2018. 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 County.
 (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, 2018.

ROBERT ROSSI & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

January 4, 2019

Board of Directors
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, 2018, 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 January 4, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robert Rossi & Co

ROBERT ROSSI & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

January 4, 2019

Board of Directors
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, 2018. 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, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Robert Rossi FCO

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

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