

**CAREER TECHNOLOGY CENTER OF  
LACKAWANNA COUNTY  
INDEPENDENT AUDITORS' REPORT  
JUNE 30, 2015**

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES  
AND SINGLE AUDIT ATTACHMENTS  
YEAR ENDED JUNE 30, 2015

	<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	10-21
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	22-23
Statement of Net Activities	24
Fund Financial Statements:	
Balance Sheet - Governmental Funds	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	26
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	27
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	28-29
Statement of Net Position - Proprietary Fund - Food Service Fund	30
Statement of Revenues, Expenses and Change in Fund Net Position - Proprietary Fund - Food Service Fund	31

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES  
AND SINGLE AUDIT ATTACHMENTS  
YEAR ENDED JUNE 30, 2015

	<u>PAGE</u>
Statement of Cash Flows - Proprietary Fund - Food Service Fund	32
Statement of Net Position - Fiduciary Fund - Agency Fund	33
Notes to Basic Financial Statements	34-58
 Required Supplementary Information:	
Statement of Revenues, Expenditures & Changes in Fund Balances - Budget and Actual	59
 Other Supplementary Information:	
Supplemental Schedule I - Statement of Changes in Net Position - Fiduciary Funds - Agency Fund	60
Supplemental Schedule II - Statement of Additions and Deductions - Classes and Clubs	61
Supplemental Schedule III - Statement of Revenue, Expenditures, and Change in Reserve for Capital Improvements	62
Supplemental Schedule IV - Statement of Revenue, Expenditures, and Change in Reserve for Capital Projects	63
 Single Audit Attachments:	
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2015	64-67
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	68-69
Independent Auditors' Report on Compliance for each Major Program and Internal Control over Compliance Required by OMB Circular A-133	70-72

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES  
AND SINGLE AUDIT ATTACHMENTS  
YEAR ENDED JUNE 30, 2015

	<u>PAGE</u>
Schedule of Findings and Questioned Costs for the Year Ended June 30, 2015	73-75
Summary Schedule of Prior Audit Findings and Internal Control Weaknesses	76
Plan for Corrective Action Taken in Regard to Audit Findings	77

ROBERT ROSSI & CO.  
CERTIFIED PUBLIC ACCOUNTANTS  
299 MAIN ST. 2<sup>ND</sup> FLR  
OLYPHANT, PA 18447-2326  
TEL. (570) 876-2300 - FAX (570) 876-5153  
Website: www.rrco.net

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.

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.

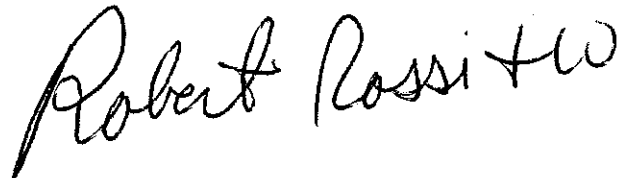
January 19, 2016

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, 2015, and have enclosed the single audit report package.

The single audit was done to fulfill the requirements of OMB Circular A - 133. 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 OMB Circular A - 133.

A management letter was not issued and therefore is not included as part of our report.

A handwritten signature in black ink that reads "Robert Rossi" followed by a stylized flourish.

REPORT DISTRIBUTION LIST

Office of the Budget  
Bureau of Audits  
Bell Tower - Strawberry Square, 6<sup>th</sup> Floor  
Harrisburg, Pennsylvania 17101 1 Copy

Federal Audit Clearing House  
1201 E 10<sup>th</sup> Street  
Jeffersonville, Indiana 47132 1 Copy  
Attn: Single Audit Clearing House

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. 2<sup>ND</sup> FLR  
OLYPHANT, PA 18447-2326  
TEL. (570) 876-2300 - FAX (570) 876-5153  
Website: [www.rcco.net](http://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

January 19, 2016

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, 2015, 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, 2015 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 Career Technology Center of Lackawanna County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of this implementation, the school is required to include its proportional share of the Public School Employees' Retirement System of Pennsylvania's Net Pension Liability and Related Deferred Inflows and Outflows of Resources. 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 budgetary comparison information on pages 10 thru 21 and 59 thru 66 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and



are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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 19, 2016, 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.

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

# **Career Technology Center of Lackawanna County**

## **Management Discussion and Analysis (MD&A)**

June 30, 2015

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, 2015. 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 (8) 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 Riverside.

Riverside School District has withdrawn as a participating member school of CTC of Lackawanna County. Riverside students currently attend CTC as a non-member student paying the nonmember rate. Please refer to Note 7 and Note 14 of these financial statements for further information on this situation.

### **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. Further, as a continuing education resource, we at the Career Technology Center shall maintain, develop, augment and pioneer programs to benefit those who can profit from life-long learning. An educated workforce is the key to a successful and productive society. The Career Technology Center of Lackawanna County (CTC) is dedicated to developing that workforce.

# Career Technology Center of Lackawanna County

## Management Discussion and Analysis (MD&A)

June 30, 2015

### FINANCIAL HIGHLIGHTS

#### General Fund

The School's net position increase by \$ 742,585 as a result of this year's operations. The net position of our Governmental activities increased by \$ 742,816 and the net position of our business type activities decreased by \$231. The largest source of revenue comes from the school districts to support the secondary education programs and totaled \$3,737,649 for 2014-2015, a decrease of \$ 229,219 from 2013-2014. The 2014-2015 amount has \$ 20,473 in revenue paid by Riverside School District as a non-member district due to the legal dispute with CTC that has been settled with Riverside exiting as a JOC member. In September 2014, CTC and Riverside reached an agreement to pay the non-member rate for the two previous years and Riverside paid \$305,845 to CTC. The Riverside revenue due to the CTC for 2012-2013 and 2013-2014 was shown as a Deferred Revenue on the Balance Sheet and represented the difference between the amount billed and the amount paid. If the \$ 305,845 were not included in revenue in the 2013 – 2014 school year revenues would have increased by \$ 76,626. The following formula is used to calculate member and non-member district costs: "Current operating expenditures shall be allocated to and paid by each of the participating school districts based upon the district average of the last 4 years of ADM as compared to the total 4 year average of ADM's of all participating school districts. The 4 years will begin with the year immediately prior to the ensuing budget year, and backwards 3 years beyond that year. The ADM's of the year immediately prior will be based upon estimated ADM's as of April 1 of that year, and the other 3 years will be based upon audited ADM's. No adjustments will be made to the payments of the districts once the budget is approved, and the amount calculated will be the maximum payment each district will make for that budget year. The net per pupil cost for non-member 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."

In fiscal year 2014-2015, the School adopted and implemented, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The effect was recording its share of the net pension liability (measure date as of June 30, 2013). The implementation required a restatement reduction of its beginning net position of \$9,028,704.

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.

# Career Technology Center of Lackawanna County

## Management Discussion and Analysis (MD&A)

June 30, 2015

Capital Projects 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 is scheduled to be completed by early 2016.

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 bondholders 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.
- 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.

# Career Technology Center of Lackawanna County

## Management Discussion and Analysis (MD&A)

June 30, 2015

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

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

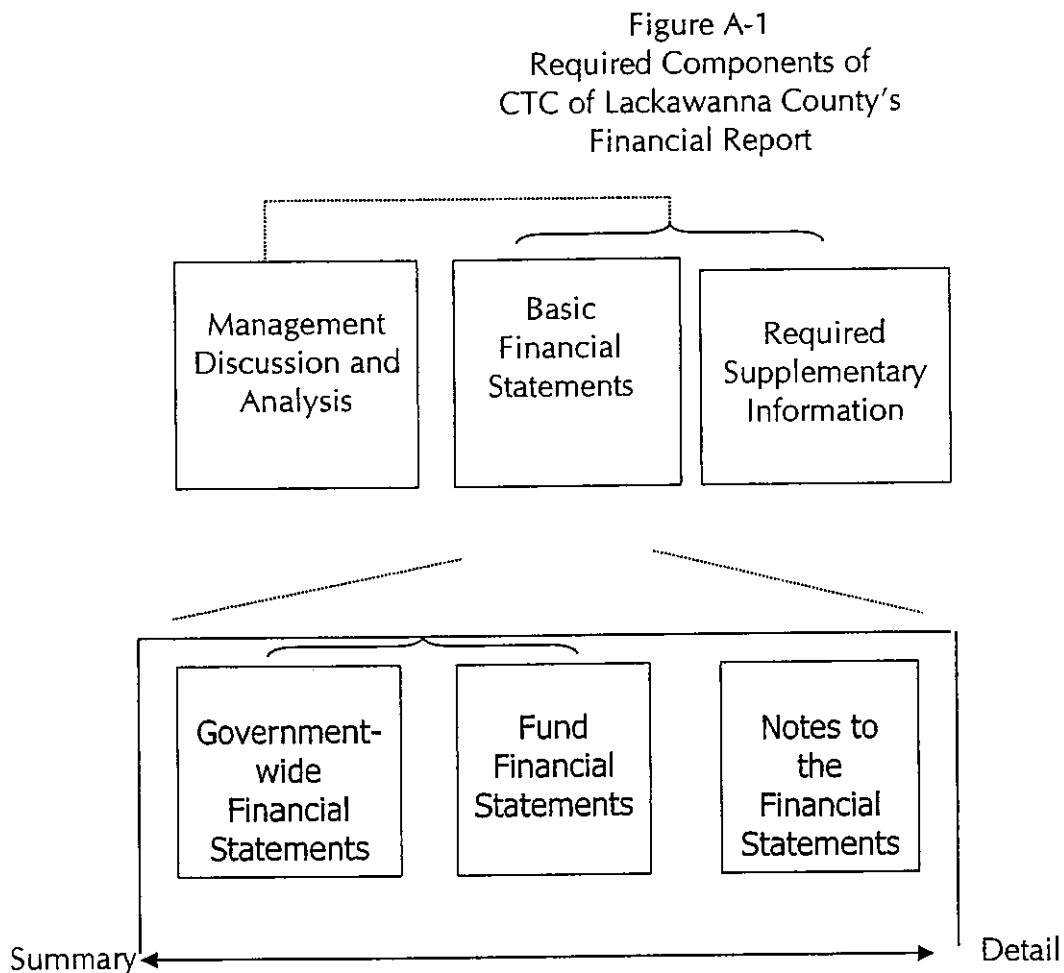


Figure A-2 summarizes the major features of CTC's financial statements, including the portion of CTC they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

# Career Technology Center of Lackawanna County

## Management Discussion and Analysis (MD&A)

June 30, 2015

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 position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net assets Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net Position
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, 2015

### 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:

# Career Technology Center of Lackawanna County

## Management Discussion and Analysis (MD&A)

June 30, 2015

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

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

- Proprietary funds - 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.



# Career Technology Center of Lackawanna County

## Management Discussion and Analysis (MD&A)

June 30, 2015

### FINANCIAL ANALYSIS OF THE CTC AS A WHOLE

Fiscal Year Ending June 30, 2015  
Net Position

TABLE A - 1

	Governmental Activities		Business Type Activities		Total Primary Government		% Chg
	2015	2014	2015	2014	2015	2014	
Current Assets	\$ 1,781,650	\$ 1,683,313	\$ (11,505)	\$ (9,158)	\$ 1,770,145	\$ 1,674,155	5.7%
Restricted Assets	2,886,185	11,602,351	0	0	2,886,185	11,602,351	-75.1%
Capital Assets	20,364,088	12,606,845	11,727	9,561	20,375,815	12,616,406	61.5%
<b>Total Assets</b>	<b>\$ 25,031,923</b>	<b>\$ 25,892,509</b>	<b>\$ 222</b>	<b>\$ 403</b>	<b>\$ 25,032,145</b>	<b>\$ 25,892,912</b>	<b>-3.3%</b>
Deferred Outflow of Resources	\$ 698,637	\$ 126,871	\$ 0	\$ 0	\$ 698,637	\$ 126,871	450.7%
Current Liabilities	\$ 2,364,994	\$ 3,409,734	\$ 99	\$ 49	\$ 2,365,093	\$ 3,409,783	-30.6%
Long Term Liabilities	25,918,803	17,803,956	0	0	25,918,803	17,803,956	45.6%
<b>Total Liabilities</b>	<b>\$ 28,283,797</b>	<b>\$ 21,213,690</b>	<b>\$ 99</b>	<b>\$ 49</b>	<b>\$ 28,283,896</b>	<b>\$ 21,213,739</b>	<b>33.3%</b>
Deferred Inflow of Resources	\$ 1,082,277	\$ 155,316	\$ 0	\$ 0	\$ 1,082,277	\$ 155,316	596.8%
Net Position							
Invested In Capital Assets	\$ 5,684,560	\$ 4,680,503	\$ 11,726	\$ 9,561	\$ 5,696,286	\$ 4,690,064	21.5%
Restricted for Capital Repl	2,229,048	816,277	0	0	2,229,048	816,277	173.1%
Restricted for Capital Project	543,633	9,876,322	0	0	543,633	9,876,322	100.0%
Restricted for Debt Service	15	10	0	0	15	10	100.0%
Unrestricted	(12,092,770)	(10,722,738)	(11,603)	(9,207)	(12,104,373)	(10,731,945)	12.8%
<b>Total Net Position</b>	<b>\$ (3,635,514)</b>	<b>\$ 4,650,374</b>	<b>\$ 123</b>	<b>\$ 354</b>	<b>\$ (3,635,391)</b>	<b>\$ 4,650,728</b>	<b>-178.2%</b>

### Changes in Entity-Wide Net Position

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

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

# Career Technology Center of Lackawanna County

## Management Discussion and Analysis (MD&A)

June 30, 2015

Fiscal Year Ending June 30, 2015  
Changes in Net Position

TABLE A - 2

	Governmental Activities		Business Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 1,107,590	\$ 941,758	\$ 35,543	\$ 40,766	\$ 1,143,133	\$ 982,524
Operating grants and contributions	1,018,495	949,541	50,485	40,897	1,068,980	990,438
Capital grants and contributions	65,912	5,300	0	0	65,912	5,300
<b>General Revenues:</b>						
State grants and subsidies	422,180	426,448	0	0	422,180	426,448
Investment earnings	15,025	31,900	7	3	15,032	31,903
Receipts From Member Districts AVTS	4,644,307	4,538,729	0	0	4,644,307	4,538,729
RACP Grant Permanent Funding	0	886,139	0	0	0	0
Rentals and Miscellaneous	16,262	3,655	0	0	16,262	3,655
<b>Total Revenues</b>	<b><u>\$ 7,289,771</u></b>	<b><u>\$ 7,783,470</u></b>	<b><u>\$ 86,035</u></b>	<b><u>\$ 81,666</u></b>	<b><u>\$ 7,375,806</u></b>	<b><u>\$ 6,978,997</u></b>
<b>Expenses</b>						
Instruction	\$ 3,140,614	\$ 3,023,741	\$ 0	\$ 0	\$ 3,140,614	\$ 3,023,741
Support services	2,490,201	2,530,063	0	0	2,490,201	2,530,063
Unallocated Depreciation	330,882	321,163	0	0	330,882	321,163
Refund Prior Year Revenue	0	0	0	0	0	0
Interest on Long Term Debt	471,101	479,990	0	0	471,101	479,990
Facility Acquisition, Construction, Improvement Services	21,149	0	0	0	21,149	0
Other Administrative	53,070	50,948	0	0	53,070	50,948
Food/Production services	0	0	126,204	112,697	126,204	112,697
<b>Total Expenses</b>	<b><u>\$ 6,507,017</u></b>	<b><u>\$ 6,405,905</u></b>	<b><u>\$ 126,204</u></b>	<b><u>\$ 112,697</u></b>	<b><u>\$ 6,633,221</u></b>	<b><u>\$ 6,518,602</u></b>
<b>Increase (Decrease) in Net Assets Before Transfers</b>	<b><u>\$ 782,754</u></b>	<b><u>\$ 1,377,565</u></b>	<b><u>\$ (40,169)</u></b>	<b><u>\$ (31,031)</u></b>	<b><u>\$ 742,585</u></b>	<b><u>\$ 1,346,534</u></b>
Transfers	(39,938)	(31,000)	39,938	31,000	0	0
<b>Increase (Decrease) in Net Assets</b>	<b><u>\$ 742,816</u></b>	<b><u>\$ 1,346,565</u></b>	<b><u>\$ (231)</u></b>	<b><u>\$ (31)</u></b>	<b><u>\$ 742,585</u></b>	<b><u>\$ 1,346,534</u></b>
Net Position Beginning	4,650,374	3,523,466	354	385	4,650,728	3,523,851
Change in Accounting Principle	(9,028,704)	(219,657)	0	0	(9,028,704)	(219,657)
<b>Net Position Ending</b>	<b><u>\$ (3,635,514)</u></b>	<b><u>\$ 4,650,374</u></b>	<b><u>\$ 123</u></b>	<b><u>\$ 354</u></b>	<b><u>\$ (3,635,391)</u></b>	<b><u>\$ 4,650,728</u></b>

The largest source of program revenues for the CTC consists of charges for services and operating grants and contributions for operation of its continuing education class to adults of \$1,107,590 in 2014-2015 compared to \$ 941,758 in 2013-2014, contributions from non-member districts of \$428,705 in 2014-2015 compared to \$318,702 in 2013-2014, and operating grants and subsidies, the largest of which represents federal funding from the Carl D. Perkins Vocational and Technical Education grant totaling \$ 391,906 in 2014-2015 compared to \$ 405,163 in 2013-2014.

# **Career Technology Center of Lackawanna County**

## **Management Discussion and Analysis (MD&A)**

June 30, 2015

The largest source of general revenue for CTC consists of contributions from eight member districts of \$4,644,307. Included in the revenue figure is \$1,335,363, which represents the fourth and fifth payment on the CTC 2012 Bond Issue. The payment was made by eight participating districts to the Debt Service Account. The \$4,644,306 amount accounts for approximately 66% 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 \$422,180 for the State Vocational Subsidy for Secondary Programs. This is a decrease from the prior year of \$4,268.

### **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

As of June 30, 2015, CTC's General Fund reported a fund balance of \$409,078, which is shown as net in Due from Other Governmental Units in the Notes to Financial Statements.

In Government Activities, Instruction Expenses increased from \$3,023,741 in 2014 to \$3,140,614 while Support Services decreased \$39,862 to \$2,490,201.

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, Expenditures, and Changes Fund Balances - Budget and Actual show a comparison of budget vs. actual and includes a column for Variance with Budget. Total Revenue received in the General Fund was \$156,209 under budget, while total Expenditures in the General Fund were \$194,758 under budget. Revenue was under budget primarily due to the reduction of the current year fund balance of \$ 409,078.

Vocational Education Programs ended with a positive expenditure budgetary variance of \$28,602. The categories included in this total cover instructional costs for secondary students served by the CTC. Adult Education programs ended with a negative expenditure variance of \$ 17,166. Total Support Services showed a positive expenditure variance of \$178,067. The largest decrease was in the area of Operation & Maintenance of Plant Services of \$ 126,638.

# Career Technology Center of Lackawanna County

## Management Discussion and Analysis (MD&A)

June 30, 2015

### CAPITAL ASSETS

As of June 30, 2015, CTC had \$27,948,470 invested in capital assets compared to \$12,606,845 as of June 30, 2014.

Fiscal Year Ending June 30, 2015  
Capital Assets – Net of Depreciation

**TABLE A - 3**

	<u>Total Assets</u>	<u>Accumulated Depreciation</u>	<u>Balance Net of Depreciation</u>
<b>Governmental Activities</b>			
Land	\$ 195,444	\$ 0	\$ 195,444
Construction in Progress	15,826,132	0	15,826,132
Land Improvements	68,791	42,112	26,679
Buildings	7,898,907	4,828,428	3,070,479
Fixtures and Equipment	<u>3,959,196</u>	<u>2,713,842</u>	<u>1,245,354</u>
<b>Total Governmental Activities</b>	<u>\$ 27,948,470</u>	<u>\$ 7,584,382</u>	<u>\$ 20,364,088</u>

### LONG TERM DEBT

Summary of CTC Long Term Debt for the year ended June 30, 2015.

**TABLE A - 4**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Amortization (Accretion)</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Lease Revenue Bonds	\$ 16,660,000	\$ 0	\$ 0	\$ 710,000	\$ 15,950,000	\$ 725,000
Amortization / Accretion	911,092	0	(156,604)	0	754,488	0
Capitalized Lease	<u>231,572</u>	<u>0</u>	<u>0</u>	<u>27,484</u>	<u>204,088</u>	<u>28,461</u>
<b>TOTALS</b>	<u>\$ 17,802,664</u>	<u>\$ 0</u>	<u>\$ (156,604)</u>	<u>\$ 737,484</u>	<u>\$ 16,908,576</u>	<u>\$ 753,461</u>

# **Career Technology Center of Lackawanna County**

## **Management Discussion and Analysis (MD&A)**

June 30, 2015

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.

### **ECONOMIC FACTORS AND THE 2015-2016 BUDGET**

CTC has a prepared General Fund Operating Budget for the next school year, or the fiscal year ending June 30, 2016. The total 2015-2016 General Operating Budget represents an increase of \$298,116 or 4.89% from the total 2014-2015 General Operating Budget. The member district's costs for 2015-2016 increased by \$99,984 or 2.67% over 2014-2015. 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 2015-2016 General Operating Budget represents a sincere effort of the Joint Operating Committee and the administrative staff to provide a quality program of career and technical education, and to demonstrate fiscal responsibility in an era of constrained resources.

### **CONTACTING THE CTC FINANCIAL MANAGEMENT**

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

Respectfully submitted:

James McHale, Chief Financial Officer

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 1,294,061	\$ 78,199	\$ 1,372,260
State Subsidy Receivable	114,615	318	114,933
Federal Subsidy Receivable	214,302	6,406	220,708
Interfund Receivables	100,390	(98,438)	1,952
Inventory	0	2,011	2,011
Other Receivables	58,282	0	58,282
Restricted Assets			
Cash	2,886,159	0	2,886,159
Accrued Interest Receivable	26	0	26
Capital Assets:			
Land & Land Improvements	264,235	0	264,235
Construction In Progress	15,826,132	0	15,826,132
Buildings	7,898,907	0	7,898,907
Furniture and Equipment	3,959,196	129,464	4,088,660
Accumulated Depreciation	<u>(7,584,382)</u>	<u>(117,738)</u>	<u>(7,702,120)</u>
TOTAL ASSETS	<u>\$ 25,031,923</u>	<u>\$ 222</u>	<u>\$ 25,032,145</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	\$ 578,958	\$ 0	\$ 578,958
Prepaid Bond Insurance Cost	<u>119,679</u>	<u>0</u>	<u>119,679</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>\$ 698,637</u>	<u>\$ 0</u>	<u>\$ 698,637</u>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>LIABILITIES</b>			
Accrued Salary and Benefits	\$ 475,184	\$ 0	\$ 475,184
Accounts Payable	148,329	99	148,428
Intergovernmental Payable	487,515	0	487,515
Payroll Deductions Payable	33,235	0	33,235
RACP Grant Temporary Funding Member Districts	113,861	0	113,861
Accrued Interest Expense	229,186		229,186
Current Portion Capitalized Lease Payable	28,461	0	28,461
Current Portion Lease Revenue Bonds Payable	725,000	0	725,000
Payable From Restricted Assets:			
Construction Payables	611,738	0	611,738
Noncurrent Liabilities:			
Post Employment Retirement Benefits	606,840	0	606,840
Pension Obligation Payable	8,470,273		8,470,273
Capitalized Lease Payable	175,627	0	175,627
Lease Revenue Bonds Payable	15,979,488		15,979,488
Accumulated Compensated Absences	199,060	0	199,060
<b>TOTAL LIABILITIES</b>	<b>\$ 28,283,797</b>	<b>\$ 99</b>	<b>\$ 28,283,896</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Inflows Related to Pensions	\$ 1,057,000	\$ 0	\$ 1,057,000
Unearned Revenue	25,277	0	25,277
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>\$ 1,082,277</b>	<b>\$ 0</b>	<b>\$ 1,082,277</b>
<b>COMMITMENTS</b>			
<b>NET POSITION</b>			
Investment in Capital Assets, Net of Related Debt	\$ 5,684,560	\$ 11,726	\$ 5,696,286
Restricted For:			
Reserve For Capital Project	2,229,048	0	2,229,048
Reserve For Capital Replacement	543,633	0	543,633
Reserve For Debt Service	15	0	15
Unreserved	(12,092,770)	(11,603)	(12,104,373)
<b>TOTAL NET POSITION</b>	<b>\$ (3,635,514)</b>	<b>\$ 123</b>	<b>\$ (3,635,391)</b>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF NET ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

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
<b>Governmental Activities:</b>							
Instruction:							
Vocational Education Programs	\$ 2,417,904	\$ 428,705	\$ 499,668	\$ 65,912	\$ (1,423,619)	\$ 0	\$ (1,423,619)
Adult Education Programs	722,710	678,885	219,016	0	175,191	0	175,191
<b>TOTAL INSTRUCTIONAL EXPENDITURES</b>	<b>\$ 3,140,614</b>	<b>\$ 1,107,590</b>	<b>\$ 718,684</b>	<b>\$ 65,912</b>	<b>\$ (1,248,428)</b>	<b>\$ 0</b>	<b>\$ (1,248,428)</b>
<b>Support Services</b>							
Guidance	\$ 150,217	\$ 0	\$ 14,685	\$ 0	\$ (135,532)	\$ 0	\$ (135,532)
Instructional Support	205,836	0	128,624	0	(77,212)	0	(77,212)
Administrative Services	737,981	0	64,921	0	(673,060)	0	(673,060)
Pupil Health Services	104,667	0	10,440	0	(94,227)	0	(94,227)
Business Services	334,146	0	28,952	0	(305,194)	0	(305,194)
Operation & Maintenance of Plant Services	957,354	0	52,189	0	(905,165)	0	(905,165)
<b>TOTAL SUPPORT SERVICES</b>	<b>\$ 2,490,201</b>	<b>\$ 0</b>	<b>\$ 299,811</b>	<b>\$ 0</b>	<b>\$ (2,190,390)</b>	<b>\$ 0</b>	<b>\$ (2,190,390)</b>
<b>Other Expenditures</b>							
Unallocated Depreciation	\$ 330,882	\$ 0	\$ 0	\$ 0	\$ (330,882)	\$ 0	\$ (330,882)
Facility Acquisition, Construction, Improvement Services	21,149	0	0	0	(21,149)	0	(21,149)
Interest on Long - Term Debt	471,101	0	0	0	(471,101)	0	(471,101)
Other Administrative	53,070	0	0	0	(53,070)	0	(53,070)
<b>TOTAL SUPPORT SERVICES</b>	<b>\$ 876,202</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (876,202)</b>	<b>\$ 0</b>	<b>\$ (876,202)</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 6,507,017</b>	<b>\$ 1,107,590</b>	<b>\$ 1,018,495</b>	<b>\$ 65,912</b>	<b>\$ (4,315,020)</b>	<b>\$ 0</b>	<b>\$ (4,315,020)</b>
<b>Business-Type Activities:</b>							
Food Service	\$ 126,204	\$ 35,543	\$ 50,485	\$ 0	\$ 0	\$ (40,176)	\$ (40,176)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,633,221</b>	<b>\$ 1,143,133</b>	<b>\$ 1,068,980</b>	<b>\$ 65,912</b>	<b>\$ (4,315,020)</b>	<b>\$ (40,176)</b>	<b>\$ (4,355,196)</b>
<b>General Revenues:</b>							
Grants, Subsidies, and Contributions Not Restricted				\$ 422,180	\$ 0	\$ 0	\$ 422,180
Receipts From Member District - AVTS				4,644,307	0	0	4,644,307
Investment Earnings				15,025	7	0	15,032
Rent of School Facilities				1,000	0	0	1,000
RACP Grant				0	0	0	0
Miscellaneous Income				15,262	0	0	15,262
Transfers				(39,938)	39,938	0	0
<b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, AND TRANSFERS</b>				<b>\$ 5,057,836</b>	<b>\$ 39,945</b>	<b>\$ 39,945</b>	<b>\$ 5,097,781</b>
Change In Net Position				\$ 742,816	\$ (231)	\$ (231)	\$ 742,585
Net Position - Beginning of Year As Restated				(4,378,330)	354		(4,377,976)
<b>NET POSITION - END OF YEAR</b>				<b>\$ (3,635,514)</b>	<b>\$ 123</b>	<b>\$ 123</b>	<b>\$ (3,635,391)</b>

"See Accompanying Notes and Independent Auditors' Report"



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	CAPITAL RESERVE FUND	NON-MAJOR FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash	\$ 681,951	\$ 0	\$ 612,110	\$ 0	\$ 1,294,061
State Subsidy Receivable	114,615	0	0	0	114,615
Federal Subsidy Receivable	214,302	0	0	0	214,302
Interfund Receivables	100,390	0	0	0	100,390
Other Receivables	58,282	0	0	0	58,282
Restricted Assets:					
Cash	0	2,840,760	45,384	15	2,886,159
Accrued Interest Receivable	0	26	0	0	26
<b>TOTAL ASSETS</b>	<b>\$ 1,169,540</b>	<b>\$ 2,840,786</b>	<b>\$ 657,494</b>	<b>\$ 15</b>	<b>\$ 4,667,835</b>
LIABILITIES & FUND BALANCE					
Accrued Salary and Benefits	\$ 475,184	\$ 0	\$ 0	\$ 0	\$ 475,184
Accounts Payable	148,329	0	0	0	148,329
Intergovernmental Payable	487,515	0	0	0	487,515
Unearned Revenue	25,277	0	0	0	25,277
Payroll Deductions Payable	33,235	0	0	0	33,235
RACP Grant Temporary Funding Member Districts	0	0	113,861	0	113,861
Payable From Restricted Assets:					
Construction Payables	0	611,738	0	0	611,738
<b>TOTAL LIABILITIES</b>	<b>\$ 1,169,540</b>	<b>\$ 611,738</b>	<b>\$ 113,861</b>	<b>\$ 0</b>	<b>\$ 1,895,139</b>
FUND BALANCE					
Restricted For					
Capital Projects Fund	\$ 0	\$ 2,229,048	\$ 0	\$ 0	\$ 2,229,048
Capital Reserve Fund	0	0	543,633	0	543,633
Debt Service	0	0	0	15	15
<b>TOTAL FUND BALANCE</b>	<b>\$ 0</b>	<b>\$ 2,229,048</b>	<b>\$ 543,633</b>	<b>\$ 15</b>	<b>\$ 2,772,696</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,169,540</b>	<b>\$ 2,840,786</b>	<b>\$ 657,494</b>	<b>\$ 15</b>	<b>\$ 4,667,835</b>

"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, 2015

Total Fund Balance - Total Governmental Funds		\$ 2,772,696
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	\$ 27,948,470	
and the accumulated depreciation is	<u>(7,584,382)</u>	20,364,088
Governmental funds report the effects of bond insurance cost when the debt is first issued, whereas these amounts are deferred and amortized		119,679
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		(478,042)
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, 2015 consist of		
Post retirement employment benefits	\$ (606,840)	
Pension obligation payable	(8,470,273)	
Capitalized lease payable	(204,088)	
Lease revenue bonds payable	(16,704,488)	
Accrued interest expense	(229,186)	
Compensated absences	<u>(199,060)</u>	<u>(26,413,935)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ (3,635,514)</u></b>

"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, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	CAPITAL RESERVE FUND	NON-MAJOR FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUE</b>					
Local Sources	\$ 3,851,110	\$ 14,873	\$ 83	\$ 1,335,368	\$ 5,201,434
State Sources	1,114,681	0	0	0	1,114,681
Federal Sources	973,656	0	0	0	973,656
<b>TOTAL REVENUE</b>	<b>\$ 5,939,447</b>	<b>\$ 14,873</b>	<b>\$ 83</b>	<b>\$ 1,335,368</b>	<b>\$ 7,289,771</b>
<b>EXPENDITURES</b>					
Instruction					
Vocational Education Programs	\$ 2,571,685	\$ 0	\$ 96,390	\$ 0	\$ 2,668,075
Adult Education Programs	720,904	0	0	0	720,904
<b>TOTAL INSTRUCTIONAL EXPENDITURES</b>	<b>\$ 3,292,589</b>	<b>\$ 0</b>	<b>\$ 96,390</b>	<b>\$ 0</b>	<b>\$ 3,388,979</b>
<b>Support Services</b>					
Guidance	\$ 150,918	\$ 0	\$ 0	\$ 0	\$ 150,918
Instructional Support	206,310	0	14,601	0	220,911
Administrative Services	738,093	0	0	0	738,093
Pupil Health Services	103,206	0	2,307	0	105,513
Business Services	334,271	0	0	0	334,271
Operation & Maintenance of Plant Services	976,982	0	121,553	0	1,098,535
Other Administrative	45,878	0	32,838	0	78,716
<b>TOTAL SUPPORT SERVICES</b>	<b>\$ 2,555,658</b>	<b>\$ 0</b>	<b>\$ 171,299</b>	<b>\$ 0</b>	<b>\$ 2,726,957</b>
<b>Other Expenditures</b>					
Facility Acquisition, Construction, Improvement Services	\$ 0	\$ 7,683,296	\$ 0	\$ 0	\$ 7,683,296
Debt Service	35,151	0	0	1,335,363	1,370,514
<b>TOTAL OTHER EXPENDITURES</b>	<b>\$ 35,151</b>	<b>\$ 7,683,296</b>	<b>\$ 0</b>	<b>\$ 1,335,363</b>	<b>\$ 9,053,810</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,883,398</b>	<b>\$ 7,683,296</b>	<b>\$ 267,689</b>	<b>\$ 1,335,363</b>	<b>\$ 15,169,746</b>
<b>EXCESS OF REVENUES (UNDER/OVER EXPENDITURES)</b>	<b>\$ 56,049</b>	<b>\$ (7,668,423)</b>	<b>\$ (267,606)</b>	<b>\$ 5</b>	<b>\$ (7,879,975)</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfer In (Out)	\$ (56,049)	\$ 21,149	\$ (5,038)	\$ 0	\$ (39,938)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (56,049)</b>	<b>\$ 21,149</b>	<b>\$ (5,038)</b>	<b>\$ 0</b>	<b>\$ (39,938)</b>
<b>Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses</b>	<b>\$ 0</b>	<b>\$ (7,647,274)</b>	<b>\$ (272,644)</b>	<b>\$ 5</b>	<b>\$ (7,919,913)</b>
<b>Fund Balance, Beginning of Year</b>	<b>0</b>	<b>9,876,322</b>	<b>816,277</b>	<b>10</b>	<b>10,692,609</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 0</b>	<b>\$ 2,229,048</b>	<b>\$ 543,633</b>	<b>\$ 15</b>	<b>\$ 2,772,696</b>

"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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (7,919,913)

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	\$ 8,088,125	
Depreciation	<u>(330,882)</u>	7,757,243

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 45 & 47 Post Employment Retirement Benefits.

(64,675)

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	\$ (498,569)	
Pension Contributions	<u>578,958</u>	80,389

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	\$ 156,604	
Lease Revenue Bond Principal Payments	710,000	

"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, 2015

Prepaid Bond Insurance Cost, Net of Amortization	(7,192)	
Capitalized Lease Principal Payments	<u>27,484</u>	886,896
<p>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.</p>		
		5,325
<p>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.</p>		
		<u>(2,449)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 742,816</u>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF NET POSITION  
PROPRIETARY FUND - FOOD SERVICE FUND  
BUSINESS-TYPE ACTIVITIES  
JUNE 30, 2015

ASSETS

Cash	\$	78,199	
State Subsidy Receivable		318	
Federal Subsidy Receivable		6,406	
Inventory		2,011	
Capital Assets:			
Furniture And Equipment		129,464	
Accumulated Depreciation		<u>(117,738)</u>	
 TOTAL ASSETS			 \$ <u>98,660</u>

LIABILITIES

Accounts Payable	\$	99	
Interfund Payables		<u>98,438</u>	
 TOTAL LIABILITIES			 \$ <u>98,537</u>

NET POSITION

Investment in Capital Assets, Net of Related Debt	\$	11,726	
Unreserved - Undesignated		<u>(11,603)</u>	
 TOTAL NET POSITION			 \$ <u>123</u>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND NET POSITION  
PROPRIETARY FUND - FOOD SERVICE FUND  
BUSINESS-TYPE ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

REVENUE

Food Sales	\$	29,204	
Other Food Service Revenue		<u>6,339</u>	
 TOTAL REVENUE			 \$ 35,543

EXPENSES

Food Costs	\$	55,654	
Salaries and Wages		51,711	
Employee Benefits		6,126	
Contracted Services		9,840	
Depreciation Expense		<u>2,873</u>	
 TOTAL EXPENSES			 <u>126,204</u>

NET OPERATING LOSS \$ (90,661)

NON-OPERATING REVENUES

Federal and State Subsidies	\$	50,485	
Interest Income		<u>7</u>	
 TOTAL NON-OPERATING REVENUE			 <u>50,492</u>

NET LOSS BEFORE OPERATING TRANSFER \$ (40,169)

OPERATING TRANSFERS

General Fund	\$	34,900	
Capital Reserve Fund		<u>5,038</u>	
 TOTAL OPERATING TRANSFERS			 <u>39,938</u>

NET LOSS \$ (231)

Net Position at Beginning of Year 354

NET POSITION AT END OF YEAR \$ 123

"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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received From Users	\$	35,543
Cash Payments To Employees For Service		(51,711)
Cash Payments To Suppliers For Goods And Services		<u>(44,788)</u>
Net Cash Used In Operating Activities	\$	(60,956)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Federal and State Subsidies	\$	45,179
Advances From General Fund		<u>39,938</u>
Net Cash Provided By Non-Capital Financing Activities		85,117

CASH FLOW FROM INVESTING ACTIVITIES:

Earnings On Investments	\$	<u>7</u>
Net Cash Used In Investing Activities		<u>(5,031)</u>

Net Increase in Cash	\$	19,130
Cash at Beginning of Year		<u>59,069</u>
CASH AT END OF YEAR	\$	<u><u>78,199</u></u>

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

Operating Loss	\$	(90,661)
Adjustments to Reconcile Operating Loss To Net Cash		
Used In Operating Activities		
Depreciation		2,873
Donated Commodities		3,675
Changes in assets and liabilities		
(Increase)/Decrease in Inventory		171
Increase/(Decrease) In Accounts Payable		50
Increase/(Decrease) in Interfund Payables		<u>22,936</u>
Net Cash Used In Operating Activities	\$	<u><u>(60,956)</u></u>

"See Accompanying Notes and Independent Auditors' Report"



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF NET POSITION  
FIDUCIARY FUND - AGENCY FUND  
JUNE 30, 2015

ASSETS	
Cash	\$ <u>38,171</u>
TOTAL ASSETS	\$ <u><u>38,171</u></u>
LIABILITIES	
Due To Specific Student Activity Groups	\$ 36,219
Interfund Payables	<u>1,952</u>
TOTAL LIABILITIES	\$ <u><u>38,171</u></u>

"See Accompanying Notes and Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

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

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

The reporting entity of the School is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Determining Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District has no 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 STATEMENT

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 STATEMENT

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.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 1      Summary of Significant Accounting Policies (Continued)

- 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.

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

#### Government-wide Statements

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

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 1 Summary of Significant Accounting Policies (Continued)

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

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

Fund Financial Statements

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

Long-Term Debt: The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

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

Fund Financial Statements

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

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

Budgets: Budgets are adopted on a basis consistent with generally accepted accounting principles. The official budget for the General Fund was formally adopted by the School Board Joint Committee on August 7, 2014 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 1 - Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle – Restatement of Net Position: Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Governmental Activities
Net Position as previously reported at June 30, 2014	\$4,650,374
Prior period adjustment- implementation of GASB 68:	
Net pension liability (measurement Date as of June 30, 2013)	( 9,497,211)
Deferred outflows- district contributions made during fiscal year 2014	<u>468,507</u>
Total prior period adjustment	<u>(\$9,028,704)</u>
Net position as restated, July 1, 2014	<u>(\$4,378,330)</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 STATEMENT

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 STATEMENT

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 STATEMENT

Note 3 - Federal and State Subsidy Receivable

Federal and State Subsidy Receivable at June 30, 2015 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, 2015.

	FEDERAL	STATE	TOTAL
GENERAL FUND:			
Perkins, Federal	\$ 71,523	\$ 0	\$ 71,523
FSEOG	8,064	0	8,064
Pell LPN Program	15,921	0	15,921
LPN Direct Loans	118,794	0	118,794
Retirement Subsidy	0	99,701	99,701
State Training Subsidy, LPN	0	10,675	10,675
Social Security Subsidy	0	4,239	4,239
Sub Total	<u>\$ 214,302</u>	<u>\$ 114,615</u>	<u>\$ 328,917</u>
FOOD SERVICE FUND:			
National School Lunch Program	<u>\$ 6,406</u>	<u>\$ 318</u>	<u>\$ 6,724</u>
TOTAL FEDERAL AND STATE SUBSIDY RECEIVABLE AT JUNE 30, 2015			
	<u>\$ 220,708</u>	<u>\$ 114,933</u>	<u>\$ 335,641</u>

Note 4 - Inventories

Inventories at June 30, 2015 are summarized as follows:

Food Service: Inventories at June 30, 2015 consist of the following:

Purchased Food	\$ 1,283
Donated Commodities	728
Total	<u>\$ 2,011</u>

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENTS

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
<b>Governmental Activities</b>				
Historical Cost				
Land	\$ 195,444	\$ 0	\$ 0	\$ 195,444
Construction In Progress	<u>8,163,985</u>	<u>7,662,147</u>	<u>0</u>	<u>15,826,132</u>
Total At Historical Cost Not Being Depreciated	<u>\$ 8,359,429</u>	<u>\$ 7,662,147</u>	<u>\$ 0</u>	<u>\$ 16,021,576</u>
Site Improvements	\$ 45,527	\$ 23,264	\$ 0	\$ 68,791
Building & Improvements	7,852,985	45,922	0	7,898,907
Furniture & Equipment	<u>3,602,404</u>	<u>356,792</u>	<u>0</u>	<u>3,959,196</u>
Total At Historical Cost Being Depreciated	<u>\$ 11,500,916</u>	<u>\$ 425,978</u>	<u>\$ 0</u>	<u>\$ 11,926,894</u>
TOTAL HISTORICAL COST	<u>\$ 19,860,345</u>	<u>\$ 8,088,125</u>	<u>\$ 0</u>	<u>\$ 27,948,470</u>
Less Accumulated Depreciation:				
Site Improvements	\$ (41,150)	\$ (962)	\$ 0	\$ (42,112)
Building & Improvements	(4,661,443)	(166,985)	0	(4,828,428)
Furniture & Equipment	<u>(2,550,907)</u>	<u>(162,935)</u>	<u>0</u>	<u>(2,713,842)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>\$ (7,253,500)</u>	<u>\$ (330,882)</u>	<u>\$ 0</u>	<u>\$ (7,584,382)</u>
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS NET	<u>\$ 12,606,845</u>	<u>\$ 7,757,243</u>	<u>\$ 0</u>	<u>\$ 20,364,088</u>
<b>Business Activities</b>				
Historical Cost				
Machinery & Equipment	\$ 124,426	\$ 5,038	\$ 0	\$ 129,464
TOTAL HISTORICAL COST	<u>\$ 124,426</u>	<u>\$ 5,038</u>	<u>\$ 0</u>	<u>\$ 129,464</u>
Less Accumulated Depreciation:				
Machinery & Equipment	\$ (114,865)	\$ (2,873)	\$ 0	\$ (117,738)
TOTAL ACCUMULATED DEPRECIATION	<u>\$ (114,865)</u>	<u>\$ (2,873)</u>	<u>\$ 0</u>	<u>\$ (117,738)</u>
TOTAL CAPITAL ASSETS, NET	<u>\$ 12,616,406</u>	<u>\$ 7,759,408</u>	<u>\$ 0</u>	<u>\$ 20,375,814</u>

Depreciation expense was charged to Governmental Activities as follows:

Unallocated	\$ 330,882
Total Depreciation Expense	<u>\$ 330,882</u>

The School has entered into contracts for construction, as follows:

	Project Authorization	Expended to Date	Commitment
Building Capital Improvement	\$17,628,987	\$15,847,281	\$16,034,892

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

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 allowance 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 \$65 per day for professional employees, \$35 per day for clerical, and \$60 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, 2015 based on the applicable per day rate. At June 30, 2015 aggregate liability for unused sick pay is \$199,060.

Note 7 - Inter-Government Receivables/ (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 years actual enrollments. The amount of such billings charged to the school districts during the fiscal year ended June 30, 2015 amounted to \$4,146,726 of which \$439,545 was due and reflected as a receivable at June 30, 2015 and is reflected in the accompanying Balance Sheet under the heading Inter-Governmental Receivable 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, 2015 actual revenues exceeded actual expenditures in the amount of \$409,078 which is to be reimbursed to the member districts.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 7 - Inter-Government Receivables/ (Payable) (Continued)

At June 30, 2015 the balance of the amounts due to other governmental units consists of the following:

	DUE (TO) / FROM OTHER GOVERNMENTAL UNIT			TOTAL
	MEMBER DISTRICTS	MEMBER DISTRICT RIVERSIDE	NON - MEMBER DISTRICTS	
Accrued & Unpaid from June 30, 2015	\$ 319,189	\$ 0	\$ 120,356	\$ 439,545
Amount of Excess Actual Revenue Over Expenditures at June 30, 2014 Due to School Districts Based on Actual Enrollment				(517,982)
Amount of Excess Actual Revenue Over Expenditures at June 30, 2015 Due to School Districts Based on Actual Enrollment				<u>(409,078)</u>
Total Inter-Governmental Receivables/(Payable) at June 30, 2015				<u>\$ (487,515)</u>

As discussed in Note 14, Riverside School District sought out to withdraw from the Articles of Agreement. The previous order was reversed and the School decided not to file an appeal. The remaining amount due of \$128,050 from Riverside was recorded as a receivable and unearned revenue at June 30, 2014 but was written off in 2014-2015 school year. There was no impact on the Statement of Revenue, Expenditures and Charges in fund balance.

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, 2015.

	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 28,461	\$ 6,690	\$ 35,151	\$ 35,151
2017	29,474	5,677	35,151	35,151
2018	30,522	4,629	35,151	35,151
2019	31,607	3,543	35,150	35,150
2020	32,732	2,419	35,151	35,151
2021-2022	<u>51,292</u>	<u>1,433</u>	<u>52,725</u>	<u>52,725</u>
Total Future Minimum Lease Payments	<u>\$ 204,088</u>	<u>\$ 24,391</u>	<u>\$ 228,479</u>	<u>(24,391)</u>
Amount Representing Interest				<u>\$ 204,088</u>
Present Value of Future Minimum Lease Payments				<u>\$ 296,222</u>
The Cost of the Asset				<u>(69,118)</u>
The Accumulated Depreciation through June 30, 2015				<u>\$ 227,104</u>
The Net Book Value				<u>\$ 227,104</u>

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 8 – Long Term Debt (Continued)

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.
- 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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 8 – Long Term Debt (Continued)

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 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, 2015.

	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 725,000	\$ 611,163	\$ 1,336,163	
2017	735,000	596,663	1,331,663	
2018	750,000	581,963	1,331,963	
2019	770,000	563,213	1,333,213	
2020	795,000	540,113	1,335,113	
2021 - 2025	4,380,000	2,295,150	6,675,150	
2026 - 2030	5,315,000	1,354,400	6,669,400	
2031 - 2032	2,480,000	187,500	2,667,500	
	<u>\$ 15,950,000</u>	<u>\$ 6,730,165</u>	<u>\$ 22,680,165</u>	

	Balance July 1, 2014	Additions	Amortization (Accretion)	Retirements	Balance June 30, 2015	Due Within One Year
Lease Revenue Bonds	\$ 16,660,000	\$ 0	\$ 0	\$ 710,000	\$ 15,950,000	\$ 725,000
Amortization / Accretion	911,092	0	(156,604)	0	754,488	0
Capitalized Lease	231,572	0	0	27,484	204,088	28,461
TOTALS	<u>\$ 17,802,664</u>	<u>\$ 0</u>	<u>\$ (156,604)</u>	<u>\$ 737,484</u>	<u>\$ 16,908,576</u>	<u>\$ 753,461</u>



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

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 is recorded as a current liability in the Statement of Net Position. The temporary funds will be returned to the Member Districts when the grant is received. 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 is the final stages and is awaiting final audit and approval by the Commonwealth of Pennsylvania.

Note 10 - Commitments

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

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

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code)

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 10 – Commitments (Continued)

multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions:

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

Members who joined the System on or after July 22, 1983, and who were active 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, 2015 was 20.50% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$578,958 for the year ended June 30, 2015.

Retirement Plan Contributions for the years ended are as follows:

<u>June 30,</u>	<u>Employer</u>
2015	578,958
2014	468,504
2013	359,468

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 10 – Commitments (Continued)

At June 30, 2015, the District reported a liability of \$8,470,273 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2013 to June 30, 2014. 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, 2014, the District’s proportion was .0214 percent which was a decrease of .0018 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$498,569. At June 30, 2015, 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
Net difference between projected and actual investment earnings	\$ 0	\$ 606,000
Changes in proportions	0	451,000
Contributions subsequent to the Measurement date	578,958	0
	\$ 578,958	\$ 1,057,000

\$578,958 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, 2015. 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:

2016	\$294,000
2017	294,000
2018	294,000
2019	21,000
2020	154,000

Actuarial assumptions: The total pension liability as of June 30, 2014 was determined by rolling forward the System’s total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2104 using the following actuarial assumptions, applies to all periods included in the measurement:

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 10 – Commitments (Continued)

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.50%, includes inflation at 3.00%
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1% and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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>
Public markets global equity	19%	5.0%
Private markets (equity)	21%	6.5%
Private real estate	13%	4.7%
Global fixed income	8%	2.0%
U.S. long treasuries	3%	1.4%
TIPS	12%	1.2%
High yield bonds	6%	1.7%
Cash	3%	0.9%
Absolute return	10%	4.8%
Risk parity	5%	3.9%
MLPs/Infrastructure	3%	5.3%
Commodities	6%	3.3%
Financing (LIBOR)	(9%)	1.1%
	<u>100%</u>	

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 10 – Commitments (Continued)

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2014.

Discount Rate:

The discount rate used to measure the total pension liability was 7.50%. 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
District’s proportionate share of the net pension liability	\$10,565,000	\$8,470,000	\$6,682,000

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.pfers.state.pa.us](http://www.pfers.state.pa.us).

Operating Leases: The School has entered into various leases for copiers for terms of 63 months and 48 months and maturities to January 2017. The leases require monthly payments of \$2,805 and \$113 and requires the lessor to be responsible for all repairs. Total rent expense for the year ended June 30, 2015 was \$36,030.

The future minimum lease payments required as of June 30, 2015 under operating leases that have initial non-cancelable lease terms exceeding one year are as follows:

June 30,	
2016	\$ 1,353
2017	\$ 789

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 10 – Commitments (Continued)

Termination Benefit Payable: For the year ended June 30, 2015 the school has adopted GASB-47 accounting for termination benefits.

The school is providing group insurance healthcare termination benefits to four employees. The termination benefits end between January, 2016 and April, 2026.

Annual termination benefits of \$14,941 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	\$ 89,555
Payment benefits made during school year	(14,941)
Change in present value of benefits	<u>25,377</u>
End of year net present value	<u>\$ 99,991</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 other insurance coverage. Spousal benefits are available at his or her own expense. Before age 55, coverage is provided but at employees own expense.

Act 93 administrators and Non-Contracted personnel retiring under any of the retirement provisions of PSERS are eligible for benefits. Health insurance benefits are paid in full for the employee and spouse in effect at the time of retirement for three (3) years not to exceed age 65.

The Administrative Director and former Chief Financial Officer upon meeting the terms of their respective individual contracts are eligible for benefits. Medical, dental, and vision benefits are paid in full, until Medicare eligible. Spouse coverage is provided. Coverage is based on the terms of the current active coverage as described in the teacher's agreement and any other administrative agreements.

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 under Acts 110 and 43, until reaching Medicare eligibility or until covered by other insurance.

Funding Policy: The required contributions are based upon the pay as you go financing requirements.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 10 – Commitments (Continued)

Annual OPEB Cost and Net OPEB Obligation: The School's annual post-employment benefit (OPEB) cost (expense) is calculated based upon the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following tables shows the components of the School's annual OPEB cost for the year, the amount contributed to the Plan in relation to the ARC, and changes in the School's net OPEB obligation.

Annual Required Contribution	\$ 149,912
Interest on Net OPEB Obligation	18,104
Adjustment to Annual Required Contribution	<u>(41,199)</u>
Annual OPEB Cost (Expense)	\$ 126,817
Contributions Made	<u>(72,578)</u>
Increase in Net OPEB Obligation	\$ 54,239
Net OPEB Obligation - Beginning of Year	<u>452,610</u>
Net OPEB Obligation - End of Year	<u><u>\$ 506,849</u></u>

Fiscal Year Ending	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation or (Asset)
06/30/13	\$ 209,583	24.50%	\$ 382,292
06/30/14	\$ 130,406	46.10%	\$ 452,610
06/30/15	\$ 126,817	57.20%	\$ 506,849

Schedule of Funding Process

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability (UAL)	Funded Ratio	Annual Covered Payroll	Ratio of UAL to Payroll
04/30/13	\$ 0	\$ 868,174	\$ 868,174	0.00%	\$ 2,225,809	39.00%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 10 – Commitments (Continued)

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following assumptions were made:

*Post Retirement Mortality for Healthy and Disabled:* The RP-2000 Healthy Annuitant Mortality Table, sex-distinct fully generational projected using scale AA. For disabled lives, the RP-2000 Disabled Retiree Mortality Table without projection is used.

*Pre-Retirement Mortality:* The RP-2000 Non-Annuitant Mortality Table, sex-distinct, fully generational projected using scale AA.

Discount rate 4.0%

*Marital Status:* 75% of active participants are assumed to have a covered spouse at retirement and husbands are assumed to be two years older than wives.

*Participation:* 100% of teachers, Administrators, and Non-Contracted personnel who would meet the retirement criteria for continued medical coverage are assumed to elect the coverage. Of those assumed to be married, 100% are assumed to cover their spouse if the school pays for spousal coverage, and 60% if not. Future participation in post-retirement coverage under Acts 110 and 43 for those who qualify is assumed to be 0%.

*Trend:* Blended rates for future inflation for medical and prescription drug benefits range from 8.0% for the current year down to 4.0% for years after 2082.

*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 20-30 years old and to a high of 4.0% for participants aged 41-60 years old. Dental and vision cost will increase 4.0% per year.

*Amortization Period:* Average future working lifetime of active members in the plan (14 years for actuarial accrued liability established on April 1, 2013)

*Amortization Method:* Level dollar, closed amortization

*Amortization Cost Method:* Entry age normal, level dollar



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 10 – Commitments (Continued)

Actuarial Value of Plan Assets: The District does not accumulate assets in a dedicated trust, or an equivalent arrangement, therefore the actuarial value of plan assets is zero.

Note 11 - Interfund Receivable/Payable

Interfund balances at June 30, 2015 consist of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Food Service Fund	\$ 98,438	\$ 0
Student Activity Fund	1,952	0
Student Activity Fund		
General Fund	0	1,952
Food Service Fund:		
General Fund	0	98,438
	<u>\$100,390</u>	<u>\$100,390</u>

Note 12 Operating Transfer In/Out

Operating transfer at June 30, 2015 consists of the following individual operating transfers in and out:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Cafeteria Fund	\$ 0	\$ 34,900
Capital Projects Fund	0	21,149
Cafeteria Fund:		
General Fund	34,900	0
Capital Reserve Fund	5,038	0
Capital Project Fund		
General Fund	21,149	0
Capital Reserve Fund:		
Cafeteria Fund	0	5,038
	<u>\$ 61,087</u>	<u>\$ 61,087</u>

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 13      Subsequent Events

Pursuant to ASC 955, subsequent events were evaluated through January 19, 2016 which is the date the financial statements were available to be issued.

Note 14      Dispute with Riverside School District

This Judgment and Order of Court was appealed to the Pennsylvania Commonwealth Court by the Riverside School District and on November 5, 2014 the Commonwealth Court of Pennsylvania reversed the Order and Judgment of the Honorable Robert A. Mazzone declaring that the Articles of Agreement had expired as to the Riverside School District.

Subsequently, the Career Technology Center of Lackawanna County decided not to file a Petition for Allowance of Appeal to the Pennsylvania Supreme Court in this matter.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015

	BUDGET ORIGINAL & FINAL	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH BUDGET
<b>REVENUE</b>			
Local Sources	\$ 4,360,031	\$ 3,851,110	\$ (508,921)
State Sources	855,366	1,114,681	259,315
Federal Sources	<u>880,259</u>	<u>973,656</u>	<u>93,397</u>
<b>TOTAL REVENUE</b>	<u>\$ 6,095,656</u>	<u>\$ 5,939,447</u>	<u>\$ (156,209)</u>
<b>EXPENDITURES</b>			
Instruction			
Vocational Education Programs	\$ 2,600,293	\$ 2,571,685	\$ 28,608
Adult Education Programs	<u>703,738</u>	<u>720,904</u>	<u>(17,166)</u>
<b>TOTAL INSTRUCTIONAL EXPENDITURES</b>	<u>\$ 3,304,031</u>	<u>\$ 3,292,589</u>	<u>\$ 11,442</u>
Support Services			
Guidance	\$ 190,030	\$ 150,918	\$ 39,112
Instructional Support	252,818	206,310	46,508
Administrative Services	712,859	738,093	(25,234)
Pupil Health Services	105,064	103,206	1,858
Business Services	345,784	334,271	11,513
Operation & Maintenance of Plant Services	1,103,620	976,982	126,638
Other Administrative	<u>23,550</u>	<u>45,878</u>	<u>(22,328)</u>
<b>TOTAL SUPPORT SERVICES</b>	<u>\$ 2,733,725</u>	<u>\$ 2,555,658</u>	<u>\$ 178,067</u>
Other Expenditures			
Debt Service	\$ 40,400	\$ 35,151	\$ 5,249
<b>TOTAL OTHER EXPENDITURES</b>	<u>\$ 40,400</u>	<u>\$ 35,151</u>	<u>\$ 5,249</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 6,078,156</u>	<u>\$ 5,883,398</u>	<u>\$ 194,758</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 17,500</u>	<u>\$ 56,049</u>	<u>\$ 38,549</u>
Other Financing Uses			
Operating Transfer Out	\$ 17,500	\$ 56,049	\$ 38,549
<b>TOTAL OTHER FINANCING USES</b>	<u>\$ 17,500</u>	<u>\$ 56,049</u>	<u>\$ 38,549</u>
Excess of Expenditures and Other Financing Uses over Revenues	\$ 0	\$ 0	\$ 0
Fund Balance, Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

"See Accompanying Independent Auditors' Report"

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, 2015

ADDITIONS:

Activity Revenues		
Supplemental Schedule II	\$	24,288
Interest Income		<u>4</u>
TOTAL ADDITIONS	\$	24,292

DEDUCTIONS:

Activity Expenditures		
Supplemental Schedule II	\$	<u>30,256</u>
TOTAL DEDUCTIONS		<u>30,256</u>
DEFICIENCY OF ADDITIONS UNDER DEDUCTIONS	\$	<u>(5,964)</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, 2015

CLUB NAME OR ACTIVITY	REVENUES	INTER-CLUB TRANSFERS IN	INTER-CLUB TRANSFERS OUT	EXPENDITURES
Auto Technology	\$ 1,204	\$ 0	\$ 0	\$ 997
Carpentry	245	0	0	234
Child Care	29	0	0	0
Collision Repair	627	0	0	627
Commercial Art	0	0	0	28
Computer Information Technology	38	0	0	510
Cosmetology	4,802	0	0	4,837
Culinary Arts	450	0	0	116
Electricity	0	0	0	335
Graphic Communication	200	0	0	120
Health Occupations	837	0	0	892
LPN	13,752	0	0	18,910
Masonry	0	0	0	28
Scholarship	0	0	0	600
Skills USA	2,090	0	0	2,007
Welding	14	0	0	15
	<u>\$ 24,288</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,256</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, 2015

REVENUES AND OTHER FINANCING SOURCES

Local Sources:

Interest Income	\$ <u>83</u>	
Total Revenue, Local Sources		\$ 83

EXPENDITURES

Equipment Purchases, Home Economics	\$ 17,729	
Equipment Purchases, Technical Programs	60,441	
Equipment Purchases, Trade & Ind. Programs.	16,875	
Equipment Purchases, Adult Education Programs.	1,345	
Equipment Purchases, Audio Visual	14,601	
Equipment Purchases, Pupil Health	2,307	
Equipment Purchase, Operation & Maintenance of Plant Services	121,553	
Equipment Purchases, Other	<u>32,838</u>	

TOTAL EXPENDITURES		<u>267,689</u>
--------------------	--	----------------

OTHER FINANCING USES

Operating Transfer To Cafeteria Fund	\$ <u>5,038</u>	
Total Other Financing Uses		<u>5,038</u>

TOTAL EXPENDITURES AND OTHER FINANCING USES		\$ <u>272,727</u>
---	--	-------------------

REVENUE AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES		\$ (272,644)
--	--	--------------

Reserve For Capital Improvements, Beginning of Year		<u>816,277</u>
---	--	----------------

RESERVE FOR CAPITAL IMPROVEMENTS, END OF YEAR		<u><u>\$ 543,633</u></u>
---	--	--------------------------

"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, 2015

REVENUES AND OTHER FINANCING SOURCES

Local Sources:

Interest Income	\$ <u>14,873</u>	
Total Revenue, Local Sources		\$ 14,873

Other Financing Sources:

Operating transfers From General Fund	\$ <u>21,149</u>	
Total Revenue, Other Financing Sources		<u>21,149</u>

TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ <u>36,022</u>
--	--	------------------

EXPENDITURES

Facility Acquisition, Construction, Improvement Services	\$ <u>7,683,296</u>	
TOTAL EXPENDITURES		\$ <u>7,683,296</u>

REVENUE AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES		\$ (7,647,274)
--	--	----------------

Reserve For Capital Projects, Beginning of Year		<u>9,876,322</u>
---	--	------------------

RESERVE FOR CAPITAL PROJECTS, END OF YEAR		<u>\$ 2,229,048</u>
---	--	---------------------

"See Accompanying Independent Auditors' Report"

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2014	REVENUE RECOGNIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2015
U.S. DEPARTMENT OF EDUCATION										
STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER										
D	84.007		N/A	07/01/2014 - 06/30/2015	\$ 0	\$ 10,000	\$ 10,000	\$ 8,064	\$ 8,064	(1)(6) \$ 8,064
D	84.063		N/A	07/01/2014 - 06/30/2015	0	284,230	24,430	275,721	275,721	(1)(6) 15,921
D	84.268		N/A	07/01/2014 - 06/30/2015	0	527,328	27,927	618,195	618,195	118,794
TOTAL STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER										
					\$ 0	\$ 821,558	\$ 62,357	\$ 901,980	\$ 901,980	\$ 142,779
U.S. DEPARTMENT OF EDUCATION										
Passed Through the Pennsylvania Department of Education:										
I	84.048	380-144047	N/A	07/01/2013 - 06/30/2014	\$ 405,163	\$ 32,588	\$ 32,588	\$ 0	\$ 0	\$ 0
I	84.048	380-150024	N/A	07/01/2014 - 06/30/2015	427,177	320,383	0	391,906	391,906	71,523
TOTAL DEPARTMENT OF EDUCATION										
					\$ 832,340	\$ 1,174,529	\$ 94,945	\$ 1,293,886	\$ 1,293,886	\$ 214,302
U.S. DEPARTMENT OF AGRICULTURE										
CHILD NUTRITION CLUSTER										
Passed Through the Pennsylvania Department of Education:										
I	10.553		N/A	07/01/2014 - 06/30/2015	N/A	\$ 4,097	\$ 346	\$ 4,479	\$ 4,479	\$ 728
I	10.555		N/A	07/01/2014 - 06/30/2015	N/A	38,906	4,493	40,091	40,091	5,678
Passed Through the Pennsylvania Department of Agriculture:										
I	10.555		N/A	07/01/2014 - 06/30/2015	N/A	3,675 (2)	(1,785) (3)	4,732	4,732	(728) (5)
TOTAL DEPARTMENT OF AGRICULTURE AND CHILD NUTRITION CLUSTER										
					N/A	\$ 46,678	\$ 3,054	\$ 49,302	\$ 49,302	\$ 5,678



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SRC. CODE	FEDERAL CFDA NUMBER	PASS-THRU. GRANTEE'S NUMBER	GRANT PERIOD BEGINNING/ ENDING	PROGRAM OR AWARD AMT.	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2014	REVENUE RECOGNIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2015
I	17.258	13-AD-75	03/10/2014 - 06/15/2015	5,000	1,173	0	1,173	1,173	0
I	17.258	13-AD-81	03/10/2014 - 05/15/2015	5,000	1,173	0	1,173	1,173	0
I	17.258	13-AD-77	03/10/2014 - 06/15/2015	5,000	580	0	580	580	0
I	17.258	13-AD-21	08/27/2013 - 12/15/2014	5,000	580	0	580	580	0
I	17.258	13-AD-24	08/27/2013 - 12/15/2014	5,000	580	0	580	580	0
I	17.258	13-AD-18	08/27/2013 - 12/15/2014	5,000	580	0	580	580	0
I	17.258	13-AD-17	08/27/2013 - 12/15/2014	5,000	580	0	580	580	0
I	17.258	13-AD-22	08/27/2013 - 12/15/2014	5,000	580	0	580	580	0
I	17.258	13-AD-23	08/27/2013 - 12/15/2014	5,000	1,580	0	1,580	1,580	0
I	17.258	14-AD-51	12/02/2014 - 06/15/2015	5,000	4,482	0	4,482	4,482	0
I	17.258	14-AD-59	12/02/2014 - 03/15/2015	5,000	5,000	0	5,000	5,000	0
I	17.258	14-AD-58	12/02/2014 - 03/15/2015	5,000	1,131	0	1,131	1,131	0
I	17.258	14-AD-57	12/02/2014 - 03/15/2015	5,000	1,132	0	1,132	1,132	0
I	17.258	14-AD-60	12/02/2014 - 03/15/2015	5,000	1,132	0	1,132	1,132	0
I	17.258	14-AD-61	12/02/2014 - 03/15/2015	5,000	1,132	0	1,132	1,132	0
I	17.258	13-AD-78	03/10/2014 - 06/15/2015	2,250	1,346	0	1,346	1,346	0
I	17.258	13-AD-80	03/10/2014 - 06/15/2015	5,000	609	0	609	609	0
I	17.258	14-AD-64	12/02/2014 - 03/15/2015	5,000	3,337	0	3,337	3,337	0
I	17.287	14-AD-77	03/09/2015 - 06/04/2015	2,800	2,075	0	2,075	2,075	0
I	17.259	OSY-13-30	03/10/2014 - 06/15/2015	5,000	2,321	0	2,321	2,321	0
I	17.259	OSY-14-18	12/02/2014 - 03/15/2016	5,000	5,000	0	5,000	5,000	0
I	17.259	OSY-14-16	12/02/2014 - 03/15/2016	5,000	4,116	0	4,116	4,116	0
I	17.278	14-RR-01	12/02/2014 - 03/15/2016	5,000	5,000	0	5,000	5,000	0
I	17.287	13-DW-68	03/10/2014 - 06/15/2015	5,000	1,131	0	1,131	1,131	0
I	17.287	14-DW-43	12/02/2014 - 03/15/2016	5,000	1,173	0	1,173	1,173	0
I	17.287	14-DW-37	12/02/2014 - 03/15/2016	5,000	5,000	0	5,000	5,000	0
I	17.287	14-DW-48	12/02/2014 - 03/15/2016	5,000	1,616	0	1,616	1,616	0
I	17.287	13-DW-66	03/10/2014 - 06/15/2015	5,000	5,000	0	5,000	5,000	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	2,309	2,309	0	2,309	2,309	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	1,955	1,955	0	1,955	1,955	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	2,800	2,800	0	2,800	2,800	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	2,800	2,800	0	2,800	2,800	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	2,800	2,800	0	2,800	2,800	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	2,699	2,699	0	2,699	2,699	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	1,955	1,955	0	1,955	1,955	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	2,053	2,053	0	2,053	2,053	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	2,660	2,660	0	2,660	2,660	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	2,800	2,800	0	2,800	2,800	0
I	17.277	NE-055-02	03-09-2015 - 06/15/2015	1,955	1,955	0	1,955	1,955	0

U.S. DEPARTMENT OF LABOR

WIA CLUSTER

Passed Through the Lackawanna

County Career Link:

WORKFORCE INVESTMENT ACT

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

WIA Adult Program

"See Accompanying Independent Auditors' Report."

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2014	REVENUE RECOGNIZED	EXPEND. AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2015
Passed Through the Pocono Counties Workforce Investment Act:										
WORKFORCE INVESTMENT ACT										
I	17.287	W13-015	3,500	03/10/2014 - 06/15/2015	3,500	2,560	0	2,560	2,560	0
I	17.287	W14-015	1,411	12/02/2014 - 03/16/2015	1,411	1,411	0	1,411	1,411	0
I	17.287	W14-028	2,800	03/09/2015 - 06/04/2015	2,800	1,389	0	1,389	1,389	0
I	17.287	W14-014	5,000	12/02/2014 - 03/16/2015	5,000	1,112	0	1,112	1,112	0
I	17.287	P13-024-ITA	6,262	03/10/2014 - 06/30/2015	6,262	2,535	0	2,535	2,535	0
I	17.287	W14-029	2,800	03/09/2015 - 06/04/2015	2,800	2,800	0	2,800	2,800	0
TOTAL WIA CLUSTER					\$ 188,609	\$ 98,905	\$ 0	\$ 98,905	\$ 98,905	\$ 0
TOTAL DEPARTMENT OF LABOR					\$ 188,609	\$ 98,905	\$ 0	\$ 98,905	\$ 98,905	\$ 0
TOTAL FEDERAL ASSISTANCE					\$ 1,020,949	\$ 1,320,112	\$ 97,999	\$ 1,442,093	\$ 1,442,093	\$ 219,980

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR-ENDED JUNE 30, 2015

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	REVENUE	EXPEND.	ACCRUED OR
						(DEFERRED) REVENUE AT JULY 1, 2014	RECOG- NIZED	AMOUNT	(DEFERRED) REVENUE AT
		N/A	07/01/2014-06/30/2015	N/A	\$ 2,176	\$ 254	\$ 2,240	\$ 2,240	\$ 318
PENNSYLVANIA DEPARTMENT OF EDUCATION School Lunch Program									
				N/A	\$ 2,176	\$ 254	\$ 2,240	\$ 2,240	\$ 318
TOTAL SCHOOL LUNCH PROGRAM FROM PENNSYLVANIA DEPARTMENT OF EDUCATION									
				N/A	\$ 2,176	\$ 254	\$ 2,240	\$ 2,240	\$ 318
TOTAL PENNSYLVANIA ASSISTANCE									

FOOTNOTES:

(1) Identification of 50% rule:  
 Total Federal Expenditures:

\$ 1,442,093  
 x 50%  
\$ 721,047

Programs selected for test:

SEOG Grants, CFDA #84.007 \$ 8,064  
 PELL Grants, CFDA #84.063 275,721  
 Direct Student Loans, CFDA #84.268 618,195  
 Vocational Education, CFDA #84.048 391,906  
\$ 1,293,886 / 1,442,093 - 89.72%

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

(3) Beginning inventory at July 1, 2014

(4) Total amount of commodities used.

(5) Ending inventory at June 30, 2015

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

(7) BASIS OF PRESENTATION - The accompanying schedule of federal awards includes the federal grant activity of the Career Technology Center of Lackawanna County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

ROBERT ROSSI & CO.  
CERTIFIED PUBLIC ACCOUNTANTS

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

299 MAIN ST. 2<sup>ND</sup> FLR  
OLYPHANT, PA 18447-2326  
TEL. (570) 876-2300 - FAX (570) 876-5153  
Website: [www.rrco.net](http://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 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 19, 2016

Board of Directors  
Career Technology Center of  
Lackawanna County

We have audited 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, 2015, which collectively comprise Career Technology Center of Lackawanna County's basic financial statements and have issued our report thereon dated January 19, 2016. 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.

**Internal Control Over Financial Reporting**

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

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

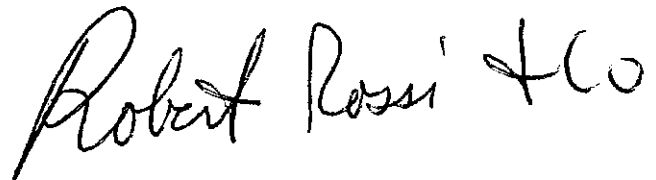
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given those limitations, during our audit we did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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

ROBERT ROSSI & CO.  
CERTIFIED PUBLIC ACCOUNTANTS

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

299 MAIN ST. 2<sup>ND</sup> FLR  
OLYPHANT, PA 18447-2326  
TEL. (570) 876-2300 - FAX (570) 876-5153  
Website: [www.rcco.net](http://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 COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A - 133**

January 19, 2016

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2015-1. Our opinion on each major federal program is not modified with respect to these matters.

Career Technology Center of Lackawanna County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Career Technology Center of Lackawanna County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

## **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 OMB Circular A-133, 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.

## Report on Internal Control Over Compliance (Continued)

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Robert Rossi & Co*



CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

Section 1- Auditors' Result Section

- (1) An unqualified 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 unqualified opinion was expressed on the auditee compliance for major programs.
- (6) The audit disclosed one audit finding 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) Secondary Vocational Instruction CFDA # 84.048
  - (3) Pell Grants CFDA #84.063
  - (4) Direct Student Loans CFDA #84.268
- (8) The dollar threshold used to distinguish Type A and Type B Programs as described in section 520 (B) of OMB Circular A - 133 was \$300,000.
- (9) The auditee did not qualify as a low-risk auditee under section 530 of OMB Circular A - 133.

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.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

Department of Education  
Passed Through the PA Department of Education  
Carl D. Perkins Career and Technical Education Improvement Act of 2006  
CFDA # 84.048

2015 - 1      Reporting of Final Completion Expenditure Report

Criteria:                      Under the Perkins Local Plan Funding Guidelines Title I the School is required to comply with the following General Administrative Provisions. All grant recipients are required to submit their Final Expenditure Reports electronically using the PDE eGrant Web site. Paper copies will not be accepted and will not be returned. If an electronic copy of the report and signed copy of Page One are not submitted, the report will be considered delinquent. The Final Expenditure Report is due no later than 60 days after the close of the project (August 30). Final Expenditure Reports may be submitted only after completion of project activities and payment of all obligations. However, recipients should submit the Final Expenditure Report as soon as all project obligations are paid. However, in testing of the Final Expenditure Report we noted the deficiencies:

Statement of  
Condition:

- a.) The School when it filed its Final Expenditure Report incorrectly reported two (2) individuals' salaries. One was overstated and one was understated.
- b.) Because of item a above eligible benefits were also improperly reported.
- c.) One of the eligible equipment expenditures was obligated within the period of the grant requirements; however, it was not received and not paid until October 2015. Therefore, not meeting the criteria that a Final Expenditure Report may be submitted only after completion of project activities and payment of all obligations but no later than 60 days after the close of the project (August 30).

Questioned Cost:      As a result of the above, we have questioned cost of the following:

- a.) Over reported net salaries of \$ 5,668.
- b.) Over reported net benefits of \$ \$ 8,341
- c.) Equipment paid past the eligible due date of August 30 of \$27,275.

CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015

Perspective

Information: a.) The School is submitting its Final Expenditure Report based salary information upon current salary level but did not take into consideration what salaries were actual paid and eligible for reimbursement.  
b.) Benefits were based upon salary information used in item a above and not based upon actual salaries paid and eligible for reimbursement.  
c.) The Schools did not properly communicate with The PA Department of Education in a timely fashion to obtain an extension of time to pay for the eligible equipment and file a Final Expenditure Report.

Cause: As a result, the School was reimbursed by the PA Department of Education for expenditures that were not eligible to be reimbursed under the grant guidelines without a proper waiver.

Effect: The School needs to review its grant guidelines and establish the proper procedures to make sure that such findings do not occur in the future. Similar findings were noted in it June 30, 2013 audit report.

Recommendation: The School should amend its Final Expenditure Report, reduce its eligible expenditures by amounts noted above, and review procedures for proper reporting.

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

INTERNAL CONTROLS RELATED TO FINDING AND QUESTIONED COST FOR  
FEDERAL AWARDS AS DEFINED IN SECTION 310A OF OMB CIRCULAR A-133

None

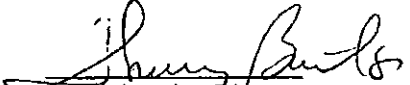
CAREER TECHNOLOGY CENTER OF LACKAWANNA COUNTY  
PLAN FOR CORRECTIVE ACTION TAKEN IN REGARD  
TO AUDIT FINDINGS

2015-1 Reporting of Final Completion Expenditure Report

Recommendation: The School should amend its Final Expenditure Report, reduce its eligible expenditures by amounts noted and review procedures for proper reporting.

Response:

- a.) The two individual salaries reported incorrectly have been corrected in the updated Perkins Final Expenditure Report. Both individuals had a change in salary during the year and were adjusted incorrectly from the initial report. Both the payroll figures and the Perkins Final Expenditure Report have been corrected as a result of the audit.
- b.) The eligible benefits were initially incorrect as a result of the salary adjustment listed above. This was also corrected in the Perkins Final Expenditure Report.
- c.) Management agrees that the strict letter of the law regarding the disbursement of Perkins allocated funds was not followed. However, it was deemed fiscally prudent to delay payment for equipment until the equipment was delivered to the school. Although the equipment Purchase Order was assigned in April 2015 and an invoice was received from the supplier prior to June 30, 2015 and the funds properly encumbered, it was deemed imprudent to disburse the funds until the equipment was received. The Pa. Department of Education Perkins Coordinator was contacted on June 23, 2015 and advised of the situation. The person contacted indicated that it would not be a problem (at the time, neither party knew the delivery would be delayed until September 2015). When the CTC audit pointed out that the deadline to expend the funds had passed; both parties realized that an unintentional violation of the strict letter of the law had occurred, despite the best of intentions. CTCLC is appealing to the Pennsylvania Department of Education due to the circumstances of this situation.

  
Administrative Director