

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020  
AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**JUNE 30, 2020**

**C O N T E N T S**

	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	4
<b>BASIC FINANCIAL STATEMENTS</b>	
STATEMENT OF NET POSITION	15
STATEMENT OF ACTIVITIES	17
BALANCE SHEET – GOVERNMENTAL FUNDS	18
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	19
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	20
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	22
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	24
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	25
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	26
NOTES TO FINANCIAL STATEMENTS	27
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	55
SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	57
SCHEDULE OF CENTER PENSION CONTRIBUTIONS	58
SCHEDULE OF CENTER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY	59
SCHEDULE OF CENTER OPEB CONTRIBUTIONS	60
SCHEDULE OF CHANGES IN CENTER'S TOTAL OPEB LIABILITY AND RELATED RATIOS	61
<b>SUPPLEMENTARY INFORMATION</b>	
COMBINING BALANCE SHEET – CAPITAL PROJECTS FUND	62
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUND	63
COMBINING BALANCE SHEET – ALL NON-MAJOR GOVERNMENTAL FUNDS	64
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL NON-MAJOR GOVERNMENTAL FUNDS	65

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**JUNE 30, 2020**

**C O N T E N T S**

	<b><u>PAGE</u></b>
<b>SUPPLEMENTARY INFORMATION (CONTINUED)</b>	
COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS	66
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – INTERNAL SERVICE FUNDS	67
FINANCIAL SUMMARY – POST SECONDARY EDUCATION	68
POST SECONDARY EDUCATION PROGRAM SUMMARY	69
<b>SINGLE AUDIT INFORMATION</b>	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	70
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	72
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	73
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	75
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	77
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	78

# SAGER, SWISHER AND COMPANY, LLP

*Certified Public Accountants and Consultants*

## Members

American Institute of  
Certified Public Accountants

619 West Chestnut Street  
Lancaster, Pennsylvania 17603

Pennsylvania Institute of  
Certified Public Accountants

15 North Third Street  
Columbia, Pennsylvania 17512

## Partners

John D. Murr, CPA  
Michael L. Reiner, CPA  
Lori L. Royer, CPA

## Consultants

Edward M. Sager (1932-2011)  
C. Edwin Swisher, III, CPA, Inactive

## **INDEPENDENT AUDITOR'S REPORT**

Joint Operating Committee  
Lancaster County Career and Technology Center  
Lancaster, Pennsylvania

### **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 Lancaster County Career and Technology Center (the Center), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Center'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.

**Summary of Opinions**

<b><u>Opinion Unit</u></b>	<b><u>Type of Opinion</u></b>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
General Fund	Unmodified
Capital Projects Fund	Unmodified
Enterprise Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

**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 Lancaster County Career and Technology Center, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Center's proportionate share of the net pension liability, schedule of Center pension contributions, schedule of the Center's proportionate share of net OPEB liability, schedule of Center's OPEB contributions, and schedule of changes in the Center's total OPEB liability and related ratios on pages 4 through 14 and 55 through 61 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 the Lancaster County Career and Technology Center's basic financial statements. The combining fund financial statements and post secondary education summary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Joint Operating Committee  
Lancaster County Career and Technology Center

The combining fund financial statements, post secondary education summary schedules 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 fund financial statements, post secondary education summary schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lancaster County Career and Technology Center's internal control over financial reporting and compliance.

*Sager, Swisher and Company, LLP*

Columbia, Pennsylvania  
January 22, 2021

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

**MANAGEMENT'S DISCUSSION & ANALYSIS**

June 30, 2020

The management of the Lancaster County Career & Technology Center (the Center) is pleased to present the following discussion and analysis of the Center's financial activities for the fiscal year ended June 30, 2020. The purpose of this discussion is to provide a narrative summary of the financial position and activities of the Center in order to enhance the reader's understanding of the Center's basic financial statements.

The Management's Discussion and Analysis (MD&A) of the Center provides an introduction to the activities affecting the operations of the Center and an overview of the financial performance and statements for the fiscal year ended June 30, 2020. The information contained in the MD&A should be read in conjunction with the Center's basic financial statements and related notes to the financial statements, which begin on Page 15. As discussed further in Note 1, the statements include the Lancaster County Career & Technology Center Authority, a component unit of the Center.

The Center is required to present comparative financial information between the current year and the prior year in its MD&A as mandated by the Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* issued in June 1999. Certain comparative information between current year and prior year is required to be presented in the MD&A to show the Center's financial performance as a whole.

**OVERVIEW OF THE CENTER**

The Center is a joint venture operated in accordance with established Articles of Agreement by the sixteen member school districts located in Lancaster County, Pennsylvania. Career and technical education/training is provided to secondary students of its member school districts. In addition, the Center provides training to post-secondary students in both day and evening classes. The Center provides workforce and industrial training to many industries in Lancaster County and surrounding areas. Member school districts provide a majority of the Center's funding, but local, state and federal sources also provide substantial support. Please see Table A-6 on Page 13 for breakdown of local, state and federal revenues. A Joint Operating Committee (JOC) comprised of sixteen members representing the sixteen Lancaster County public school districts governs the Center. Each school district has one member on the JOC with all schools receiving equal representation.

**USING THIS REPORT**

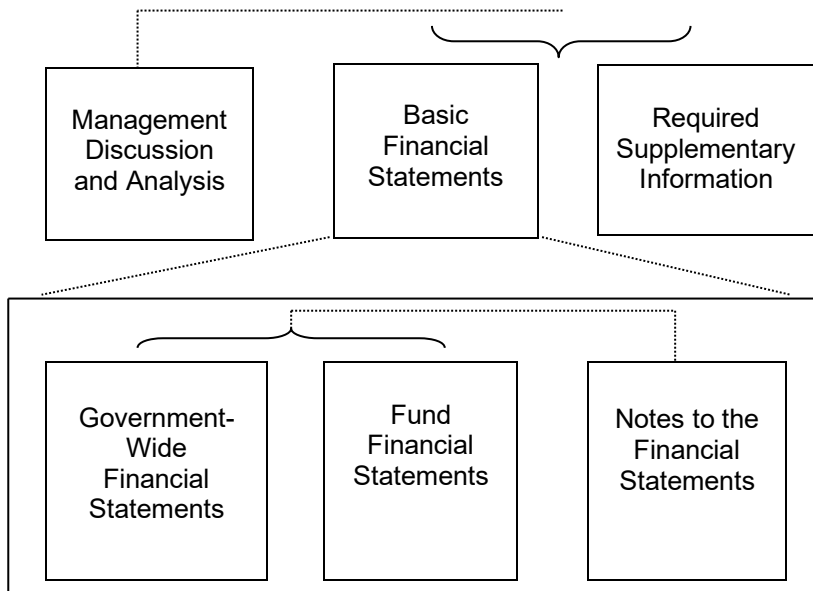
The Center's basic financial statements consist of a Statement of Net Position and a Statement of Activities which are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). These statements are presented so that the reader can understand the Center as a whole.

The fund statements focus on individual parts of the Center's operations in more detail than the government-wide statements. The governmental funds statements demonstrate how general Center services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the Center operates like a business. For the Center, this is our Food Service Fund. Fiduciary fund statements provide information about financial relationships where the Center acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

**FIGURE A-1**  
Required Components of the  
Lancaster County Career & Technology Center  
Financial Report





**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

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

**FIGURE A-2**  
Major Features of Lancaster County Career & Technology Center's  
Government-wide and Fund Financial Statements

		FUND STATEMENTS		
Government-Wide Statements		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Center (Except Fiduciary Funds)	The activities of the Center that are not proprietary or fiduciary, such as education, admin. and community services	Activities the Center operates similar to private business-Food Services	Instances in which the Center is the trustee or agent to someone else's resources
Required financial statements	Statement of Net Position and Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows	Statement of 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	Accrual accounting and economic resources focus
Type of assets/deferred outflow of resources and liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter. No capital assets included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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	All revenues and expenses during year, regardless of when cash is received or paid

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

**OVERVIEW OF FINANCIAL STATEMENTS**

*Government-Wide Statements*

The government-wide statements report information about the Center as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Center's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Center's net position and how they have changed. Net position, the difference between the Center's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the Center's financial health or position.

Over time, increases or decreases in the Center's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Center, you need to consider additional non-financial factors, such as changes in the Center's contribution from participating school districts and the performance of the students.

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

- Governmental activities – All of the Center's basic services are included here, such as instruction, and administration. District contributions, state and federal subsidies and grants finance most of these activities.
- Business type activities – The Center has a food service operation and charges fees to staff, students and visitors to help it cover the costs of the service.

*Fund Financial Statements*

The Center's fund financial statements, which begin on Page 15, provide detailed information about the most significant funds – not the Center as a whole. Some funds are required by state law and by bond obligations.

Governmental funds – Most of the Center's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Center's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds – These funds are used to account for the Center activities that are similar to business operations in the private sector; or where the reporting emphasis is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the Center charges customers for services it provides – whether to outside customers or to other units in the Center – these services are generally reported in proprietary funds.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

The Food Service Fund is the Center's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows. Also included under the Proprietary Funds is the Center's Internal Service Funds. These funds were established for health insurance and unemployment compensation benefits. Both funds operate independently, but the amounts shown starting on Page 24 represent the total of these funds.

**FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE**

During the year ended June 30, 2015, the Center implemented GASB 68, *Accounting and Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result, the financial statements now include the Center's net pension liability, which was \$34,760,169 at June 30, 2020, which represents a decrease of \$1,916,316 from last year. Note 9 explains in further detail the Center's pension plan. The Center's total net position was (\$7,470,770) at June 30, 2020, compared to (\$9,168,526) at June 30, 2019.

**TABLE A-I**  
Fiscal Year Ended June 30, 2020 in Comparison to Fiscal Year Ended June 30, 2019  
Net Position

	<b>GOVERNMENTAL ACTIVITIES</b>		<b>BUSINESS-TYPE ACTIVITIES</b>		<b>TOTAL</b>	
	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020
Current & Other Assets	11,654,720	12,513,354	87,810	59,051	11,742,530	12,572,405
Capital Assets	37,831,703	38,276,072	6,518	4,344	37,838,221	38,280,416
<b>TOTAL ASSETS</b>	49,486,423	50,789,426	94,328	63,395	49,580,751	50,852,821
Deferred Outflows of Resources	5,579,858	4,927,013	114,429	86,307	5,694,287	5,013,320
Current & Other Liabilities	4,630,553	5,330,580	59,868	41,716	4,690,421	5,372,296
Long-Term Liabilities	56,895,402	54,183,247	770,206	721,522	57,665,608	54,904,769
<b>TOTAL LIABILITIES</b>	61,525,955	59,513,827	830,074	763,238	62,356,029	60,277,065
Deferred Inflows of Resources	1,923,788	2,929,353	163,747	130,493	2,087,535	3,059,846
Net Investment in Capital Assets	19,871,434	21,241,121	6,518	4,344	19,877,952	21,245,465
Restricted	2,940,501	2,817,833	0	0	2,940,501	2,817,833
Unrestricted	(31,195,397)	(30,785,695)	(791,582)	(748,373)	(31,986,979)	(31,534,068)
<b>TOTAL NET POSITION</b>	(8,383,462)	(6,726,741)	(785,064)	(744,029)	(9,168,526)	(7,470,770)

Most of the Center's net position is invested in capital assets (buildings, land, and equipment).

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

The results of this year's operations as a whole are reported in the Statement of Activities on Page 17. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are presented to determine the final amount of the Center's activities that are supported by other general revenues. The largest general revenues are the district contributions. Table A-2 takes the information from the Statement of Activities, rearranges it slightly, so the reader can see our total revenues for the year.

The Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities on Page 22 and 23 provides additional detail on how the change in net position includes expenses related to the newly implemented GASB 68.

**TABLE A-2**  
Fiscal Year Ended June 30, 2020 in Comparison to Fiscal Year Ended June 30, 2019  
Changes in Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	6/30/2019	6/30/2020	6/30/2019	6/30/2020	6/30/2019	6/30/2020
<b>REVENUES</b>						
<i>Program Revenues</i>						
Charges for Services	3,527,802	2,567,433	473,395	354,186	4,001,197	2,921,619
Oper. Grants and Contr.	9,164,095	9,446,107	312,772	276,686	9,476,867	9,722,793
Capital Grants and Contr.	227,765	458,623	0	0	227,765	458,623
<i>General Revenues</i>						
Receipts from Member Distr.	15,540,453	16,060,743	0	0	15,540,453	16,060,743
Investment Earnings	225,955	125,545	2,024	1,134	227,979	126,679
Capital Contribution	0	0	0	0	0	0
Other	73,936	127,045	0	0	73,936	127,045
Transfer	(14,000)	(80,000)	14,000	80,000	0	0
<b>TOTAL REVENUES</b>	<b>28,746,006</b>	<b>28,705,496</b>	<b>802,191</b>	<b>712,006</b>	<b>29,548,197</b>	<b>29,417,502</b>
<b>EXPENSES</b>						
Regular Instruction	202,272	198,382	0	0	202,272	202,272
Vocational Education	8,954,345	8,653,402	0	0	8,954,345	8,954,345
Adult Education	7,330,941	6,832,823	0	0	7,330,941	7,330,941
Student Services	1,213,375	1,189,213	0	0	1,213,375	1,213,375
Instructional Staff	1,398,340	1,591,090	0	0	1,398,340	1,398,340
Administration	2,382,859	2,496,540	0	0	2,382,859	2,382,859
Pupil Health	170,783	179,928	0	0	170,783	170,783
Business Services	575,045	674,963	0	0	575,045	575,045
Operations and Maintenance	2,514,092	2,671,891	0	0	2,514,092	2,514,092
Student Transportation	1,156,409	1,110,188	0	0	1,156,409	1,156,409
Central Services	192,736	191,396	0	0	192,736	192,736
Student Activities	442,907	527,956	0	0	442,907	442,907
Community Services	143,220	74,633	0	0	143,220	143,220
Interest on Long-Term Debt	569,161	714,550	0	0	569,161	569,161
Food Services	0	0	775,379	670,971	775,379	775,379
<b>TOTAL EXPENSES</b>	<b>27,246,485</b>	<b>27,106,955</b>	<b>775,379</b>	<b>670,971</b>	<b>28,021,864</b>	<b>27,777,926</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>1,499,521</b>	<b>1,598,541</b>	<b>26,812</b>	<b>41,035</b>	<b>1,526,333</b>	<b>1,639,576</b>

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

The tables below present the expenses of both the Governmental Activities and the Business-Type Activities of the Center.

Table A-3 shows the Center's eight largest functions – instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, and interest on long-term debt as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by member districts and other miscellaneous revenue.

**TABLE A-3**  
Fiscal Year Ended June 30, 2020 in Comparison to Fiscal Year Ended June 30, 2019  
Governmental Activities

FUNCTIONS / PROGRAMS	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	6/30/2019	6/30/2020	6/30/2019	6/30/2020
Instruction	16,487,558	15,684,607	5,494,160	5,047,738
Instr. Student Support	2,782,498	2,960,231	1,892,535	2,215,575
Admin. and Financial Support	3,150,640	3,362,899	2,854,471	3,032,557
Operations and Maintenance	2,514,092	2,671,891	2,345,188	2,481,586
Pupil Transportation	1,156,409	1,110,188	1,156,409	1,110,188
Student Activities	442,907	527,956	(5,931)	26,457
Community Services	143,220	74,633	20,830	6,141
Interest on Long-Term Debt	569,161	714,550	569,161	714,550
Total Governmental Activities	27,246,485	27,106,955	14,326,823	14,634,792
Less: Unrestricted Grants, Subsidies	0	0	0	0
Total Needs from Member Districts and Other Revenues	27,246,485	27,106,955	14,326,823	14,634,792

Table A-4 reflects the activities of the Food Service program, the only Business-Type activity of the Center.

**TABLE A-4**  
Fiscal Year Ended June 30, 2020 in Comparison to Fiscal Year Ended June 30, 2019  
Business-Type Activities

FUNCTIONS / PROGRAMS	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	6/30/2019	6/30/2020	6/30/2019	6/30/2020
Food Services	775,379	670,971	(10,788)	40,099
Investment Earnings	0	0	(2,024)	(1,134)
Total Business-Type Activities	775,379	670,971	(12,812)	38,965

The Statement of Revenues, Expenses and Changes in Net Position for this proprietary fund will further detail the actual results of operations.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

**THE CENTER FUNDS**

At June 30, 2020, the Center's governmental funds reported a combined fund balance of \$5,094,369 which represents an increase of \$271,535 from June 30, 2019. The primary reason for this increase is the addition of the new Capital Reserve account created for Plan Con Subsidy reimbursements from the sixteen member districts as well as capital reserve funds kept and not returned to the school districts, which will be used to improve facilities over the course of the 2020-2021 school year. In addition, the CTC now has an unrestricted fund balance, adding to the restricted accounts already created.

**GENERAL FUND BUDGET**

During the fiscal year, the JOC authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the Center. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. A schedule showing the Center's original and final budget amounts compared with amounts actually paid and received is provided on Pages 55 and 56.

The Center applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. Budgeted revenues increased as a result of additional approved grants.

Budgeted expenditures and other financing uses also increased this same amount to compensate for the additional approved grants. Transfers between specific categories of expenditures/financing uses occur during the year.

**CAPITAL ASSETS**

Table A-5 reflects the capital assets of both the Governmental Activities and the Business-Type Activities of the Center.

**TABLE A-5**  
Fiscal Year Ended June 30, 2020 in Comparison to Fiscal Year Ended June 30, 2019  
Capital Assets – Net Depreciation

<b>CAPITAL ASSETS</b>	6/30/2019	6/30/2020
Land	1,096,243	1,096,243
Construction in Progress	619,457	658,965
Site Improvements (Net of Accumulated Depreciation)	873,314	1,306,375
Building and Building Improvements (Net of Accumulated Depreciation)	30,894,646	30,567,246
Furniture & Equipment (Net of Accumulated Depreciation)	4,354,561	4,651,587
<b>TOTAL CAPITAL ASSETS</b>	<b>37,838,221</b>	<b>38,280,416</b>

The Center had an increase of \$442,195 in capital assets. More detailed information about our capital assets is included in Note 5 to the financial statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

**FINANCIAL HIGHLIGHTS – 2019-2020**

- District contributions of \$16,060,743 accounted for 57% of the total General Fund revenues of \$28,197,409. District contributions continue to comprise a larger percentage of revenue due to decreasing funding from state and federal sources.
- The total revenues exceeding expenses for the General Fund secondary operations is \$1,519,359. The Joint Operating Committee voted to forego the \$450,000 allocation from Adult Education to the General Fund for facilities' needs.
- The JOC voted to return \$100,000 back to the member districts, allowing the Center to transfer \$900,000 to the General Fund's Unrestricted Fund, \$283,000 to the Adult Education Unrestricted Fund, and \$236,360 to Capital Reserve Fund for facilities improvements. \$7,272 of Adult Education profits were transferred to Capital Reserve, and \$7,272 of the Adult Education profits were transferred to the Planning & Development Fund.
- Adult education programming netted a profit of \$14,544 for the year and comprised much of the remaining revenue. One revenue source that aided the Adult Education budget was the CARES Act institutional funding as a result of the COVID pandemic. This helped to continue paying salaries and benefits during the shutdown.

**ECONOMIC FACTORS IN 2020-2021 BUDGET:**

The passage of Act 1, The Tax Payer Relief Act of 2009 has had a profound effect on Pennsylvania's public school entities. Also, a County-wide reassessment took place that went into effect beginning the 2018/19 tax year. Although Lancaster County Career & Technology Center is not directly affected by this Act nor the reassessment, there are indirect effects that were reflected in LCCTC's 2020-2021 General Fund Budget and continue through the proposed 2021-2022 budget.

In light of the economic climate in Lancaster County schools, LCCTC proposed a 1.94% increase in District Contributions for 2020-2021 and a 2.29% increase for 2021-2022. This was primarily controlled through personnel (wage and benefit) savings.

The Joint Operating Committee (JOC) and participating school districts allowed LCCTC to budget for all positions in 2020-2021 based on previous class offerings. LCCTC's part of this agreement has been that it wouldn't operate any program without sufficient enrollment. Based on enrollments, LCCTC kept its promise. In some cases, positions from resignations were not filled or filled with alternate staffing. LCCTC operates on a zero-based budget.

In December 2016, LCCTC's JOC ratified a new Collective Bargaining Agreement (CBA) with its instructional staff for the period July 1, 2016 through June 30, 2020. The JOC voted for a one-year Memorandum of Understanding, which allowed the contract to be extended by one year through June 2021.

The Public School Employees' Retirement System employer contribution rate continues to climb (12.36% for 2012/13, 16.93% for 2013/14, 21.40% for 2014/15, 25.84% for 2015/16, 30.03 for 2016/17, 32.57% for 2017/18, 33.43% for 2018/19, 34.29% for 2019/20, and 34.51% for 2020/21). The unofficial employer contribution rate for 2021/22 is 34.95%.

LCCTC faces the same challenges as other public and private employers providing group medical and dental insurance benefits to its employees and their dependents. The cost of providing family coverage for the current school year now exceeds \$27,000 with 9.75% of this expense being offset by the employee contribution. Implementation of a spousal rule in spring 2013 and changes to deductibles, prescription copays and employee contributions in the new CBA have laid the groundwork for stemming some of the increased costs for 2020-2021 and beyond.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

Two bond issues of \$9,995,000 each were completed in June 2012 and September 2013. The final bond issue of \$3,900,000 was completed in July 2014 for the balance of funds needed to complete the renovation projects. Renovation work at all campuses was completed in January 2016. LCCTC refinanced the 2013 bonds and 2012 bonds in February 2017 and November 2017, respectively. Plan Con subsidy has been critical to the success of school construction and renovation projects. This funding remains uncertain from year-to-year. Refunding of the 2013 and 2017 bonds took place in June of 2020, totaling \$10,080,000, saving the Center and the 16 school districts over \$500,000 over the next 17 years.

**TABLE A-6**  
Budget Comparison  
General Fund Only – Original Budget

**BUDGETED REVENUES**

	2019/20	2020/21
Local	79.7%	79.0%
State	15.3%	16.0%
Federal/Other	5.0%	5.0%

**BUDGETED EXPENDITURES**

	2019/20	2020/21
Instruction	43.5%	44.0%
Support Services	46.8%	47.1%
Non-Instruction/Community	0.2%	0.1%
Fund Transfers/Debt Service	9.5%	8.8%

**2020/21 GENERAL FUND BUDGET:**

The economic climate for Lancaster County schools continues in the same vein as has been the case for the last ten years and the proposed 2021-2022 LCCTC General Fund Budget reflects this reality. The overall district contribution is proposed to increase by 2.29%, which is at the Base Act 1 Index. Most of this increase is due to the PSERS employer contribution rate increase, new positions approved by the JOC, and escalating personnel costs in wages and health insurance.

Initiatives that are expected to continue in 2021-2022:

- Maintain programs as allowed by enrollments
- Maximize enrollment in offered programs
- Grow enterprise areas
- Grow Adult Education offerings
- Adjust all staffing/program offerings based on community needs
- Maintain facilities
- Address safe schools to provide safe environment for students/staff
- Maintain instructional equipment and system-wide technology
- Inform students/parents about career options
- Address gold collar careers
- Support implementation of Career Education and Work Standards
- Coordinate efforts with the Lancaster County Career & Technology Foundation



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
LANCASTER, PENNSYLVANIA

**LANCASTER COUNTY CAREER & TECHNOLOGY FOUNDATION (LCCTF)**

The LCCTF completed its eighteenth year of operation in 2020 and currently operates under permanent status as granted by the Commonwealth of Pennsylvania.

LCCTF provides the following services:

- Student assistance for books, uniforms, tools and materials
- Postsecondary education scholarships
- Funds for equipment, technology and innovations at the LCCTC
- Early childhood support and tuition assistance

LCCTF also worked in partnership with the LCCTC JOC to build a 9,000 square-foot Early Childhood Education Center. This Center has a capacity of 124 preschool children and began its fifteenth year of operation in 2020.

**LANCASTER COUNTY CAREER & TECHNOLOGY CENTER AUTHORITY**

The Lancaster County Vocational-Technical School Authority was established in 1966 to purchase land and construct three campuses to operate as the Lancaster County Area Vocational-Technical School. The Authority is comprised of five members from the following school districts: Elizabethtown Area School District, Lampeter-Strasburg School District, Manheim Central School District, Penn Manor School District and Pequea Valley School District. The Authority continues today as the Lancaster County Career & Technology Center Authority and was approved by the Pennsylvania Department of State through 2060.

The Authority oversees all matters relating to LCCTC facilities and student-built house projects. All borrowing of funds for LCCTC is facilitated through the Authority. The LCCTC Authority is an integral part of the LCCTC system in providing Career and Technical Education to Lancaster County's secondary and postsecondary students. Complete financial statements of the Authority can be obtained at the business office of the LCCTC.

**CONTACTING THE CENTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide detailed information on the Center's operations to all those with an interest in the Center's financial affairs. Questions concerning any of the information provided in this report or any request for information should be addressed to Dr. Michael DelPriore, Business Manager, at the Lancaster County Career & Technology Center, Willow Street Campus. Telephone: (717) 464-7060 or email: [mdelpriore@lancasterctc.edu](mailto:mdelpriore@lancasterctc.edu).

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**STATEMENT OF NET POSITION  
JUNE 30, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 10,866,642	\$ 21,717	\$ 10,888,359
Due from Other Governments	1,125,823	213	1,126,036
Other Receivables	159,553	2,126	161,679
Inventories	265,715	34,995	300,710
Prepaid Expenses	95,621	--	95,621
<b>Total Current Assets</b>	<b>12,513,354</b>	<b>59,051</b>	<b>12,572,405</b>
<b>Noncurrent Assets</b>			
Land	1,096,243	--	1,096,243
Construction in Progress	272,454	--	272,454
Construction – House Projects	386,511	--	386,511
Land Improvements (Net of Accumulated Depreciation)	1,306,375	--	1,306,375
Buildings (Net of Accumulated Depreciation)	30,567,246	--	30,567,246
Equipment (Net of Accumulated Depreciation)	4,647,243	4,344	4,651,587
<b>Total Noncurrent Assets</b>	<b>38,276,072</b>	<b>4,344</b>	<b>38,280,416</b>
<b>TOTAL ASSETS</b>	<b>50,789,426</b>	<b>63,395</b>	<b>50,852,821</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Bond Refinancing Charges	659,875	--	659,875
Deferred Outflows for Pensions	4,071,639	86,307	4,157,946
Deferred Outflows for other Postemployment Benefits	195,499	--	195,499
<b>Total Deferred Outflows of Resources</b>	<b>4,927,013</b>	<b>86,307</b>	<b>5,013,320</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 55,716,439</b>	<b>\$ 149,702</b>	<b>\$ 55,866,141</b>

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**STATEMENT OF NET POSITION  
JUNE 30, 2020**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Internal Balances	\$ (36,660)	\$ 36,660	\$ --
Due to Other Governments	100,000	--	100,000
Accounts Payable	788,291	1,657	789,948
Current Portion of Bonds/Notes Payable	1,005,000	--	1,005,000
Current Portion of Compensated Absences	70,162	--	70,162
Accrued Salaries and Benefits	3,042,547	3,399	3,045,946
Payroll Deductions and Withholdings	98,628	--	98,628
Unearned Revenues	<u>262,612</u>	<u>--</u>	<u>262,612</u>
<b>Total Current Liabilities</b>	<u>5,330,580</u>	<u>41,716</u>	<u>5,372,296</u>
<b>Noncurrent Liabilities</b>			
Bonds/Notes Payable, Net	17,426,555	--	17,426,555
Long-Term Portion of Compensated Absences	527,658	--	527,658
Other Post-Employment Benefits Payable	2,190,387	--	2,190,387
Net Pension Liability	<u>34,038,647</u>	<u>721,522</u>	<u>34,760,169</u>
<b>Total Noncurrent Liabilities</b>	<u>54,183,247</u>	<u>721,522</u>	<u>54,904,769</u>
<b>TOTAL LIABILITIES</b>	<u>59,513,827</u>	<u>763,238</u>	<u>60,277,065</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows for Pension	2,549,601	130,493	2,680,094
Deferred Inflows for other Postemployment Benefits	<u>379,752</u>	<u>--</u>	<u>379,752</u>
<b>Total Deferred Inflow of Resources</b>	<u>2,929,353</u>	<u>130,493</u>	<u>3,059,846</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	21,241,121	4,344	21,245,465
Restricted for			
Capital Projects	2,817,833	--	2,817,833
Unrestricted	<u>(30,785,695)</u>	<u>(748,373)</u>	<u>(31,534,068)</u>
<b>TOTAL NET POSITION</b>	<u>(6,726,741)</u>	<u>(744,029)</u>	<u>(7,470,770)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 55,716,439</u>	<u>\$ 149,702</u>	<u>\$ 55,866,141</u>

The accompanying notes are an integral part of these financial statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Governmental Activities</b>							
Regular Instruction	\$ 198,382	\$ --	\$ 25,017	\$ --	\$ (173,365)	\$ --	\$ (173,365)
Vocational Education	8,653,402	164,560	3,434,380	180,297	(4,874,165)	--	(4,874,165)
Adult Education	6,832,823	1,828,773	4,963,882	39,960	(208)	--	(208)
Student Services	1,189,213	--	364,975	--	(824,238)	--	(824,238)
Instructional Staff	1,591,090	--	122,096	238,366	(1,230,628)	--	(1,230,628)
Administration	2,496,540	--	246,221	--	(2,250,319)	--	(2,250,319)
Pupil Health	179,928	--	19,219	--	(160,709)	--	(160,709)
Business Services	674,963	--	68,789	--	(606,174)	--	(606,174)
Operation of Plant and Maintenance Services	2,671,891	72,601	117,704	--	(2,481,586)	--	(2,481,586)
Student Transportation Services	1,110,188	--	--	--	(1,110,188)	--	(1,110,188)
Central Services	191,396	--	15,332	--	(176,064)	--	(176,064)
Student Activities	527,956	501,499	--	--	(26,457)	--	(26,457)
Community Services	74,633	--	68,492	--	(6,141)	--	(6,141)
Interest on Long-Term Debt	714,550	--	--	--	(714,550)	--	(714,550)
<b>Total Governmental Activities</b>	<b>27,106,955</b>	<b>2,567,433</b>	<b>9,446,107</b>	<b>458,623</b>	<b>(14,634,792)</b>	<b>--</b>	<b>(14,634,792)</b>
<b>Business-Type Activities</b>							
Food Services	670,971	354,186	276,686	--	--	(40,099)	(40,099)
<b>Total Primary Government</b>	<b>\$ 27,777,926</b>	<b>\$ 2,921,619</b>	<b>\$ 9,722,793</b>	<b>\$ 458,623</b>	<b>(14,634,792)</b>	<b>(40,099)</b>	<b>(14,674,891)</b>
<b>General Revenues</b>							
Receipts from Member Districts					16,060,743	--	16,060,743
Investment Earnings					125,545	1,134	126,679
Miscellaneous Income					79,868	--	79,868
Gain on Sale of Asset					47,177	--	47,177
<b>Total General Revenues</b>					<b>16,313,333</b>	<b>1,134</b>	<b>16,314,467</b>
Transfers					(80,000)	80,000	--
<b>Change in Net Position</b>					<b>1,598,541</b>	<b>41,035</b>	<b>1,639,576</b>
<b>Net Position – July 1, 2019 (Restated)</b>					<b>(8,325,282)</b>	<b>(785,064)</b>	<b>(9,110,346)</b>
<b>Net Position – June 30, 2020</b>					<b>\$ (6,726,741)</b>	<b>\$ (744,029)</b>	<b>\$ (7,470,770)</b>

The accompanying notes are an integral part of these financial statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>Major Funds</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Funds</b>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,898,982	\$ 2,705,735	\$ 261,925	\$ 10,866,642
Due from Other Funds	53,297	685,322	19,274	757,893
Due from Other Governments	1,119,768	--	169	1,119,937
Other Receivables	150,899	--	8,654	159,553
Inventories	265,715	--	--	265,715
Prepaid Expenditures	67,531	--	--	67,531
<b>TOTAL ASSETS</b>	<b>\$ 9,556,192</b>	<b>\$ 3,391,057</b>	<b>\$ 290,022</b>	<b>\$ 13,237,271</b>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 4,016,595	\$ 25,207	\$ 25,710	\$ 4,067,512
Due to Other Governments	100,000	--	--	100,000
Accounts Payable	415,190	156,413	--	571,603
Accrued Salaries and Benefits	3,042,547	--	--	3,042,547
Payroll Deductions and Withholdings	98,628	--	--	98,628
Unearned Revenues	262,612	--	--	262,612
<b>TOTAL LIABILITIES</b>	<b>7,935,572</b>	<b>181,620</b>	<b>25,710</b>	<b>8,142,902</b>
<b>FUND BALANCES</b>				
Nonspendable	333,247	--	--	333,247
Restricted	--	3,209,437	3,485	3,212,922
Committed	57,272	--	--	57,272
Assigned	47,101	--	260,827	307,928
Unassigned	1,183,000	--	--	1,183,000
<b>TOTAL FUND BALANCES</b>	<b>1,620,620</b>	<b>3,209,437</b>	<b>264,312</b>	<b>5,094,369</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,556,192</b>	<b>\$ 3,391,057</b>	<b>\$ 290,022</b>	<b>\$ 13,237,271</b>

The accompanying notes are an integral part of these financial statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

**Total Fund Balances – Governmental Funds** \$ 5,094,369

**Amounts reported for governmental activities in the statement of net position are different because:**

Capital Assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of assets is **\$63,887,049**, and the accumulated depreciation is **\$25,610,977**. 38,276,072

Internal service funds are used to account for unemployment compensation and health/dental insurance claims and premiums. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 3,135,477

Long-term liabilities, including bonds and notes payable are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds/Notes Payable	\$ (18,000,000)	
Compensated Absences	(597,820)	
Other Post-Employment Benefits	(2,190,387)	
Net Pension Liability	<u>(34,038,647)</u>	(54,826,854)

Bond discounts/premiums, and similar items are reported in the governmental funds when debt is first issued. The statement of net position reports these items as assets or liabilities with amortization over the life of the related debt. Bond premiums totaled **\$431,555** with accumulated amortization of **\$0**. Bond refinancing charges totaled **\$659,875**. 228,320

Bond insurance costs are reported as an expenditure in governmental funds when debt is first issued. Bond insurance costs are reported as prepaid expenses on the statement of net position and expensed in a rational systematic manner over the life of the related debt. 28,090

Deferred inflows and outflows of resources related to pensions and OPEB are applicable to future periods and, therefore are not reported within the fund. Deferred inflows and outflows related to pensions and OPEB are as follows (see note disclosures for detail):

Deferred Outflows - Pension	\$ 4,071,639	
Deferred Inflows - Pension	(2,549,601)	
Deferred Outflows – OPEB	195,499	
Deferred Inflows – OPEB	<u>(379,752)</u>	<u>1,337,785</u>

**TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES** **\$ (6,726,741)**

The accompanying notes are an integral part of these financial statements.

*This page intentionally left blank*

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020**

	<b>Major Funds</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Funds</b>	
<b>REVENUES</b>				
<b>Local Sources</b>				
Receipts from Member Districts	\$ 16,060,743	\$ --	\$ --	\$ 16,060,743
Rentals	72,601	--	--	72,601
Interest	92,599	32,946	12	125,557
Revenue from Intermediate Sources - Federal	60,000	--	--	60,000
Revenue from Intermediate Sources - Other	41,914	--	--	41,914
Tuition	1,693,568	--	--	1,693,568
Contributions	226,317	--	--	226,317
Revenue from Student Activities	--	--	501,487	501,487
Revenue from Other LEAs	133,205	--	--	133,205
Revenue from Center Activities	74,041	--	--	74,041
Other Revenue	172,387	--	--	172,387
<b>Total Local Sources</b>	18,627,375	32,946	501,499	19,161,820
<b>State Sources</b>	4,866,941	--	--	4,866,941
<b>Federal Sources</b>	4,703,093	--	--	4,703,093
<b>TOTAL REVENUES</b>	28,197,409	32,946	501,499	28,731,854
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	16,137,554	120,897	--	16,258,451
Support Services	9,979,227	190,190	105,948	10,275,365
Operation of Non-Instructional Services	83,198	--	519,391	602,589
<b>Total Current</b>	26,199,979	311,087	625,339	27,136,405
<b>Capital Outlay</b>				
Facilities Acquisition, Construction and Improvement Services	--	1,520,264	--	1,520,264
<b>Total Capital Outlay</b>	--	1,520,264	--	1,520,264
<b>Debt Service</b>				
Principal	875,000	--	11,330,000	12,205,000
Interest and Fiscal Charges	538,879	--	137,122	676,001
<b>Total Debt Service</b>	1,413,879	--	11,467,122	12,881,001
<b>TOTAL EXPENDITURES</b>	27,613,858	1,831,351	12,092,461	41,537,670
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	583,551	(1,798,405)	(11,590,962)	(12,805,816)



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020**

	<b>Major Funds</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Funds</b>	
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	\$ 1,142,687	\$ 685,322	\$ --	\$ 1,828,009
Transfers Out	(765,322)	--	(9,687)	(775,009)
Sale/Compensation for Capital Assets	70,846	345,000	--	415,846
Refunding Note Issued	--	--	11,145,000	11,145,000
Bond Premium	--	--	431,555	431,555
Insurance Recoveries	6,465	--	--	6,465
Refund of Prior Year Revenue	(11,388)	--	--	(11,388)
	<b>443,288</b>	<b>1,030,322</b>	<b>11,566,868</b>	<b>13,040,478</b>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>Changes in Fund Balances</b>	1,026,839	(768,083)	(24,094)	234,662
<b>Fund Balances – July 1, 2019 (Restated)</b>	556,908	3,977,520	288,406	4,822,834
Inventory Adjustment	36,873	--	--	36,873
<b>Fund Balances – June 30, 2020</b>	<b>\$ 1,620,620</b>	<b>\$ 3,209,437</b>	<b>\$ 264,312</b>	<b>\$ 5,094,369</b>

The accompanying notes are an integral part of these financial statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

**Total change in fund balance – governmental funds** \$ 234,662

**Amounts reported for governmental activities in the statement of activities are different because:**

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation expense	\$ (1,605,888)	
Capital outlays	<u>2,388,301</u>	782,413

The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net position (338,044)

Internal service funds are used to account for unemployment compensation and health/dental insurance claims and premiums. The net revenue of certain activities of the internal service funds are reported with governmental activities. (82,070)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 12,205,000

Governmental funds report the bond discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of activities:

Issuance of Lease Revenue Note	\$(11,145,000)	
Bond Premium	(431,555)	
Amortization of bond discount	(3,484)	
Amortization of bonds refinancing costs	<u>(35,065)</u>	(11,615,104)

Bond insurance costs are reported as a prepaid expense on the statement of net position and are expensed in a rational systematic method over the life of the debt. 27,822

The governmental funds follow the purchase method of inventory. However, the statement of net position uses the consumption method of inventory. 36,873

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Decrease in compensated absences	44,338
----------------------------------	--------

Governmental funds report center pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Center pension contributions	\$ 3,549,875	
Cost of benefits earned net of employee contributions (pension expense)	<u>(3,246,579)</u>	<u>303,296</u>

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA

RECONCILIATION OF THE GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

Governmental funds report other postemployment benefits (OPEB) contributions  
As expenditures. However, in the Statement of Activities, the cost of OPEB benefits  
Earned net of employee contributions is reported as OPEB expense.

Center OPEB contributions	\$ 91,034	
Cost of benefits earned net of employee contributions (OPEB expense)	<u>(91,679)</u>	<u>(645)</u>
<b>Change in net position of governmental activities</b>		<b><u>\$ 1,598,541</u></b>

The accompanying notes are an integral part of these financial statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020**

	<u>Business-Type Activities Enterprise Fund</u>	<u>Governmental Activities Internal Service Funds</u>
	<u>Food Service</u>	
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 21,717	\$ --
Due from Other Funds	--	3,346,279
Due from Other Governments	213	5,886
Other Receivables	2,126	--
Inventories	<u>34,995</u>	<u>--</u>
<b>Total Current Assets</b>	<u>59,051</u>	<u>3,352,165</u>
<b>Noncurrent Assets</b>		
Machinery and Equipment (Net of Accumulated Depreciation)	<u>4,344</u>	<u>--</u>
<b>Total Noncurrent Assets</b>	<u>4,344</u>	<u>--</u>
<b>TOTAL ASSETS</b>	<u>63,395</u>	<u>3,352,165</u>
<b>DEFERRED OUTFLOWS OF RESOURCES – PENSIONS</b>	<u>86,307</u>	<u>--</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 149,702</u>	<u>\$ 3,352,165</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Due to Other Funds	\$ 36,660	\$ --
Accounts Payable	1,657	216,688
Accrued Salaries and Benefits	<u>3,399</u>	<u>--</u>
<b>Total Current Liabilities</b>	<u>41,716</u>	<u>216,688</u>
<b>Noncurrent Liabilities</b>		
Net Pension Liability	<u>721,522</u>	<u>--</u>
<b>Total Noncurrent Liabilities</b>	<u>721,522</u>	<u>--</u>
<b>TOTAL LIABILITIES</b>	<u>763,238</u>	<u>216,688</u>
<b>DEFERRED INFLOWS OF RESOURCES – PENSIONS</b>	<u>130,493</u>	<u>--</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	4,344	--
Unrestricted	<u>(748,373)</u>	<u>3,135,477</u>
<b>TOTAL NET POSITION</b>	<u>(744,029)</u>	<u>3,135,477</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 149,702</u>	<u>\$ 3,352,165</u>

The accompanying notes are an integral part of these financial statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020**

	<b>Business-Type Activities Enterprise Fund</b>	<b>Governmental Activities Internal Service Funds</b>
	<b>Food Service</b>	
<b>OPERATING REVENUES</b>		
Lunch Sales	\$ 172,963	\$ --
Special Function Revenue	3,912	--
Contracted Service Revenue	177,311	--
Charges for Services	--	3,141,839
<b>TOTAL OPERATING REVENUES</b>	<b>354,186</b>	<b>3,141,839</b>
<b>OPERATING EXPENSES</b>		
Salaries	262,543	--
Employee Benefits	80,641	1,607,338
Professional Services	405	89,159
Other Purchased Service	1,578	--
Supplies	322,594	394,412
Dues and Fees	1,035	--
Depreciation	2,175	--
<b>TOTAL OPERATING EXPENSES</b>	<b>670,971</b>	<b>2,090,909</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(316,785)</b>	<b>1,050,930</b>
<b>NONOPERATING REVENUES</b>		
State Sources	56,321	--
Federal Sources	220,365	--
Interest Income	1,134	--
<b>TOTAL NONOPERATING REVENUES</b>	<b>277,820</b>	<b>--</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(38,965)</b>	<b>1,050,930</b>
<b>TRANSFER IN/(OUT)</b>	<b>80,000</b>	<b>(1,133,000)</b>
<b>Changes in Net Position</b>	<b>41,035</b>	<b>(82,070)</b>
<b>Net Position – July 1, 2019</b>	<b>(785,064)</b>	<b>3,217,547</b>
<b>Net Position – June 30, 2020</b>	<b>\$ (744,029)</b>	<b>\$ 3,135,477</b>

The accompanying notes are an integral part of these financial statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020**

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Food</u> <u>Service</u>	<u>Governmental Activities</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Users	\$ 373,026	\$ --
Cash Received from Assessments Made to Other Funds	--	3,184,226
Cash Payments to Employees for Services	(263,907)	--
Cash Payments to Suppliers for Goods and Services	<u>(440,805)</u>	<u>(2,051,226)</u>
<b>Net Cash Provided By (Used for) Operating Activities</b>	<u>(331,686)</u>	<u>1,133,000</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
State Sources	57,179	--
Federal Sources	202,580	--
Transfer In	80,000	--
Transfer Out	<u>--</u>	<u>(1,133,000)</u>
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<u>339,759</u>	<u>(1,133,000)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	<u>--</u>	<u>--</u>
<b>Cash Flows from Investing Activities</b>		
Earnings on Investments	<u>1,135</u>	<u>--</u>
<b>Net Cash Provided by Investing Activities</b>	<u>1,135</u>	<u>--</u>
<b>Net Increase in Cash and Cash Equivalents</b>	9,208	--
<b>Cash and Cash Equivalents Beginning of Year</b>	<u>12,509</u>	<u>--</u>
<b>Cash and Cash Equivalents End of Year</b>	<u>\$ 21,717</u>	<u>\$ --</u>
<b>Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities</b>		
<b>Operating Income (Loss)</b>	<u>\$ (316,785)</u>	<u>\$ 1,050,930</u>
<b>Adjustments to Reconcile Operating (Loss) to Net Cash Provided By (Used for) Operating Activities</b>		
USDA Donated Commodities Used	39,752	--
Change in Deferred Outflows of Resources – Pension	28,122	--
Change in Deferred Inflows of Resources – Pension	(33,254)	--
Change in Net Pension Liability	(48,684)	--
Depreciation Expense	2,175	--
Decrease in Due from Other Funds	--	36,502
Decrease in Due from Other Governments	1,119	84,371
Decrease in Other Receivables	17,720	--
(Increase) in Inventories	(3,700)	--
(Decrease) in Accounts Payable	(13,102)	(38,803)
(Decrease) in Accrued Wages and Benefits	(1,569)	--
(Decrease) in Due to Other Funds	<u>(3,480)</u>	<u>--</u>
<b>Total Adjustments</b>	<u>(14,901)</u>	<u>82,070</u>
<b>Net Cash Provided By (Used for) Operating Activities</b>	<u>\$ (331,686)</u>	<u>\$ 1,133,000</u>
<b>Noncash Investing, Capital and Financing Activities</b>		
USDA Donated Commodities Received	<u>\$ 39,752</u>	<u>\$ --</u>

The accompanying notes are an integral part of these financial statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lancaster County Career and Technology Center (the Center) was created by the sixteen public school districts of Lancaster County to provide career and technical education to secondary students. The Center operates campuses in Brownstown, Mount Joy and Willow Street. Additionally, LCCTC training takes place at businesses throughout south central Pennsylvania. The Joint Operating Committee (JOC) is the governing body which consists of one board member from each of the member school districts.

The financial statements of Lancaster County Career and Technology Center (the Center) have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

In evaluating the Center as a reporting entity, management has addressed all potential component units, which may or may not fall within the Center's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the Center's reporting entity are financial accountability and the nature and significance of the relationship.

Based on the above criteria, the following is a component unit of the Center.

Lancaster County Career and Technology Center Authority – The Authority was created to finance and construct the buildings and obtain equipment for the Lancaster County Career and Technology Center. The Authority leases the buildings and some equipment to the Center to cover the cost of debt service on the outstanding bonds and notes. In addition, the Authority has undertaken educational house-building projects in conjunction with the Center. The Authority's financial statements are blended in the capital projects fund and the debt service fund of the Lancaster County Career and Technology Center. Debt principal and interest is paid by the general fund. The financial statements are blended due to the significant relationship with the Center and debt related to the Center's buildings.

Based on the above criteria, the following related entity is not a component unit of the Center:

Lancaster County Career and Technology Foundation – The Lancaster County Career and Technology Foundation established in March 2003 to promote, enhance and endow enriched educational, vocational-technical learning opportunities. Lancaster County Career and Technology Foundation is funded through gifts from individuals, area businesses, community civic and service organizations, school professional and support staff, school vendors, planned giving, alumni groups, and state, federal and private grants. Complete financial statements of the Foundation can be obtained at the business office of the Lancaster County Career and Technology Center.

B. Fund Accounting

The accounts of the Center are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

**Government-wide financial statements** (i.e., the statement of net position and the statement of activities) report information on the governmental funds and internal service fund, while the business-type activities include the enterprise fund of the Center. Fiduciary funds are excluded from the government-wide financial statements. Interfund accounts receivable, accounts payable and transfers are eliminated in the government-wide financial statements. Governmental activities, which normally are supported by receipts from member districts and intergovernmental revenues, are reported separately in the government-wide financial statements from business-type activities which rely, to a significant extent, on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the Center's governmental activities. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Receipts from member districts and other items not properly included among program revenues are reported instead as general revenues.

**Fund financial statements** are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the Center. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Center's enterprise fund are food service charges. Operating expenses for the Center's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Center reports the following major governmental funds:

The general fund is the Center's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The capital projects fund accounts for transfers from other funds and related investment earnings for capital outlays not accounted for in another fund. This fund includes the 2001 capital reserve fund, the capital projects fund, and 2018 capital reserve fund to handle the plancon contributions from member districts, and the results from blending of the Authority.

The Center operates one enterprise fund, the food service fund. This fund accounts for the activities of the Center's food service program.

The internal service fund accounts for unemployment and health/dental insurance premiums and claims of the Center.

Additionally, the Center reports the following nonmajor governmental funds:

The debt service fund accounts for accumulation of resources for, and the payment of, long-term debt interest and related costs. This fund results from blending of the Authority.

The student activity/ production funds account for funds generated by individual shops and labs of the Center for individual projects and all costs of the shop projects, as well as for various student activities.



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Debt service is recognized when paid. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as an expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific center expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets and Budgetary Accounting

An operating budget is adopted prior to the beginning of each year for the general fund on a modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required.

The Pennsylvania School Code dictates specific procedures relative to adoption of the Center's budget and reporting of its financial statements, specifically:

The Center is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the Center.

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Committee. The Center advertises budget being available for public inspection thirty days before date of proposed adoption.

In addition, the Articles of Agreement requires approval of two-thirds of the sixteen member Districts, and a majority approval of the 144 board members of the member districts.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgets and Budgetary Accounting (Continued)

Legal budgetary control is maintained at the sub-function/major object level. The Joint Operating Committee may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Committee approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments. The Joint Operating Committee made several supplemental budgetary appropriations throughout the year which resulted in an increase in the general fund budget in the amount of \$7,799,568. The entire supplemental budgetary appropriation was a result of program budgets prescribed by federal, state and local agencies.

In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year end are reported in the fund financial statements as assigned of fund balance.

Included in the general fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program by program basis by the federal and state funding agencies.

G. Encumbrances

Encumbrances at year end are reported in the fund financial statements as assigned fund balance since they do not constitute expenditures or liabilities, but serve as authorization for expenditures in the subsequent year. As of June 30, 2020, the Center had encumbrances in the amount of \$114,632.

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

I. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. Inventory in the general fund consists of consumable supplies.

A physical inventory of the food service fund food and supplies was taken as of June 30, 2020. The inventory consisted of purchased commodities and supplies valued at cost using the first-in, first-out (FIFO) method.

J. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses are recorded as expenses when consumed on the government-wide financial statements. Prepaid expenditures are recorded as expenditures on the fund financial statements if they will be consumed within three years. All other long-term prepaid expenditures are recorded as expenditures when purchased.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**K. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Construction – House Projects is the construction costs of the education house building projects and lot development cost, which are held for resale. These are the result of blending of the Authority.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	10 to 50
Land Improvements	15 to 50
Equipment	5 to 20

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 5 to 10 years.

**L. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds and notes payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond and note issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, is reported as administrative expenditures.

**M. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**N. Reclassifications**

Certain items have been reclassified to meet current year presentation.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

All investments are stated at cost including accrued interest which approximates fair value.

P. Fund Balance Policy

The Center implemented *GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions*, to address issues related to how fund balance was being reported. GASB 54 requires the fund balance amounts to be properly reported within one of the following fund balance categories:

Nonspendable – amounts that are not in spendable form (such as inventory) or required to be legally or contractually maintained intact,

Restricted – amounts that can be spent only for the specific purposes stipulated by legislation or external resource providers,

Committed – amounts that can be used only for the specific purposes determined by a resolution of the Joint Operating Committee (the Center's highest level of decision-making authority). The Committee is required to adopt a resolution to modify or rescind the commitment,

Assigned – amounts intended to be used by the Center for specific purposes that are neither restricted nor committed. Assignments can be made by the governing body itself or by its designee,

Unassigned – residual classification for the Center's general fund and includes all spendable amounts not contained in the other classifications. Negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceeded the amounts, restricted, committed or assigned to those purposes. In accordance with the Articles of Agreement, the Center will not maintain an unassigned fund balance.

Assigned Fund Balance Policy

The Center's assigned fund balances are amounts the Center intends to use for a specific purpose as expressed by the business administrator. The Center adopted Policy Number 620, Fund Balance authorizing the business administrator or designee to assign fund balance.

Order of Fund Balance Spending Policy

The Center's policy is to first apply restricted fund balance, then committed, assigned, and unassigned, respectively when an expenditure is incurred for purposes for which amounts in any of these classifications could be used.

Q. Net Position Flow Assumption

Sometimes the Center will fund outlays for a particular purpose from both restricted and unrestricted resources. It is the Center's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Compensated Absences

Retirement Bonus - The Center allows fulltime employees to accumulate an unlimited number of unused sick leave. Professional employees will be paid \$50 per unused sick day upon retirement. Professional staff will also receive a retirement bonus equal to \$250 per year of service to the Center. A professional employee must have 15 years of service to the Center and be age 55 or older to receive the benefit.

Administrative employees will receive \$50 per unused sick day. Administrative employees also receive a bonus of \$250 per year of service to the Center and 7.5% of his/her final year annual salary, up to a maximum of \$10,000. To be eligible for the benefit, an administrative employee must have 10 years of PSERS service and be age 55 or older.

The Center's fulltime support staff employees are considered for retirement bonus based on qualifying for the majority of the participating school districts' retirement plans for the same classifications of employees. Participating school districts' retirement bonus plans generally incorporate unused sick days, salary and years of service into their calculation. The Center calculates the retirement bonus for the Center's employee based on a separate calculation for each school district's plan. Upon qualifying for the majority of the plans, the Center employee receives a retirement bonus based on the average of the participating districts' plans for which he/she qualified.

Vacation - The Center's truck driving and support staff employees may carryover up to five (5) unused vacation days. Administrative employees may carryover up to five (5) days of vacation per year and up to an additional seven (7) unused vacation days will be deposited into the administrative employee's 403(b) at their current per diem rate. These days are payable regardless of how their employment with the Center is terminated.

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

T. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and 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.

U. Other Postemployment Benefits (OPEB)

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

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Changes in Accounting Principles and Restatement of Net Position and Fund Balance

During the year ended June 30, 2020, the Center implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The primary objective of this statement is to establish criteria for identifying fiduciary activities of all state and local governments. As a result of implementing GASB 84, the Center restated beginning net position for the governmental funds as of July 1, 2019 as part of these statements. The restatement of the net position is detailed below.

Restatement of Net Position

	Governmental Activities
Net Position, July 1, 2019	\$ (8,383,462)
Student Activities/ Production Funds, July 1, 2019	58,180
Restated Net Position, July 1, 2019	\$ (8,325,282)

The Center also restated beginning fund balance in the student activity/ production funds as of July 1, 2019 as part of these statements. The student activity/ production funds were held as a production fund and agency fund prior to the implementation of GASB No. 84. The restatement of fund balance is detailed below.

Restatement of Fund Balance

	Student Activity Fund
Fund Balance, July 1, 2019	\$ 230,226
Student Activities/ Production Funds, July 1, 2019	58,180
Restated Fund Balance, July 1, 2019	\$ 288,406

W. Date of Management's Review

Management has evaluated subsequent events through January 22, 2021, the date the financial statements were available to be issued.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

An explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities are identified on page 22 of the report.

Capital related differences include non-facility related capital asset purchases that are recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and capitalization and recording of depreciation expense in the statement of activities.

Other capital related transactions that adjust revenues at the governmental-wide financial statements. Capital contribution also affects the change in net position, but do not affect the fund level financial statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Under Section 440.1 of the Public School Code of 1949, as amended, the Center is permitted to invest its monies as follows:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. The deposit and investment policy of the Center adheres to state statutes.

There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Center.

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at various financial institutions, a money market mutual fund with a local bank, and cash on hand of \$725. The fair values of deposits are equal to the cost of the deposits. The investments of the Center consist of a money market mutual fund investment in Pennsylvania Local Government Investment Trust (PLGIT) and deposits with the Pennsylvania School District Liquid Asset Fund (PSDLAF). Investments are stated at cost including accrued interest which approximates fair value.

**Cash**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned. The Center's policy for custodial credit risk requires depository institutions to provide collateral in accordance with Act 72. As of June 30, 2020, \$8,046,923 of the Center's bank balance of \$8,557,702 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$ --
Collateralized with securities held by the pledging financial institution	--
Uninsured and collateral held by the pledging bank's trust department not in the Center's name	<u>8,046,923</u>
	<u>\$ 8,046,923</u>

**Reconciliation to Financial Statements**

Uninsured Amount Above	\$ 8,046,923
Plus: Insured Amount	510,779
Add: Deposits in Transit	6,112
Less: Outstanding Checks	<u>(381,916)</u>
Carrying Amount – Bank Balances	8,181,898
Plus: Petty Cash	725
PLGIT – Pooled Cash Equivalent	1,295,522
Less: Outstanding Checks – PLGIT	(33,960)
PSDLAF – Pooled Cash Equivalent	<u>1,444,174</u>
Total Cash per Financial Statements	<u>\$10,888,359</u>

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

**Cash** (Continued)

Concentration of Credit Risk

The Center holds deposit accounts at various financial institutions. The total deposits of \$11,297,398 as of June 30, 2020 were invested in the various financial institutions as follows:

<u>Financial Institution</u>	<u>Deposit Amount</u>	<u>Concentration Percentage</u>
Fulton Bank	\$ 8,296,923	73.44%
PA Local Government Investment Trust (PLGIT)	1,295,522	11.47%
PA School District Liquid Asset Fund (PSDLAF)	1,444,174	12.78%
PNC Bank	201,616	1.8%
Northwest Bank	<u>59,163</u>	<u>.53%</u>
	<u>\$11,297,398</u>	<u>100.00%</u>

Interest Rate Risk

The Center does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Management does monitor rates of returns for investments on a monthly basis.

Credit Risk

The Center's investment policy requires investments authorized under the school code and set forth in Appendix A and B of Policy 606. Certain investment pools may be utilized after review by the Center's legal counsel. As of June 30, 2020, the Center's investments in both the PA Local Government Investment Trust and the Pennsylvania School District Liquid Asset Fund received AAAM ratings by Standard & Poor's.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the Center. At June 30, 2020, the following amounts are due from other governmental units:

	<u>General Fund</u>	<u>Food Service Fund</u>
Federal	\$ 50,237	\$ --
State	759,030	--
Local	<u>310,501</u>	<u>213</u>
	<u>\$1,119,768</u>	<u>\$ 213</u>



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 - CHANGES IN CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,096,243	\$ --	\$ --	\$ 1,096,243
Construction – House Projects	586,511	138,044	(338,044)	386,511
Construction – In Progress	<u>32,946</u>	<u>239,508</u>	<u>--</u>	<u>272,454</u>
Total Capital Assets Not Being Depreciated	<u>1,715,700</u>	<u>377,552</u>	<u>(338,044)</u>	<u>1,755,208</u>
Capital Assets Being Depreciated				
Land Improvements	1,602,792	523,304	--	2,126,096
Buildings	47,784,750	561,931	(210,929)	48,135,752
Equipment	<u>11,880,084</u>	<u>925,514</u>	<u>(935,605)</u>	<u>11,869,993</u>
Total Assets Being Depreciated	<u>61,267,626</u>	<u>2,010,749</u>	<u>(1,146,534)</u>	<u>62,131,841</u>
Less Accumulated Depreciation for:				
Land Improvement	729,478	90,243	--	819,721
Buildings	16,890,104	889,331	(210,929)	17,568,506
Equipment	<u>7,532,041</u>	<u>626,314</u>	<u>(935,605)</u>	<u>7,222,750</u>
Total Accumulated Depreciation	<u>25,151,623</u>	<u>1,605,888</u>	<u>(1,146,534)</u>	<u>25,610,977</u>
Total Capital Assets, Being Depreciated, Net	<u>36,116,003</u>	<u>404,861</u>	<u>--</u>	<u>36,520,864</u>
Governmental Activities, Capital Assets, Net	<u>\$ 37,831,703</u>	<u>\$ 782,413</u>	<u>\$ (338,044)</u>	<u>\$ 38,276,072</u>
<b>Business-Type Activities</b>				
Capital Assets, Being Depreciated				
Equipment	\$ 58,310	\$ --	\$ --	\$ 58,310
Total Capital Assets, Being Depreciated	<u>58,310</u>	<u>--</u>	<u>--</u>	<u>58,310</u>
Less Accumulated Depreciation for:				
Equipment	<u>51,792</u>	<u>2,175</u>	<u>--</u>	<u>53,967</u>
Total Accumulated Depreciation	<u>51,792</u>	<u>2,175</u>	<u>--</u>	<u>53,967</u>
Total Capital Assets Being Depreciated, Net	<u>6,518</u>	<u>(2,175)</u>	<u>--</u>	<u>4,343</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,518</u>	<u>\$ (2,175)</u>	<u>\$ --</u>	<u>\$ 4,343</u>

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 5 - CHANGES IN CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities**

Instruction	\$ 12,720
Regular Programs	581,538
Vocational Education	442,073
Adult Education Programs	
Support Services	77,534
Student Services	102,588
Instructional Staff	155,981
Administration	12,143
Pupil Health	43,457
Business Services	165,593
Operation and Maintenance of Plant	12,261
Central Services	<u>12,261</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,605,888</u>

**Business-Type Activities**

Food Service	<u>\$ 2,175</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 2,175</u>

NOTE 6 - LONG-TERM DEBT

During the fiscal year ended June 30, 2020, long-term debt changed as follows:

	Bonds/Notes Payable	Compensated Absences	Total Long-Term Debt
Beginning of Year	\$ 19,060,000	\$ 642,158	\$ 19,702,158
Additional Borrowing	11,145,000	--	11,145,000
Increase in Compensated Absences	--	77,661	77,661
Principal Retirement	(12,205,000)	--	(12,205,000)
Payout of Compensated Absences	<u>--</u>	<u>(121,999)</u>	<u>(121,999)</u>
End of Year	<u>\$ 18,000,000</u>	<u>\$ 597,820</u>	<u>\$ 18,597,820</u>
Current Portion	\$ 1,005,000	\$ 70,162	\$ 1,075,162

Debt service expenditures and payments for compensated absences will be paid by the general fund.

The total bonds and notes payable, net per the financial statements of June 30, 2020 was as follows:

Bonds/Notes Payable (Net of Current Portion)	\$ 16,995,000
Bond Premiums (Net of Accumulated Amortization)	<u>431,555</u>
Bonds/Notes Payable, Net	<u>\$ 17,426,555</u>

Lease Revenue Bonds Payable

On July 9, 2014, the Authority, on behalf of the Center, issued \$3,900,000 of Lease Revenue Bonds, Series of 2014 for the purpose of renovations and additions to the Mount Joy campus of the LCCTC, and for various other ongoing and future proposed capital projects and to pay the costs of issuing and insuring the Bonds. These bonds bear interest rates ranging from .33% to 3.875% and mature in February 2037. In June 2020, these bonds were refunded with the Lease Revenue Bonds, Series of 2020.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 6 - LONG-TERM DEBT (Continued)

Lease Revenue Bonds Payable (Continued)

On June 30, 2020, the Authority, on behalf of the Center, issued \$11,145,000, Lease Revenue Bonds, Series of 2020 for the purpose of refunding the Lease Revenue Bonds, Series of 2014 and the Lease Revenue Note, Series of 2017 and to pay the costs of issuing and insuring the bonds. The bonds bear interest rates ranging from 1% to 4% and mature in February 2037. This current refunding resulted in an economic gain of \$548,459. The outstanding balance as of June 30, 2020 was \$11,145,000.

Lease Revenue Notes Payable

On February 1, 2017, the Authority, on behalf of the Center, issued 9,380,000 of Lease Revenue Notes, Series of 2017 for the purpose of advance refunding the Lease Revenue Bonds, Series of 2013 and to pay the costs of issuing the notes. The notes bear interest rates ranging from 2.75% to 3.35% and mature in February 2037. This advance refunding resulted in an economic gain of \$962,521. On June 2020, this note was refinanced with Lease Revenue Bonds, Series of 2020.

On November 28, 2017, the Authority, on behalf of the Center, issued \$7,930,000 of Lease Revenue Notes, Series of 2017A for the purpose of refunding the Lease Revenue Bonds, Series of 2012 and to pay costs of issuing the notes. The notes bear interest rates ranging from 2.70% to 5% and matures in February 2037. This current refunding resulted in an economic gain of \$521,128. The balance outstanding as of June 30, 2020 was \$6,855,000.

The future annual payments required to amortize all outstanding bonds and notes as of June 30, 2020, are as follows:

Year Ending June 30,	<u>Lease Revenue Bonds</u>		<u>Lease Revenue Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 645,000	\$ 184,086	\$ 360,000	\$ 185,085
2022	525,000	307,630	365,000	175,365
2023	530,000	297,130	375,000	165,510
2024	535,000	286,530	385,000	155,385
2025	555,000	270,480	395,000	144,990
2026-2030	3,105,000	1,039,300	2,010,000	636,055
2031-2035	3,665,000	474,645	2,010,000	550,000
2036-2037	<u>1,585,000</u>	<u>59,750</u>	<u>955,000</u>	<u>72,250</u>
	<u>\$11,145,000</u>	<u>\$2,919,551</u>	<u>\$ 6,855,000</u>	<u>\$ 2,084,640</u>

Compensated Absences

The balance of compensated absences at June 30, 2020 is composed of the following:

Accrued Retirement Bonus	\$ 350,811
Accrued Vacation	<u>247,009</u>
	<u>\$ 597,820</u>

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 - BOND REFINANCING CHARGES**

In the event that advance refunding of debt results in a defeasance, full accrual basis of accounting requires that the amounts deposited in escrow in excess of the net carrying amount of the refunded debt are to be amortized over the life of the old debt or the life of the new debt, whichever is shorter. The amortization of this charge will be recognized as a component of interest expense. The Center is amortizing the bond refinancing charges, utilizing the straight-line method, with the amortization period through 2037. As of June 30, 2020, the bond refinancing charges were calculated as follows:

Beginning Balance	\$	631,156
Add: Unamortized Bond Discount		59,228
Add: Remaining Bond Insurance		4,556
Less: Current Year Amortization		<u>(30,065)</u>
 Bond Refinancing Charges	 \$	 <u>659,875</u>

**NOTE 8 - SELF INSURANCE**

**Health/Dental Benefits**

The Center has elected to self insure its health/dental insurance. The Center reimbursed Aetna and CoreSource, the third party administrators, for actual health/dental claims. The Center was limited in liability for health insurance claims to \$100,000 per individual with the next \$300,000 insured through Lancaster-Lebanon Intermediate Unit No. 13 consortium to a total of \$400,000, and \$2,754,394 in total per year by purchasing specific and aggregate stop-loss insurance coverage.

**Change in Aggregate Claims Liabilities – Health/Dental Benefits**

	<u>2020</u>	<u>2019</u>
Claim Liabilities – Beginning of Year	\$ 249,694	\$ 287,345
Current Year Claims	1,592,719	2,449,159
Claim Payments and Changes in Estimates	<u>(1,635,761)</u>	<u>(2,486,810)</u>
 Claim Liability – End of Year	 <u>\$ 206,652</u>	 <u>\$ 287,345</u>

**Unemployment Compensation**

The Center has elected to self insure its unemployment compensation plan and create a reserve for future claims. Unemployment claims against the Center are paid by the Commonwealth of Pennsylvania, which is subsequently reimbursed by the Center for actual claims paid. The Center paid \$23,094 of unemployment compensation claims for the year ended June 30, 2020. The Center charged unemployment compensation expenditures of \$16,747 for the year. The balance of the reserve for future claims is \$86,528.

**NOTE 9 - PENSION PLAN**

**Plan Description**

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

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 9 - PENSION PLAN (Continued)

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

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

Contributions

Member Contributions:

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

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

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 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%.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 9 - PENSION PLAN (Continued)

Contributions (Continued)

Employer Contributions:

The Center's contractually required contribution rate for fiscal year ended June 30, 2020 was 33.45% 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 Center were \$3,625,122 for the year ended June 30, 2020.

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

At June 30, 2020, the Center reported a liability of \$34,760,169 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019. The Center's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the Center's proportion was .0743 percent, which was a decrease of .0021 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Center recognized pension expense of \$3,268,011. At June 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 191,412	\$ 1,152,083
Net difference between projected and actual investment earnings	--	99,560
Changes in Assumption	332,286	--
Changes in proportions	--	1,428,451
Differences between employer contributions and proportionate share of contributions	9,126	--
Contributions subsequent to the measurement date	3,625,122	--
	<b>\$ 4,157,946</b>	<b>\$ 2,680,094</b>

\$3,625,122 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	\$ (331,636)
2022	(1,280,042)
2023	(596,948)
2024	61,356

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 9 - PENSION PLAN (Continued)

Actuarial Assumptions

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.6%
Fixed income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLP's	8.0%	5.5%
Real Estate	10.0%	4.1%
Alternative Investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	<u>(20.0)%</u>	0.7%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

Discount Rate

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

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 9 - PENSION PLAN (Continued)

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Center's proportionate share of the net pension liability	\$ 43,297,000	\$ 34,760,169	\$ 27,531,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Center's employees are provided other postemployment benefits (OPEB) through two defined benefit OPEB plans, the PSERS Health Insurance Premium Assistance Program and the Lancaster County Career and Technology Center Postemployment Benefits Plan.

PSERS Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

Pension Plan Description

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



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

PSERS Health Insurance Premium Assistance Program (Continued)

Benefits Provided

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

Employer Contributions:

The Center's contractually required contribution rate for the fiscal year ended June 30, 2020 was .84% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the Center were \$91,034 for the year ended June 30, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the Center reported a liability of \$1,580,246 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019. The Center's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the Center's proportion was .0743 percent, which was a decrease of .0021 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the Center recognized OPEB expense of \$57,098. At June 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 2,661	\$ --
Changes in Assumption	52,357	46,962
Difference between expected and actual experience	8,886	--
Changes in proportions	--	95,779
Difference between employer contributions and proportionate share of total contributions	--	1,505
Contributions subsequent to the measurement date	<u>91,034</u>	<u>--</u>
	<u>\$ 154,938</u>	<u>\$ 144,246</u>

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

PSERS Health Insurance Premium Assistance Program (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$91,034 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2021	\$	(20,108)
2022		(20,112)
2023		(20,512)
2024		(20,866)
2025		2,193
Thereafter		(936)

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.79% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation Rate
  - Eligible retirees will elect to participate Pre-age 65 at 50%.
  - Eligible retirees will elect to participate Post age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

PSERS Health Insurance Premium Assistance Program (Continued)

Actuarial Assumptions (Continued)

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

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

<u>OPEB - Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Expected Real Rate of Return</u>
Cash	13.2%	0.2%
U.S. Core Fixed Income	83.1%	1.0%
Non-US Developed Fund	3.7%	0.0%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.79%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.98% which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the Center's proportionate share of the net OPEB liability to change in healthcare cost trend rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2019, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

PSERS Health Insurance Premium Assistance Program (Continued)

Sensitivity of the Center’s proportionate share of the net OPEB liability to change in healthcare cost trend rates (Continued)

The following presents the net OPEB liability for June 30, 2019, calculated using current healthcare cost trends as well as what the net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Center’s proportionate share of the net OPEB liability	\$ 1,580,246	\$ 1,580,246	\$ 1,580,246

Sensitivity of the Center’s proportionate share of the net OPEB liability to changes in the discount rate

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

	1% Decrease 1.79%	Current Discount Rate 2.79%	1% Increase 3.79%
Center’s proportionate share of the net OPEB liability	\$ 1,800,000	\$ 1,580,246	\$ 1,398,000

OPEB Plan Fiduciary Net Position

Detailed information about PSER’s fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System’s website at [www.psers.pa.gov](http://www.psers.pa.gov).

Lancaster County Career and Technology Center Postemployment Benefits Plan (Center Plan)

Plan Description

The Center’s defined benefit OPEB plan, Lancaster County Career and Technology Center Postemployment Benefits Plan (Center Plan), provides OPEB for all eligible employees. The Center Plan is a single-employer defined benefit OPEB plan administered by the Center. The Joint Operating Committee has the authority to establish and amend benefit provisions through the collective bargaining process with members of the professional staff, an agreement with administrative employees, and support staff contracts. The plan does not issue any financial reports and is not included in the report of any public employee retirement system or any other entity. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided

The Center plan permits any employee 25 years of service with the Public School Employees’ Retirement System (PSERS) or reached PSERS superannuation (age 60 with 30 years PSERS service, age 62 with 1 year PSERS service, or 35 years of PSERS service) to continue group insurance coverage until eligible for Medicare by remitting all of the monthly premium, based on group (Administrators, Teachers, and Support Staff, respectively) to the Center. Spousal coverage is available at the premium rate. Coverage does not include dental insurance, nor is life insurance covered for the Teachers and Support Staff Groups. The retiree’s cost of group insurance is calculated by the plan administrator and is based on projected expenditures for the year. The retiree’s premium for the group insurance is payable in advance on a quarterly basis.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Lancaster County Career and Technology Center Postemployment Benefits Plan (Continued)

Employees Covered By Benefit Terms

At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	--
Active Employees	<u>149</u>
	<u>151</u>

Total OPEB Liability

The Center's total OPEB liability of \$610,141 was measured as of July 1, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.36 percent
Salary increases	2.5 percent cost of living adjustment, 1 percent real wage growth, and merit increases which varies from 2.75% to 0%
Withdrawal	Rates for new employees start at 22.9% and decrease with age and service
Retirement	Based on PSERS plan experience
Retiree Contributions	Increase at the same rate as the healthcare cost trend rate
Healthcare Cost Trend Rates	6 percent in 2018, 5.5 percent in 2019-2021, rates gradually decrease from 5.4 in 2022 to 3.8 percent by 2075
Life Insurance	Equal to the amount of coverage times the applicable mortality factor
Per Capita Claims Cost	Based on the expected portion of the group's overall cost attributed to individuals in specified age and gender brackets
Actuarial Cost Method	Entry Age Normal

The discount rate was based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2019.

The Center plan assumes that 50% of employees will elect coverage. The plan also assumes that 60% of employees will be married and have a spouse covered by the plan at retirement. Wives are assumed to be two years younger than their husbands.

Separate mortality rates are assumed for preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Lancaster County Career and Technology Center Postemployment Benefits Plan (Continued)

Changes in the Total OPEB Liability

Balance at July 1, 2018	\$ 719,632
Service Cost	76,042
Interest	22,975
Differences between Expected and Actual	
Experience	(149,885)
Changes of Assumptions	(13,046)
Benefit Payments	<u>(45,577)</u>
Net Changes	<u>(109,491)</u>
Balance at July 1, 2019	<u>\$ 610,141</u>

Changes of assumptions reflect a change in the discount rate from 2.98% to 3.36%. Additionally, assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Center recognized OPEB expense of \$73,468. At June 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumption	\$ 1,674	\$ 99,247
Differences between Expected and Actual Experience	--	136,259
Contributions subsequent to the measurement date	<u>38,887</u>	<u>--</u>
	<u>\$ 40,561</u>	<u>\$ 235,506</u>

\$38,887 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2021	\$ (25,549)
2022	(25,549)
2023	(25,549)
2024	(25,549)
2025	(25,549)
Thereafter	(106,087)

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Lancaster County Career and Technology Center Postemployment Benefits Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Center, as well as what the Center's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.36 percent) or 1-percentage point higher (4.36 percent) than the current rate:

	1% Decrease 2.36%	Current Discount Rate 3.36%	1% Increase 4.36%
Total OPEB Liability	\$ 644,894	\$ 610,141	\$ 672,605

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Center, as well as what the Center's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 555,979	\$ 610,141	\$ 672,605

Reconciliation to the Financial Statements

	Deferred Outflows	Deferred Inflows	OPEB Payable
PSERS Health Insurance Premium Assistance Program	\$ 154,938	\$ 144,246	\$ 1,580,246
Lancaster County Career and Technology Center Postemployment Benefits Plan	40,561	235,506	610,141
	\$ 195,499	\$ 379,752	\$ 2,190,387

NOTE 11 - OPERATING LEASES

Authority

The Lancaster County Vo-Tech School Authority was formed on September 15, 1968 under the Municipal Authorities Act of 1945. The purpose of the authority is to acquire, hold, construct and improve the facilities of the Lancaster County Career and Technology Center. Lease rental agreements were signed with the sixteen member districts on behalf of the Lancaster County Career and Technology Center. During the year ended June 30, 2020, the Center received \$1,379,295 of lease rental payments from the member districts, which is included in the general fund receipts from member districts. Future annual payments from the sixteen member school districts will follow the debt payment schedule in Note 6. Complete financial statements of the Authority can be obtained at the business office of the Lancaster County Career and Technology Center.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

NOTE 11 - OPERATING LEASES (Continued)

Other Operating Lease Agreements

The Lancaster County Career and Technology Center has entered into Operating Lease Agreements for a variety of educational purposes, including office and communication equipment, and office/classroom space. During the year ended June 30, 2020, these agreements resulted in expenses of \$208,021 for the Lancaster County Career and Technology Center. The lease agreements obligate Lancaster County Career and Technology Center to the following payments:

Year Ended <u>June 30,</u>	
2021	\$ 70,821
2022	31,964
2023	31,964
2024	<u>22,581</u>
	<u>\$ 157,330</u>

NOTE 12 - CONTINGENT LIABILITIES

Litigation

Two claims are asserted against the Center. The outcome of this claim is not presently determinable.

Grant Programs

The Center participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Center is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 13 - DUE TO/FROM OTHER FUNDS AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2020 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 53,297	\$ 4,016,595
Capital Project Fund	685,322	25,207
Enterprise Fund	--	36,660
Internal Service Fund	3,346,279	--
Non-Major Governmental Funds	<u>19,274</u>	<u>25,710</u>
	<u>\$ 4,104,172</u>	<u>\$ 4,104,172</u>

Interfund balance represents the transfer amount from the general fund to the capital reserve fund at year end and amounts owed to the internal service fund for services provided. The enterprise fund owed general fund for payroll and fringe benefit costs and the internal service fund for services provided at year end. The student activity/production funds owed the general fund for charges at year end, and the general fund owed the Willow Street production account at year end.



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 13 - DUE TO/FROM OTHER FUNDS AND TRANSFERS (Continued)**

Interfund Transfers:

	<u>Transfer to Other Funds</u>	<u>Transfer from Other Funds</u>
General Fund	\$ 765,322	\$ 1,142,687
Capital Project Fund	--	685,322
Enterprise Fund	--	80,000
Internal Service Fund	1,133,000	--
Non-Major Fund	<u>9,687</u>	<u>--</u>
	<u>\$ 1,908,009</u>	<u>\$ 1,908,009</u>

The transfer of \$243,632 is the funding of the capital reserve fund from excess adult education revenues over expenditures based on the agreement established by the JOC. The transfer of \$441,690 to capital reserve fund was to fund future capital projects and was approved by the JOC. The transfer to the enterprise fund was to fund operations and was approved by the JOC. The transfer from the Internal Service Fund to establish unassigned fund balances for secondary and adult education.

**NOTE 14 - RISK MANAGEMENT**

The Center is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Center has purchased various insurance policies to safeguard its assets from risks of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2020 and the two previous fiscal years, no settlements exceeded insurance coverage.

**NOTE 15 - FUND BALANCE**

Nonspendable Fund Balance

The Center's nonspendable fund balance consists of consumable inventories of \$265,715 and prepaid expenditures of \$67,532. As of June 30, 2020, the Center's nonspendable fund balance was \$333,247.

Restricted Fund Balance

The Center's restricted fund balance consisted of the following:

Bond Proceeds restricted for Capital Projects	\$ 391,604
2001 Capital Reserve Fund for Future Capital Projects	1,472,654
2018 Capital Reserve Fund for Plan Con Funds	1,345,179
Debt Service Fund	<u>3,485</u>
	<u>\$ 3,212,922</u>

Committed Fund Balance

As of June 30, 2020, the Center's committed fund balance of \$57,272 consists of amounts for planning and development of future adult education projects.

Assigned Fund Balance

As of June 30, 2020, the Center's assigned fund balance of \$307,928 consisted of \$260,827 of funds for the student activities/production accounts and \$114,632 for encumbrances less \$67,531 of prepaid expenditures in accordance with the order of fund balance spending policy.

Unassigned Fund Balance

As of June 30, 2020, the Center's unassigned fund balance of \$1,183,000 consisted of \$283,000 of funds for adult education and \$900,000 for secondary expenditures in the general fund.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 16 - COMMITMENTS**

In August 2019 the Center entered into an agreement with NRG Building Services, Inc for HVAC control upgrades in the amount of \$270,000. The Center has incurred expenditures of \$217,500 through June 30, 2020, leaving an outstanding commitment of \$52,500.

**NOTE 17 – SUBSEQUENT EVENTS**

In September 2020, the Center approved roof work for Mount Joy, not to exceed \$360,523 from Capital Reserve.

In October 2020, the Center approved an early retirement incentive plan for the 2020-2021 school year.

**NOTE 18 – COVID-19**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact the Center's net position. Other financial impact could occur though such potential impact is unknown at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**OF**  
**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
**LANCASTER, PENNSYLVANIA**  
**JUNE 30, 2020**

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
<b>Local Sources</b>				
Receipts from Member Districts	\$ 16,191,983	\$ 16,191,983	\$ 16,060,743	\$ (131,240)
Rentals	72,000	72,000	72,601	601
Interest	85,000	85,000	92,599	7,599
Revenues from Intermediate Sources - Federal	--	60,000	60,000	--
Revenues from Intermediate Sources - Other	5,000	51,571	41,914	(9,657)
Tuition	124,000	6,082,561	1,693,568	(4,388,993)
Contributions	--	234,459	226,317	(8,142)
Revenue from Other LEAs	--	139,320	133,205	(6,115)
Revenues from Center Activities	--	74,900	74,041	(859)
Other Revenue	70,000	162,500	172,387	9,887
<b>Total Local Sources</b>	16,547,983	23,154,294	18,627,375	(4,526,919)
<b>State Sources</b>	3,382,489	4,017,646	4,866,941	849,295
<b>Federal Sources</b>	1,057,123	1,615,223	4,703,093	3,087,870
<b>TOTAL REVENUES</b>	20,987,595	28,787,163	28,197,409	(589,754)
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Regular Programs	203,230	203,230	198,077	5,153
Vocational Education	8,703,017	9,250,893	9,055,595	195,298
Adult Education Programs	227,152	7,136,520	6,883,882	252,368
<b>Support Services</b>				
Student Services	1,268,286	1,191,218	1,207,349	(16,131)
Instructional Staff Services	1,365,200	1,562,577	1,597,488	(34,911)
Administrative Services	2,485,773	2,485,773	2,428,911	56,862
Pupil Health	198,228	198,228	189,082	9,146
Business Services	621,099	706,214	676,699	29,515
Operation and Maintenance of Plant Services	2,622,106	2,585,106	2,578,588	7,518
Student Transportation Services	1,191,900	1,111,900	1,110,188	1,712
Central Services	156,433	224,933	190,922	34,011
<b>Operation of Non-Instructional Services</b>				
Student Activities	52,876	51,185	8,565	42,620
Community Services	--	74,900	74,633	267
<b>Debt Service</b>				
Principal	875,000	875,000	875,000	--
Interest and Fiscal Charges	504,295	539,295	538,879	416
<b>TOTAL EXPENDITURES</b>	20,474,595	28,197,972	27,613,858	584,114
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	513,000	589,191	583,551	(5,640)

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	\$ (440,000)	\$ (521,691)	\$ (765,322)	\$ (243,631)
Transfer In	--	--	1,142,687	1,142,687
Sale/Compensation for Capital Assets	2,000	2,000	70,846	68,846
Budgetary Reserve	(75,000)	(75,000)	--	75,000
Insurance Recoveries	--	5,500	6,465	965
Refund of Prior Year Revenue	--	--	(11,388)	(11,388)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(513,000)</u>	<u>(589,191)</u>	<u>443,288</u>	<u>1,032,479</u>
<b>Changes in Fund Balances</b>	--	--	1,026,839	1,026,839
<b>Fund Balances – July 1, 2019</b>	--	--	556,908	556,908
Changes in Inventory	<u>          </u>	<u>          </u>	<u>36,873</u>	<u>36,873</u>
<b>Fund Balances – June 30, 2020</b>	<u>\$          </u>	<u>\$          </u>	<u>\$ 1,620,620</u>	<u>\$1,620,620</u>

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)**

	<u>Measurement Date</u>				
	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
Center's proportion of net pension liability (asset)	0.0743%	0.0764%	0.0772%	0.0809%	0.0789%
Center's proportionate share of the net pension liability (asset)	<u>\$ 34,760,169</u>	<u>\$ 36,676,485</u>	<u>\$38,128,542</u>	<u>\$40,091,321</u>	<u>\$34,175,627</u>
Center's covered-employee payroll	\$ 10,837,436	\$ 10,284,030	\$ 10,281,151	\$ 10,478,912	\$ 10,156,818
Center's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	320.74%	356.64%	370.85%	382.59%	336.48%
Plan fiduciary net position as a percentage of the total pension Liability	55.66%	54.00%	51.84%	50.14%	54.36%

**06/30/14**

Center's proportion of net pension liability (asset)	0.0785%
Center's proportionate share of the net pension liability (asset)	<u>\$ 31,070,712</u>
Center's covered-employee payroll	\$ 10,015,262
Center's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	310.23%
Plan fiduciary net position as a percentage of the total pension Liability	57.64%

**Notes to Schedule:**

Assumption Changes: Changes in assumption used in the measurement of the total pension liability beginning June 30, 2016 resulted from adjusting the investment rate of return from 7.50% to 7.25%, decreasing inflation assumption from 3.00% to 2.75%, changing salary growth average from 5.50% to 5.00%, and changing the mortality rates.

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**SCHEDULE OF CENTER'S PENSION CONTRIBUTIONS  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)**

	<u>Contractually Required Contribution</u>	<u>Contributions from Employer</u>	<u>Contribution Deficiency</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2011	\$ 479,550	\$ 479,550	\$ --	\$ 9,590,998	5.00%
2012	\$ 744,080	\$ 744,080	\$ --	\$ 9,301,002	8.00%
2013	\$ 1,153,647	\$ 1,153,647	\$ --	\$ 10,031,718	11.50%
2014	\$ 1,602,442	\$ 1,602,442	\$ --	\$ 10,015,262	16.00%
2015	\$ 2,082,148	\$ 2,082,148	\$ --	\$ 10,156,818	20.50%
2016	\$ 2,586,071	\$ 2,586,071	\$ --	\$ 10,478,912	24.68%
2017	\$ 2,981,763	\$ 2,981,763	\$ --	\$ 10,281,151	29.00%
2018	\$ 3,241,891	\$ 3,241,891	\$ --	\$ 10,284,030	31.52%
2019	\$ 3,335,873	\$ 3,335,873	\$ --	\$ 10,232,739	32.60%
2020	\$ 3,625,122	\$ 3,625,122	\$ --	\$ 10,837,436	33.45%

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)**

	<u>Measurement Date</u>		
	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>
District's proportion of net OPEB liability (asset)	0.0743%	0.0764%	0.0772%
District's proportionate share of the net OPEB liability (asset)	<u>\$ 1,580,246</u>	<u>\$ 1,592,903</u>	<u>\$ 1,572,885</u>
District's covered-employee payroll	\$10,837,436	\$10,284,030	\$10,281,151
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	14.58%	15.49%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	5.56%	5.73%

**Notes to Schedule:**

Assumption changes: Changes in assumption used in the measurement of the total OPEB liability beginning June 30, 2018 resulted from adjusting the discount rate from 3.13% to 2.98%. Changes in assumption used in the measurement of the total OPEB liability beginning June 30, 2019 resulted from adjusting the discount rate from 2.98% to 2.79%.



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**SCHEDULE OF CENTER'S OPEB CONTRIBUTIONS  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)**

	<u>Contractually Required Contribution</u>	<u>Contributions from Employer</u>	<u>Contribution Deficiency</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2011	\$ 61,382	\$ 61,382	\$ --	\$ 9,590,998	0.64%
2012	\$ 60,547	\$ 60,547	\$ --	\$ 9,301,002	0.65%
2013	\$ 86,273	\$ 86,273	\$ --	\$ 10,031,718	0.86%
2014	\$ 93,142	\$ 93,142	\$ --	\$ 10,015,262	0.93%
2015	\$ 91,411	\$ 91,411	\$ --	\$ 10,156,818	0.90%
2016	\$ 86,892	\$ 86,892	\$ --	\$ 10,478,912	0.83%
2017	\$ 84,756	\$ 84,756	\$ --	\$ 10,281,151	0.82%
2018	\$ 84,775	\$ 84,775	\$ --	\$ 10,284,030	0.82%
2019	\$ 84,932	\$ 84,932	\$ --	\$ 10,232,739	0.83%
2020	\$ 91,034	\$ 91,034	\$ --	\$ 10,837,436	0.84%

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**SCHEDULE OF CHANGES IN THE CENTER'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

	<u>06/30/2020</u>	<u>06/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 76,042	\$ 71,243	\$ 89,770
Interest	22,975	22,128	18,954
Changes of Assumptions	(13,046)	2,046	(120,156)
Differences Between Expected and Actual Experience	(149,885)	--	--
Benefit Payments	<u>(45,577)</u>	<u>(25,104)</u>	<u>(23,294)</u>
Net Change	(109,491)	70,313	(34,726)
Total OPEB Liability – Beginning	<u>719,632</u>	<u>649,319</u>	<u>684,045</u>
Total OPEB Liability – Ending	<u>\$ 610,141</u>	<u>\$ 719,632</u>	<u>\$ 649,319</u>
Covered-Employee Payroll	\$ 9,314,011	\$ 9,653,803	\$ 9,653,803
Total OPEB Liability as a % of Covered-Employee Payroll	6.55%	7.45%	6.73%

**Notes to Schedule:**

Assumption changes: Changes in assumption used in the measurement of the total OPEB liability beginning June 30, 2019 resulted from adjusting the discount rate from 3.13% to 2.98%. Changes in assumption used in the measurement of the total OPEB liability beginning June 30, 2020 resulted from adjusting the discount rate from 2.98% to 3.36%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

See accompanying independent auditor's report.

**SUPPLEMENTARY INFORMATION**  
**OF**  
**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
**LANCASTER, PENNSYLVANIA**  
**JUNE 30, 2020**

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**COMBINING BALANCE SHEET – CAPITAL PROJECTS FUND  
JUNE 30, 2020**

	<u>Capital Projects Fund</u>	<u>2001 Capital Reserve Fund</u>	<u>2018 Capital Reserve Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 526,009	\$ 1,261,562	\$ 918,164	\$ 2,705,735
Due from Other Funds	<u>--</u>	<u>243,632</u>	<u>441,690</u>	<u>685,322</u>
<b>TOTAL ASSETS</b>	<u>\$ 526,009</u>	<u>\$ 1,505,194</u>	<u>\$1,359,854</u>	<u>\$ 3,391,057</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 134,405	\$ 7,333	\$ 14,675	\$ 156,413
Due to Other Funds	<u>--</u>	<u>25,207</u>	<u>--</u>	<u>25,207</u>
<b>TOTAL LIABILITIES</b>	<u>134,405</u>	<u>32,540</u>	<u>14,675</u>	<u>181,620</u>
<b>FUND BALANCES</b>				
Restricted	<u>391,604</u>	<u>1,472,654</u>	<u>1,345,179</u>	<u>3,209,437</u>
<b>TOTAL FUND BALANCES</b>	<u>391,604</u>	<u>1,472,654</u>	<u>1,345,179</u>	<u>3,209,437</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 526,009</u>	<u>\$ 1,505,194</u>	<u>\$1,359,854</u>	<u>\$ 3,391,057</u>

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2020**

	<u>Capital Projects Fund</u>	<u>2001 Capital Reserve Fund</u>	<u>2018 Capital Reserve Fund</u>	<u>Total</u>
<b>REVENUES</b>				
<b>Local Sources</b>				
Interest	\$ 15,161	\$ 10,876	\$ 6,909	\$ 32,946
<b>Total Local Sources</b>	<u>15,161</u>	<u>10,876</u>	<u>6,909</u>	<u>32,946</u>
<b>TOTAL REVENUES</b>	<u>15,161</u>	<u>10,876</u>	<u>6,909</u>	<u>32,946</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	--	120,897	--	120,897
Support Services	<u>30,625</u>	<u>159,565</u>	<u>--</u>	<u>190,190</u>
<b>Total Current</b>	<u>30,625</u>	<u>280,462</u>	<u>--</u>	<u>311,087</u>
<b>Capital Outlay</b>				
Facilities Acquisition, Construction and Improvement Services	<u>974,951</u>	<u>530,638</u>	<u>14,675</u>	<u>1,520,264</u>
<b>Total Capital Outlay</b>	<u>974,951</u>	<u>530,638</u>	<u>14,675</u>	<u>1,520,264</u>
<b>TOTAL EXPENDITURES</b>	<u>1,005,576</u>	<u>811,100</u>	<u>14,675</u>	<u>1,831,351</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(990,415)</u>	<u>(800,224)</u>	<u>(7,766)</u>	<u>(1,798,405)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer In	--	243,632	441,690	685,322
Sale of Capital Assets	<u>345,000</u>	<u>--</u>	<u>--</u>	<u>345,000</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>345,000</u>	<u>243,632</u>	<u>441,690</u>	<u>1,030,322</u>
<b>Changes in Fund Balances</b>	(645,415)	(556,592)	433,924	(768,083)
<b>Fund Balances – July 1, 2019</b>	<u>1,037,019</u>	<u>2,029,246</u>	<u>911,255</u>	<u>3,977,520</u>
<b>Fund Balances – June 30, 2020</b>	<u>\$ 391,604</u>	<u>\$ 1,472,654</u>	<u>\$ 1,345,179</u>	<u>\$ 3,209,437</u>

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**COMBINING BALANCE SHEET – ALL NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<u>Student Activity/Production Funds</u>			<u>Debt Service</u>	<u>Total</u>
	<u>Brownstown</u>	<u>Mount Joy</u>	<u>Willow Street</u>		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 101,425	\$ 58,528	\$ 98,487	\$ 3,485	\$ 261,925
Due From Other Funds	--	--	19,274	--	19,274
Due from Other Governments	169	--	--	--	169
Other Receivables	<u>--</u>	<u>5,357</u>	<u>3,297</u>	<u>--</u>	<u>8,654</u>
<b>TOTAL ASSETS</b>	<u>\$ 101,594</u>	<u>\$ 63,885</u>	<u>\$ 121,058</u>	<u>\$ 3,485</u>	<u>\$ 290,022</u>
<b>LIABILITIES</b>					
Due to Other Funds	<u>\$ 12,168</u>	<u>\$ 3,819</u>	<u>\$ 9,723</u>	<u>\$ --</u>	<u>\$ 25,710</u>
<b>TOTAL LIABILITIES</b>	<u>12,168</u>	<u>3,819</u>	<u>9,723</u>	<u>--</u>	<u>25,710</u>
<b>FUND BALANCES</b>					
Restricted	--	--	--	3,485	3,485
Assigned	<u>89,426</u>	<u>60,066</u>	<u>111,335</u>	<u>--</u>	<u>260,827</u>
<b>TOTAL FUND BALANCES</b>	<u>89,426</u>	<u>60,066</u>	<u>111,335</u>	<u>3,485</u>	<u>264,312</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 101,594</u>	<u>\$ 63,885</u>	<u>\$ 121,058</u>	<u>\$ 3,485</u>	<u>\$ 290,022</u>

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – ALL NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020**

	<u>Student Activity/ Production Funds</u>			<u>Debt Service</u>	<u>Total</u>
	<u>Brownstown</u>	<u>Mount Joy</u>	<u>Willow Street</u>		
<b>REVENUES</b>					
Local Sources	\$ 173,294	\$ 146,005	\$ 182,200	\$ --	\$ 501,499
<b>TOTAL REVENUES</b>	<u>173,294</u>	<u>146,005</u>	<u>182,200</u>	<u>--</u>	<u>501,499</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
Support Services	--	--	--	105,948	105,948
Operation of Non-Instructional Services	<u>196,037</u>	<u>150,779</u>	<u>172,575</u>	<u>--</u>	<u>519,391</u>
<b>Total Current</b>	<u>196,037</u>	<u>150,779</u>	<u>172,575</u>	<u>105,948</u>	<u>625,339</u>
<b>DEBT SERVICE</b>					
Principal	--	--	--	11,330,000	11,330,000
Interest and Fiscal Charges	<u>--</u>	<u>--</u>	<u>--</u>	<u>137,122</u>	<u>137,122</u>
<b>Total Debt Service</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>11,467,122</u>	<u>11,467,122</u>
<b>TOTAL EXPENDITURES</b>	<u>196,037</u>	<u>150,779</u>	<u>172,575</u>	<u>11,573,070</u>	<u>12,092,461</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(22,743)</u>	<u>(4,774)</u>	<u>9,625</u>	<u>(11,573,070)</u>	<u>(11,590,962)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding Note Issued	--	--	--	11,145,000	11,145,000
Bond Premium	--	--	--	431,555	431,555
Transfer Out	<u>--</u>	<u>(6,909)</u>	<u>(2,778)</u>	<u>--</u>	<u>(9,687)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>--</u>	<u>(6,909)</u>	<u>(2,778)</u>	<u>11,576,555</u>	<u>11,566,868</u>
<b>Changes in Fund Balances</b>	<u>(22,743)</u>	<u>(11,683)</u>	<u>6,847</u>	<u>3,485</u>	<u>(24,094)</u>
<b>Fund Balances – July 1, 2019 (Restated)</b>	<u>112,169</u>	<u>71,749</u>	<u>104,488</u>	<u>--</u>	<u>288,406</u>
<b>Fund Balances – June 30, 2020</b>	<u>\$ 89,426</u>	<u>\$ 60,066</u>	<u>\$ 111,335</u>	<u>\$ 3,485</u>	<u>264,312</u>

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS  
JUNE 30, 2020**

	<b>Health/Dental Fund</b>	<b>Unemployment Compensation Fund</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Due from Other Funds	\$ 3,249,715	\$ 96,564	\$ 3,346,279
Due from Other Governments	5,886	--	5,886
<b>Total Current Assets</b>	3,255,601	96,564	3,352,165
<b>TOTAL ASSETS</b>	\$ 3,255,601	\$ 96,564	\$ 3,352,165
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 206,652	\$ 10,036	\$ 216,688
<b>Total Current Liabilities</b>	206,652	10,036	216,688
<b>TOTAL LIABILITIES</b>	206,652	10,036	216,688
<b>NET POSITION</b>			
Unrestricted	3,048,949	86,528	3,135,477
<b>TOTAL NET POSITION</b>	3,048,949	86,528	3,135,477
<b>TOTAL LIABILITIES AND NET POSITION</b>	\$ 3,255,601	\$ 96,564	\$ 3,352,165

See accompanying independent auditor's report.



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –  
INTERNAL SERVICE FUNDS  
JUNE 30, 2020**

	<b>Health/Dental Fund</b>	<b>Unemployment Compensation Fund</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 3,125,092	\$ 16,747	\$ 3,141,839
<b>OPERATING EXPENSES</b>			
Employee Benefits	<u>2,067,815</u>	<u>23,094</u>	<u>2,090,909</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,057,277</u>	<u>(6,347)</u>	<u>1,050,930</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer Out	<u>(1,133,000)</u>	<u>    --</u>	<u>(1,133,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,133,000)</u>	<u>    --</u>	<u>(1,133,000)</u>
<b>Changes in Net Position</b>	(75,723)	(6,347)	(82,070)
<b>Net Position – July 1, 2019</b>	<u>3,124,672</u>	<u>92,875</u>	<u>3,217,547</u>
<b>Net Position – June 30, 2020</b>	<u>\$ 3,048,949</u>	<u>\$ 86,528</u>	<u>\$ 3,135,477</u>

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**FINANCIAL SUMMARY – POST SECONDARY EDUCATION  
FOR THE YEAR ENDED JUNE 30, 2020**

<b><u>REVENUES</u></b>	<b><u>SECONDARY</u></b>	<b><u>POST- SECONDARY</u></b>	<b><u>TOTAL</u></b>
<b><i>Local Sources</i></b>			
Receipts from Member Districts			
Direct Payments	\$ 14,221,688	\$ --	\$ 14,221,688
Bond & Plan Con Payments	1,855,569	--	1,855,569
Other Revenue	1,865,913	1,891,267	3,757,180
<b><i>State Sources</i></b>			
Voc Ed Subsidy	1,832,893	425,178	2,258,071
Reimbursement – FICA	282,342	93,930	376,272
Reimbursement – Retirement	1,400,973	441,145	1,842,118
Other Revenue	187,391	245,003	432,394
<b><i>Federal Sources</i></b>			
Federal Financial Aid	--	3,078,124	3,078,124
Federal CARES/ HEERF Funds	--	471,453	471,453
Other Revenue	988,429	225,086	1,213,515
Financial Aid Student Refunds	--	(903,097)	(903,097)
CARES/HEERF Student Refunds	--	(192,750)	(192,750)
<b>Total Revenues</b>	<b><u>22,635,198</u></b>	<b><u>5,775,605</u></b>	<b><u>28,410,537</u></b>
<b>Expenditures</b>			
100 – Salaries	8,132,270	2,794,771	10,927,041
200 – Benefits	5,878,575	1,771,397	7,649,972
300 – Prof & Technical Services	534,763	254,048	788,811
400 – Property Services	774,733	184,837	959,570
500 – Other Purchased Service	1,524,112	237,443	1,761,555
600 – Supplies	1,301,436	358,472	1,659,908
700 – Equipment	853,095	112,944	966,039
800 – Dues & Fees	622,073	31,693	653,766
900 – Bond & Other Uses	1,396,690	--	1,396,690
<b>Total Expenditures</b>	<b><u>21,017,747</u></b>	<b><u>5,745,605</u></b>	<b><u>26,763,352</u></b>
<b>REVENUES OVER EXPENDITURES</b>	<b>1,617,451</b>	<b>29,734</b>	<b>1,647,185</b>
Current Year Encumbrance	(98,404)	(14,878)	(113,282)
Prior Year Planning & Development	<u>312</u>	<u>(312)</u>	<u>--</u>
<b>NET REVENUES OVER EXPENDITURES</b>	<b><u>1,519,359</u></b>	<b><u>14,544</u></b>	<b><u>1,533,903</u></b>
Refund to Districts	(100,000)	--	(100,000)
Transfer to Unrestricted Fund Balance - General Fund	(900,000)	--	(900,000)
Transfer to Unrestricted Fund Balance – Adult	(283,000)	--	(283,000)
Planning & Development Fund	--	(7,272)	(7,272)
Transfer to Capital Reserve	(236,360)	(7,272)	(243,632)

Note: Expense does not include Prior Year Encumbrance

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**POSTSECONDARY EDUCATION PROGRAM SUMMARY  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>TRANS- PORTATION</u>	<u>PRACTICAL NURSING</u>	<u>HIGHER EDUCATION</u>	<u>FINANCIAL AID</u>	<u>NEW CHOICES</u>	<u>PERKINS</u>	<u>TOTAL</u>
<b><u>REVENUES</u></b>							
Local Sources							
Other Revenue	\$ 577,076	\$ 446,572	\$ 664,498	\$ 134,630	\$ 68,491	\$ --	\$ 1,891,267
State Sources							
Voc Ed Subsidy	93,285	292,071	38,464	1,358	--	--	425,178
Reimbursement – FICA	18,477	36,612	33,306	3,179	2,356	--	93,930
Reimbursement – Retirement	90,462	168,711	150,175	15,492	9,331	6,974	441,145
Other Revenues	--	84,815	118,274	--	41,914	--	245,003
Federal Sources							
Federal Financial Aid	--	2,207,292	870,832	--	--	--	3,078,124
Federal CARES/HEERF Funds	56,560	229,562	180,956	4,375	--	--	471,453
Other Revenue	--	--	--	--	--	225,086	225,086
Financial Aid Student Refunds	--	(684,021)	(219,076)	--	--	--	(903,097)
CARES/HEERF Student Refunds	--	(120,750)	(72,000)	--	--	--	(192,750)
<b>TOTAL REVENUES</b>	<b>835,860</b>	<b>2,660,864</b>	<b>1,765,429</b>	<b>159,034</b>	<b>122,092</b>	<b>232,060</b>	<b>5,775,339</b>
<b><u>EXPENDITURES</u></b>							
100 – Salaries	546,361	1,073,899	977,259	90,357	62,790	44,105	2,794,771
200 – Benefits	387,430	676,836	566,419	69,754	33,644	37,314	1,771,397
300 – Prof & Technical Services	10,402	205,387	31,856	1,550	1,573	3,280	254,048
400 – Property Services	74,473	57,359	18,482	--	12,301	22,222	184,837
500 – Other Purchases Service	75,352	75,678	65,603	2,521	5,996	12,293	237,443
600 – Supplies	53,166	117,081	110,199	954	5,418	71,654	358,472
700 – Equipment	25,595	--	48,839	--	--	38,510	112,944
800 – Dues & Fees	12,022	4,427	14,716	158	370	--	31,693
<b>TOTAL EXPENDITURES</b>	<b>1,184,801</b>	<b>2,210,667</b>	<b>1,833,373</b>	<b>165,294</b>	<b>122,092</b>	<b>229,378</b>	<b>5,745,605</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>(348,941)</b>	<b>450,197</b>	<b>(67,944)</b>	<b>(6,260)</b>	<b>--</b>	<b>2,682</b>	<b>29,734</b>
Current Year Encumbrance	(2,573)	(4,863)	(2,572)	(2,500)	--	(2,370)	(14,878)
Postsecondary Perkins Indirect	--	--	--	--	--	(312)	(312)
<b>NET REVENUES OVER EXPENDITURES</b>	<b>\$ (351,514)</b>	<b>\$ 445,334</b>	<b>\$ (70,516)</b>	<b>\$ (8,760)</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 14,544</b>

Note: Expense does not include Prior Year Encumbrance.

See accompanying independent auditor's report.

**SINGLE AUDIT INFORMATION**  
**OF**  
**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
**LANCASTER, PENNSYLVANIA**  
**JUNE 30, 2020**

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Date</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued or (Unearned) Revenue at July 1, 2019</u>	<u>Expenditures</u>	<u>Accrued or (Unearned) Revenue at June 30, 2020</u>	<u>Amount Provided to Subrecipients</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>										
Federal Pell Grant Program	D	84.063	N/A	7/1/19-6/30/20	N/A	\$ 923,732	\$ (4,103)	\$ 922,612	\$ (5,223)	\$ --
Federal Pell Grant Program	D	84.063	N/A	7/1/18-6/30/19	N/A	41,416	(991)	42,407	--	--
Federal Direct Student Loans	D	84.268	N/A	7/1/19-6/30/20	N/A	1,732,568	(21,108)	1,581,205	(172,471)	--
Federal Direct Student Loans	D	84.268	N/A	7/1/18-6/30/19	N/A	<u>358,942</u>	<u>(172,958)</u>	<u>531,900</u>	<u>--</u>	<u>--</u>
Total Student Financial Assistance Cluster						3,056,658	(199,160)	3,078,124	(177,694)	--
COVID 19 - Education Stabilization Funds	D	84.425E	P425E203886	5/5/20-5/4/21	\$ 254,050	192,750	--	192,750 *	--	--
COVID 19 - Education Stabilization Funds	D	84.425F	P425F200019	5/7/20-5/6/21	254,049	254,049	--	254,049 *	--	--
COVID 19 - Education Stabilization Funds	D	84.425M	P425M200339	6/1/20-6/1/21	24,654	<u>24,654</u>	<u>--</u>	<u>24,654 *</u>	<u>--</u>	<u>--</u>
Total Education Stabilization Funds						<u>471,453</u>	<u>--</u>	<u>471,453</u>	<u>--</u>	<u>--</u>
Passed through the Pennsylvania Department of Education										
CTE – Basic Grants to States	I	84.048	380-20-0036	7/1/19-6/30/20	\$ 918,684	918,684	--	918,684 *	--	--
CTE – Basic Grants to States	I	84.048	381-20-0008	7/1/19-6/30/20	225,086	<u>187,572</u>	<u>--</u>	<u>222,716 *</u>	<u>35,144</u>	<u>--</u>
Total CTE – Basic Grants to States						<u>1,106,256</u>	<u>--</u>	<u>1,141,400</u>	<u>35,144</u>	<u>--</u>
TOTAL U.S. DEPARTMENT OF EDUCATION						<u>4,634,368</u>	<u>(199,160)</u>	<u>4,690,978</u>	<u>(142,550)</u>	<u>--</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>										
Passed through the Lancaster County Workforce Investment Board										
WIA/WIOA Youth Activities	I	17.259	19-ISY-1	7/1/19-6/30/20	60,000	47,277	--	60,000	12,723	--
WIA/WIOA Youth Activities	I	17.259	18-ISY-1	7/1/18-6/30/19	84,000	<u>20,125</u>	<u>20,125</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total WIA/WIOA Youth Activities						<u>67,402</u>	<u>20,125</u>	<u>60,000</u>	<u>12,723</u>	<u>--</u>
TOTAL U.S. DEPARTMENT OF LABOR						<u>67,402</u>	<u>20,125</u>	<u>60,000</u>	<u>12,723</u>	<u>--</u>
<b><u>GENERAL SERVICES - ADMINISTRATION</u></b>										
Passed Through the Pennsylvania Department of General Services										
Donated Federal Surplus Personal Property	I	39.003	N/A	7/1/19-6/30/20	N/A	<u>9,745</u>	<u>--</u>	<u>9,745</u>	<u>--</u>	<u>--</u>
TOTAL GENERAL SERVICES - ADMINISTRATION						<u>9,745</u>	<u>--</u>	<u>9,745</u>	<u>--</u>	<u>--</u>

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass through Grantor/Program Title	Source Code	Federal CFDA Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Unearned) Revenue at July 1, 2019	Expenditures	Accrued or (Unearned) Revenue at June 30, 2020	Amount Provided to Subrecipients
<u>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>										
Passed through the Lancaster County Workforce Development Board										
TANF Youth	I	93.558	18-Spark	7/1/18-6/30/19	32,515	19,889	19,889	--	--	--
Total TANF Cluster						19,889	19,889	--	--	--
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						19,889	19,889	--	--	--
<u>U.S. DEPARTMENT OF AGRICULTURE</u>										
Passed through the Pennsylvania Department of Education										
Child Care Food Program	I	10.558	N/A	7/1/19-6/30/20	N/A	15,831	--	15,831	--	--
Child Care Food Program	I	10.558	N/A	7/1/18-6/30/19	N/A	4,561	4,561	--	--	--
Total Child Care Food Program						20,392	4,561	15,831	--	--
National School Lunch Program (NSLP)	I	10.555	N/A	7/1/19-6/30/20	N/A	164,781	--	164,781	--	--
National School Lunch Program (NSLP)	I	10.555	N/A	7/1/18-6/30/19	N/A	17,407	17,407	--	--	--
Passed through the Pennsylvania Department of Agriculture										
NSLP – Value of USDA Donated Commodities	I	10.555	N/A	7/1/19-6/30/20	N/A	39,752	--	39,752	--	--
Total Child Nutrition Cluster						221,940	17,407	204,533	--	--
TOTAL U.S. DEPARTMENT OF AGRICULTURE						242,332	21,968	220,364	--	--
TOTAL EXPENDITURES OF FEDERAL AWARDS						<u>\$ 4,973,735</u>	<u>\$ (137,178)</u>	<u>\$ 4,981,086</u>	<u>\$ (129,827)</u>	<u>\$ --</u>

- 71 -

D = Direct Funding  
I = Indirect Funding

(e) = Expenditures resulting from/or includes liquidation of prior year encumbrances.

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The Center has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**NOTE 2 - NON-MONETARY ASSISTANCE**

NSLP – Value of USDA Donated Commodities (CFDA #10.555) – The Center received commodities from the Pennsylvania Department of Agriculture valued at fair market value.

Donated Federal Surplus Personal Property (CFDA #39.003) – The Center received federal financial grant-in-aid in the amount of \$9,745 in the form of property received from the General Services Administration’s Federal Surplus Program. The property is valued at the average fair market value percentage of 22.47% of the federal government’s original acquisition cost of the property.

**NOTE 3 – ENCUMBRANCES FOR FEDERAL PROGRAMS**

The expenditures of federal awards do not include encumbrances for federal programs at year-end. The following schedule reflects encumbrances for federal programs at June 30, 2020:

<u>Grant No.</u>	<u>Amount</u>
381-20-0008	\$ <u>2,370</u> (e)
Total	\$ <u><u>2,370</u></u>

**NOTE 4 - SELECTION FOR FEDERAL PROGRAMS**

Test of 20% Rule: (Low Risk Entity)	
*Programs Selected for Testing	
* Total Career and Technical Education	\$ 1,141,400
* Total Education Stabilization Fund	<u>471,453</u>
Total Selected Programs	\$ <u>1,612,853</u> = 32.38%
Total Expenditures of Federal Awards	\$ <u>4,981,086</u>

# SAGER, SWISHER AND COMPANY, LLP

*Certified Public Accountants and Consultants*

## Members

American Institute of  
Certified Public Accountants

619 West Chestnut Street  
Lancaster, Pennsylvania 17603

Pennsylvania Institute of  
Certified Public Accountants

15 North Third Street  
Columbia, Pennsylvania 17512

## Partners

John D. Murr, CPA  
Michael L. Reiner, CPA  
Lori L. Royer, CPA

## Consultants

Edward M. Sager (1932-2011)  
C. Edwin Swisher, III, CPA, Inactive

## **INDEPENDENT AUDITOR'S 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**

Joint Operating Committee  
Lancaster County Career and Technology Center  
Lancaster, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lancaster County Career and Technology Center (the Center) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Lancaster County Career and Technology Center's basic financial statements, and have issued our report thereon dated January 22, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing 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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center'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 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 these 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 the Center's financial statements are free from 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 financial statements. 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sager, Swisher and Company, LLP*

Columbia, Pennsylvania  
January 22, 2021

# SAGER, SWISHER AND COMPANY, LLP

*Certified Public Accountants and Consultants*

## Members

American Institute of  
Certified Public Accountants

Pennsylvania Institute of  
Certified Public Accountants

## Partners

John D. Murr, CPA  
Michael L. Reiner, CPA  
Lori L. Royer, CPA

619 West Chestnut Street  
Lancaster, Pennsylvania 17603

15 North Third Street  
Columbia, Pennsylvania 17512

## Consultants

Edward M. Sager (1932-2011)  
C. Edwin Swisher, III, CPA, Inactive

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

Joint Operating Committee  
Lancaster County Career and Technology Center  
Lancaster, Pennsylvania

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

We have audited Lancaster County Career and Technology Center's (the Center) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2020. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Center'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the Center'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 the Center's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Lancaster County Career and Technology Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

Management of Lancaster County Career and Technology Center is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center'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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

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

*Sager, Swisher and Company, LLP*

Columbia, Pennsylvania  
January 22, 2021

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No
- Significant deficiencies identified? \_\_\_\_\_ Yes \_\_\_\_\_ X None Reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X No

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No
- Significant deficiencies identified? \_\_\_\_\_ Yes \_\_\_\_\_ X None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFS 200.516(a)? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.048	Career and Technical Education
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

**Section II – Financial Statement Findings**

There were no current year findings.

**Section III – Federal Award Findings and Questioned Costs**

There were no current year findings or questioned costs.

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER  
LANCASTER, PENNSYLVANIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020

Financial Statement Findings

**Finding 2019-001 PSERS Reporting and Reconciliations**  
**Significant Deficiency**

**Condition:** The Center is required to set up each PSERS eligible employee with various income categories in the PSERS system. The Center submits monthly reporting of covered payroll to PSERS. PSERS reports to the center the covered payroll accepted by PSERS. The Center did not reconcile the difference between the payroll submitted and the payroll accepted by PSERS.

**Client Response:** The client set up the employees in the PSERS system. The client prepared a reconciliation of wages submitted to PSERS and the employer liability account regularly.

**Status:** Corrected.