

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

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022
AND**

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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

JUNE 30, 2022

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SAGER, SWISHER AND COMPANY, LLP

Certified Public Accountants and Consultants
www.sagerswisher.com

Partners

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

Members

American Institute of
Certified Public Accountants

Pennsylvania Institute of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

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, 2022, 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.

Summary of Opinions

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

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lancaster County Career and Technology Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of Management 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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lancaster County Career and Technology Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lancaster County Career and Technology Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lancaster County Career and Technology Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 54 through 60 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.

Other Matters (Continued)

Required Supplementary Information (Continued)

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.

Supplementary 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, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended June 30, 2022, the Center adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023 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.



Lancaster, Pennsylvania
March 22, 2023

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER
LANCASTER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2022

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, 2022. 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, 2022. 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

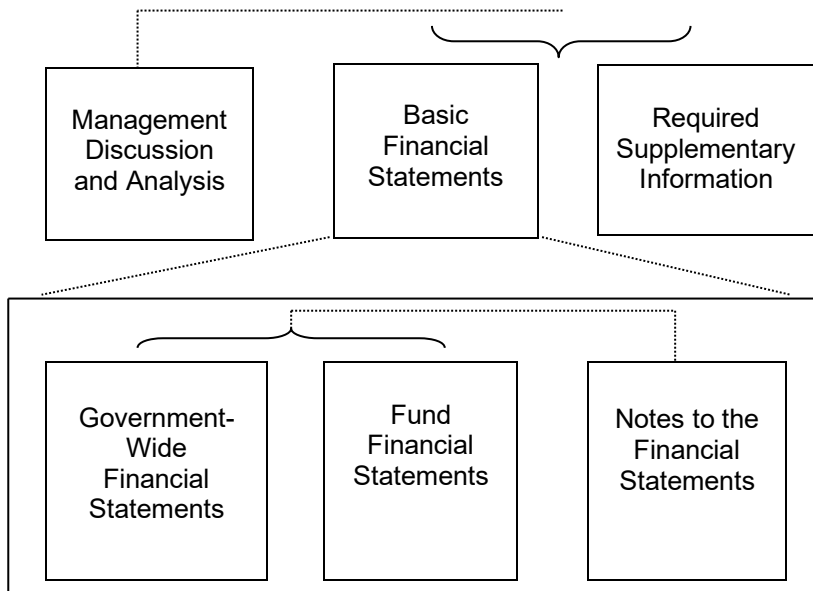
The Center's basic financial statements consist of a Statement of Net Position and a Statement of Activities which are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). These statements 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
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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 \$30,136,330 at June 30, 2022, which represents a decrease of \$7,926,120 from last year. Note 9 explains in further detail the Center's pension plan. The Center's total net position was (\$2,918,879) at June 30, 2022, compared to (\$6,248,032) at June 30, 2021.

TABLE A-1
Fiscal Year Ended June 30, 2022 in Comparison to Fiscal Year Ended June 30, 2021
Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022
Current & Other Assets	13,021,825	13,108,904	93,843	287,056	13,115,668	13,395,960
Capital Assets	38,305,132	37,811,872	2,789	1,725	38,307,921	37,813,597
TOTAL ASSETS	51,326,957	50,920,776	96,632	288,781	51,423,589	51,209,557
Deferred Outflows of Resources	6,237,192	6,670,466	97,978	115,657	6,335,170	6,786,123
Current & Other Liabilities	5,331,461	4,585,575	75,220	223,891	5,406,681	4,809,466
Long-Term Liabilities	56,738,497	48,296,931	685,124	605,740	57,423,621	48,902,671
TOTAL LIABILITIES	62,069,958	52,882,506	760,344	829,631	62,830,302	53,712,137
Deferred Inflows of Resources	1,085,207	7,064,767	91,282	137,655	1,176,489	7,202,422
Net Investment in Capital Assets	21,793,956	20,971,537	2,789	1,725	21,796,745	20,973,262
Restricted	3,360,827	4,188,625	0	0	3,360,827	4,188,625
Unrestricted	(30,745,799)	(27,516,193)	(659,805)	(564,573)	(31,405,604)	(28,080,766)
TOTAL NET POSITION	(5,591,016)	(2,356,031)	(657,016)	(562,848)	(6,248,032)	(2,918,879)

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, 2022 in Comparison to Fiscal Year Ended June 30, 2021
Changes in Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022
REVENUES						
<i>Program Revenues</i>						
Charges for Services	2,792,651	2,961,768	177,045	205,177	2,969,696	3,166,945
Oper. Grants and Contr.	10,464,485	11,349,545	423,552	652,028	10,888,037	12,001,573
Capital Grants and Contr.	544,485	641,152	0	0	544,485	641,152
<i>General Revenues</i>						
Receipts from Member Distr.	16,224,735	16,536,196	0	0	16,224,735	16,536,196
Investment Earnings	8,641	4,501	77	9	8,718	4,510
Capital Contribution	0	0	0	0	0	0
Other	39,000	43,476	0	0	39,000	43,476
Transfer	(37,000)	0	37,000	0	0	0
TOTAL REVENUES	30,036,997	31,536,638	637,674	857,214	30,674,671	32,393,852
EXPENSES						
Regular Instruction	256,403	201,679	0	0	256,403	201,679
Vocational Education	9,775,300	8,879,603	0	0	9,775,300	8,879,603
Adult Education	7,196,469	7,589,801	0	0	7,196,469	7,589,801
Student Services	1,470,230	1,488,989	0	0	1,470,230	1,488,989
Instructional Staff	889,590	943,815	0	0	889,590	943,815
Administration	2,356,611	1,979,818	0	0	2,356,611	1,979,818
Pupil Health	209,032	178,637	0	0	209,032	178,637
Business Services	737,471	605,987	0	0	737,471	605,987
Operations and Maintenance	3,036,281	3,112,763	0	0	3,036,281	3,112,763
Student Transportation	1,228,580	1,281,170	0	0	1,228,580	1,281,170
Central Services	1,055,716	1,233,216	0	0	1,055,716	1,233,216
Student Activities	300,130	298,200	0	0	300,130	298,200
Community Services	6,850	3,959	0	0	6,850	3,959
Interest on Long-Term Debt	382,609	503,536	0	0	382,609	503,536
Food Services	0	0	550,661	763,046	550,661	763,046
TOTAL EXPENSES	28,901,272	28,301,173	550,661	763,046	29,451,933	29,064,219
INCREASE (DECREASE) IN NET POSITION	1,135,725	3,235,465	87,013	94,168	1,222,738	3,329,633

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER
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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, 2022 in Comparison to Fiscal Year Ended June 30, 2021
Governmental Activities

FUNCTIONS / PROGRAMS	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	6/30/2021	6/30/2022	6/30/2021	6/30/2022
Instruction	17,228,172	16,671,083	5,731,694	4,397,865
Instr. Student Support	2,568,852	2,611,441	1,662,243	1,194,512
Admin. and Financial Support	4,149,798	3,819,021	3,392,914	3,294,932
Operations and Maintenance	3,036,281	3,112,763	2,683,311	2,675,025
Pupil Transportation	1,228,580	1,281,170	1,228,580	1,281,170
Student Activities	300,130	298,200	51,172	(2,291)
Community Services	6,850	3,959	(32,872)	3,959
Interest on Long-Term Debt	382,609	503,536	382,609	503,536
Total Governmental Activities	28,901,272	28,301,173	15,099,651	13,348,708
Less: Unrestricted Grants, Subsidies	0	0	0	0
Total Needs from Member Districts and Other Revenues	28,901,272	28,301,173	15,099,651	13,348,708

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, 2022 in Comparison to Fiscal Year Ended June 30, 2021
Business-Type Activities

FUNCTIONS / PROGRAMS	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	6/30/2021	6/30/2022	6/30/2021	6/30/2022
Food Services	550,661	763,046	(49,936)	(94,159)
Investment Earnings	0	0	(77)	0
Total Business-Type Activities	550,661	763,046	(50,013)	(94,159)

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, 2022, the Center's governmental funds reported a combined fund balance of \$7,361,723 which represents an increase of \$1,243,827 from June 30, 2021. 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 2022-2023 school year. In addition, the CTC maintains an unrestricted fund balance. The General Fund had increase in encumbrances and inventory, while the capital fund had interfund transfers from the General Fund. Production accounts had small increases in their fund balances.

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 54 and 55.

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, 2022 in Comparison to Fiscal Year Ended June 30, 2021
Capital Assets – Net Depreciation/Amortization

CAPITAL ASSETS	6/30/2021	6/30/2022
Land	1,096,243	1,096,243
Construction in Progress	1,020,165	773,233
Site Improvements (Net of Accumulated Depreciation)	1,203,049	1,099,723
Building and Building Improvements (Net of Accumulated Depreciation)	30,779,840	30,761,273
Furniture & Equipment (Net of Accumulated Depreciation)	4,208,624	4,083,125
TOTAL CAPITAL ASSETS	38,307,921	37,813,597

The Center had a decrease of \$494,324 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 – 2021-2022

- District contributions of \$16,536,196 accounted for 53.04% of the total General Fund revenues of \$31,178,022. District contributions comprised a slightly smaller percentage of revenue due to increased funding at the federal level.
- The total revenues exceeding expenses for the General Fund secondary operations is \$1,228,580. The JOC voted to return at least \$100,000 back to the member districts, and forego charging districts an additional amount if they owed through the process of reconciling funds. The Center returned \$120,471 to districts, allowing the Center to transfer \$1,108,109 to the 2018 Capital Reserve Fund for facilities improvements.
- Adult education programming netted a profit of \$1,013,044 for the year, bolstered in part by HEERF-COVID federal relief funds. \$50,000 of Adult Education profits were transferred to the Planning & Development Fund, while the remaining \$963,044 of Adult Education profits were transferred to the 2001 Capital Reserve Fund.

ECONOMIC FACTORS IN 2021-2022 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 2022-2023 General Fund Budget and continue through the proposed 2023-2024 budget.

In light of the economic climate in Lancaster County schools, LCCTC proposed a 2.74% increase in District Contributions for 2022-2023 and a 4.92% increase for 2023-2024.

The Joint Operating Committee (JOC) and participating school districts allowed LCCTC to budget for all positions in 2022-2023 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 2022, LCCTC's JOC ratified a new Collective Bargaining Agreement (CBA) with its instructional staff for the period July 1, 2022 through June 30, 2026. The new agreement follows two years of rollover MOUs.

The Public School Employees' Retirement System employer contribution rate continues to climb over the years (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, 34.51% for 2020/21, 34.94% for 2021/22, and 35.26% for 2022/23). The unofficial employer contribution rate for 2023-24 is 34.00%.

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 2022-2023 and beyond. Another factor in mitigating insurance costs is the implementation of a qualified high-deductible plan in 2020-2021. With reasonable participation over time, the qualified high-deductible plan should start to yield some savings.

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.

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER
LANCASTER, PENNSYLVANIA

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

BUDGETED REVENUES

	2021/22	2022/23
Local	80.5%	78.25%
State	16.0%	16.5%
Federal/Other	3.5%	5.25%

BUDGETED EXPENDITURES

	2021/22	2022/23
Instruction	41.8%	43.9%
Support Services	46.5%	50.1%
Non-Instruction/Community	0.0%	0.0%
Fund Transfers/Debt Service	11.7%	6.2%

2022/23 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 2022-2023 LCCTC General Fund Budget reflects this reality. The overall district contribution is proposed to increase by 2.74%, which is under the Base Act 1 Index. Most of this increase is due to the PSERS employer contribution rate increase and escalating personnel costs.

Initiatives that are expected to continue in 2022-2023:

- Maintain programs as allowed by enrollments, add programs for industries in high demand
- Maximize enrollment in offered programs
- Grow enterprise areas
- 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
- 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 twentieth year of operation in 2022 and currently operates under permanent status as granted by the Commonwealth of Pennsylvania.

LCCTF provides the following services:

- Student assistance for uniforms, tools for cooperative education opportunities, and materials
- Postsecondary education scholarships
- Funds for equipment, technology and innovations at the LCCTC
- 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 seventeenth year of operation in 2022.

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, Chief Financial Officer & Business Manager, at the Lancaster County Career & Technology Center, Willow Street Campus. Telephone: (717) 464-7060 or email: mdelpriore@lancasterctc.edu.

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

**STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 10,866,461	\$ 185,888	\$ 11,052,349
Due from Other Governments	1,801,800	47,100	1,848,900
Other Receivables	77,198	28,777	105,975
Inventories	331,250	25,291	356,541
Prepaid Expenses	32,195	--	32,195
Total Current Assets	13,108,904	287,056	13,395,960
Noncurrent Assets			
Land	1,096,243	--	1,096,243
Construction in Progress	304,194	--	304,194
Construction – House Projects	469,039	--	469,039
Land Improvements (Net of Accumulated Depreciation)	1,099,723	--	1,099,723
Buildings (Net of Accumulated Depreciation)	30,761,273	--	30,761,273
Equipment (Net of Accumulated Depreciation)	3,732,364	1,725	3,734,089
Right to Use Leased Assets (Net of Accumulated Amortization)	349,036	--	349,036
Total Noncurrent Assets	37,811,872	1,725	37,813,597
TOTAL ASSETS	50,920,776	288,781	51,209,557
DEFERRED OUTFLOWS OF RESOURCES			
Bond Refinancing Charges	582,241	--	582,241
Deferred Outflows for Pensions	5,635,131	115,657	5,750,788
Deferred Outflows for Other Postemployment Benefits	453,094	--	453,094
Total Deferred Outflows of Resources	6,670,466	115,657	6,786,123
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 57,591,242	\$ 404,438	\$ 57,995,680

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

**STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Current Liabilities			
Internal Balances	\$ (176,234)	\$ 176,234	\$ --
Due to Other Governments	126,783	--	126,783
Accounts Payable	803,677	9,061	812,738
Current Portion of Bonds/Notes Payable	905,000	--	905,000
Current Portion – Lease Liability	176,325	--	176,325
Current Portion of Compensated Absences	68,830	--	68,830
Accrued Salaries and Benefits	2,049,620	6,894	2,056,514
Payroll Deductions and Withholdings	96,070	--	96,070
Unearned Revenues	<u>535,504</u>	<u>31,702</u>	<u>567,206</u>
Total Current Liabilities	<u>4,585,575</u>	<u>223,891</u>	<u>4,809,466</u>
Noncurrent Liabilities			
Bonds/Notes Payable, Net	15,580,790	--	15,580,790
Long-Term Portion of Compensated Absences	453,614	--	453,614
Other Post-Employment Benefits Payable	2,553,717	--	2,553,717
Net Pension Liability	29,530,590	605,740	30,136,330
Lease Liability	<u>178,220</u>	<u>--</u>	<u>178,220</u>
Total Noncurrent Liabilities	<u>48,296,931</u>	<u>605,740</u>	<u>48,902,671</u>
TOTAL LIABILITIES	<u>52,882,506</u>	<u>829,631</u>	<u>53,712,137</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows for Pension	6,710,857	137,655	6,848,512
Deferred Inflows for Other Postemployment Benefits	<u>353,910</u>	<u>--</u>	<u>353,910</u>
Total Deferred Inflows of Resources	<u>7,064,767</u>	<u>137,655</u>	<u>7,202,422</u>
NET POSITION			
Net Investment in Capital Assets			
Restricted for			
Capital Projects	20,971,537	1,725	20,973,262
Unrestricted	4,188,625	--	4,188,625
	<u>(27,516,193)</u>	<u>(564,573)</u>	<u>(28,080,766)</u>
TOTAL NET POSITION	<u>(2,356,031)</u>	<u>(562,848)</u>	<u>(2,918,879)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 57,591,242</u>	<u>\$ 404,438</u>	<u>\$ 57,995,680</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, 2022**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Regular Instruction	\$ 201,679	\$ --	\$ 24,375	\$ --	\$ (177,304)	\$ --	\$ (177,304)
Vocational Education	8,879,603	96,760	3,213,454	447,450	(5,121,939)	--	(5,121,939)
Adult Education	7,589,801	2,376,613	5,986,630	127,936	901,378	--	901,378
Student Services	1,488,989	--	930,509	--	(558,480)	--	(558,480)
Instructional Staff	943,815	--	468,579	--	(475,236)	--	(475,236)
Administration	1,979,818	--	220,982	--	(1,758,836)	--	(1,758,836)
Pupil Health	178,637	--	17,841	--	(160,796)	--	(160,796)
Business Services	605,987	--	103,437	--	(502,550)	--	(502,550)
Operation of Plant and Maintenance Services	3,112,763	69,886	302,086	65,766	(2,675,025)	--	(2,675,025)
Student Transportation Services	1,281,170	--	--	--	(1,281,170)	--	(1,281,170)
Central Services	1,233,216	118,018	81,652	--	(1,033,546)	--	(1,033,546)
Student Activities	298,200	300,491	--	--	2,291	--	2,291
Community Services	3,959	--	--	--	(3,959)	--	(3,959)
Interest on Long-Term Debt	503,536	--	--	--	(503,536)	--	(503,536)
Total Governmental Activities	28,301,173	2,961,768	11,349,545	641,152	(13,348,708)	--	(13,348,708)
Business-Type Activities							
Food Services	763,046	205,177	652,028	--	--	94,159	94,159
Total Primary Government	\$ 29,064,219	\$ 3,166,945	\$ 12,001,573	\$ 641,152	(13,348,708)	94,159	(13,254,549)
General Revenues							
Receipts from Member Districts					16,536,196	--	16,536,196
Investment Earnings					4,501	9	4,510
Gain on Sale of Assets					43,476	--	43,476
Total General Revenues					16,584,173	9	16,584,182
Change in Net Position					3,235,465	94,168	3,329,633
Net Position – July 1, 2021 -- Restated					(5,591,496)	(657,016)	(6,248,512)
Net Position – June 30, 2022					\$ (2,356,031)	\$ (562,848)	\$ (2,918,879)

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, 2022**

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Funds	
ASSETS				
Cash and Cash Equivalents	\$ 8,483,087	\$ 2,210,404	\$ 172,970	\$ 10,866,461
Due from Other Funds	107,574	2,071,153	34,552	2,213,279
Due from Other Governments	1,761,166	--	363	1,761,529
Other Receivables	56,748	--	20,449	77,197
Inventories	331,250	--	--	331,250
Prepaid Expenditures	7,415	--	--	7,415
TOTAL ASSETS	\$10,747,240	\$ 4,281,557	\$ 228,334	\$ 15,257,131
LIABILITIES				
Due to Other Funds	\$ 4,540,944	\$ --	\$ 4,208	\$ 4,545,152
Due to Other Governments	126,783	--	--	126,783
Accounts Payable	223,840	306,975	11,464	542,279
Accrued Salaries and Benefits	2,049,620	--	--	2,049,620
Payroll Deductions and Withholdings	96,070	--	--	96,070
Unearned Revenues	535,504	--	--	535,504
TOTAL LIABILITIES	7,572,761	306,975	15,672	7,895,408
FUND BALANCES				
Nonspendable	338,665	--	--	338,665
Restricted	--	4,188,625	--	4,188,625
Committed	157,272	--	--	157,272
Assigned	428,542	--	212,662	641,204
Unassigned	2,250,000	(214,043)	--	2,035,957
TOTAL FUND BALANCES	3,174,479	3,974,582	212,662	7,361,723
TOTAL LIABILITIES AND FUND BALANCES	\$10,747,240	\$ 4,281,557	\$ 228,334	\$ 15,257,131

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, 2022**

Total Fund Balances – Governmental Funds \$ 7,361,723

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 **\$66,802,326**, and the accumulated depreciation is **\$28,990,454**. 37,811,872

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. 2,286,981

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	\$ 16,105,000	
Compensated Absences	522,444	
Other Post-Employment Benefits	2,553,717	
Net Pension Liability	29,530,590	
Lease Liability	<u>354,545</u>	(49,066,296)

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 \$50,765. Bond refinancing charges totaled \$582,241. 201,451

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. 24,780

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	\$ 5,635,131	
Deferred Inflows - Pension	(6,710,857)	
Deferred Outflows – OPEB	453,094	
Deferred Inflows – OPEB	<u>(353,910)</u>	<u>(976,542)</u>

TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES **\$ (2,356,031)**

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Funds	
REVENUES				
Local Sources				
Receipts from Member Districts	\$ 16,536,196	\$ --	\$ --	\$ 16,536,196
Rentals	69,886	--	--	69,886
Interest	1,260	3,241	--	4,501
Revenue from Intermediate Sources - Federal	53,104	--	--	53,104
Revenue from Intermediate Sources - Other	--	--	--	--
Tuition	2,221,062	--	--	2,221,062
Revenue from Student Activities	--	--	300,491	300,491
Revenue from Other LEAs	229,276	--	--	229,276
Revenue from Center Activities	23,036	--	--	23,036
Other Revenue	118,018	--	--	118,018
Total Local Sources	19,251,838	3,241	300,491	19,555,570
State Sources	5,095,982	--	--	5,095,982
Federal Sources	6,830,202	--	--	6,830,202
TOTAL REVENUES	31,178,022	3,241	300,491	31,481,754
EXPENDITURES				
Current				
Instruction	16,648,952	265,816	--	16,914,768
Support Services	10,708,313	62,299	--	10,770,612
Operation of Non-Instructional Services	27,254	--	274,906	302,160
Total Current	27,384,519	328,115	274,906	27,987,540
Capital Outlay				
Facilities Acquisition, Construction and Improvement Services	--	1,480,787	--	1,480,787
Total Capital Outlay	--	1,480,787	--	1,480,787
Debt Service				
Principal	1,056,714	--	--	1,056,714
Interest and Fiscal Charges	490,105	--	--	490,105
Total Debt Service	1,546,819	--	--	1,546,819
TOTAL EXPENDITURES	28,931,338	1,808,902	274,906	31,015,146
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,246,684	(1,805,661)	25,585	466,608

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor Funds	
OTHER FINANCING SOURCES (USES)				
Transfer In	\$ 3,994	\$ 2,071,153	\$ --	\$ 2,075,147
Transfers Out	(2,071,153)	--	(3,994)	(2,075,147)
Sale/Compensation for Capital Assets	75,027	410,000	--	485,027
Leaser Proceeds	--	265,816	--	265,816
Insurance Recoveries	11,409	--	--	11,409
Refund of Prior Years Revenue	(6,312)	--	--	(6,312)
TOTAL OTHER FINANCING SOURCES (USES)	(1,987,035)	2,746,969	(3,994)	755,940
Changes in Fund Balances	259,649	941,308	21,591	1,222,548
Fund Balances – July 1, 2021	2,893,551	3,033,274	191,071	6,117,896
Inventory Adjustment	21,279	--	--	21,279
Fund Balances – June 30, 2022	\$ 3,174,479	\$ 3,974,582	\$ 212,662	\$ 7,361,723

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, 2022**

Total change in fund balance – governmental funds \$ 1,222,548

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. (430,883)

Depreciation expense	\$ (1,850,852)	
Capital outlays	<u>1,419,969</u>	

The net effect of other miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations) is to decrease net position (411,413)

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. (212,152)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,056,714

Amortization expense for leased assets in accordance with GASB No. 87 (171,743)

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:

Amortization of bond discount	\$ 25,386	
Amortization of bonds refinancing costs	<u>(38,817)</u>	(13,431)

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. (1,652)

The governmental funds follow the purchase method of inventory. However, the statement of net position uses the consumption method of inventory. 21,279

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:

(Increase) in compensated absences (11,292)

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	\$ 3,456,379	
Cost of benefits earned net of employee contributions (pension expense)	<u>(1,216,463)</u>	<u>2,239,916</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, 2022

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	\$	82,656	
Cost of benefits earned net of employee contributions (OPEB expense)		<u>(135,082)</u>	<u>(52,426)</u>
Change in net position of governmental activities			<u>\$ 3,235,465</u>

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, 2022**

	<u>Business-Type Activities Enterprise Fund Food Service</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 185,888	\$ --
Due from Other Funds	--	2,508,108
Due from Other Governments	47,100	40,271
Other Receivables	28,777	--
Inventories	<u>25,291</u>	<u>--</u>
Total Current Assets	<u>287,056</u>	<u>2,548,379</u>
Noncurrent Assets		
Machinery and Equipment (Net of Accumulated Depreciation)	<u>1,725</u>	<u>--</u>
Total Noncurrent Assets	<u>1,725</u>	<u>--</u>
TOTAL ASSETS	<u>288,781</u>	<u>2,548,379</u>
DEFERRED OUTFLOWS OF RESOURCES – PENSIONS	<u>115,657</u>	<u>--</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 404,438</u>	<u>\$ 2,548,379</u>
LIABILITIES		
Current Liabilities		
Due to Other Funds	\$ 176,234	\$ --
Accounts Payable	9,061	261,398
Accrued Salaries and Benefits	6,894	--
Deferred Revenue	<u>31,702</u>	<u>--</u>
Total Current Liabilities	<u>223,891</u>	<u>261,398</u>
Noncurrent Liabilities		
Net Pension Liability	<u>605,740</u>	<u>--</u>
Total Noncurrent Liabilities	<u>605,740</u>	<u>--</u>
TOTAL LIABILITIES	<u>829,631</u>	<u>261,398</u>
DEFERRED INFLOWS OF RESOURCES – PENSIONS	<u>137,655</u>	<u>--</u>
NET POSITION		
Net Investment in Capital Assets	1,725	--
Unrestricted	<u>(564,573)</u>	<u>2,286,981</u>
TOTAL NET POSITION	<u>(562,848)</u>	<u>2,286,981</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 404,438</u>	<u>\$ 2,548,379</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, 2022**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
	<u>Food Service</u>	
OPERATING REVENUES		
Lunch Sales	\$ 66,175	\$ --
Special Function Revenue	2,149	--
Contracted Service Revenue	136,853	--
Charges for Services	<u> --</u>	<u>2,702,207</u>
TOTAL OPERATING REVENUES	<u>205,177</u>	<u>2,702,207</u>
OPERATING EXPENSES		
Salaries	226,720	--
Employee Benefits	85,010	2,553,790
Professional Services	940	85,922
Other Purchased Services	1,291	274,647
Supplies	446,720	--
Dues and Fees	1,301	--
Depreciation	<u>1,064</u>	<u> --</u>
TOTAL OPERATING EXPENSES	<u>763,046</u>	<u>2,914,359</u>
OPERATING INCOME (LOSS)	<u>(557,869)</u>	<u>(212,152)</u>
NONOPERATING REVENUES		
State Sources	56,561	--
Federal Sources	595,467	--
Interest Income	<u>9</u>	<u> --</u>
TOTAL NONOPERATING REVENUES	<u>652,037</u>	<u> --</u>
Changes in Net Position	94,168	(212,152)
Net Position – July 1, 2021	<u>(657,016)</u>	<u>2,499,133</u>
Net Position – June 30, 2022	<u>\$ (562,848)</u>	<u>\$ 2,286,981</u>

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, 2022**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund</u>	<u>Internal Service Funds</u>
	<u>Food Service</u>	
Cash Flows from Operating Activities		
Cash Received from Users	\$ 195,170	\$ --
Cash Received from Assessments Made to Other Funds	--	2,914,359
Cash Payments to Employees for Services	(222,407)	--
Cash Payments to Suppliers for Goods and Services	<u>(433,984)</u>	<u>(2,914,359)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(461,221)</u>	<u>--</u>
Cash Flows from Non-Capital Financing Activities		
State Sources	56,401	--
Federal Sources	<u>570,477</u>	<u>--</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>626,878</u>	<u>--</u>
Cash Flows from Capital and Related Financing Activities	<u>--</u>	<u>--</u>
Cash Flows from Investing Activities		
Earnings on Investments	<u>9</u>	<u>--</u>
Net Cash Provided by Investing Activities	<u>9</u>	<u>--</u>
Net Increase in Cash and Cash Equivalents	165,666	
Cash and Cash Equivalents Beginning of Year	<u>20,222</u>	<u>--</u>
Cash and Cash Equivalents End of Year	<u>\$ 185,888</u>	<u>\$ --</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	\$ (557,869)	\$ (212,152)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided By (Used for) Operating Activities		
USDA Donated Commodities Used	41,035	--
Change in Deferred Outflows of Resources – Pension	(17,679)	--
Change in Deferred Inflows of Resources – Pension	46,373	--
Change in Net Pension Liability	(79,384)	--
Depreciation Expense	1,064	--
Decrease in Due from Other Funds	--	169,270
(Increase) Decrease in Due from Other Governments	--	19,905
(Increase) in Other Receivables	(10,007)	--
(Increase) in Inventories	(1,723)	--
Increase in Accounts Payable	3,136	22,977
Increase in Accrued Wages and Benefits	4,313	--
Increase in Due to Other Funds	<u>109,520</u>	<u>--</u>
Total Adjustments	<u>96,648</u>	<u>212,152</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (461,221)</u>	<u>\$ --</u>
Noncash Investing, Capital and Financing Activities		
USDA Donated Commodities Received	<u>\$ 41,035</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, 2022**

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, 2022**

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, 2022**

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, 2022**

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, 2022, the Center had encumbrances in the amount of \$435,957.

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, 2022. 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, 2022**

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, 2022**

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, 2022**

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, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Date of Management's Review

Management has evaluated subsequent events through March 22, 2023, the date the financial statements were available to be issued.

W. Changes in Accounting Principles and Restatement of Net Position

Changes in Accounting Principles

During the year ended June 30, 2022, the Center implemented GASB No. 87, Leases, to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments.

As a result, the Center restated beginning net position as of July 1, 2021 as part of these statements. The restatement of the net position is detailed below.

Restatement of Net Position

	Governmental Activities
Net Position, July 1, 2021	\$ (5,591,016)
Right to Use Leased Assets, July 1, 2021	367,953
Accumulated Amortization on Right to Use Leased Assets, July 1, 2021	(112,990)
Lease Liability, July 1, 2021	(255,443)
Restated Net Position, July 1, 2021	<u>\$ (5,591,496)</u>

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, 2022**

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, 2022, \$8,729,184 of the Center's bank balance of \$11,533,812 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>8,729,184</u>
	<u>\$ 8,729,184</u>

Reconciliation to Financial Statements

Uninsured Amount Above	\$ 8,729,184
Plus: Insured Amount	434,406
Add: Deposits in Transit	142,657
Less: Outstanding Checks	<u>(624,845)</u>
Carrying Amount – Bank Balances	8,681,402
Plus: Petty Cash	725
PLGIT – Pooled Cash Equivalent	1,511,418
Less: Outstanding Checks – PLGIT	--
PSDLAF – Pooled Cash Equivalent	<u>858,804</u>
Total Cash per Financial Statements	<u>\$11,052,349</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Concentration of Credit Risk

The Center holds deposit accounts at various financial institutions. The total deposits of \$11,533,812 as of June 30, 2022 were invested in the various financial institutions as follows:

<u>Financial Institution</u>	<u>Deposit Amount</u>	<u>Concentration Percentage</u>
Fulton Bank	\$ 8,797,184	77.85%
PA Local Government Investment Trust (PLGIT)	1,511,418	13.10%
PA School District Liquid Asset Fund (PSDLAF)	858,804	7.45%
PNC Bank	156,672	1.36%
Northwest Bank	<u>27,734</u>	<u>.24%</u>
	<u>\$11,533,812</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, 2022, 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, 2022, the following amounts are due from other governmental units:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Internal Service Fund</u>
Federal	\$ 783,940	\$ 46,090	\$ --
State	699,286	1,010	--
Local	<u>318,574</u>	<u>--</u>	<u>40,271</u>
	<u>\$1,801,800</u>	<u>\$ 47,100</u>	<u>\$ 40,271</u>

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 1,096,243	\$ --	\$ --	\$ 1,096,243
Construction – House Projects	638,341	207,466	376,768	469,039
Construction – In Progress	<u>381,824</u>	<u>1,212,503</u>	<u>1,290,133</u>	<u>304,194</u>
Total Capital Assets Not Being Depreciated	<u>2,116,408</u>	<u>1,419,969</u>	<u>1,666,901</u>	<u>1,869,476</u>
Capital Assets Being Depreciated				
Land Improvements	2,126,096	--	--	2,126,096
Buildings	49,453,294	1,024,842	--	50,478,136
Equipment	<u>11,993,523</u>	<u>265,291</u>	<u>563,965</u>	<u>11,694,849</u>
Total Assets Being Depreciated	<u>63,572,913</u>	<u>1,290,133</u>	<u>563,965</u>	<u>64,299,081</u>
Less Accumulated Depreciation for:				
Land Improvement	923,047	103,326	--	1,026,373
Buildings	18,673,454	1,043,409	--	19,716,863
Equipment	<u>7,787,688</u>	<u>704,117</u>	<u>529,319</u>	<u>7,962,485</u>
Total Accumulated Depreciation	<u>27,384,189</u>	<u>1,850,852</u>	<u>529,319</u>	<u>28,705,721</u>
Total Capital Assets, Being Depreciated, Net	<u>36,188,724</u>	<u>(560,719)</u>	<u>34,646</u>	<u>35,593,360</u>
Lease Assets Being Amortized	367,953	265,816	--	633,769
Less: Accumulated Amortization	<u>(112,990)</u>	<u>(171,743)</u>	<u>--</u>	<u>(284,733)</u>
Total Lease Assets, Being Amortized, Net	<u>254,963</u>	<u>94,073</u>	<u>--</u>	<u>349,036</u>
Governmental Activities, Capital Assets, Net	<u>\$ 38,560,095</u>	<u>\$ 953,323</u>	<u>\$ 1,701,547</u>	<u>\$ 37,811,872</u>
Business-Type Activities				
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>55,521</u>	<u>1,064</u>	<u>--</u>	<u>56,585</u>
Total Accumulated Depreciation	<u>55,521</u>	<u>1,064</u>	<u>--</u>	<u>56,585</u>
Total Capital Assets Being Depreciated, Net	<u>2,789</u>	<u>(1,064)</u>	<u>--</u>	<u>1,725</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,789</u>	<u>\$ (1,064)</u>	<u>\$ --</u>	<u>\$ 1,725</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 - CHANGES IN CAPITAL ASSETS (Continued)

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

Governmental Activities

Instruction	\$ 14,764
Regular Programs	640,269
Vocational Education	526,691
Adult Education Programs	
Support Services	
Student Services	107,281
Instructional Staff	67,919
Administration	146,130
Pupil Health	12,767
Business Services	44,126
Operation and Maintenance of Plant	208,066
Central Services	<u>82,839</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,850,852</u>

Business-Type Activities

Food Service	<u>\$ 1,064</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 1,064</u>

NOTE 6 - LONG-TERM DEBT

During the fiscal year ended June 30, 2022, long-term debt changed as follows:

	<u>Balance at July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
Governmental Activities					
Lease Revenue Bonds	\$ 16,995,000	\$ --	\$ 890,000	\$ 16,105,000	\$ 905,000
Lease Obligations	255,443	265,816	166,714	354,545	176,325
Compensated Absences	<u>511,152</u>	<u>149,266</u>	<u>137,974</u>	<u>522,444</u>	<u>68,830</u>
	<u>\$ 17,506,152</u>	<u>\$ 415,082</u>	<u>\$ 1,194,688</u>	<u>\$ 16,981,989</u>	<u>\$ 1,150,155</u>

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, 2022 was as follows:

Bonds/Notes Payable (Net of Current Portion)	\$ 15,200,000
Bond Premiums (Net of Accumulated Amortization)	<u>380,790</u>
Bonds/Notes Payable, Net	<u>\$ 15,580,790</u>

Lease Revenue Bonds Payable

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, 2022 was \$9,975,000.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 - LONG-TERM DEBT (Continued)

Lease Revenue Notes Payable

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, 2022 was \$6,130,000.

The future annual payments required to amortize all outstanding bonds and notes as of June 30, 2022 are as follows:

Year Ending June 30,	Direct Borrowings		Lease Liability	
	Principal	Interest	Principal	Interest
2023	\$ 905,000	\$ 462,640	\$ 176,325	\$ 6,641
2024	920,000	441,915	171,942	3,217
2025	950,000	415,470	5,900	102
2026	990,000	382,605	379	2
2027	1,015,000	348,270	--	--
2028-2032	5,265,000	1,469,490	--	--
2033-2037	<u>6,060,000</u>	<u>631,635</u>	<u>--</u>	<u>--</u>
	<u>\$16,105,000</u>	<u>\$4,152,025</u>	<u>\$ 354,545</u>	<u>\$ 9,961</u>

Compensated Absences

The balance of compensated absences at June 30, 2022 is composed of the following:

Accrued Retirement Bonus	\$ 344,150
Accrued Vacation	<u>178,294</u>
	<u>\$ 522,444</u>

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, 2022, the bond refinancing charges were calculated as follows:

Beginning Balance	\$ 621,058
Less: Current Year Amortization	<u>(38,817)</u>
Bond Refinancing Charges	<u>\$ 582,241</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

	2022	2021
Claim Liabilities – Beginning of Year	\$ 236,625	\$ 206,652
Current Year Claims	2,732,818	2,501,714
Claim Payments and Changes in Estimates	(2,708,045)	(2,471,741)
Claim Liability – End of Year	\$ 261,398	\$ 236,625

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 \$1,717 of unemployment compensation claims for the year ended June 30, 2022. The Center charged unemployment compensation expenditures of \$11,448 for the year. The balance of the reserve for future claims is \$85,822.

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.

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.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 - PENSION PLAN (Continued)

Benefits Provided (Continued)

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:

The contribution rates based on qualified member compensation for virtually all members are presented below:

<u>Member Contribution Rates</u>				
<u>Membership Class</u>	<u>Continuous Employment Since</u>	<u>Defined Benefit Contribution Rate</u>	<u>Defined Contribution Rate</u>	<u>Total Contribution</u>
T-C	Prior to 7/22/1983	5.25%	N/A	5.25%;6.25%
T-C	On or after 7/22/1983	6.25%	N/A	6.25%
T-D	Prior to 7/22/1983	6.50%	N/A	6.50%
T-D	On or after 7/22/1983	7.50%	N/A	7.50%
T-E	On or after 7/1/2011	7.5% base w/ SR*	N/A	7.50%
T-F	On or after 7/1/2011	10.3% base w/ SR*	N/A	10.30%
T-G	On or after 7/1/2019	5.50% base w/ SR*	2.75%	8.25%
T-H	On or after 7/1/2019	4.50% base w/ SR*	3.00%	7.50%
DC	On or after 7/1/2019	N/A	7.50%	7.50%

<u>Shared Risk Program Summary*</u>				
<u>Membership Class</u>	<u>Defined Benefit Base Rate</u>	<u>Shared Risk Increment</u>	<u>Minimum</u>	<u>Maximum</u>
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

Employer Contributions:

The Center's contractually required contribution rate for fiscal year ended June 30, 2022 was 34.14% 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 \$3,527,345 for the year ended June 30, 2022.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 - PENSION PLAN (Continued)

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

At June 30, 2022, the Center reported a liability of \$30,136,330 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2022, the Center's proportion was .0734 percent, which was a decrease of .0039 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Center recognized pension expense of \$1,236,739. At June 30, 2022, 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	\$ 22,195	\$ 395,919
Net difference between projected and actual investment earnings	--	4,796,929
Changes in assumptions	1,461,676	--
Changes in proportions	716,435	1,655,664
Differences between employer contributions and proportionate share of contributions	23,137	--
Contributions subsequent to the measurement date	3,527,345	--
	\$ 5,750,788	\$ 6,848,512

\$3,527,345 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, 2022. 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:

2023	\$ (1,341,160)
2024	(691,261)
2025	(1,047,698)
2026	(1,544,950)

Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward the System's total pension liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2020
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.50%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 - PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates – Previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2021 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	27.0%	5.2%
Private Equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLP's	8.0%	5.1%
Real Estate	10.0%	4.7%
Cash	3.0%	0.1%
Financing (LIBOR)	<u>(13.0)%</u>	0.1%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2022**

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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Center's proportionate share of the net pension liability	\$ 39,554,000	\$ 30,136,330	\$ 22,191,000

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.

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, 2021, 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.

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LANCASTER, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (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, 2021, 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, 2022 was .80% 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 \$82,656 for the year ended June 30, 2022.

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

At June 30, 2022, the Center reported a liability of \$1,744,383 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2022, the Center's proportion was .0736 percent, which was a decrease of .004 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Center recognized OPEB expense of \$83,340. At June 30, 2022, 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	\$ 3,439	\$ --
Changes in Assumption	185,779	23,259
Difference between expected and actual experience	16,232	--
Changes in proportions	49,595	127,331
Difference between employer contributions and proportionate share of total contributions	--	1,335
Contributions subsequent to the measurement date	<u>82,656</u>	<u>--</u>
	<u>\$ 337,701</u>	<u>\$ 151,925</u>

\$82,656 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, 2022. 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:

2023	\$ 6,150
2024	5,797
2025	28,749
2026	25,407
2027	25,920
Thereafter	11,097

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

PSERS Health Insurance Premium Assistance Program (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by rolling forward the System’s total OPEB liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% 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 a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation Rate
 - Eligible retirees will elect to participate Pre-age 65 at 50%.
 - Eligible retirees will elect to participate Post age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- 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 Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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	79.8%	0.1%
U.S. Core Fixed Income	17.5%	0.7%
Non-US Developed Fund	<u>2.7%</u>	(0.3)%
	<u>100.0%</u>	

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

PSERS Health Insurance Premium Assistance Program (Continued)

Actuarial Assumptions (Continued)

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.18%. 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 2.18% which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, 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, 2021, 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, 2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021, 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the net OPEB liability for June 30, 2021, 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	\$ 1,744,383	\$ 1,744,383	\$ 1,744,383

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 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.18%) or 1 percentage point higher (3.18%) than the current rate:

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
Center's proportionate share of the net OPEB liability	\$ 2,003,000	\$ 1,744,383	\$ 1,533,000

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.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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.

Employees Covered By Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	--
Active Employees	<u>147</u>
	<u>150</u>

Total OPEB Liability

The Center's total OPEB liability of \$809,334 was measured as of July 1, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 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	2.28 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	5.5 percent in 2021 through 2023, rates gradually decrease from 5.4 in 2024 to 4.0 percent by 2075
Life Insurance	Equal to the amount of coverage times the applicable mortality factor

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

Actuarial Assumptions and Other Inputs (Continued)

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, 2021.

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.

Changes in the Total OPEB Liability

Balance at July 1, 2020	\$ 725,237
Service Cost	89,536
Interest	14,805
Differences between Expected and Actual Experience	34,029
Changes of Assumptions	(19,581)
Benefit Payments	<u>(34,692)</u>
Net Changes	<u>84,097</u>
Balance at July 1, 2021	<u>\$ 809,334</u>

Changes of assumptions reflect a change in the discount rate from 1.86% to 2.28%. 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, 2022, the Center recognized OPEB expense of \$85,560. At June 30, 2022, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumption	\$ 51,381	\$ 92,978
Differences between Expected and Actual Experience	31,193	109,007
Contributions subsequent to the measurement date	<u>32,819</u>	<u>--</u>
	<u>\$ 115,393</u>	<u>\$ 201,985</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

\$32,819 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, 2022. 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:

2023	\$	(18,781)
2024		(18,781)
2025		(18,781)
2026		(18,781)
2027		(18,781)
Thereafter		(25,506)

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 (1.28 percent) or 1-percentage point higher (3.28 percent) than the current rate:

	<u>1% Decrease</u> 1.28%	<u>Current Discount Rate</u> 2.28%	<u>1% Increase</u> 3.28%
Total OPEB Liability	\$ 856,526	\$ 809,334	\$ 764,222

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 732,981	\$ 809,334	\$ 898,687

Reconciliation to the Financial Statements

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>OPEB Payable</u>
PSERS Health Insurance Premium Assistance Program	\$ 337,701	\$ 151,925	\$ 1,744,383
Lancaster County Career and Technology Center Postemployment Benefits Plan	<u>115,393</u>	<u>201,985</u>	<u>809,334</u>
	<u>\$ 453,094</u>	<u>\$ 353,910</u>	<u>\$ 2,553,717</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2021, the Center received \$1,372,995 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.

NOTE 12 - CONTINGENT LIABILITIES

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, 2022 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 107,574	\$ 4,540,944
Capital Project Fund	2,071,153	--
Enterprise Fund	--	176,234
Internal Service Funds	2,508,107	--
Non-Major Governmental Funds	<u>34,552</u>	<u>4,208</u>
	<u>\$ 4,721,386</u>	<u>\$ 4,721,386</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.

Interfund Transfers:

	<u>Transfer to Other Funds</u>	<u>Transfer from Other Funds</u>
General Fund	\$ 3,994	\$ 2,071,153
Capital Project Fund	2,071,153	--
Non-Major Fund	<u>--</u>	<u>3,994</u>
	<u>\$ 2,075,147</u>	<u>\$ 2,075,147</u>

The transfer of \$963,044 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 \$1,108,109 to capital reserve fund was to fund future capital projects and was approved by the JOC. The transfer from student activity to close E. Print Center account to General fund.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022 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 \$331,250 and prepaid expenditures of \$7,415. As of June 30, 2022, the Center's nonspendable fund balance was \$ 338,665.

Restricted Fund Balance

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

2001 Capital Reserve Fund for Future Capital Projects	2,436,242
2018 Capital Reserve Fund for Plan Con Funds	<u>1,752,383</u>
	<u>\$ 4,188,625</u>

Committed Fund Balance

As of June 30, 2022, the Center's committed fund balance of \$157,272 consists of amounts for planning and development of future adult education projects.

Assigned Fund Balance

As of June 30, 2022, the Center's assigned fund balance of \$641,204 consisted of \$212,662 of funds for the student activities/production accounts and \$435,957 for encumbrances less \$7,415 of prepaid expenditures in accordance with the order of fund balance spending policy.

Unassigned Fund Balance

As of June 30, 2022, the Center's unassigned fund balance of \$2,035,957 consisted of \$500,000 of funds for adult education and \$1,750,000 for secondary expenditures in the general fund as well \$(214,043) for the capital projects fund. The negative fund balance represents funds owed to the Authority for past construction projects.

NOTE 16 – COMMITMENTS

As of June 30, 2022, the Center is involved in Construction projects. The District had the following commitments as of June 30, 2022:

	Contract Amount	Amounts Paid	Commitments Outstanding
DSCCO Construction	\$ 1,427,843	\$ 136,508	\$ 1,291,335
Buchart Horn	<u>132,200</u>	<u>116,682</u>	<u>15,518</u>
	<u>\$ 1,560,043</u>	<u>\$ 253,190</u>	<u>\$ 1,306,853</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 – SUBSEQUENT EVENT

On July 15, 2022 the LCCTC sold the house at 324 Old Market Street in Mount Joy for \$415,900.

NOTE 18 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund total expenditures exceeded budgeted amounts by \$1,019,839. The additional expenditures were appropriated from excess revenues received during the year as well as available fund balance.

REQUIRED SUPPLEMENTARY INFORMATION
OF
LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER
LANCASTER, PENNSYLVANIA
JUNE 30, 2022

**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, 2022**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Sources				
Receipts from Member Districts	\$ 16,656,276	\$ 16,656,276	\$ 16,536,196	\$ 120,080
Rentals	65,000	65,000	69,886	4,556
Interest	85,000	85,000	1,260	(83,740)
Revenues from Intermediate Sources - Federal	65,000	80,000	53,104	(26,896)
Tuition	200,000	5,728,528	2,221,062	(3,507,466)
Contributions	150,000	150,000	--	(150,000)
Revenue from Other LEAs	95,294	242,133	229,276	(12,857)
Revenues from Center Activities	90,000	90,000	23,036	(66,964)
Other Revenue	70,000	70,000	118,018	48,018
Total Local Sources	17,476,570	23,166,937	19,251,838	(3,915,099)
State Sources	3,659,724	3,961,224	5,095,982	1,134,758
Federal Sources	790,697	1,411,045	6,830,202	5,419,157
TOTAL REVENUES	21,926,991	28,540,206	31,178,022	2,637,816
EXPENDITURES				
Instruction				
Regular Programs	266,711	266,710	208,002	58,708
Vocational Education	9,260,929	9,551,429	9,020,553	530,876
Adult Education Programs	--	5,787,160	7,420,397	(1,633,237)
Support Services				
Student Services	1,341,972	1,395,972	1,511,456	(115,484)
Instructional Staff Services	862,072	868,572	956,890	(88,318)
Administrative Services	2,271,801	2,208,801	2,058,785	150,016
Pupil Health	223,344	206,344	179,865	26,479
Business Services	749,203	757,552	621,682	135,870
Operation and Maintenance of Plant Services	2,833,599	2,958,099	2,931,381	26,718
Student Transportation Services	1,258,356	1,283,356	1,281,170	2,186
Central Services	985,584	1,202,084	1,167,084	35,000
Operation of Non-Instructional Services				
Student Activities	62,425	52,425	23,294	29,131
Community Services	--	--	3,960	(3,960)
Debt Service				
Principal	890,000	890,000	1,056,714	(166,714)
Interest and Fiscal Charges	482,995	482,995	490,105	(7,110)
TOTAL EXPENDITURES	21,488,991	27,911,499	28,931,338	(1,019,839)
EXCESS OF REVENUES OVER EXPENDITURES	438,000	628,707	2,246,782	1,618,075

**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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers Out	\$ (453,000)	\$ (643,707)	\$(2,071,153)	\$(1,427,446)
Transfer In	--	--	3,994	3,994
Sale/Compensation for Capital Assets	15,000	15,000	75,027	60,027
Refund of P/Y Revenue	--	--	(6,312)	(6,312)
Insurance Recoveries	--	--	11,409	11,409
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(438,000)</u>	<u>(628,707)</u>	<u>(1,987,035)</u>	<u>(1,358,328)</u>
Changes in Fund Balances	--	--	259,649	259,649
Fund Balances – July 1, 2021	--	--	2,893,551	2,893,551
Changes in Inventory	--	--	21,279	21,279
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances – June 30, 2022	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,174,479</u>	<u>\$3,174,479</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)**

	Measurement Date			
	<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>
Center's proportion of net pension liability (asset)	.0734%	0.0773%	0.0743%	0.0764%
Center's proportionate share of the net pension liability (asset)	<u>\$ 30,136,330</u>	<u>\$ 38,062,450</u>	<u>\$ 34,760,169</u>	<u>\$ 36,676,485</u>
Center's covered-employee payroll	\$ 10,332,000	\$ 10,440,422	\$ 10,837,436	\$ 10,281,030
Center's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	291.68%	364.57%	320.74%	356.64%
Plan fiduciary net position as a percentage of the total pension Liability	63.67%	54.32%	55.66%	54.00%
	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>	<u>06/30/17</u>
Center's proportion of net pension liability (asset)	0.0809%	0.0789%	0.0785%	
Center's proportionate share of the net pension liability (asset)	<u>\$ 40,091,321</u>	<u>\$ 34,175,627</u>	<u>\$ 31,070,712</u>	
Center's covered-employee payroll	\$ 10,478,912	\$ 10,156,818	\$ 10,015,262	
Center's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	382.59%	336.48%	310.23%	
Plan fiduciary net position as a percentage of the total pension Liability	50.14%	54.36%	57.64%	

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>
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%
2021	\$ 3,517,378	\$ 3,517,378	\$ --	\$ 10,440,422	33.69%
2022	\$ 3,527,345	\$ 3,527,345	\$ --	\$ 10,332,000	34.14%

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>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Center's proportion of net OPEB liability (asset)	.0736%	.0776%	0.0743%	0.0764%	0.0772%
Center's proportionate share of the net OPEB liability (asset)	<u>\$ 1,744,383</u>	<u>\$ 1,676,703</u>	<u>\$ 1,580,246</u>	<u>\$ 1,592,903</u>	<u>\$ 1,572,885</u>
Center's covered-employee payroll	\$ 10,332,000	\$ 10,440,422	\$ 10,837,436	\$ 10,284,030	\$ 10,281,151
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	16.88%	16.06%	14.58%	15.49%	15.30%
Plan Fiduciary net position as a percentage of the total OPEB liability	5.30%	5.69%	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%. Changes in assumption used in the measurement of the total OPEB liability beginning June 30, 2020 resulted from adjusting the discount rate from 2.79% to 2.66%. Changes in assumption used in the measurement of the total OPEB liability beginning June 30, 2021 resulted from adjusting the discount rate from 2.66% to 2.18%.

See accompanying independent auditor's report.

**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>
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%
2021	\$ 85,611	\$ 85,611	\$ --	\$ 10,440,422	0.82%
2022	\$ 82,656	\$ 82,656	\$ --	\$ 10,332,000	0.80%

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>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB Liability					
Service Cost	\$ 89,536	\$ 70,611	\$ 76,042	\$ 71,243	\$ 89,770
Interest	14,805	22,165	22,975	22,128	18,954
Differences between Expected and Actual Experience	34,029	--	(149,885)	--	--
Changes of Assumptions	(19,581)	61,207	(13,046)	2,046	(120,156)
Benefit Payments	<u>(34,692)</u>	<u>(38,887)</u>	<u>(45,577)</u>	<u>(25,104)</u>	<u>(23,294)</u>
Net Change	84,097	115,096	(109,491)	70,313	(34,726)
Total OPEB Liability – Beginning	<u>725,237</u>	<u>610,141</u>	<u>719,632</u>	<u>649,319</u>	<u>684,045</u>
Total OPEB Liability – Ending	<u>\$ 809,334</u>	<u>\$ 725,237</u>	<u>\$ 610,141</u>	<u>\$ 719,632</u>	<u>\$ 649,319</u>
Covered-Employee Payroll	\$ 9,535,622	\$ 9,314,011	\$ 9,314,011	\$ 9,653,803	\$ 9,653,803
Total OPEB Liability as a % of Covered-Employee Payroll	8.49%	7.79%	6.55%	7.45%	6.73%

Notes to Schedule:

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

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 resulting from adjusting the discount rate from 2.98% to 3.36%. Changes in assumption used in the measurement of the total OPEB liability beginning June 30, 2021 resulting from adjusting the discount rate from 3.36% to 1.86%. Changes in assumption used in the measurement of the total OPEB liability beginning June 30, 2022 resulting from adjusting the discount rate from 1.86% to 2.28%.

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION
OF
LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER
LANCASTER, PENNSYLVANIA
JUNE 30, 2022

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

**COMBINING BALANCE SHEET – CAPITAL PROJECTS FUND
JUNE 30, 2022**

	<u>Capital Projects Fund</u>	<u>2001 Capital Reserve Fund</u>	<u>2018 Capital Reserve Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ --	\$ 1,511,418	\$ 698,986	\$ 2,210,404
Due from Other Funds	<u>--</u>	<u>963,044</u>	<u>1,108,109</u>	<u>2,071,153</u>
TOTAL ASSETS	<u><u>\$ --</u></u>	<u><u>\$ 2,474,462</u></u>	<u><u>\$1,807,095</u></u>	<u><u>\$ 4,281,557</u></u>
LIABILITIES				
Accounts Payable	<u>\$ 214,043</u>	<u>\$ 38,220</u>	<u>\$ 54,712</u>	<u>\$ 306,975</u>
TOTAL LIABILITIES	<u>214,043</u>	<u>38,220</u>	<u>54,712</u>	<u>306,975</u>
FUND BALANCES				
Restricted	--	2,436,242	1,752,383	4,188,625
Unassigned	<u>(214,043)</u>	<u>--</u>	<u>--</u>	<u>(214,043)</u>
TOTAL FUND BALANCES	<u>(214,043)</u>	<u>2,436,242</u>	<u>1,752,383</u>	<u>3,974,582</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ --</u></u>	<u><u>\$ 2,474,462</u></u>	<u><u>\$1,807,095</u></u>	<u><u>\$ 4,281,557</u></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, 2022**

	Capital Projects Fund	2001 Capital Reserve Fund	2018 Capital Reserve Fund	Total
REVENUES				
Local Sources				
Interest	\$ 2	\$ 2,102	\$ 1,137	\$ 3,241
Total Local Sources	2	2,102	1,137	3,241
TOTAL REVENUES	2	2,102	1,137	3,241
EXPENDITURES				
Current				
Instruction	265,816	--	--	265,816
Support Services	30,138	17,583	14,578	62,299
Total Current	295,954	17,583	14,578	328,115
Capital Outlay				
Facilities Acquisition, Construction and Improvement Services	266,354	262,690	951,743	1,480,787
Total Capital Outlay	266,354	262,690	951,743	1,480,787
TOTAL EXPENDITURES	562,308	280,273	966,321	1,808,902
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(562,306)	(278,171)	(965,184)	(1,805,661)
OTHER FINANCING SOURCES				
Sale of Capital Assets	410,000	--	--	410,000
Transfer In	--	963,044	1,108,109	2,071,153
Lease Proceeds-9220	265,816	--	--	265,816
TOTAL OTHER FINANCING SOURCES	675,816	963,044	1,108,109	2,746,969
Changes in Fund Balances	113,510	684,873	142,925	941,308
Fund Balances – July 1, 2021	(327,553)	1,751,369	1,609,458	3,033,274
Fund Balances – June 30, 2022	\$ (214,043)	\$ 2,436,242	\$1,752,383	\$ 3,974,582

See accompanying independent auditor's report.

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER
LANCASTER, PENNSYLVANIA

COMBINING BALANCE SHEET – ALL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Student Activity/Production Funds			
	Brownstown	Mount Joy	Willow Street	Total
ASSETS				
Cash and Cash Equivalents	\$ 61,074	\$ 27,065	\$ 84,831	\$ 172,970
Due From Other Funds	--	--	34,552	34,552
Due from Other Governments	363	--	--	363
Other Receivables	--	20,386	63	20,449
TOTAL ASSETS	<u>\$ 61,437</u>	<u>\$ 47,451</u>	<u>\$ 119,446</u>	<u>\$ 228,334</u>
LIABILITIES				
Due to Other Funds	\$ 1,438	\$ 1,506	\$ 1,264	\$ 4,208
Accounts Payable	11,224	--	240	11,464
TOTAL LIABILITIES	<u>12,662</u>	<u>1,506</u>	<u>1,504</u>	<u>15,672</u>
FUND BALANCES				
Assigned	48,775	45,945	117,942	212,662
TOTAL FUND BALANCES	<u>48,775</u>	<u>45,945</u>	<u>117,942</u>	<u>212,662</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 61,437</u>	<u>\$ 47,451</u>	<u>\$ 119,446</u>	<u>\$ 228,334</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, 2022

	Student Activity/ Production Funds			Total
	Brownstown	Mount Joy	Willow Street	
REVENUES				
Local Sources	\$ 58,730	\$ 125,577	\$ 116,184	\$ 300,491
TOTAL REVENUES	<u>58,730</u>	<u>125,577</u>	<u>116,184</u>	<u>300,491</u>
EXPENDITURES				
Current				
Operation of Non-Instructional Services	74,372	116,175	84,359	274,906
Total Current	<u>74,372</u>	<u>116,175</u>	<u>84,359</u>	<u>274,906</u>
TOTAL EXPENDITURES	<u>74,372</u>	<u>116,175</u>	<u>84,359</u>	<u>274,906</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,642)</u>	<u>9,402</u>	<u>31,825</u>	<u>25,585</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	(3,994)	--	--	(3,994)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,994)</u>	<u>--</u>	<u>--</u>	<u>(3,994)</u>
Changes in Fund Balances	<u>(19,636)</u>	<u>9,402</u>	<u>31,825</u>	<u>21,591</u>
Fund Balances -- July 1, 2021	<u>68,411</u>	<u>36,543</u>	<u>86,117</u>	<u>191,071</u>
Fund Balances -- June 30, 2022	<u>\$ 48,775</u>	<u>\$ 45,945</u>	<u>\$ 117,942</u>	<u>\$ 212,662</u>

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

**COMBINING STATEMENT OF NET POSITION – INTERNAL SERVICE FUNDS
JUNE 30, 2022**

	Health/Dental Fund	Unemployment Compensation Fund	Total Internal Service Funds
ASSETS			
Current Assets			
Due from Other Funds	\$ 2,422,286	\$ 85,822	\$ 2,508,108
Due from Other Governments	<u>40,271</u>	<u>--</u>	<u>40,271</u>
Total Current Assets	<u>2,462,557</u>	<u>85,822</u>	<u>2,548,379</u>
TOTAL ASSETS	<u><u>\$ 2,462,557</u></u>	<u><u>\$ 85,822</u></u>	<u><u>\$ 2,548,379</u></u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 261,398	\$ --	\$ 261,398
Total Current Liabilities	<u>261,398</u>	<u>--</u>	<u>261,398</u>
TOTAL LIABILITIES	<u>261,398</u>	<u>--</u>	<u>261,398</u>
NET POSITION			
Unrestricted	<u>2,201,159</u>	<u>85,822</u>	<u>2,286,981</u>
TOTAL NET POSITION	<u>2,201,159</u>	<u>85,822</u>	<u>2,286,981</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 2,462,557</u></u>	<u><u>\$ 85,822</u></u>	<u><u>\$ 2,548,379</u></u>

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, 2022**

	Health/Dental Fund	Unemployment Compensation Fund	Total Internal Service Funds
OPERATING REVENUES			
Charges for Services	\$ 2,690,759	\$ 11,448	\$ 2,702,207
OPERATING EXPENSES			
Employee Benefits	2,552,073	1,717	2,553,790
Professional Services	85,169	753	85,922
Other Purchased Services	274,647	--	274,647
TOTAL OPERATING EXPENSES	2,911,889	2,470	2,914,359
OPERATING INCOME (LOSS)	(221,130)	8,978	(212,152)
Changes in Net Position	(221,130)	8,978	(212,152)
Net Position – July 1, 2021	2,422,289	76,844	2,499,133
Net Position – June 30, 2022	\$ 2,201,159	\$ 85,822	\$ 2,286,981

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, 2022**

<u>REVENUES</u>	<u>SECONDARY</u>	<u>POST- SECONDARY</u>	<u>TOTAL</u>
<i>Local Sources</i>			
Receipts from Member Districts			
Direct Payments	\$ 14,830,281	\$ --	\$ 14,830,281
Bond & Plan Con Payments	1,826,386	--	1,826,386
Other Revenue	285,167	2,345,475	2,630,642
<i>State Sources</i>			
Voc Ed Subsidy	1,810,325	351,528	2,161,853
Reimbursement – FICA	278,414	89,080	367,494
Reimbursement – Retirement	1,378,806	409,702	1,788,508
Other Revenue	210,254	567,873	778,127
<i>Federal Sources</i>			
Federal Financial Aid	--	849,816	849,816
Federal CARES/ HEERF Funds	--	1,576,931	1,576,931
Perkins	1,063,086	252,619	1,315,705
GEER/ESSER	1,045,534	--	1,045,534
Other Revenue	175,429	2,042,216	2,217,645
Financial Aid Student Refunds	--	(918,209)	(918,209)
CARES/HEERF Student Refunds	--	(779,172)	(779,172)
Total Revenues	<u>22,903,682</u>	<u>6,787,859</u>	<u>29,691,541</u>
<i>Expenditures</i>			
100 – Salaries	8,025,800	2,556,768	10,582,568
200 – Benefits	5,622,053	1,541,160	7,163,213
300 – Prof & Technical Services	709,846	290,439	1,000,285
400 – Property Services	1,042,960	177,015	1,219,975
500 – Other Purchased Service	1,737,037	217,941	1,954,978
600 – Supplies	2,097,241	524,513	2,621,754
700 – Equipment	596,977	208,040	805,017
800 – Dues & Fees	716,982	52,078	769,060
900 – Bond & Other Uses	897,110	--	897,110
Total Expenditures	<u>21,446,006</u>	<u>5,567,954</u>	<u>27,013,960</u>
REVENUES OVER EXPENDITURES	1,457,676	1,219,905	2,677,581
Current Year Encumbrance	(435,957)	--	(435,957)
Post-Secondary Perkins Indirect	6,861	(6,861)	--
General Fund Allocation	200,000	(200,000)	--
NET REVENUES OVER EXPENDITURES	<u>1,228,580</u>	<u>1,013,044</u>	<u>2,241,624</u>
Refund to Districts	(120,471)	--	
Planning & Development Fund	--	(50,000)	
Transfer to 2001 Capital Reserve	--	(963,044)	
Transfer to 2018 Capital Reserve	(1,108,109)	--	

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, 2022**

	PRACTICAL NURSING	HIGHER EDUCATION	FINANCIAL AID	PERKINS	TOTAL
REVENUES					
Local Sources					
Other Revenue	\$ 426,859	\$ 1,763,065	\$ 155,551	\$ --	\$ 2,345,475
State Sources					
Voc Ed Subsidy	275,906	72,972	2,650	--	351,528
Reimbursement – FICA	27,233	53,445	6,760	1,642	89,080
Reimbursement – Retirement	120,619	246,687	34,754	7,642	409,702
Other Revenues	357,965	209,908	--	--	567,873
Federal Sources					
Perkins	--	--	--	252,619	252,619
Federal Financial Aid	589,444	260,372	--	--	849,816
Federal CARES/HEERF Funds	788,465	788,466	--	--	1,576,931
Other Revenue	1,395,414	646,802	--	--	2,042,216
Financial Aid Student Refunds	(749,144)	(169,065)	--	--	(918,209)
CARES/HEERF Student Refunds	(389,586)	(389,586)	--	--	(779,172)
TOTAL REVENUES	2,843,175	3,483,066	199,715	261,903	6,787,859
EXPENDITURES					
100 – Salaries	775,122	1,540,920	193,497	47,229	2,556,768
200 – Benefits	438,404	938,240	128,991	35,525	1,541,160
300 – Prof & Technical Services	257,942	32,497	--	--	290,439
400 – Property Services	87,024	67,459	--	22,531	177,014
500 – Other Purchases Service	4,613	204,219	--	9,109	217,941
600 – Supplies	111,390	356,741	577	55,806	524,514
700 – Equipment	42,666	132,824	2,471	30,079	208,040
800 – Dues & Fees	11,324	40,478	276	--	52,078
TOTAL EXPENDITURES	1,728,485	3,313,378	325,812	200,279	5,567,954
REVENUES OVER EXPENDITURES	1,114,690	169,688	(126,097)	61,624	1,219,905
Current Year Encumbrance	--	--	--	--	--
General Fund Allocation	(110,140)	(89,860)	--	--	(200,000)
Financial Aid Allocation	(59,896)	(66,201)	126,097	--	--
Postsecondary Perkins Indirect	--	--	--	(6,862)	(6,862)
NET REVENUES OVER EXPENDITURES	\$ 944,654	\$ 13,627	\$ --	\$ 56,762	\$ 1,013,043

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, 2022

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

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, 2021	Expenditures	Accrued or (Unearned) Revenue at June 30, 2022	Amount Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION--										
Federal Pell Grant Program	D	84.063	N/A	7/1/22-6/30/23	N/A	\$ 94,330	\$ --	\$ 9,758	\$ (84,572)	--
Federal Pell Grant Program	D	84.063	N/A	7/1/20-6/30/21	N/A	359	(3,179)	3,538	--	--
Federal Pell Grant Program	D	84.063	N/A	7/1/21-6/30/22	N/A	841,574	(4,166)	836,520	(9,220)	--
Federal Direct Student Loans	D	84.268	N/A	7/1/22-6/30/23	N/A	141,943	--	26,841	(115,102)	--
Federal Direct Student Loans	D	84.268	N/A	7/1/20-6/30/21	N/A	75,316	(138,751)	214,067	--	--
Federal Direct Student Loans	D	84.268	N/A	7/1/21-6/30/22	N/A	1,849,641	(31,046)	1,801,308	(79,379)	--
Total Student Financial Assistance Cluster						3,003,163	(177,142)	2,892,032	(288,273)	--
Higher Education Emergency Relief Funds – COVID 19	D	84.425E	P425E203886	5/5/20-12/31/23	\$1,230,591	\$ 722,491	--	722,491	--	--
Higher Education Emergency Relief Funds – COVID 19	D	84.425F	P425F200019	5/7/20-12/31/23	1,547,221	1,039,668	81,063	958,605 (e)	--	--
Passed Through the Pennsylvania Department of Education:										
Governor's Emergency Education Relief Fund – COVID 19 – ARP ESSER – Set Aside	I	84.425C	224-21-1161	3/1/20-9/30/24	1,349,258	73,596	--	366,929	293,333	--
Governor's Emergency Education Relief Fund – COVID 19	I	84.425C	355-22-0001	3/1/21-6/30/22	620,348	620,348	--	620,348	--	--
Governor's Emergency Education Relief Fund – COVID 19	I	84.425C	354-21-0022	8/13/20-6/30/21	357,551	32,505	32,505	--	--	--
Total Education Stabilization Funds						2,488,608	113,568	2,668,373	293,333	--
CTE – Basic Grants to States	I	84.048	380-21-0020	7/1/20-6/30/21	\$ 790,697	\$ 131,783	131,783	--	--	--
CTE – Basic Grants to States	I	84.048	380-22-0056	7/1/21-6/30/22	1,063,019	797,315	--	970,443 *	173,128	--
CTE – Basic Grants to States	I	84.048	381-21-0006	7/1/20-6/30/21	234,091	58,523	58,523	--	--	--
CTE – Basic Grants to States	I	84.048	381-22-0006	7/1/21-6/30/22	252,619	189,464	--	223,904 *	34,440	--
Total CTE – Basic Grants to States						1,177,085	190,306	1,194,347	207,568	--
TOTAL U.S. DEPARTMENT OF EDUCATION						6,668,856	126,732	6,754,752	212,628	--
U.S. DEPARTMENT OF LABOR										
Passed through the Lancaster County Workforce Investment Board										
WIA/WIOA Youth Activities	I	17.259	21-ISY-1	7/1/21-6/30/22	\$ 60,000	43,608	--	53,104	9,496	--
WIA/WIOA Youth Activities	I	17.259	20-ISY-1	7/1/20-6/30/21	40,000	8,396	8,396	--	--	--
Total WIA/WIOA Youth Activities						52,004	8,396	53,104	9,496	--
WIOA Adult Program	I	17.258	20-ISY-1	7/1/20-6/30/21	15,000	3,148	3,148	--	--	--
TOTAL U.S. DEPARTMENT OF LABOR						55,152	11,544	53,104	9,496	--

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

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, 2021	Expenditures	Accrued or (Unearned) Revenue at June 30, 2022	Amount Provided to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE										
Passed through the Pennsylvania Department of Education										
P-EBT Administration Costs Grant	I	10.649	N/A	1/1/22-1/13/22	N/A	614	--	614	--	--
National School Lunch Program	I	10.555	N/A	7/1/20-6/30/21	N/A	30,433	30,433	--	--	--
National School Lunch Program	I	10.555	N/A	7/1/21-6/30/22	N/A	477,137	--	523,227 *	46,090	--
NSLP – Supply Chain Assistance	I	10.555	N/A	5/22/22-6/30/23	N/A	31,702	--	--	(31,702)	--
NSLP – SNP Emergency Operating Costs	I	10.555	N/A	9/1/21-9/30/21	N/A	23,082	--	23,082 *	--	--
Passed through the Pennsylvania Department of Agriculture										
NSLP – Value of USDA Donated Commodities	I	10.555	N/A	7/1/21-6/30/22	N/A	41,035	--	41,035 *	--	--
Total Child Nutrition Cluster						603,389	30,433	587,344	14,388	--
TOTAL U.S. DEPARTMENT OF AGRICULTURE						604,003	30,433	587,958	14,388	--
TOTAL EXPENDITURES OF FEDERAL AWARDS						\$ 7,328,011	\$ 168,709	\$ 7,395,814	\$ 236,512	\$ --

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, 2022**

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.

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, 2022:

<u>Grant No.</u>	<u>Amount</u>
224-21-1161	\$ 65,766
380-22-0056	92,576
381-22-0006	<u>1,913</u>
Total	<u>\$ 160,255</u>

NOTE 4 - SELECTION FOR FEDERAL PROGRAMS

Test of 20% Rule: (Low Risk Entity)	
*Programs Selected for Testing	
* Career and Technical Education	\$ 1,194,347
* Child Nutrition Cluster	<u>587,344</u>
Total Selected Programs	<u>\$ 1,781,691</u> = 24.09%
Total Expenditures of Federal Awards	<u>\$ 7,395,814</u>

SAGER, SWISHER AND COMPANY, LLP

Certified Public Accountants and Consultants
www.sagerswisher.com

Partners

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

Members

American Institute of
Certified Public Accountants

Pennsylvania Institute of
Certified Public Accountants

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, 2022, 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 March 22, 2023.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

A *significant deficiency* is a deficiency, or 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.

Report on 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.

Center's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Lancaster County Career and Technology Center's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Lancaster County Career and Technology Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.


Lancaster, Pennsylvania
March 22, 2023

SAGER, SWISHER AND COMPANY, LLP

Certified Public Accountants and Consultants
www.sagerswisher.com

Partners

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

Members

American Institute of
Certified Public Accountants

Pennsylvania Institute of
Certified Public Accountants

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

Qualified and Unmodified Opinions

We have audited Lancaster County Career and Technology Center's (the Center) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

Qualified Opinion on CTE – Basic Grants to States, CFDA #84.048

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Lancaster County Career and Technology Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on CTE – Basic Grants to States for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lancaster County Career and Technology Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Lancaster County Career and Technology Center's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on CTE – Basic Grants to States, CFDA #84.048

As described in the accompanying schedule of findings and questioned costs, the Lancaster County Career and Technology Center did not comply with requirements regarding CTE – Basic Grants to States No. 84.048, as described in finding number 2022-02 for Allowable Costs.

Compliance with such requirements is necessary, in our opinion, for the Lancaster County Career and Technology Center to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Lancaster County Career and Technology Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Lancaster County Career and Technology Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Lancaster County Career and Technology Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and access the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Lancaster County Career and Technology Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Lancaster County Career and Technology Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Lancaster County Career and Technology Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-02 to be a material weakness.

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 audit is not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Lancaster County Career and Technology Center's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Lancaster County Career and Technology Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Lancaster, Pennsylvania
March 22, 2023

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.048	Career & Technical Education
10.555	Child Nutrition Cluster

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

Material Weakness

#2022-001 – Internal Control over Preparation of Accounting Records

Criteria: The Center is required to prepare accurate and complete financial records as part of its annual audit preparation.

Condition: The Center failed to timely and accurately close financial records for the fiscal year ended June 30, 2022. The Center provided preliminary data for the audit, as well as reconciliations of various general ledger accounts, which required significant adjustments and revisions during the audit process.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

#2022-001 – Internal Control over Preparation of Accounting Records (Continued)

Cause: The Center transitioned accounting personnel, and experienced difficulties and delays in recruiting experienced professional candidates to fill the necessary positions. Upon filling the position, the Center failed to adequately train new employees on school accounting procedures and year end close reconciliations.

Effect: The Center was unable to accurately prepare financial records for audit and financial statement preparation. Reconciliations of current and prior year receivables, payables, interfund balances, various accruals and deferrals were delayed, and ultimately required revisions and adjustments.

Recommendation: We recommend that the Center ensure standardized training procedures for all accounting personnel, and to review year-end financial records and reconciliations for accuracy before audit procedures are performed.

Views of responsible officials and planned corrective actions: The Center experienced staffing challenges, not unlike many districts and businesses, which continued to provide workflow challenges. The Center recognizes the importance of timely and accurate financial reporting, and has planned additional review of completed work, intends to complete reconciliations monthly to reduce year-end burdens, and provide professional development opportunities to staff.

Section III – Federal Award Findings and Questioned Costs

Material Weakness

#2022-002 – CTE – Basic Grants to States, CFDA #84.048, Passed through the Pennsylvania Department of Education

Criteria: The Center is required to maintain internal controls over compliance to prevent and detect, in a timely manner, unallowable costs under federal programs.

Condition: The Center submitted for reimbursement the full retirement cost for benefits, and failed to reduce the claim by the retirement subsidy provided by the Pennsylvania Department of Education.

Cause: The Center relied on spreadsheet reconciliations that contained formula errors and overwritten data to calculate allowable costs under the program. The spreadsheet was not properly reviewed to detect the errors.

Effect: Costs were charged to the program that were unallowable under the terms of the contract. The Center overstated retirement benefit costs, resulting in questioned costs of \$72,846. In addition, the Center also requested excess restricted indirect costs in the amount of \$1,073, for a total of \$73,919 in questioned costs under the program. Final expenditure reporting for this program was also inaccurate.

Recommendation: We recommend that the business office review all grant close out spreadsheets for accuracy and consistency prior to submission. We also recommend the Center contact the Pennsylvania Department of Education to resolve the questioned costs.

Views of responsible officials and planned corrective actions: The Center recognizes the oversight and will be in contact with the Department of Education to take necessary steps to remedy the questioned costs. The Center also plans to ensure proper monitoring of spreadsheet reconciliations, and conduct regular review of grant documentation.

March 21, 2023

CORRECTIVE ACTION PLAN

This corrective action plan was developed in response to 2021-2022 audit findings presented by Sager, Swisher and Company, LLP.

Finding 1: Material Weakness- #2022-001 – Internal Control over Preparation of Accounting Records

The Center failed to timely and accurately close financial records for the fiscal year ended June 30, 2022. The Center provided preliminary data for the audit, as well as reconciliations of various general ledger accounts, which required significant adjustments and revisions during the audit process.

Finding 1: Response & Planned Corrective Action

Like Sager, Swisher and many school districts around the Lancaster County Career and Technology Center, staffing challenges have continued to provide workflow challenges. The Assistant Business Manager was hired just months before the audit season began, which did not allow for a timely and thorough training for this staff member. The LCCTC recognizes the importance of timely and accurate financial reporting. That said, LCCTC business office staff members communicated in a timely manner with all audit staff members. Due to their own staffing challenges, LCCTC staff members struggled with receiving timely communication from audit staff. While we recognize that the burden of responsibility rests on the school, we also recognize the need for timely two-way communication between auditing firm and school in order to reach a successful and timely end to the auditing process.

Planned Corrective Actions:

- Additional checks and reviews of work completed will be conducted
 - Monthly reconciliations will be conducted and reviewed on an ongoing basis to ensure that year-end close procedures are more manageable
 - Quarterly reconciliations will also be conducted as applicable (i.e. payroll and benefits)
- With a fully-staffed department, audit work will begin shortly after the beginning of the new fiscal year
- LCCTC will continue to train and provide professional development opportunities for accounting personnel

Finding 2: #2022-002 – CTE – Basic Grants to States, CFDA #84.048, Passed through the Pennsylvania Department of Education

The Center submitted for reimbursement the full retirement cost for benefits and failed to reduce the claim by the retirement subsidy provided by the Pennsylvania Department of Education.

Finding 2: Response & Planned Corrective Action

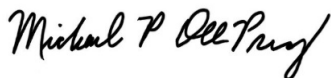
The Lancaster County Career and Technology Center recognizes this mistake and will contact the Pennsylvania Department of Education in order to repay the misstatement of expenses. Like stated in our previous finding, this was also a result of new employees training while conducting an audit.

Planned Corrective Actions:

- Correct year-end spreadsheet reconciliations to ensure proper monitoring
- Contact Pennsylvania Department of Education to rectify the overpayment
- Conduct regular review of original grant budgets and any corresponding revisions with multiple staff members to ensure that no errors exist

Please contact me with questions.

Sincerely,



Dr. Michael DelPriore
Chief Financial Officer

ADMINISTRATIVE OFFICES

1730 Hans Herr Drive, Willow Street, PA 17584 • office: 717.464.7050 • fax: 717.464.9518