

**LANCASTER COUNTY CAREER AND  
TECHNOLOGY CENTER**

**FINANCIAL REPORT**

**JUNE 30, 2023**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited 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 (Center), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the Contents.

In our opinion, the accompanying 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 the Center, as of June 30, 2023, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*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 the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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 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 GAAS 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 GAAS 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 the 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information as listed in the Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2024, 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 the Center's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Boyer & Ritter". The signature is written in a cursive, flowing style with a large loop at the end.

Camp Hill, Pennsylvania  
April 22, 2024

# **LANCASTER COUNTY CAREER AND TECHNICAL CENTER**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2023**

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, 2023. 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, 2023. 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. 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. 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**

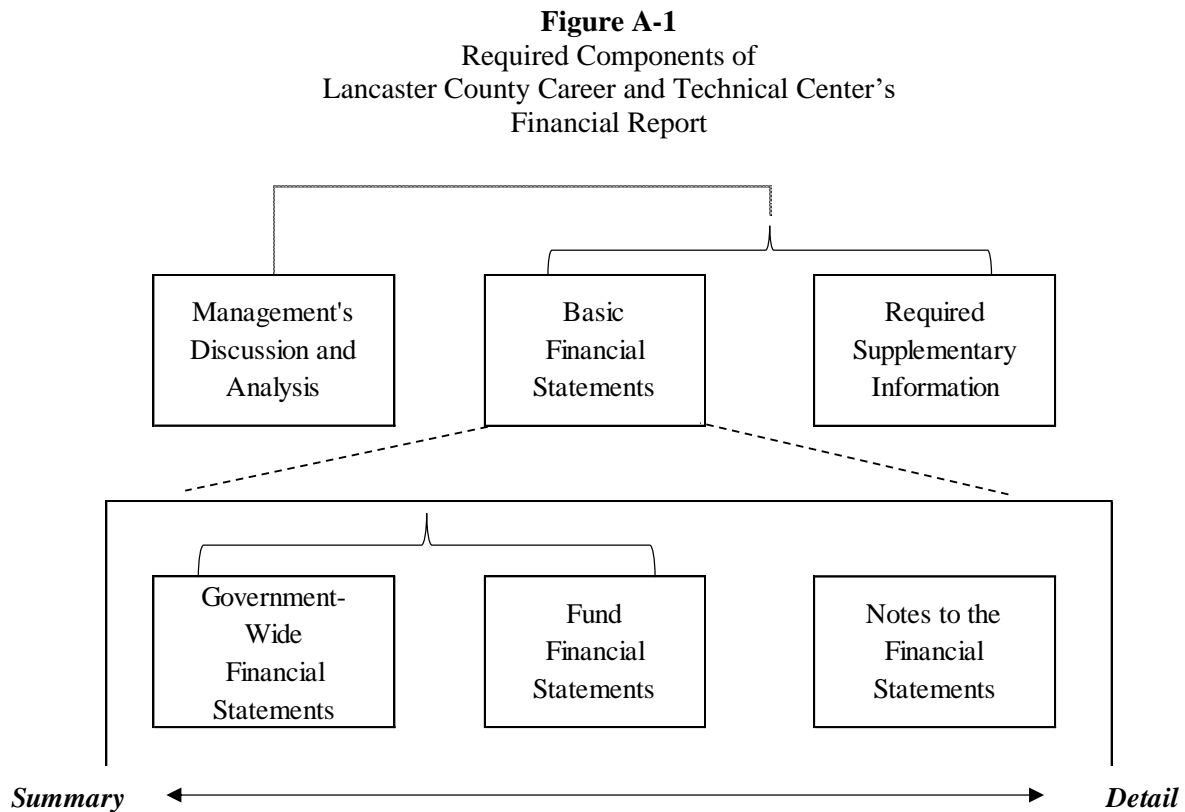
The Center's basic financial statements consist of a Statement of Net Position and a Statement of Activities which are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). These statements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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

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:





# LANCASTER COUNTY CAREER AND TECHNICAL CENTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2023

### Financial Statements (Continued)

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 management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2**  
Major Features of Lancaster County Career and Technical Center's  
Government-Wide and Fund Financial Statements

	<b>Government-Wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire Center (except fiduciary funds).	The activities of the Center that are not proprietary or fiduciary, such as education, administration and community services.	Activities the Center operates similar to private business - food services.	Instances in which the Center is the trustee or custodian to someone else's resources - scholarship funds.
<b>Required financial statements</b>	Statement of Net Position; Statement of Activities.	Balance Sheet; Statement of Revenues, Expenditures and Changes in Fund Balance.	Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows.	Statement of Fiduciary Net Position; Statement of Changes in Fiduciary Net Position.
<b>Accounting basis and measurement focus</b>	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.
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
<b>Type of inflow-outflow information</b>	All revenues and expenses during the 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 TECHNICAL CENTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

### 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 is 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 factors, such as changes in the member school district contributions and the projected enrollment 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, administration and community services. Participating school district contributions, state and federal subsidies and grants finance most of these activities.
- *Business-Type Activities* - The Center operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

#### Fund Financial Statements

The Center's fund financial statements, 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 TECHNICAL CENTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2023

### Fund Financial Statements (Continued)

- 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 in the financial report 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 \$30,988,000 at June 30, 2023, which represents an increase of \$851,670 from last year.

**Table A-1**  
**Fiscal Years Ended June 30, 2023 and June 30, 2022**  
**Net Position**

	Governmental Activities		Business-Type Activities		Center Total	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
<b>Assets/Outflows</b>						
Current and other assets	\$ 12,670,625	\$ 13,108,904	\$ 67,577	\$ 287,056	\$ 12,738,202	\$ 13,395,960
Net capital and right-to-use assets	39,480,614	37,811,872	19,352	1,725	39,499,966	37,813,597
Deferred outflows	5,901,513	6,670,466	101,000	115,657	6,002,513	6,786,123
<b>Total assets/outflows</b>	<b>\$ 58,052,752</b>	<b>\$ 57,591,242</b>	<b>\$ 187,929</b>	<b>\$ 404,438</b>	<b>\$ 58,240,681</b>	<b>\$ 57,995,680</b>
<b>Liabilities/Inflows</b>						
Current and other liabilities	\$ 6,579,413	\$ 4,585,575	\$ 60,050	\$ 223,891	\$ 6,639,463	\$ 4,809,466
Long-term liabilities	47,516,926	48,296,931	620,000	605,740	48,136,926	48,902,671
Deferred inflows	3,779,462	7,064,767	60,000	137,655	3,839,462	7,202,422
<b>Total liabilities/inflows</b>	<b>\$ 57,875,801</b>	<b>\$ 59,947,273</b>	<b>\$ 740,050</b>	<b>\$ 967,286</b>	<b>\$ 58,615,851</b>	<b>\$ 60,914,559</b>
<b>Net Position (Deficit)</b>						
Net investment in capital assets	\$ 24,028,973	\$ 20,971,537	\$ 19,352	\$ 1,725	\$ 24,048,325	\$ 20,973,262
Restricted	2,122,318	4,188,625	-	-	2,122,318	4,188,625
Unrestricted (deficit)	(25,974,340)	(27,516,193)	(571,473)	(564,573)	(26,545,813)	(28,080,766)
<b>Total net position (deficit)</b>	<b>\$ 176,951</b>	<b>\$ (2,356,031)</b>	<b>\$ (552,121)</b>	<b>\$ (562,848)</b>	<b>\$ (375,170)</b>	<b>\$ (2,918,879)</b>

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

# LANCASTER COUNTY CAREER AND TECHNICAL CENTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2023

### Financial Analysis of the Center as a Whole (Continued)

The results of this year's operations as a whole are reported in the Statement of Activities. 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 provides additional detail on how the change in net position includes expenses related to the various GASB statements.

**Table A-2**  
**Fiscal Years Ended June 30, 2023 and June 30, 2022**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Center Total	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,134,389	\$ 2,961,768	\$ 358,727	\$ 205,177	\$ 3,493,116	\$ 3,166,945
Operating grants and contributions	8,656,499	11,349,545	439,516	652,028	9,096,015	12,001,573
Capital grants and contributions	208,400	641,152	-	-	208,400	641,152
General revenues:						
Receipts from member school districts	16,989,787	16,536,196	-	-	16,989,787	16,536,196
Investment earnings	285,013	4,501	4,483	9	289,496	4,510
Gain on sale of assets	87,620	43,476	-	-	87,620	43,476
Miscellaneous income	35,304	-	-	-	35,304	-
Interfund transfers	-	-	-	-	-	-
<b>Total revenues</b>	<b>29,397,012</b>	<b>31,536,638</b>	<b>802,726</b>	<b>857,214</b>	<b>30,199,738</b>	<b>32,393,852</b>
<b>Expenses</b>						
Regular instruction	178,976	201,679	-	-	178,976	201,679
Vocational education	8,860,721	8,879,603	-	-	8,860,721	8,879,603
Adult education	5,875,280	7,589,801	-	-	5,875,280	7,589,801
Student services	1,426,605	1,488,989	-	-	1,426,605	1,488,989
Instructional staff	896,290	943,815	-	-	896,290	943,815
Administration	2,125,807	1,979,818	-	-	2,125,807	1,979,818
Pupil health	196,293	178,637	-	-	196,293	178,637
Business services	659,130	605,987	-	-	659,130	605,987
Operation of plant and maintenance serv	3,570,027	3,112,763	-	-	3,570,027	3,112,763
Student transportation services	1,338,328	1,281,170	-	-	1,338,328	1,281,170
Central services	1,344,094	1,233,216	-	-	1,344,094	1,233,216
Student activities	365,127	298,200	-	-	365,127	298,200
Community services	4,006	3,959	-	-	4,006	3,959
Interest on long-term debt	484,356	503,536	-	-	484,356	503,536
Food service	-	-	791,999	763,046	791,999	763,046
<b>Total expenses</b>	<b>27,325,040</b>	<b>28,301,173</b>	<b>791,999</b>	<b>763,046</b>	<b>28,117,039</b>	<b>29,064,219</b>
<b>Change in net position</b>	<b>2,071,972</b>	<b>3,235,465</b>	<b>10,727</b>	<b>94,168</b>	<b>2,082,699</b>	<b>3,329,633</b>

# LANCASTER COUNTY CAREER AND TECHNICAL CENTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2023

### Financial Analysis of the Center as a Whole (Continued)

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 Years Ended June 30, 2023 and June 30, 2022**  
**Governmental Activities**

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Functions/Programs</b>				
Regular instruction	\$ 178,976	\$ 154,075	\$ 201,679	\$ 177,304
Vocational education	8,860,721	4,679,219	8,879,603	5,121,939
Adult education	5,875,280	7,843	7,589,801	(901,378)
Student services	1,426,605	796,401	1,488,989	558,480
Instructional staff	896,290	816,965	943,815	475,236
Administration	2,125,807	1,909,381	1,979,818	1,758,836
Pupil health	196,293	179,488	178,637	160,796
Business services	659,130	585,121	605,987	502,550
Operation of plant and maintenance ser	3,570,027	3,247,583	3,112,763	2,675,025
Student transportation services	1,338,328	1,338,328	1,281,170	1,281,170
Central services	1,344,094	1,202,570	1,233,216	1,033,546
Student activities	365,127	(79,584)	298,200	(2,291)
Community services	4,006	4,006	3,959	3,959
Interest on long-term debt	484,356	484,356	503,536	503,536
<b>Total Governmental Activities</b>	<u>\$ 27,325,040</u>	<u>15,325,752</u>	<u>\$ 28,301,173</u>	<u>13,348,708</u>
Less: Unrestricted Grants, Subsidies and Contributions		<u>-</u>		<u>-</u>
<b>Total Needs from Member School Districts and Other Revenues</b>		<u>\$ 15,325,752</u>		<u>\$ 13,348,708</u>

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

# LANCASTER COUNTY CAREER AND TECHNICAL CENTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2023

**Table A-4**  
**Fiscal Years Ended June 30, 2023 and June 30, 2022**  
**Business-Type Activities**

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Functions/Programs</b>				
Food Service	\$ 791,999	\$ (6,244)	\$ 763,046	\$ (94,159)
Less:				
Investment Earnings and Transfers		(4,483)		-
<b>Total Business-Type Activities</b>	<b>\$ 791,999</b>	<b>\$ (10,727)</b>	<b>\$ 763,046</b>	<b>\$ (94,159)</b>

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

### The Center Funds

At June 30, 2023, the Center's governmental funds reported a combined fund balance of \$5,069,028 which represents a decrease of \$2,292,695 from June 30, 2022. The primary reason for this decrease is because of the spending down of the Capital Reserve fund, which used to improve facilities over future years, as opposed to the contemplation of long term debt. In addition, the CTC maintains an unrestricted fund balance. The General Fund had a decrease 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 in the required supplementary information section of the report.

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.

# LANCASTER COUNTY CAREER AND TECHNICAL CENTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2023

### 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 Years Ended June 30, 2023 and June 30, 2022**  
**Capital and Right-to-use Assets (net of depreciation/amortization)**

	2023	2022	Change
<b>Governmental Activities</b>			
Land	\$ 1,096,243	\$ 1,096,243	\$ -
Construction-in-progress	2,584,838	304,194	2,280,644
Construction-in-progress - house projects	731,242	469,039	262,203
Land improvements	997,914	1,099,723	(101,809)
Buildings	29,717,865	30,761,273	(1,043,408)
Equipment	3,953,475	4,193,374	(239,899)
Right-to-use building	37,531	75,062	(37,531)
Right-to-use leased equipment	228,922	273,974	(45,052)
Right-to-use subscription assets	132,584	201,334	(68,750)
<b>Business-Type Activities</b>			
Equipment	19,352	1,725	17,627
<b>Total Capital Assets</b>	<u>\$ 39,499,966</u>	<u>\$ 38,475,941</u>	<u>\$ 1,024,025</u>

The Center had a decrease of \$1,024,025 in capital assets. More detailed information about our capital assets is included in the notes to the financial statements.

### Financial Highlights - 2022-2023

- District contributions of \$16,989,787 accounted for 59.54% of the total General Fund revenues of \$28,531,846. District contributions comprised a slightly larger percentage of revenue due to decreased funding at the federal level.
- The total revenues exceeding expenses for the General Fund secondary operations is \$491,172. 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 transferred \$491,172 to the 2001 and 2018 Capital Reserve Funds equally, for the purpose of future facilities improvements.
- Adult education programming netted a profit of \$205,468 for the year. These profits were allocated to the 2001 and 2018 Capital Reserve Funds equally.

## LANCASTER COUNTY CAREER AND TECHNICAL CENTER

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2023

#### **Economic Factors in 2022-2023 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 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 TECHNICAL CENTER

## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2023

### 2023/24 General Fund Budget:

**Table A-6**  
**Budget Comparison**  
**General Fund Only - Original Budget**

	Budgeted Revenue	
	2022/23	2023/24
Local	78.25%	79.08%
State	16.50%	16.88%
Federal/Other	5.25%	4.04%
	Budgeted Expenditures	
	2022/23	2023/24
Instruction	43.87%	41.96%
Support services	47.59%	49.79%
Non-instruction / community	0.30%	0.32%
Fund transfer / debt service	8.24%	7.93%

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 2023-2024 LCCTC General Fund Budget reflects this reality. The overall district contribution is proposed to increase by 4.9%, 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.

2023-2024 General Fund Budget is based on a student-focused approach. Highlights of the proposed budget are below.

- Continuously foster, promote, and evaluate high-quality programs that maximize opportunities for students while minimizing the financial impact to those students
- Develop and grow postsecondary programming to benefit our students as well
- provide a positive revenue stream to the LCCTC
- Continue fully-funding textbooks, tools, and primary program certifications for all students
- Provide additional funding to instructional programs for the increased prices for consumable materials
- Utilize federal, state, and local grants to allow for the purchase of needed instructional equipment and personnel needs

## **LANCASTER COUNTY CAREER AND TECHNICAL CENTER**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Year Ended June 30, 2023**

#### **Lancaster County Career & Technology Foundation (LCCTF)**

The LCCTF has been in operation for over 20 years 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 eighteenth year of operation in 2023.

#### **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 Stuart Savin, Administrative Director, at the Lancaster County Career & Technology Center, Willow Street Campus. Telephone: (717) 464-7050 or email: ssavin@lancasterctc.edu.

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

STATEMENT OF NET POSITION  
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 9,848,087	\$ 468,010	\$ 10,316,097
Due from other governments	2,023,218	23,906	2,047,124
Internal balances	458,238	(458,238)	-
Other receivables	1,308	7,179	8,487
Inventories	316,646	26,720	343,366
Prepaid expenses	23,128	-	23,128
Total current assets	12,670,625	67,577	12,738,202
Capital and right-to-use assets, net			
Land	1,096,243	-	1,096,243
Construction-in-progress	2,584,838	-	2,584,838
Construction - house projects	731,242	-	731,242
Land improvements	997,914	-	997,914
Buildings	29,717,865	-	29,717,865
Equipment	3,953,475	19,352	3,972,827
Right-to-use leased assets	266,453	-	266,453
Right-to-use subscription assets	132,584	-	132,584
Total capital and right-to-use assets, net	39,480,614	19,352	39,499,966
<b>Total assets</b>	<b>\$ 52,151,239</b>	<b>\$ 86,929</b>	<b>\$ 52,238,168</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on refinancing of bonds, net of amortization	\$ 543,423	\$ -	\$ 543,423
Deferred amounts on pension liability	4,958,000	101,000	5,059,000
Deferred amounts on OPEB liabilities	400,090	-	400,090
<b>Total deferred outflows of resources</b>	<b>\$ 5,901,513</b>	<b>\$ 101,000</b>	<b>\$ 6,002,513</b>
<b>Liabilities</b>			
Current liabilities			
Due to other governments	\$ 516,758	\$ -	\$ 516,758
Accounts payable	1,600,259	14,517	1,614,776
Retainage payable	68,864	-	68,864
Current portion of bonds/notes payable	920,000	-	920,000
Current portion of leases payable	179,920	-	179,920
Current portion of subscription liabilities	74,940	-	74,940
Current portion of accumulated compensated absences	51,991	-	51,991
Accrued salaries and benefits	2,797,645	3,856	2,801,501
Payroll deductions and withholdings	109,223	-	109,223
Unearned revenues	259,813	41,677	301,490
Total current liabilities	6,579,413	60,050	6,639,463
Long-term liabilities			
Bonds/notes payable, net of unamortized premium	14,635,404	-	14,635,404
Leases payable	135,159	-	135,159
Subscription liabilities	49,641	-	49,641
Long-term portion of accumulated compensated absences	342,637	-	342,637
Net pension liability	30,368,000	620,000	30,988,000
Other post-employment benefits (OPEB) liabilities	1,986,085	-	1,986,085
Total long-term liabilities	47,516,926	620,000	48,136,926
<b>Total liabilities</b>	<b>\$ 54,096,339</b>	<b>\$ 680,050</b>	<b>\$ 54,776,389</b>
<b>Deferred Inflows of Resources</b>			
Deferred amounts on pension liability	\$ 2,952,000	\$ 60,000	\$ 3,012,000
Deferred amounts on OPEB liabilities	827,462	-	827,462
<b>Total deferred inflows of resources</b>	<b>\$ 3,779,462</b>	<b>\$ 60,000</b>	<b>\$ 3,839,462</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	\$ 24,028,973	\$ 19,352	\$ 24,048,325
Restricted for capital projects	2,122,318	-	2,122,318
Unrestricted (deficit)	(25,974,340)	(571,473)	(26,545,813)
<b>Total net position (deficit)</b>	<b>\$ 176,951</b>	<b>\$ (552,121)</b>	<b>\$ (375,170)</b>

See Notes to Financial Statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Regular instruction	\$ 178,976	\$ -	\$ 24,901	\$ -	\$ (154,075)	\$ -	\$ (154,075)
Vocational education	8,860,721	17,014	3,956,088	208,400	(4,679,219)	-	(4,679,219)
Adult education	5,875,280	2,413,607	3,453,830	-	(7,843)	-	(7,843)
Student services	1,426,605	-	630,204	-	(796,401)	-	(796,401)
Instructional staff	896,290	-	79,325	-	(816,965)	-	(816,965)
Administration	2,125,807	-	216,426	-	(1,909,381)	-	(1,909,381)
Pupil health	196,293	-	16,805	-	(179,488)	-	(179,488)
Business services	659,130	-	74,009	-	(585,121)	-	(585,121)
Operation of plant and maintenance services	3,570,027	196,933	125,511	-	(3,247,583)	-	(3,247,583)
Student transportation services	1,338,328	-	-	-	(1,338,328)	-	(1,338,328)
Central services	1,344,094	62,124	79,400	-	(1,202,570)	-	(1,202,570)
Student activities	365,127	444,711	-	-	79,584	-	79,584
Community services	4,006	-	-	-	(4,006)	-	(4,006)
Interest on long-term debt	484,356	-	-	-	(484,356)	-	(484,356)
<b>Total governmental activities</b>	<b>27,325,040</b>	<b>3,134,389</b>	<b>8,656,499</b>	<b>208,400</b>	<b>(15,325,752)</b>	<b>-</b>	<b>(15,325,752)</b>
<b>Business-Type Activities:</b>							
Food service	791,999	358,727	439,516	-	-	6,244	6,244
<b>Total primary government</b>	<b>\$ 28,117,039</b>	<b>\$ 3,493,116</b>	<b>\$ 9,096,015</b>	<b>\$ 208,400</b>	<b>\$ (15,325,752)</b>	<b>\$ 6,244</b>	<b>\$ (15,319,508)</b>
<b>General Revenues:</b>							
Receipts from member school districts					\$ 16,989,787	\$ -	\$ 16,989,787
Investment earnings					285,013	4,483	289,496
Gain on sale of assets					87,620	-	87,620
Miscellaneous					35,304	-	35,304
<b>Total general revenues</b>					<b>17,397,724</b>	<b>4,483</b>	<b>17,402,207</b>
<b>Change in net position</b>					<b>2,071,972</b>	<b>10,727</b>	<b>2,082,699</b>
<b>Net Position (Deficit) - July 1, 2022</b>					<b>(2,356,031)</b>	<b>(562,848)</b>	<b>(2,918,879)</b>
<b>Prior period adjustment (see Note 1)</b>					<b>461,010</b>	<b>-</b>	<b>461,010</b>
<b>Net Position (Deficit) - July 1, 2022 (restated)</b>					<b>(1,895,021)</b>	<b>(562,848)</b>	<b>(2,457,869)</b>
<b>Net Position (Deficit) - June 30, 2023</b>					<b>\$ 176,951</b>	<b>\$ (552,121)</b>	<b>\$ (375,170)</b>

See Notes to Financial Statements.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023

	Major Funds		Non-major	Total
	General	Capital	Student Activity/	Total
	Fund	Projects	Production	Governmental
	Fund	Fund	Fund	Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 7,600,084	\$ 2,064,439	\$ 183,564	\$ 9,848,087
Due from other funds	347,874	609,343	51,956	1,009,173
Due from other governments	2,023,218	-	-	2,023,218
Other receivables	1,308	-	-	1,308
Inventories	316,646	-	-	316,646
<b>Total assets</b>	<b>\$ 10,289,130</b>	<b>\$ 2,673,782</b>	<b>\$ 235,520</b>	<b>\$ 13,198,432</b>
<b>Liabilities</b>				
Due to other funds	\$ 2,848,024	\$ 62,703	\$ 3,568	\$ 2,914,295
Due to other governments	516,758	-	-	516,758
Accounts payable	533,188	929,618	-	1,462,806
Retainage payable	-	68,864	-	68,864
Accrued salaries and benefits	2,797,645	-	-	2,797,645
Payroll deductions and withholdings	109,223	-	-	109,223
Unearned revenues	259,813	-	-	259,813
<b>Total liabilities</b>	<b>7,064,651</b>	<b>1,061,185</b>	<b>3,568</b>	<b>8,129,404</b>
<b>Fund Balances</b>				
Nonspendable	316,646	-	-	316,646
Restricted	-	2,122,318	-	2,122,318
Committed	207,272	-	-	207,272
Assigned	-	-	231,952	231,952
Unassigned (deficit)	2,700,561	(509,721)	-	2,190,840
<b>Total fund balances</b>	<b>3,224,479</b>	<b>1,612,597</b>	<b>231,952</b>	<b>5,069,028</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,289,130</b>	<b>\$ 2,673,782</b>	<b>\$ 235,520</b>	<b>\$ 13,198,432</b>

See Notes to Financial Statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**June 30, 2023**

<b>Total fund balances - governmental funds</b>		<b>\$ 5,069,028</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right-to-use assets used in governmental activities are not financial resources, and therefore, they are not reported as assets in governmental funds. The cost of assets is \$70,292,728, and the accumulated depreciation/amortization is \$30,812,114.		39,480,614
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.		2,225,907
The difference between the re-acquisition price and the net carrying amount of the refunded debt is a deferred outflow of resources, which is not reported in the funds.		543,423
Deferred inflows and outflows of resources related to pensions are applicable to future periods, and therefore, are not reported within the funds. Deferred inflows and outflows related to pensions are as follows (see footnotes for detail):		
Deferred outflows		4,958,000
Deferred inflows		(2,952,000)
Deferred inflows and outflows of resources related to OPEB are applicable to future periods, and therefore, are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnotes for detail):		
Deferred outflows		400,090
Deferred inflows		(827,462)
Long-term liabilities; including bonds payable, leases payable, subscription liabilities, compensated absences, net pension liabilities, and other post-employment benefits; are not due and payable in the current period, and therefore, they are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable, net of related premium and prepaid insurance costs	(15,532,276)	
Leases payable	(315,079)	
Subscription liabilities	(124,581)	
Net pension liability	(30,368,000)	
OPEB liabilities	(1,986,085)	
Accumulated compensated absences	(394,628)	(48,720,649)
<b>Total net position (deficit) - governmental activities</b>		<b>\$ 176,951</b>

See Notes to Financial Statements.

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2023

	Major Funds		Non-major	Totals
	General Fund	Capital Projects Fund	Student Activity/Production Fund	Governmental Funds
Revenues				
Local sources:				
Receipts from member school districts	\$ 16,989,787	\$ -	\$ -	\$ 16,989,787
Rentals	98,032	-	-	98,032
Investment earnings	206,153	78,860	-	285,013
Contributions	98,900	-	-	98,900
Tuition	2,413,607	-	-	2,413,607
Revenue from Center activities	133,460	-	-	133,460
Revenue from student activities and production	-	-	328,265	328,265
Other revenue	62,126	-	-	62,126
Total local sources	20,002,065	78,860	328,265	20,409,190
State sources	4,805,922	-	-	4,805,922
Federal sources	4,058,976	-	-	4,058,976
<b>Total revenues</b>	<b>28,866,963</b>	<b>78,860</b>	<b>328,265</b>	<b>29,274,088</b>
Expenditures				
Current:				
Instruction	15,330,547	-	-	15,330,547
Support services	11,484,465	276,679	-	11,761,144
Operation of non-instructional services	65,769	-	308,975	374,744
Total current	26,880,781	276,679	308,975	27,466,435
Capital outlay				
Facilities acquisition, construction and improvement services	-	3,126,706	-	3,126,706
Debt services				
Principal	1,149,868	-	-	1,149,868
Interest and fiscal charges	469,273	-	-	469,273
Total debt services	1,619,141	-	-	1,619,141
Refund of prior years' revenue	100,720	-	-	100,720
<b>Total expenditures</b>	<b>28,600,642</b>	<b>3,403,385</b>	<b>308,975</b>	<b>32,313,002</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>266,321</b>	<b>(3,324,525)</b>	<b>19,290</b>	<b>(3,038,914)</b>
Other Financing Sources (Uses)				
Interfund transfers	(546,640)	546,640	-	-
Proceeds from sale of capital assets	123,506	415,900	-	539,406
Proceeds from leases	171,511	-	-	171,511
Insurance recoveries	35,302	-	-	35,302
<b>Total other financing sources (uses)</b>	<b>(216,321)</b>	<b>962,540</b>	<b>-</b>	<b>746,219</b>
<b>Net change in fund balances</b>	<b>50,000</b>	<b>(2,361,985)</b>	<b>19,290</b>	<b>(2,292,695)</b>
Fund Balances - July 1, 2022	3,174,479	3,974,582	212,662	7,361,723
Fund Balances - June 30, 2023	\$ 3,224,479	\$ 1,612,597	\$ 231,952	\$ 5,069,028

See Notes to Financial Statements.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2023**

<b>Net changes in fund balances - governmental funds</b>	\$ (2,292,695)
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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 costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation/amortization of capital or right-to-use assets and the net book value of disposed assets.

Capital outlays	3,099,278	
Less net book value of disposed assets	(92,910)	
Less depreciation/amortization expense	(1,999,970)	1,006,398

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.

(61,074)

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

Center pension and OPEB contributions (PSERS)		3,690,000
Cost of benefits earned net of employee contributions (PSERS)		(1,365,677)

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.

Change in compensated absences		127,816
Change in other post-employment benefits (Center's Plan)		(38,931)

The issuance of long-term obligations (e.g., bonds, leases, loans, subscription liabilities) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of insurance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term obligations and related items is as follows:

Issuance of leases payable	(171,511)	
Repayment of long-term debt	905,000	
Repayment of leases payable	210,976	
Repayment of subscription liabilities	76,753	
Amortization of bond insurance costs	(1,652)	
Amortization of charges for bond refunding	(38,817)	
Amortization of bond premium	25,386	1,006,135

<b>Change in net position - governmental activities</b>	<u><u>\$ 2,071,972</u></u>
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See Notes to Financial Statements.



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

**June 30, 2023**

	Business-Type Activities	Governmental Activities
	Food Service Fund	Internal Service Fund
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 468,010	\$ -
Due from other funds	-	2,363,360
Due from other governments	23,906	-
Other receivables	7,179	-
Inventories	26,720	-
<b>Total current assets</b>	<b>525,815</b>	<b>2,363,360</b>
Noncurrent assets		
Machinery and equipment, net of accumulated depreciation	19,352	-
<b>Total assets</b>	<b>\$ 545,167</b>	<b>\$ 2,363,360</b>
<b>Deferred Outflows of Resources</b>		
Deferred amounts on pension liability	\$ 101,000	\$ -
<b>Liabilities</b>		
Current liabilities		
Due to other funds	\$ 458,238	\$ -
Accounts payable	14,517	137,453
Accrued salaries and benefits	3,856	-
Unearned revenues	41,677	-
<b>Total current liabilities</b>	<b>518,288</b>	<b>137,453</b>
Noncurrent liabilities		
Net pension liability	620,000	-
<b>Total liabilities</b>	<b>\$ 1,138,288</b>	<b>\$ 137,453</b>
<b>Deferred Inflows of Resources</b>		
Deferred amounts on pension liability	\$ 60,000	\$ -
<b>Net Position (Deficit)</b>		
Net investment in capital assets	\$ 19,352	\$ -
Unrestricted (deficit)	(571,473)	2,225,907
<b>Total net position (deficit)</b>	<b>\$ (552,121)</b>	<b>\$ 2,225,907</b>

See Notes to Financial Statements.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - FOOD SERVICE

Year Ended June 30, 2023

	Business-Type Activities	Governmental Activities
	Enterprise Fund	
	Food Service Fund	Internal Service Fund
Operating Revenues		
Lunch sales	\$ 241,008	\$ -
Special function revenue	867	-
Contracted service revenue	116,852	-
Charges for services	-	2,686,904
<b>Total operating revenues</b>	<b>358,727</b>	<b>2,686,904</b>
Operating Expenses		
Salaries	241,680	-
Employee benefits	82,860	2,396,128
Purchased professional and technical services	940	63,137
Other purchased services	1,566	288,713
Supplies	463,889	-
Depreciation	1,064	-
<b>Total operating expenses</b>	<b>791,999</b>	<b>2,747,978</b>
<b>Operating loss</b>	<b>(433,272)</b>	<b>(61,074)</b>
Nonoperating Revenues		
State sources	54,053	-
Federal sources	385,463	-
Investment earnings	4,483	-
<b>Total nonoperating revenues</b>	<b>443,999</b>	<b>-</b>
<b>Change in net position</b>	<b>10,727</b>	<b>(61,074)</b>
Net Position (Deficit) - July 1, 2022	(562,848)	2,286,981
Net Position (Deficit) - June 30, 2023	<u>\$ (552,121)</u>	<u>\$ 2,225,907</u>

See Notes to Financial Statements.

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

STATEMENT OF CASH FLOWS - FOOD SERVICE  
Year Ended June 30, 2023

	Business-Type Activities Food Service Fund	Governmental Activities Internal Service Fund
Cash Flows From Operating Activities		
Cash received from users	\$ 390,300	\$ -
Cash received from assessments made to other funds	-	2,747,978
Cash payments to employees for services	(94,312)	
Cash payments to suppliers for goods and services	(416,847)	(2,747,978)
<b>Net cash used in operating activities</b>	<b>(120,859)</b>	<b>-</b>
Cash Flows From Noncapital Financing Activities		
State sources	54,287	-
Federal sources	362,902	-
Interfund transfers	-	
<b>Net cash provided by noncapital financing activities</b>	<b>417,189</b>	<b>-</b>
Cash Flows From Capital and Related Financing Activities		
Purchases of capital assets	(18,691)	-
Loss on sale of fixed assets	-	-
<b>Net cash used in capital and related financing activities</b>	<b>(18,691)</b>	<b>-</b>
Cash Flows From Investing Activities		
<b>Investment earnings</b>	<b>4,483</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>282,122</b>	<b>-</b>
Cash and Cash Equivalents:		
July 1, 2022	185,888	-
June 30, 2023	<b>\$ 468,010</b>	<b>\$ -</b>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities		
Used in Operating Activities		
Operating income (loss)	\$ (433,272)	\$ (61,074)
Adjustments to reconcile operating income (loss) to net cash used in operating activities		
Depreciation	1,064	-
Donated commodities	45,521	-
Decrease (increase) in:		
Due from other funds	-	144,748
Other receivables	21,598	-
Due from other governments	-	40,271
Inventories	(1,429)	-
Deferred outflows of resources	14,657	-
(Decrease) increase in:		
Due to other funds	282,004	-
Accounts payable	5,456	(123,945)
Accrued salaries and benefits	(3,038)	-
Unearned revenues	9,975	-
Net pension liability	14,260	-
Deferred inflows of resources	(77,655)	-
<b>Net cash used in operating activities</b>	<b>\$ (120,859)</b>	<b>\$ -</b>
<b>Supplemental Disclosure</b>		
Noncash noncapital financing activity:		
USDA donated commodities	<b>\$ 45,521</b>	<b>\$ -</b>

See Notes to Financial Statements.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

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### 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 formed on September 15, 1968 under the Municipal Authorities Act of 1945 to finance and construct the buildings and obtain equipment for 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. The Authority leases the buildings and some equipment to the Center to cover the cost of debt service on the outstanding bonds and notes. During the year ended June 30, 2023, the Center received \$1,367,640 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 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. Complete financial statements of the Authority can be obtained at the business office of the Lancaster County Career and Technology Center.

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.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **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.

##### **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.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### C. Basis of Presentation (Continued)

The Center reported the following major governmental funds:

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

Capital Projects 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:

Student Activity/Production Fund- 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.

#### 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.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

##### **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 board members of the member districts.

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 \$5,856,208. 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.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### F. 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.

#### G. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources

Cash and Cash Equivalents: 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.

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.

Inventory: 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, 2023. The inventory consisted of purchased commodities and supplies valued at cost using the first-in, first-out (FIFO) method.

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

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### G. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources (Continued)

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:

Assets	Years
Land improvements	15 to 50
Buildings	10 to 50
Equipment	5 to 20

Deferred Outflows of Resources - Deferred Amounts on Refinancing of Bonds: The Center recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred outflow and recognizes it as a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Deferred Outflows of Resources - Pensions and Other Post-Employment Benefits: The Center recognizes deferred outflows of resources, which represent a consumption of net assets that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The Center has identified these items in subsequent notes to the financial statements.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### G. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources (Continued)

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.

Lease and Subscription Based Information Technology Arrangement (SBITA) Liabilities: The Center enters into non-cancellable arrangements for the leasing of building space and equipment and for subscription based information technology. A liability and an intangible right-to-use asset is recognized in the government-wide financial statements. Lease and SBITA that are significant, either individually or in the aggregate, are recognized.

At the commencement of a lease or SBITA, the Center initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The right-to-use asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the contract commencement date. Subsequently, the right-to-use asset is amortized on a straight-line basis over its useful life and the useful life is consistent with the term of the agreement.

Key estimates and judgments include how the Center determines (1) the discount rate it uses to discount the expected payments to present value, (2) contract term, and (3) contract payments. The Center uses the interest rate charged by the lessor as the discount rate for lease and SBITA liabilities, if provided. When the interest rate charged is not provided, the Center generally uses its estimated incremental borrowing rate as the discount rate for lease and SBITA liabilities.

The term includes the non-cancellable period of the lease or SBITA. Payments included in the measurement of the liability are composed of fixed payments and the purchase option price that the Center is reasonably certain to exercise. The Center monitors changes in circumstances that would require a remeasurement of its arrangements and will remeasure the related asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Right-to-use assets are reported with other capital assets and lease and SBITA liabilities are reported with long-term debt on the Statement of Net Position.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### G. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources (Continued)

###### 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 employees 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.

Pensions: Substantially all full-time and qualifying part-time employees of the Center participate in a cost-sharing multiple employer defined benefit pension plan. 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.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (Continued)

#### G. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources (Continued)

Other Post-Employment Benefits (OPEB): In the government-wide financial statements, the Center recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The Center participates in two plans, the first is a single employer plan administered by the Center. The Plan provides retiree health, vision, dental care and prescription drug benefits for eligible, retired employees and their qualified spouses/beneficiaries. The Center estimates the cost of providing these benefits through an actuarial valuation.

The Center also participates in a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. 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.

The balance of the Center's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2023, are as follows:

	Governmental Activities	Business-Type Activities	Total
<b>OPEB Liabilities</b>			
Center's Single Employer Plan	\$ 699,085	\$ -	\$ 699,085
PSERS Cost-Sharing Plan	1,287,000	-	1,287,000
Total	<u>\$ 1,986,085</u>	<u>\$ -</u>	<u>\$ 1,986,085</u>
<b>Deferred Outflows of Resources</b>			
Center's Single Employer Plan	\$ 119,690	\$ -	\$ 119,690
PSERS Cost-Sharing Plan	280,400	-	280,400
Total	<u>\$ 400,090</u>	<u>\$ -</u>	<u>\$ 400,090</u>
<b>Deferred Inflows of Resources</b>			
Center's Single Employer Plan	\$ 355,462	\$ -	\$ 355,462
PSERS Cost-Sharing Plan	472,000	-	472,000
Total	<u>\$ 827,462</u>	<u>\$ -</u>	<u>\$ 827,462</u>

Additional disclosures related to other post-employment benefits of the Center's Single Employer PSERS Cost-Sharing Plan can be found in subsequent notes to the financial statements.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### G. Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources (Continued)

Deferred Inflows of Resources - Pensions and Other Post-Employment Benefits: The Center recognizes deferred inflows of resources, which represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The Center has identified these items in subsequent notes to the financial statements.

Interfund Activity: Advances between funds that are not expected to be repaid are accounted for as transfers. In cases when repayment is expected, the advances are accounted for through the various due from and due to accounts. Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are indicated on the Statement of Net Position as internal balances.

Fund Balance: The Center's fund balance classifications are defined and described as follows:

Nonspendable: Amounts that cannot be spent, either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted: Amounts that can be spent only for a specific purpose because of constitutional provisions, enabling legislation, or because of constraints that are imposed by external parties, such as creditors, grantors, or other governments.

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 D 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.

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

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### H. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which based on our review, may be applicable to the Center's reporting requirements.

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended June 30, 2023:

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. The adoption of this pronouncement was determined not to have a material impact on the Center's beginning balances and current year results.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnerships. The adoption of this pronouncement was determined not to have a material impact on the Center's beginning balances and current year results.

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and (4) requires note disclosures regarding a SBITA. The adoption of this pronouncement resulted in the measurement of SBITA liabilities using the remaining lease term and discount rate at July 1, 2022, and the right-to-use assets were measured based on the lease liability. Accordingly, a restatement of net position was not necessary to implement this statement.

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The adoption of this pronouncement was determined not to have a material impact on the Center's beginning balances and current year results.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### H. New Accounting Pronouncements (Continued)

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years, with modified effective dates as established by GASB Statement No. 95:

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 6*, will be effective for the Center beginning with its year ending June 30, 2024 (fiscal years beginning after June 15, 2023). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements.

GASB Statement No. 101, *Compensated Absences*, will be effective for the Center beginning with its year ending June 30, 2025, (fiscal years beginning after December 15, 2023). This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

The effects of implementation of these standards have not yet been determined.

#### I. Other

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

Reclassifications: Certain items have been reclassified to meet current year presentations.

Restatement of Net Position Beginning Balances: As of July 1, 2022, the Center restated the net position of the Governmental Activities. This restatement was necessary due to errors reported in the financial statements for the year ended June 30, 2023. The restatement had the following effects on net position:

	Governmental Activities
Net position as previously reported on June 30, 2022	\$ (2,356,031)
Prior period adjustment of capital assets and accumulated depreciation	461,010
Net Position as rested on July 1, 2022	<u>\$ (1,895,021)</u>

Subsequent Events: In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through April 22, 2024, the date the financial statements were available to be issued.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Cash and Cash Equivalents

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

- Obligations of (a) 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, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) 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.
- Certain other high-quality bank and corporate instruments.
- 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 deposits 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 and Cash Equivalents - Custodial Credit Risk

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, 2023, \$8,057,739 of the Center's bank balance of \$10,568,034 was exposed to custodial credit risk as:

#### Reconciliation of Cash and Cash Equivalents to the Financial Statements:

	Amount
Uninsured amount	\$ 8,057,739
Insured amount	445,855
Bank balance	8,503,594
Outstanding checks	(254,353)
Deposits in transit	1,692
Carrying amount - bank balances	8,250,933
Petty cash	725
PLGIT - pooled cash equivalent	1,587,682
PSDLAF - pooled cash equivalent	476,757
Total cash and cash equivalents per the financial statements	\$ 10,316,097



## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Cash and Cash Equivalents (Continued)

##### Concentration of Credit Risk

The Center holds deposit and investment accounts at various financial institutions. The total deposits and investments of \$10,568,034 as of June 30, 2023, were held in the various financial institutions as follows:

Financial Institution	Deposit and Investment Amount	Concentration Percentage
Fulton Bank	\$ 8,307,739	78.61%
PA Local Government Investment Trust (PLGIT)	1,587,682	15.02%
PA School District Liquid Asset Fund (PSDLAF)	476,757	4.51%
PNC Bank	151,830	1.44%
Northwest Bank	44,026	0.42%
	<u>\$ 10,568,034</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, 2023, 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 3. Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the Center. At June 30, 2023, the following amounts are due from other governmental units:

	General Fund	Food Service Fund
Federal	\$ 137,360	\$ 23,130
State	737,858	776
Local	1,148,000	-
	<u>\$ 2,023,218</u>	<u>\$ 23,906</u>

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Interfund Balances and Interfund Transfers

Individual fund receivable and payable balances at June 30, 2023, are as follows:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General	\$ 347,874	\$ 2,848,024
Capital projects	609,343	62,703
Non-major governmental	51,956	3,568
Proprietary Funds		
Food service	-	458,238
Internal service	2,363,360	-
	<u>\$ 3,372,533</u>	<u>\$ 3,372,533</u>

All interfund receivable/payable balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All balances are expected to be repaid within the following year. The general fund owed the capital reserve fund for approved transfers and the internal service fund for services provided at year end. The food service 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 fund (non-major governmental) owed the general fund for charges at year end, and general fund owed the student activity/production fund at year end.

Interfund transfers for the year ended June 30, 2023, are as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	\$ -	\$ 546,640
Capital projects	546,640	-
	<u>\$ 546,640</u>	<u>\$ 546,640</u>

A transfer of \$155,468 is the funding of the capital reserve fund from excess adult education revenues over expenditures based on the agreement established by the JOC. A transfer of \$391,172 to the capital reserve fund was to fund future capital projects and was approved by the JOC.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital and Right-to-use Assets

Capital and right-to-use asset activity for governmental and business-type activities for the year ended June 30, 2023, is as follows:

	July 1, 2022 (restated)	Additions	Deletions	June 30, 2023
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$ 1,096,243	\$ -	\$ -	\$ 1,096,243
Construction-in-progress	304,194	2,304,744	(24,100)	2,584,838
Construction-in-progress - house projects	469,039	682,493	(420,290)	731,242
Total capital assets not being depreciated	1,869,476	2,987,237	(444,390)	4,412,323
Capital and right-to-use assets being depreciated/amortized				
Land improvements	2,126,096	-	-	2,126,096
Buildings	50,478,136	37,488	(5,025)	50,510,599
Equipment	12,202,168	347,432	(109,093)	12,440,507
Right-to-use leased building	112,593	-	-	112,593
Right-to-use leased equipment	521,176	171,511	(203,411)	489,276
Right-to-use subscription assets	201,334	-	-	201,334
Total capital and right-to-use assets being depreciated/amortized	65,641,503	556,431	(317,529)	65,880,405
Less accumulated depreciation/amortization				
Land improvements	1,026,373	101,809	-	1,128,182
Buildings	19,716,863	1,076,248	(377)	20,792,734
Equipment	8,008,794	560,483	(82,245)	8,487,032
Right-to-use leased building	37,531	37,531	-	75,062
Right-to-use leased equipment	247,202	155,149	(141,997)	260,354
Right-to-use subscription assets	-	68,750	-	68,750
Total accumulated depreciation/amortization	29,036,763	1,999,970	(224,619)	30,812,114
Total capital and right-to-use assets being depreciated/amortized, net	36,604,740	(1,443,539)	(92,910)	35,068,291
Total Governmental Activities, capital and right-to-use assets - net	\$ 38,474,216	\$ 1,543,698	\$ (537,300)	\$ 39,480,614
<b>Business-Type Activities:</b>				
Equipment	\$ 58,310	\$ 18,691	\$ -	\$ 77,001
Less accumulated depreciation				
Equipment	56,585	1,064	-	57,649
Total Business-Type Activities, capital assets - net	\$ 1,725	\$ 17,627	\$ -	\$ 19,352

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital and Right-to-use Assets (Continued)

Depreciation expenses were charged to functions/programs of the primary government as follows:

	Amount
Governmental Activities	
Instruction	
Regular instruction	\$ 22,384
Vocational instruction	819,383
Adult education	499,201
Support services	
Student services	125,172
Instructional staff	71,308
Administration	194,551
Pupil health	15,106
Business services	66,529
Operation of plant and maintenance services	114,961
Central services	71,375
	<u>\$ 1,999,970</u>
Business-type activities:	
Food service	<u>\$ 1,064</u>

### Note 6. Long-Term Obligations

During the fiscal year ended June 30, 2023, long-term obligations changed as follows:

	July 1, 2022 (restated)	Increases	Decreases	June 30, 2023	Due within One Year
Governmental Activities					
Lease revenue bonds	\$ 16,105,000	\$ -	\$ 905,000	\$ 15,200,000	\$ 920,000
Bond premium	380,790	-	25,386	355,404	-
Leases payable	356,181	171,511	212,613	315,079	179,920
Subscription liabilities	201,334	-	76,753	124,581	74,940
Compensated absences	522,444	-	127,816	394,628	51,991
	<u>\$ 17,565,749</u>	<u>\$ 171,511</u>	<u>\$ 1,347,568</u>	<u>\$ 16,389,692</u>	<u>\$ 1,226,851</u>

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

#### 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, 2023 was \$9,445,000.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 6. Long-Term Obligations (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, 2023 was \$5,755,000.

The future annual payments required to amortize all outstanding bonds and notes as of June 30, 2023 are as follows:

Year ending June 30:	Principal	Interest	Total
2024	\$ 920,000	\$ 441,915	\$ 1,361,915
2025	950,000	415,470	1,365,470
2026	990,000	382,605	1,372,605
2027	1,015,000	348,270	1,363,270
2028	1,030,000	325,100	1,355,100
2029-2033	5,370,000	1,348,410	6,718,410
2034-2037	4,925,000	427,615	5,352,615
	<u>\$ 15,200,000</u>	<u>\$ 3,689,385</u>	<u>\$ 18,889,385</u>

##### Leases Payable

The Center leases buildings and equipment for certain Center activities and use throughout its buildings and offices. The lease terms range from one to five years. The Center's building and equipment leases contain scheduled annual or monthly payments with expiration dates extending through 2028. Leases payables are fully funded by the general fund.

The following is a schedule of future minimum lease payments for leases with initial or remaining terms in excess of one year as of June 30, 2023:

Year ending June 30:	Principal	Interest	Total
2024	\$ 179,920	\$ 5,455	\$ 185,375
2025	37,831	2,358	40,189
2026	35,443	1,615	37,058
2027	35,097	917	36,014
2028	26,788	224	27,012
	<u>\$ 315,079</u>	<u>\$ 10,569</u>	<u>\$ 325,648</u>

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 6. Long-Term Obligations (Continued)

##### Subscription Based Information Technology Arrangements (SBITA) Liabilities

The Center enters into various arrangements for administrative and educational software and other information technology. Many of the software and information technology arrangements are for a term of one year or less. However, the Center also enters into arrangements that are for greater than one year which require accounting for and reporting of a right-to-use subscription asset and liability. These terms range from two to three years in length.

The Center's subscription based information technology arrangements contain scheduled annual payments with expiration dates extending through 2025. Payments of the subscription liability are primarily funded by the general fund.

The following is a schedule of future minimum subscription liability payments for agreements with initial or remaining terms in excess of one year as of June 30, 2023:

Year ending June 30:	Principal	Interest	Total
2024	\$ 74,940	\$ 2,595	\$ 77,535
2025	49,641	1,058	50,699
	<u>\$ 124,581</u>	<u>\$ 3,653</u>	<u>\$ 128,234</u>

##### Compensated Absences

The balance of compensated absences at June 30, 2023, is as follows:

	Amount
Accrued retirement bonuses	\$ 238,466
Accumulated vacation time	156,162
	<u>\$ 394,628</u>

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### 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, 2023, the bond refinancing charges were calculated as follows:

	Amount
Beginning balance	\$ 582,241
Less: current year amortization	(38,818)
Ending balance	<u>\$ 543,423</u>

#### Note 8. Self-Insurance

Health and 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 and 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 \$2,650,852 in total per year by purchasing specific and aggregate stop-loss insurance coverage.

##### Change in Aggregate Claims Liabilities - Health and Dental Benefits

	2023	2022
Claim Liabilities - Beginning of Year	\$ 261,398	\$ 236,625
Current Year Claims	2,248,207	2,732,818
Claim Payments and Changes in Estimates	(2,110,754)	(2,708,045)
Claim Liability - End of Year	<u>\$ 137,453</u>	<u>\$ 261,398</u>

Unemployment Compensation: The Center has elected to self-insure its unemployment compensation plan and create a reserve for future claims. Unemployment claims against the Center are paid by the Commonwealth of Pennsylvania, which is subsequently reimbursed by the Center for actual claims paid. The Center paid \$17,814 of unemployment compensation claims for the year ended June 30, 2023. The Center charged unemployment compensation expenditures of \$18,912 for the year. The balance of the reserve for future claims is \$70,004.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 9. Defined-Benefit Pension Plan**

##### Plan Description

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

##### Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one 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 three 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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% and 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members, whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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



# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Defined-Benefit Pension Plan (Continued)

#### Contributions

Member Contributions:

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
				7.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50%
				After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30%
				After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25%
				After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50%
				After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
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, 2023 was 34.51% 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. Included in the Center's contractually required contribution rate is the Act 5 contribution rate totaling an estimated .20 percent.

The Center is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total Center's rate. The Center's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2023, was \$3,637,429, and is equal to the required contribution for the year. For the year ended June 30, 2023, the Center recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$1,875,599.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Defined-Benefit Pension Plan (Continued)

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

At June 30, 2023, the Center reported a liability of \$30,988,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. 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, 2023, the Center's proportion was .0697 percent, which was a decrease of .0037 percent from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the Center recognized pension expense of \$1,385,946. At June 30, 2023, 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	\$ 14,000	\$ 268,000
Changes in assumptions	925,000	-
Net difference between projected and actual investment earnings	-	526,000
Changes in proportion	358,000	2,218,000
Difference between employer contributions and proportionate share of total contributions	83,000	-
Contributions subsequent to the measurement date	3,679,000	-
	<u>\$ 5,059,000</u>	<u>\$ 3,012,000</u>

\$3,679,000 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, 2024. 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 Ending June 30:	Amount
2024	\$ (408,000)
2025	(764,000)
2026	(1,213,000)
2027	753,000
	<u>\$ (1,632,000)</u>

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Defined-Benefit Pension Plan (Continued)

##### Actuarial Assumptions

The total pension liability as of June 30, 2022, was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.75%.
- 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 was 7.00% as of June 30, 2021 and as of June 30, 2022.

The actuarial assumptions used in the June 30, 2022 valuation, were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

##### Investments

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

For the year ended June 30, 2022, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.40%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Defined-Benefit Pension Plan (Continued)

##### Investments (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	(11.0)%	0.5%
	<u>100.0%</u>	

The above table 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, 2022.

##### 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

### NOTES TO FINANCIAL STATEMENTS

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#### Note 9. Defined-Benefit 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	\$ 40,081,000	\$ 30,988,000	\$ 23,321,000

##### Pension Plan Fiduciary Net Position

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

##### Plan Payables

At June 30, 2023, the Center reported a payable to PSERS of \$2,126,828, which represents the employer contributions owed to the pension plan.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Other Post-Employment Benefits – Center’s Single Employer Plan

#### Plan Description, Benefit Terms and Funding Policy

The Center provides retiree health, vision and dental care benefits, including prescription-drug coverage, to eligible, retired employees and qualified spouses/beneficiaries. This is a single-employer, defined-benefit plan administered by the Center. The Center funds OPEB on a pay-as-you go basis, and there is no obligation to make contributions in advance of when insurance premiums or claims are due for payment. The Center does not maintain or accumulate any assets within a trust in accordance with paragraph 4 of GASB Statement No. 75. The plan description and benefit terms provided by the Plan are summarized in the chart below:

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
<b>I. ADMINISTRATORS</b>	25 years of P SERS service or upon P SERS superannuation	<p><b>Coverage:</b> Medical, Prescription Drug, and Life Insurance</p> <p><b>Premium Sharing:</b> LCCTC will contribute half of the single premium for medical and prescription drug coverage for the member. The spouse may elect coverage by paying the full premium.</p> <p>The member may also elect life insurance by paying the full premium at the group rate. The face amount is the lesser of 2x the member's salary or \$200,000.</p> <p><b>Dependents:</b> Spouse included</p>	Member coverage ceases upon Medicare age. Spouse coverage ceases upon the earlier of Medicare age or member Medicare age.
<b>II. TEACHERS</b>	Same as I	<p><b>Coverage:</b> Medical and Prescription Drug</p> <p><b>Premium Sharing:</b> The member and spouse may elect medical and prescription drug coverage by paying the full premium</p> <p><b>Dependents:</b> Spouse included</p>	Same as I
<b>III. SUPPORT STAFF</b>	Same as I	Same as II	Same as I
<p><b>Notes:</b></p> <p>P SERS Superannuation Retirement:</p> <p>1) Pension Class T-C or T-D: An employee is eligible for P SERS superannuation retirement upon reaching age 60 with 30 years of P SERS service, age 62 with 1 year of P SERS service or 35 years of P SERS service regardless of age. In general, these pension classes apply to individuals who were members of P SERS prior to July 1, 2011.</p> <p>2) Pension Class T-E or T-F: An employee is eligible for P SERS superannuation upon reaching age 65 with 3 years of P SERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of P SERS service. In general, these pension classes apply to individuals who became members of P SERS on or after July 1, 2011 and prior to July 1, 2019.</p> <p>3) Pension Class T-G: An employee is eligible for P SERS superannuation retirement upon reaching age 67 with 3 years of P SERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of P SERS service. In general, these pension classes apply to individuals who became members of P SERS on or after July 1, 2019.</p> <p>4) Pension Class T-H: An employee is eligible for P SERS superannuation retirement upon reaching age 67 with 3 years of P SERS. In general, this pension class applies to individuals who became members of P SERS on or after July 1, 2019.</p>			

#### Plan Description, Benefit Terms and Funding Policy

As of July 1, 2021 actuarial valuation, 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	147
	<u>150</u>

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Other Post-Employment Benefits - Center's Single Employer Plan (Continued)

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

At June 30, 2023, the Center reported a liability of \$699,085 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2021. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	\$ 809,334
Changes for the year	
Service cost	99,537
Interest	20,317
Changes in assumptions	(197,284)
Benefit payments	(32,819)
Net Changes	(110,249)
Total OPEB Liability, ending	\$ 699,085

For the year ended June 30, 2023, the Center recognized OPEB expense of \$84,633. At June 30, 2023, 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
Difference between expected and actual experience	\$ 28,357	\$ 95,381
Changes in assumptions	45,631	260,081
Benefit payments subsequent to the measurement date	45,702	-
	\$ 119,690	\$ 355,462

Of the total amount reported as deferred outflows of resources related to OPEB, \$45,702 resulting from Center benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Center's OPEB expense as follows:

Year ending June 30:	Amount
2024	\$ (35,221)
2025	(35,221)
2026	(35,221)
2027	(35,221)
2028	(35,224)
Thereafter	(105,366)
	\$ (281,474)

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Other Post-Employment Benefits – Center’s Single Employer Plan (Continued)

#### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - 2.5%.
- Salary Increases - 2.5% cost of living adjustment, 1.5% real wage growth and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.
- Discount Rate – 4.06%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2022.
- Actuarial Cost Method: Entry Age Normal, Level Percent of Pay
- Health Care Cost Trend Rate - 6.5% in 2022, 6.0% in 2023 and 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075, and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees’ Share of Benefit-Related Costs - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Mortality rates are separate and assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

#### Sensitivity of the Center’s Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Center calculated using the discount rate of 4.06%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.06%) or one percentage higher (5.06%) than the current discount rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	\$ 741,037	\$ 699,085	\$ 659,426

#### Changes in Actuarial Assumptions

The discount rate used to measure the total OPEB liability increased from 2.28 % as of July 1, 2021, to 4.06% as of July 1, 2022.

#### Sensitivity of the Center’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Center calculated using the health care cost trend rates of (6.5% decreasing to 3.9%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 634,624	\$ 699,085	\$ 773,885



## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 11. Other Post-Employment Benefits – PSERS Cost Sharing Plan**

##### Plan Description

PSERS administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other post-employment 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, 2022, there were no assumed future benefit increases to participating eligible retirees.

Retirees of the System can participate in Premium Assistance 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

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

##### 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.

##### Employer Contributions

The Center' contractually required contribution rate for the fiscal year ended June 30, 2023, was 0.73% 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 \$79,052 for the year ended June 30, 2023.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Post-Employment Benefits – PSERS Cost Sharing Plan (Continued)

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

At June 30, 2023, the Center reported a liability of \$1,287,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. 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, 2023, the Center's reported proportion was .0699%, which was a decrease of .0037% from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the Center recognized OPEB expense of \$(7). At June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

\$80,000 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 ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,000	\$ 7,000
Changes in assumptions	143,000	304,000
Net difference between projected and actual investment earnings	4,000	-
Changes in proportion	40,000	161,000
Difference between employer contributions and proportionate share of total contributions	1,400	-
Contributions subsequent to the measurement date	80,000	-
	<u>\$ 280,400</u>	<u>\$ 472,000</u>

Year ending June 30:	Amount
2024	\$ (67,700)
2025	(45,700)
2026	(48,700)
2027	(47,700)
2028	(61,800)
	<u>\$ (271,600)</u>

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Post-Employment Benefits – PSERS Cost Sharing Plan (Continued)

##### Actuarial Assumptions

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.09% - 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 discount rate used to measure the total OPEB liability increased from 2.18% as of June 30, 2021, to 4.09%, as of June 30, 2022.

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, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020, determined the employer contribution rate for fiscal year 2022.
- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Post-Employment Benefits – PSERS Cost Sharing Plan (Continued)

##### Investments

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	0.5%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class of June 30, 2022.

##### Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. 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 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO FINANCIAL STATEMENTS

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#### Note 11. Other Post-Employment Benefits – PSERS Cost Sharing Plan (Continued)

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

The following presents the Center's proportionate share of the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the Center's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current discount rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Center's proportionate share of the net OPEB liability	\$ 1,455,000	\$ 1,287,000	\$ 1,146,000

##### Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Center's proportionate share of the net OPEB liability, as well as what the Center's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7%) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	\$ 1,287,000	\$ 1,287,000	\$ 1,287,000

##### OPEB Plan Fiduciary Net Position

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

##### Plan Payables

At June 30, 2023, the Center reported a payable to PSERS of \$46,222, which represents the employer contributions owed to the OPEB plan.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## NOTES TO FINANCIAL STATEMENTS

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### **Note 12. Contingent Liabilities**

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. 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, 2023 and the two previous fiscal years, no settlements exceeded insurance coverage.

### **Note 14. Fund Balance**

#### Nonspendable Fund Balance

The Center's nonspendable fund balance consists of consumable inventories of \$316,646.

#### Restricted Fund Balance

As of June 30, 2023, the Center's restricted fund balance was \$2,122,318, which consisted of amounts restricted in the 2001 and 2018 capital reserve funds.

#### Committed Fund Balance

As of June 30, 2023, the Center's committed fund balance of \$207,272 consists of amounts for planning and development of future adult education projects.

#### Assigned Fund Balance

As of June 30, 2023, the Center's assigned fund balance of \$231,952 consists of amounts for the student activities/production accounts in accordance with the order of fund balance spending policy.

#### Unassigned Fund Balance

As of June 30, 2023, the Center's unassigned fund balance of \$2,190,840 consisted of \$2,700,561 for the general fund and \$(509,721) for the capital projects fund.

## **REQUIRED SUPPLEMENTARY INFORMATION**

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources				
Receipts from member school districts	\$ 17,057,027	\$ 17,057,027	\$ 16,989,787	\$ (67,240)
Rentals	65,000	65,000	98,032	33,032
Investment earnings	70,000	70,000	206,153	136,153
Revenues from intermediate sources - Federal	65,000	65,000	-	(65,000)
Contributions	150,000	150,000	98,900	(51,100)
Tuition	167,000	5,580,437	2,413,607	(3,166,830)
Revenue from Center activities	95,791	261,812	133,460	(128,352)
Other revenue	70,000	71,000	62,126	(8,874)
Total local sources	17,739,818	23,320,276	20,002,065	(3,318,211)
State sources	3,745,123	4,020,873	4,805,922	785,049
Federal sources	1,190,697	1,190,697	4,058,976	2,868,279
<b>Total revenues</b>	22,675,638	28,531,846	28,866,963	335,117
<b>Expenditures</b>				
Instructional				
Regular programs	228,240	228,240	213,708	14,532
Vocational programs	9,729,350	9,729,350	9,134,022	595,328
Adult education	-	5,856,208	5,982,817	(126,609)
Support services				
Student services	1,422,120	1,382,312	1,469,099	(86,787)
Instructional support staff services	886,038	926,846	921,630	5,216
Administrative services	2,299,259	2,299,259	2,318,957	(19,698)
Pupil health	222,606	222,606	201,893	20,713
Business services	600,764	599,764	676,484	(76,720)
Operation and maintenance of plant services	2,923,166	2,923,166	3,255,672	(332,506)
Student transportation services	1,292,961	1,292,961	1,338,328	(45,367)
Central services	1,152,962	1,152,962	1,302,402	(149,440)
Operation of noninstructional services				
Student activities	67,532	67,532	61,763	5,769
Community service	-	-	4,006	(4,006)
Debt service				
Principal	1,358,000	1,358,000	1,149,868	208,132
Interest and fiscal charges	512,640	512,640	469,273	43,367
Refund of prior year receipts	-	-	100,720	100,720
<b>Total expenditures</b>	22,695,638	28,551,846	28,600,642	152,644
<b>Excess (deficiency) of revenues over expenditures</b>	(20,000)	(20,000)	266,321	286,321
<b>Other Financing Sources (Uses)</b>				
Transfer out	-	-	(546,640)	(546,640)
Proceeds from sale of capital assets	20,000	20,000	123,506	103,506
Proceeds from leases	-	-	171,511	171,511
Insurance recoveries	-	-	35,302	35,302
<b>Total other financing sources (uses)</b>	20,000	20,000	(216,321)	(236,321)
<b>Net changes in fund balance</b>	\$ -	\$ -	50,000	\$ 50,000
Fund Balance - July 1, 2022			3,174,479	
Fund Balance - June 30, 2023			\$ 3,224,479	



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>Center's Proportion of the Net Pension Liability</b>	<b>Center's Proportionate Share of the Net Pension Liability</b>	<b>Center's Covered Payroll</b>	<b>Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2023	0.0697%	\$ 30,988,000	\$ 10,279,641	301.45%	61.34%
2022	0.0734%	\$ 30,136,330	\$ 10,332,000	291.68%	63.67%
2021	0.0773%	\$ 38,062,450	\$ 10,440,422	364.57%	54.32%
2020	0.0743%	\$ 34,760,169	\$ 10,837,436	320.74%	55.66%
2019	0.0764%	\$ 36,676,485	\$ 10,281,030	356.74%	54.00%
2018	0.0772%	\$ 38,128,542	\$ 10,281,151	370.86%	51.84%
2017	0.0809%	\$ 40,091,321	\$ 10,478,912	382.59%	50.14%
2016	0.0789%	\$ 34,175,627	\$ 10,156,818	336.48%	54.36%
2015	0.0785%	\$ 31,070,712	\$ 10,015,262	310.23%	57.24%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year-end.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF CENTER'S PENSION CONTRIBUTIONS -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Center's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2023	\$ 3,637,429	\$ (3,637,429)	\$ -	\$ 10,656,636	34.13%
2022	\$ 3,527,345	\$ (3,527,345)	\$ -	\$ 10,332,000	34.14%
2021	\$ 3,517,378	\$ (3,517,378)	\$ -	\$ 10,440,422	33.69%
2020	\$ 3,625,122	\$ (3,625,122)	\$ -	\$ 10,837,436	33.45%
2019	\$ 3,335,873	\$ (3,335,873)	\$ -	\$ 10,232,739	32.60%
2018	\$ 3,241,891	\$ (3,241,891)	\$ -	\$ 10,284,030	31.52%
2017	\$ 2,981,763	\$ (2,981,763)	\$ -	\$ 10,281,151	29.00%
2016	\$ 2,586,071	\$ (2,586,071)	\$ -	\$ 10,478,912	24.68%
2015	\$ 2,082,148	\$ (2,082,148)	\$ -	\$ 10,156,818	20.50%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### REQUIRED SUPPLEMENTARY INFORMATION -

#### SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -

##### CENTER'S SINGLE EMPLOYER PLAN

For the Fiscal Year Ended June 30,

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 99,537	\$ 89,536	\$ 70,611	\$ 76,042	\$ 71,243	\$ 89,770
Interest	20,317	14,805	22,165	22,975	22,128	18,954
Differences between expected and actual experience	-	34,029	-	(149,885)	-	-
Changes in assumptions	(197,284)	(19,581)	61,207	(13,046)	2,046	(120,156)
Benefit payments	(32,819)	(34,692)	(38,887)	(45,577)	(25,104)	(23,294)
<b>Net change in total OPEB liability</b>	<b>(110,249)</b>	<b>84,097</b>	<b>115,096</b>	<b>(109,491)</b>	<b>70,313</b>	<b>(34,726)</b>
<b>Total OPEB Liability - beginning</b>	<b>809,334</b>	<b>725,237</b>	<b>610,141</b>	<b>719,632</b>	<b>649,319</b>	<b>684,045</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 699,085</b>	<b>\$ 809,334</b>	<b>\$ 725,237</b>	<b>\$ 610,141</b>	<b>\$ 719,632</b>	<b>\$ 649,319</b>
<b>Covered payroll</b>	<b>\$ 9,535,622</b>	<b>\$ 9,535,622</b>	<b>\$ 9,314,011</b>	<b>\$ 9,314,011</b>	<b>\$ 9,653,803</b>	<b>\$ 9,653,803</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>7.33%</b>	<b>8.49%</b>	<b>7.79%</b>	<b>6.55%</b>	<b>7.45%</b>	<b>6.73%</b>

#### Notes to Schedule:

For the fiscal year ended June 30, 2023:

Changes in assumptions: The discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS experience study.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF CENTER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM COST-SHARING PLAN**

<b>For the Fiscal Year Ended June 30</b>	<b>Center's Proportion of the Net OPEB Liability</b>	<b>Center's Proportionate Share of the Net OPEB Liability</b>	<b>Center's Covered Payroll</b>	<b>Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2023	0.0699%	\$ 1,287,000	\$ 10,279,641	12.52%	6.86%
2022	0.0736%	\$ 1,744,383	\$ 10,332,000	16.88%	5.30%
2021	0.0776%	\$ 1,676,703	\$ 10,440,422	16.06%	5.69%
2020	0.0743%	\$ 1,580,246	\$ 10,837,436	14.58%	5.56%
2019	0.0764%	\$ 1,592,903	\$ 10,284,030	15.49%	5.56%
2018	0.0772%	\$ 1,572,885	\$ 10,281,151	15.30%	5.73%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year-end.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**REQUIRED SUPPLEMENTARY INFORMATION -**

**SCHEDULES OF CENTER'S OPEB CONTRIBUTIONS -**

**PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM COST-SHARING PLAN**

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Center's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2023	\$ 79,052	\$ (79,052)	\$ -	\$ 10,898,719	0.73%
2022	\$ 82,656	\$ (82,656)	\$ -	\$ 10,332,000	0.80%
2021	\$ 85,611	\$ (85,611)	\$ -	\$ 10,440,422	0.82%
2020	\$ 91,034	\$ (91,034)	\$ -	\$ 10,837,436	0.84%
2019	\$ 84,932	\$ (84,932)	\$ -	\$ 10,232,739	0.83%
2018	\$ 84,775	\$ (84,775)	\$ -	\$ 10,284,030	0.82%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

## **SUPPLEMENTARY INFORMATION**

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND**

**June 30, 2023**

	Capital Projects Fund	2001 Capital Reserve Fund	2018 Capital Reserve Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 1,587,682	\$ 476,757	\$ 2,064,439
Due from other funds	-	-	609,343	609,343
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,587,682</b>	<b>\$ 1,086,100</b>	<b>\$ 2,673,782</b>
<b>Liabilities</b>				
Accounts payable	\$ 509,721	\$ 186,519	\$ 233,378	\$ 929,618
Retainage payable	-	68,864	-	68,864
Due to other funds	-	62,703	-	62,703
<b>Total liabilities</b>	<b>509,721</b>	<b>318,086</b>	<b>233,378</b>	<b>1,061,185</b>
<b>Fund Balances</b>				
Restricted	-	1,269,596	852,722	2,122,318
Unassigned	(509,721)	-	-	(509,721)
<b>Total fund balances</b>	<b>(509,721)</b>	<b>1,269,596</b>	<b>852,722</b>	<b>1,612,597</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 1,587,682</b>	<b>\$ 1,086,100</b>	<b>\$ 2,673,782</b>

See accompanying independent auditor's report.

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND  
Year Ended June 30, 2023

	Capital Projects Fund	2001 Capital Reserve Fund	2018 Capital Reserve Fund	Total
Revenues				
Investment earnings	\$ -	\$ 56,310	\$ 22,550	\$ 78,860
<b>Total revenues</b>	<u>-</u>	<u>56,310</u>	<u>22,550</u>	<u>78,860</u>
Expenditures				
Current				
Support services	29,085	54,473	193,121	276,679
Total current	<u>29,085</u>	<u>54,473</u>	<u>193,121</u>	<u>276,679</u>
Capital Outlay				
Facilities acquisition, construction and improvement services	682,493	1,323,951	1,120,262	\$ 3,126,706
Total capital outlay	<u>682,493</u>	<u>1,323,951</u>	<u>1,120,262</u>	<u>3,126,706</u>
<b>Total expenditures</b>	<u>711,578</u>	<u>1,378,424</u>	<u>1,313,383</u>	<u>3,403,385</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(711,578)	(1,322,114)	(1,290,833)	(3,324,525)
Other Financing Sources (Uses)				
Interfund transfers	-	155,468	391,172	546,640
Proceeds from sale of capital assets	415,900	-	-	415,900
<b>Total other financing sources (uses)</b>	<u>415,900</u>	<u>155,468</u>	<u>391,172</u>	<u>962,540</u>
<b>Net change in fund balances</b>	(295,678)	(1,166,646)	(899,661)	(2,361,985)
Fund Balances - July 1, 2022	(214,043)	2,436,242	1,752,383	3,974,582
Fund Balances - June 30, 2023	<u>\$ (509,721)</u>	<u>\$ 1,269,596</u>	<u>\$ 852,722</u>	<u>\$ 1,612,597</u>

See accompanying independent auditor's report.



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS -  
STUDENT ACTIVITY/PRODUCTION FUNDS**

**June 30, 2023**

	Student Activity/Production Funds			
	Brownstown	Mount Joy	Willow Street	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 47,249	\$ 41,503	\$ 94,812	\$ 183,564
Due from other funds	-	-	51,956	51,956
<b>Total assets</b>	<u>\$ 47,249</u>	<u>\$ 41,503</u>	<u>\$ 146,768</u>	<u>\$ 235,520</u>
<b>Liabilities</b>				
Due to other funds	\$ 134	\$ 1,283	\$ 2,151	\$ 3,568
<b>Total liabilities</b>	<u>134</u>	<u>1,283</u>	<u>2,151</u>	<u>3,568</u>
<b>Fund Balances</b>				
Assigned	47,115	40,220	144,617	231,952
<b>Total fund balance</b>	<u>\$ 47,115</u>	<u>\$ 40,220</u>	<u>\$ 144,617</u>	<u>\$ 231,952</u>
<b>Total liabilities and fund balances</b>	<u>\$ 47,249</u>	<u>\$ 41,503</u>	<u>\$ 146,768</u>	<u>\$ 235,520</u>

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS  
STUDENT ACTIVITY/PRODUCTION FUNDS  
Year Ended June 30, 2023**

	Student Activity/Production Funds			Total
	Brownstown	Mount Joy	Willow Street	
Revenues				
Revenue from student activities and production	\$ 57,464	\$ 141,890	\$ 128,911	\$ 328,265
Expenditures				
Current				
Operation of non-instructional services	59,124	147,615	102,236	308,975
<b>Total expenditures</b>	<b>59,124</b>	<b>147,615</b>	<b>102,236</b>	<b>308,975</b>
<b>Net change in fund balances</b>	<b>(1,660)</b>	<b>(5,725)</b>	<b>26,675</b>	<b>19,290</b>
Fund Balances - July 1, 2022	48,775	45,945	117,942	212,662
Fund Balances - June 30, 2023	<u>\$ 47,115</u>	<u>\$ 40,220</u>	<u>\$ 144,617</u>	<u>\$ 231,952</u>

See accompanying independent auditor's report.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

June 30, 2023

	Health/Dental Fund	Unemployment Compensation Fund	Total Internal Service Funds
<b>Assets</b>			
Due from other funds	\$ 2,293,352	\$ 70,008	\$ 2,363,360
<b>Total assets</b>	<u>\$ 2,293,352</u>	<u>\$ 70,008</u>	<u>\$ 2,363,360</u>
<b>Liabilities</b>			
Accounts payable	\$ 137,453	\$ -	\$ 137,453
<b>Total liabilities</b>	<u>\$ 137,453</u>	<u>\$ -</u>	<u>\$ 137,453</u>
<b>Net Position</b>			
Unrestricted	\$ 2,155,899	\$ 70,008	\$ 2,225,907
<b>Total net position</b>	<u>\$ 2,155,899</u>	<u>\$ 70,008</u>	<u>\$ 2,225,907</u>

See accompanying independent auditor's report.

# LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS Year Ended June 30, 2023

	Health/Dental Fund	Unemployment Compensation Fund	Total Internal Service Funds
Operating Revenues			
Charges for services	\$ 2,683,806	\$ 3,098	\$ 2,686,904
Operating Expenses			
Employee benefits	2,378,314	17,814	2,396,128
Purchased professional and technical services	62,039	1,098	63,137
Other purchased services	288,713	-	288,713
<b>Total operating expenses</b>	<b>2,729,066</b>	<b>18,912</b>	<b>2,747,978</b>
<b>Change in net position</b>	<b>(45,260)</b>	<b>(15,814)</b>	<b>(61,074)</b>
Net Position - July 1, 2022	2,201,159	85,822	2,286,981
Net Position - June 30, 2023	<u>\$ 2,155,899</u>	<u>\$ 70,008</u>	<u>\$ 2,225,907</u>

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**FINANCIAL SUMMARY - POST SECONDARY EDUCATION**

**Year Ended June 30, 2023**

	Secondary	Post- Secondary	Total
<b>Revenues</b>			
<b>Local Sources</b>			
Receipts from member districts			
Direct payments	\$ 15,236,387	\$ -	\$ 15,236,387
Bond & plan con payments	1,853,400	-	1,853,400
Other revenues	803,005	2,539,592	3,342,597
<b>State Sources</b>			
Vocational education subsidy	1,904,460	300,533	2,204,993
Reimbursement - FICA	282,006	99,980	381,986
Reimbursement - Retirement	1,413,129	427,349	1,840,478
State financial aid	-	401,119	401,119
Other revenue	208,400	-	208,400
Financial aid student refunds	-	(231,054)	(231,054)
<b>Federal Sources</b>			
Federal financial aid	-	2,713,324	2,713,324
Perkins	917,253	236,955	1,154,208
ESSER	490,958	-	490,958
Financial aid student refunds	-	(418,776)	(418,776)
<b>Total revenues</b>	<b>23,108,998</b>	<b>6,069,022</b>	<b>29,178,020</b>
<b>Expenditures</b>			
100 - Salaries	8,184,818	2,726,396	10,911,214
200 - Benefits	5,635,303	1,623,147	7,258,450
300 - Professional & technical services	993,311	281,858	1,275,169
400 - Property service	1,041,906	284,841	1,326,747
500 - Other purchased service	1,769,760	220,572	1,990,332
600 - Supplies	2,003,226	509,122	2,512,348
700 - Equipment	1,214,989	152,623	1,367,612
800 - Dues & fees	624,645	64,995	689,640
900 - Bond & other uses	1,149,868	-	1,149,868
<b>Total expenditures</b>	<b>22,617,826</b>	<b>5,863,554</b>	<b>28,481,380</b>
<b>Revenues over expenditures</b>	<b>\$ 491,172</b>	<b>\$ 205,468</b>	<b>\$ 696,640</b>
Refund to districts	(100,000)	-	(100,000)
Committed for planning & development fund	-	(50,000)	(50,000)
Transfer to 2001 Capital Reserve	-	(155,468)	(155,468)
Transfer to 2018 Capital Reserve	(391,172)	-	(391,172)

See accompanying independent auditor's report.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**

**POSTSECONDARY EDUCATION PROGRAM SUMMARY**

**Year Ended June 30, 2023**

	Practical Nursing	Higher Education	Financial Aid	Perkins	Total
<b>Revenues</b>					
<b>Local Sources</b>					
Other revenues	\$ 416,879	\$ 2,006,267	\$ 116,446	\$ -	\$ 2,539,592
<b>State Sources</b>					
Vocational education subsidy	222,863	77,670	-	-	300,533
Reimbursement - FICA	30,721	61,767	7,492	-	99,980
Reimbursement - Retirement	122,373	266,070	38,906	-	427,349
State financial aid	285,974	115,145	-	-	401,119
Financial aid student refunds	(156,649)	(74,405)	-	-	(231,054)
<b>Federal Sources</b>					
Federal financial aid - Pell	588,874	236,523	-	-	825,397
Federal financial aid - Direct	1,195,771	692,156	-	-	1,887,927
Federal CARES/HEERF funds	-	-	-	-	-
Perkins	-	-	-	236,955	236,955
Financial aid student refunds	(313,538)	(105,238)	-	-	(418,776)
CARES/HEERF student refunds	-	-	-	-	-
<b>Total revenues</b>	<b>2,393,268</b>	<b>3,275,955</b>	<b>162,844</b>	<b>236,955</b>	<b>6,069,022</b>
<b>Expenditures</b>					
100 - Salaries	818,985	1,667,064	201,623	38,724	2,726,396
200 - Benefits	462,909	1,044,495	96,759	18,984	1,623,147
300 - Professional & technical services	212,528	60,915	420	7,995	281,858
400 - Property services	125,643	140,700	-	18,498	284,841
500 - Other purchased service	9,957	196,903	429	13,283	220,572
600 - Supplies	97,302	312,623	701	98,496	509,122
700 - Equipment	54,278	56,153	1,217	40,975	152,623
800 - Dues and fees	19,827	45,010	158	-	64,995
900 - Bond and other uses	-	-	-	-	-
<b>Total expenditures</b>	<b>1,801,429</b>	<b>3,523,863</b>	<b>301,307</b>	<b>236,955</b>	<b>5,863,554</b>
Financial aid allocation	(65,770)	(72,693)	138,463	-	-
<b>Net revenues over expenditures</b>	<b>\$ 526,069</b>	<b>\$ (320,601)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 205,468</b>

See accompanying independent auditor's report.

**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 (Center), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated April 22, 2024.

**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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

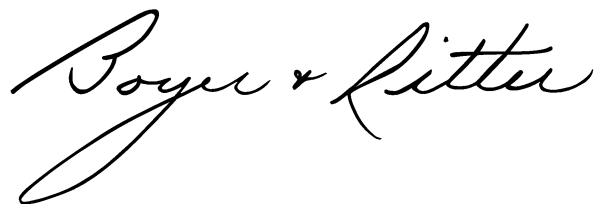
As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

## **Lancaster County Career and Technology Center's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Center's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The 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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, reading "Boyer & Ritter". The signature is written in a cursive, flowing style with a large loop at the end of the word "Ritter".

Camp Hill, Pennsylvania  
April 22, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM; REPORT 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**

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

We have audited Lancaster County Career and Technology Center's (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, 2023. 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.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) 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 the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe 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 Center's compliance with the compliance requirements referred to above.

***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 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 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 GAAS, *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 judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess 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 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 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 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.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-004 and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The 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 Center is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Center's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### ***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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-004 and 2023-005 to be significant deficiencies.

Our audit was 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 Center's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The 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.

A handwritten signature in black ink, reading "Boyer & Ritten". The signature is written in a cursive, flowing style with a large loop at the end.

Camp Hill, Pennsylvania  
April 22, 2024

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**Section I -- Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified?   X   Yes      No
- Significant deficiency(ies) identified that are not considered to be a material weakness (es)?      Yes   X   None Reported

Noncompliance material to financial statements noted?      Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness (es) identified?      Yes   X   No
- Significant deficiency(ies) identified that are not considered to be a material weakness (es)?   X   Yes      No

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

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

Identification of the major programs:

Assistance

Listing

Number	Name of Federal Programs/Cluster
10.555	Child Nutrition Cluster
84.048	Career and Technical Education - Basic Grants to States (Perkins V)
84.425U	COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund

Dollar threshold used to distinguish between Type A and Type B programs   \$750,000  

Auditee qualified as low-risk auditee?      Yes   X   No

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2023**

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**Section II -- Financial Statement Findings**

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A. Material Weakness in Internal Control

**2023-001 - Closing Adjustments**

**Criteria:** The Center should have procedures in place to identify any significant adjustments necessary to their financial statements, including the posting of all adjustments necessary to present financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Condition:** During our audit, adjustments were made to the Center's records based on the result of our procedures. There were both auditor identified adjusting entries and management identified adjusting entries posted subsequent to receiving trial balances to begin the audit. Management does approve all adjustments and reviews and accepts the financial statements prior to their final issuance.

**Cause and Effect:** When the financial close process does not properly include all year-end accruals and adjusting journal entries, the accounting records do not provide the proper basis for preparation of financial statements. By not performing timely reconciliations, the risk that material errors, irregularities, or fraud could go undetected increases.

**Identification of Repeat Finding:** No

**Recommendation:** The Center should review and revise, where necessary, its year-end closing procedures to proactively address these adjustments in the future. Closing procedures should include a review of revenue, expenditure and balance sheet accounts for completeness and accuracy. Any necessary reconciliations should be maintained as part of the Center's accounting records. The closing adjustments should be posted to the Center's accounts prior to the start of audit fieldwork.

**Management Response:** The Center recognizes this material weakness, due in part to transition in the Business Office leadership. The Center is in the process of identifying a new Business Manager, and will utilize the services of a Contractor to assist with the review and calendarization of necessary year end closing procedures to ensure that all year end closing entries are properly recorded prior to transmitting the year end trial balance to the Auditor.

B. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2023**

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

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A. Compliance Findings

**Finding 2023-002 – Cash Management and Reporting**

Education Stabilization Fund – AL #84.425, Year Ended June 30, 2023  
Career and Technical Education – AL #84.048, Year Ended June 30, 2023  
U.S. Department of Education  
Pass-Through Entity – Pennsylvania Department of Education

Criteria: The Pennsylvania Department of Education requires Reconciliation of Cash on Hand Quarterly Reports for any program for which the Center is receiving monthly payments. These quarterly reports are due the 10th working days of January, April, July, and October. The Pennsylvania Department of Education requires final expenditure reports to be filed documenting the financial transactions of each grant. The final reports are due within 30 days after funds are expended but no later than 30 days after the ending date of the project. The Center is required to have appropriate controls over the accuracy of preparation and timely filing of final expenditure reports.

Condition: The Center did not file the required quarterly reports for June 2023 and had a late filing for September 2022 report for grant #224-21-1161.

Also, the Center did not file quarterly reports for June 2023 and September 2022 for grant #380-23-0039 and #381-23-0014.

Cause and Effect: The Center did not file the quarterly cash on hand reports timely. By not filing the required reports in a timely manner, the Center is potentially risking a withholding of federal funds until the reports are properly filed.

Identification of Repeat Finding: No.

Questioned Costs: None

Recommendation: Procedures should be established to ensure that the Center files all quarterly cash on hand within 10 days of quarter ending and final expenditure reports within 30 days after the funds are expended, but no later than 30 days after the ending date of the project.

Management Response: The Center acknowledges this finding, and will calendarize the requisite report submission dates on the task lists of the Business Manager, Assistant Business Manager, and the Administrative Director.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2023**

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**Section III -- Federal Award Findings and Questioned Costs (Continued)**

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A. Compliance Findings (Continued)

**Finding 2023-003 – Equipment and Real Property Management**

Education Stabilization Fund – AL #84.425, Year Ended June 30, 2023

U.S. Department of Education

Pass-Through Entity – Pennsylvania Department of Education

Criteria: The Department of Education, passed through entity Pennsylvania Department of Education states “Per Compliance Supplement (Part 4 84.425-Education Stabilization Funds) Governors, SEAs, and subrecipients must receive prior approval for capital expenditures for equipment acquisition or improvements to land, buildings, or equipment: For capital equipment or improvements to land, buildings, or equipment that were purchased with grant funds, the Governor (or mayor of the District of Columbia) or SEA must receive prior approval from ED.”

Condition: The Center did not receive proper approval for the purchase of capital equipment purchased with grant funds in the current year.

Cause and Effect: Because the Center did not receive proper approval for purchases of capital equipment, the Center is risking the allowability of the costs funded by the grant funds passed through by the Pennsylvania Department of Education.

Identification of Repeat Finding: No.

Questioned Costs: None

Recommendation: Procedures should be established to ensure that the Center does not purchase equipment outside the standards set by the grant agreement and compliance supplement.

Management Response: The Center acknowledges this finding, and has since revised its permission process to include the requisite steps as required by the US DoE (ED) Uniform Grant Guidance (UGG) in its subsequent purchases with Federal Funds. It is also noted that most if not all of these purchases were made after the receipt of delayed guidance from PA Department of Education’s Federal Programs Office. When alerted to the guidance, the Center implemented the proper procedures.

**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2023**

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**Section III -- Federal Award Findings and Questioned Costs (Continued)**

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A. Compliance Findings (Continued)

**Finding 2023-004 – Procurement**

Education Stabilization Fund – AL #84.425, Year Ended June 30, 2023  
Career and Technical Education – AL #84.048, Year Ended June 30, 2023  
U.S. Department of Education  
Pass-Through Entity – Pennsylvania Department of Education

Criteria: The Uniform Guidance requires that non-federal entities must have and use documented procurement procedures consistent with laws and regulations and the standards for the acquisition of property or services under a federal award or subaward in accordance with 2 CFR 200.318. Furthermore, the non-federal entity is required to follow formal procurement methods when the value of the procurement for property or service under a federal financial assistance award exceeds the simplified acquisition threshold in accordance with 2 CFR 200.320.

Condition: The Center did not follow the appropriate procedures to comply with Uniform Grant Guidance. During testing, it was noted that the Center made procurements through noncompetitive procurement arrangements. Consistent with 2 CFR § 200.320(c)(3), an LEA may determine that its response to the COVID-19 pandemic qualifies as a public exigency or emergency that does not permit the delay that would result from competitive bidding. Under these circumstances, and to the degree doing so is consistent with its own policies and procedures, the Center could use noncompetitive procurement. The Center should consult with the Pennsylvania Department of Education before using this authority. Subsequently, the Center paid for this purchase utilizing the Education Stabilization Fund and Career and Technical Education monies. In using federal funds to pay for these items, the Center inadvertently did not follow its procurement policy.

Cause and Effect: When the Center initially made the purchases, they did not follow the more stringent requirements imposed by Uniform Guidance. The Center did not follow its procurement policy and ultimately did not comply with the standard of the Uniform Grant Guidance.

Identification of Repeat Finding: No

Questioned Costs: None

Recommendation: We recommend that when the Center decides to utilize cooperative purchasing programs or noncompetitive purchasing arrangements and use federal funds to pay for those purchases they ensure that they comply with their procurement policy. The Center should then document its process and how it complies with the procurement standards and keep such documentation with Federal Award budget/procurement documents.

Management Response: The Center acknowledges this finding, and has since revised its procurement process to include the requisite items as required by the US DoE (ED) Uniform Grant Guidance (UGG) in its subsequent purchases with Federal Funds. It is also noted that most if not all of these purchases were made in response to the COVID-19 Pandemic, and with delayed guidance from PA Department of Education's Federal Programs Office. When alerted to the guidance, the Center implemented the proper procedures.



**LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2023**

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**Section III -- Federal Award Findings and Questioned Costs (Continued)**

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A. Compliance Findings (Continued)

**Finding 2023-005 – Eligibility**

Child Nutrition Cluster – AL #10.555, Year Ended June 30, 2023

U.S. Department of Agriculture

Pass-Through Entity – Pennsylvania Department of Education

Criteria: A child's eligibility for free or reduced-price meals under a Child Nutrition Cluster program may be established by the submission of an annual application or statement which furnishes such information as family income and family size. Local educational agencies (LEAs), institutions, and sponsors determine eligibility by comparing the data reported by the child's household to published income eligibility guidelines.

Condition: The Center did not retain the eligibility documentation for one student and there was an incorrect computation for one student.

Cause and Effect: Although the Center uses eTrition software to verify eligibility, the system is dependent upon information being entered accurately based on submitted applications or the state's Compass system for direct certification. The Center received federal funds which it may not have been entitled to receive.

Identification of Repeat Finding: No.

Questioned Costs: (\$3.93 Reduced Lunch federal reimbursement - \$0.77 Paid Lunch federal reimbursement) x 180 days x 2 students = \$1,137.60

Recommendation: We recommend that controls be reviewed and revised to ensure that accuracy and completeness of data used to determine eligibility requirements are reviewed and agreed to proper documentation as necessary by staff and reviewed by a knowledgeable supervisor.

Management Response: The Center acknowledges this finding, and will take the steps necessary to ensure that the information in the system is updated regularly.

B. Significant Deficiency(ies) in Internal Control

See Section III. A. Compliance Findings.

**Finding 2023-002 – Cash Management and Reporting**

**Finding 2023-003 – Equipment and Real Property Management**

**Finding 2023-004 – Procurement**

**Finding 2023-005 – Eligibility**

LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**

Grantor Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued or (Deferred) Revenue at July 1, 2022	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2023	Provided to Subrecipients
<b>U.S. Department of Education</b>										
Student Financial Assistance Cluster										
Federal Pell Grant Program	84.063	N/A	23-24	N/A	\$ 167,532	\$ -	\$ 173,414	\$ 173,414	5,882	\$ -
Federal Pell Grant Program	84.063	N/A	22-23	N/A	637,245	(84,572)	659,617	659,617	(62,200)	-
Federal Pell Grant Program	84.063	N/A	21-22	N/A	(34,130)	(9,220)	(24,910)	(24,910)	-	-
					770,647	(93,792)	808,121	808,121	(56,318)	-
Federal Direct Student Loans	84.268	N/A	23-24	N/A	228,179	-	216,419	216,419	(11,760)	-
Federal Direct Student Loans	84.268	N/A	22-23	N/A	1,372,809	(115,102)	1,302,058	1,302,058	(185,853)	-
Federal Direct Student Loans	84.268	N/A	21-22	N/A	7,833	(79,379)	87,212	87,212	-	-
					1,608,821	(194,481)	1,605,689	1,605,689	(197,613)	-
Total Student Financial Assistance Cluster					2,379,468	(288,273)	2,413,810	2,413,810	(253,931)	-
Passed through the Pennsylvania Department of Education										
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	380-23-0039	22-23	\$ 949,986	870,821	-	917,253	917,253	46,432	-
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	380-22-0056	21-22	\$ 1,063,086	199,219	199,219	-	-	-	-
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	381-23-0014	22-23	\$ 269,728	224,773	-	236,955	236,955	12,182	-
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	381-22-0005	21-22	\$ 252,619	28,920	28,920	-	-	-	-
					1,323,733	228,139	1,154,208	1,154,208	58,614	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	224-21-1161	20-24	\$ 1,349,258	711,427	293,333	490,958	490,958	72,864	-
Total passed through the Pennsylvania Department of Education					2,035,160	521,472	1,645,166	1,645,166	131,478	-
<b>Total U.S. Department of Education</b>					4,414,628	233,199	4,058,976	4,058,976	(122,453)	-
<b>U.S. Department of Agriculture</b>										
Passed through the Pennsylvania Department of Education										
National School Lunch Program	10.555	N/A	22-23	N/A	280,620	-	303,751	303,751	23,131	-
National School Lunch Program	10.555	N/A	21-22	N/A	46,090	46,090	-	-	-	-
COVID-19 - National School Lunch Program - Supply Chain Assistance	10.555	N/A	22-23	N/A	44,888	-	3,862	3,862	(41,026)	-
COVID-19 - National School Lunch Program - Supply Chain Assistance	10.555	N/A	21-22	N/A	-	(31,702)	31,702	31,702	-	-
					371,598	14,388	339,315	339,315	(17,895)	-
COVID-19 - Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	N/A	22-23	N/A	628	-	628	628	-	-
Total passed through the Pennsylvania Department of Education					372,226	14,388	339,943	339,943	(17,895)	-
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations	10.555	N/A	22-23	N/A	45,521	-	45,521	45,521	-	-
<b>Total U.S. Department of Agriculture</b>					417,747	14,388	385,464	385,464	(17,895)	-
<b>Total Expenditures of Federal Awards</b>					\$ 4,832,375	\$ 247,587	\$ 4,444,440	\$ 4,444,440	\$ (140,348)	\$ -
Child Nutrition Cluster (Assistance Listing Number - 10.555)					\$ 417,119	\$ 14,388	\$ 384,836	\$ 384,836	\$ (17,895)	\$ -
Education Stabilization Fund (Assistance Listing Number - 84.425)					\$ 711,427	\$ 293,333	\$ 490,958	\$ 490,958	\$ 72,864	\$ -

See Notes to Schedule of Expenditures of Federal Awards.

## LANCASTER COUNTY CAREER AND TECHNOLOGY CENTER

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Lancaster County Career and Technology Center under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lancaster County Career and Technology Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lancaster County Career and Technology Center.

#### Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The Center has not elected to use the 10-percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

#### Note 3. 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 4. Prior Year Expenditures

For the year ended June 30, 2023, the District has restated the beginning accrued (deferred) revenue amounts on the Schedule of Expenditures of Federal Awards to accurately reflect expenditures incurred and revenue recognized in the prior year. The total restatement resulted in an increase of \$20,571 to the beginning accrued (deferred) revenue amounts and impacted the following programs:

Assistance Listing Number	Pass Through Grantor's Number	Reported Total Received for fiscal year ended June 30, 2022	Reported Expenditures/ Revenue Recognized for fiscal year ended June 30, 2022	Reported Prior Year Accrued (Deferred) Revenues as of June 30, 2021	Corrected Expenditures/ Revenue Recognized for fiscal year ended June 30, 2022	Corrected Accrued (Deferred) Revenue as of July 1, 2022
84.048	380-22-0056	797,315	970,443	173,128	996,534	199,219
84.048	381-22-0005	189,464	223,904	34,440	218,384	28,920

## SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS Year Ended June 30, 2023

### Financial Statement Finding - Material Weakness

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

**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.

**Recommendation:** The Center should ensure standardized training procedures for all accounting personnel, and to review year-end financial records and reconciliations for accuracy before audit procedures are performed.

**Current Status:** 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.

### Federal Award Findings and Questioned Costs - Material Weakness

#### #2022-002 – Career and Technical Education - Basic Grants to States (Perkins V), ALN #84.048, Passed through the Pennsylvania Department of Education

**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.

**Recommendation:** The business office should 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.

**Current Status:** The Center recognizes the oversight and has been 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.

### ADMINISTRATIVE OFFICES

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

## **CORRECTIVE ACTION PLAN**

### **Year Ended June 30, 2023**

This corrective action plan was developed in response to 2022-2023 audit findings presented by Boyer Ritter, LLC.

#### **Finding 2023-001 - Internal Control – Material Weakness - Closing Adjustments**

The Center should have procedures in place to identify any significant adjustments necessary to their financial statements, including the posting of all adjustments necessary to present financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Response and Planned Corrective Action:** The Center recognizes this material weakness, due in part to transition in the Business Office leadership. The Center is in the process of identifying a new Business Manager, and will utilize the services of a Contractor to assist with the review and calendarization of necessary year end closing procedures to ensure that all year end closing entries are properly recorded prior to transmitting the YE trial balance to the Auditor.

Planned Corrective Action: Completion date: May 30, 2024. Persons Responsible:

- The Business Manager/Asst. Business Manager will review and revise, where necessary, its year-end closing procedures to proactively address these adjustments in the future.
- Closing procedures will include a review of revenue, expenditure and balance sheet accounts for completeness and accuracy.
- Any necessary reconciliations will be maintained as part of the Center's accounting records.
- The closing adjustments will be posted to the Center's accounts prior to the start of audit fieldwork.

#### **Finding 2023-002 – Cash Management and Reporting**

The Center did not file the required quarterly reports for June 2023 and had a late filing for September 2022 report for grant #224-21-1161.

Also, the Center did not file quarterly reports for June 2023 and September 2022 for grant #380-23-0039 and #381-23-0014.

**Response and Planned Corrective Action:** The Center has implemented a series of reminders in the email and calendar system for the Business Manager, the Assistant Business Manager, and the Administrative Director to ensure that timely submission of the quarterly reporting is completed.

Planned Corrective Action: To be implemented immediately.

- The Business Manager/Asst. Business Manager will establish additional procedures to ensure that the Center files all quarterly cash on hand within 10 days of quarter ending and final expenditure reports within 30 days after the funds are expended, but no later than 30 days after the ending date of the project.
- This included calendar reminders and follow up and accountability to supervisors at the Center.

#### **ADMINISTRATIVE OFFICES**

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

### **Finding 2023-003 – Equipment and Real Property Management**

Condition: The Center did not receive proper approval for the purchase of capital equipment purchased with grant funds in the current year.

**Response and Planned Corrective Action:** The Center acknowledges this finding, and has since revised its permission process to include the requisite steps as required by the US DoE (ED) Uniform Grant Guidance (UGG) in its subsequent purchases with Federal Funds. It is also noted that most if not all of these purchases were made after the receipt of delayed guidance from PA Department of Education's Federal Programs Office. When alerted to the guidance, the Center implemented the proper procedures.

Planned Corrective Action: to be implemented immediately.

- The Business Manager/Asst. Business Manager will review all federally funded capital requests to ensure that the proper processes are followed in the procurement of bids and quotes.

### **Finding 2023-004 – Procurement**

The Center did not follow the appropriate procedures to comply with Uniform Grant Guidance. During testing, it was noted that the Center made procurements through noncompetitive procurement arrangements. Consistent with 2 CFR § 200.320(c)(3), an LEA may determine that its response to the COVID-19 pandemic qualifies as a public exigency or emergency that does not permit the delay that would result from competitive bidding. Under these circumstances, and to the degree doing so is consistent with its own policies and procedures, the Center could use noncompetitive procurement. The Center should consult with the Pennsylvania Department of Education before using this authority. Subsequently, the Center paid for this purchase utilizing the Education Stabilization Fund and Career and Technical Education monies. In using federal funds to pay for these items, the Center inadvertently did not follow its procurement policy.

**Response and Planned Corrective Action:** The Center acknowledges this finding, and has since revised its procurement process to include the requisite items as required by the US DoE (ED) Uniform Grant Guidance (UGG) in its subsequent purchases with Federal Funds. It is also noted that most if not all of these purchases were made in response to the COVID-19 Pandemic, and with delayed guidance from PA Department of Education's Federal Programs Office. When alerted to the guidance, the Center implemented the proper procedures.

Planned Corrective Action:

- When using federal funds, the Business Manager/Asst. Business Manager will ensure that cooperative purchasing programs or noncompetitive purchasing arrangements comply with the UGG procurement policy.
- The Business Manager/Asst. Business Manager will document the process and how it complied with the procurement standards and keep such documentation with Federal Award budget/procurement documents.

#### **ADMINISTRATIVE OFFICES**

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### **Finding 2023-005 – Eligibility**

The Center did not retain the eligibility documentation for one student and there was an incorrect computation for one student.

**Response and Planned Corrective Action:** The Center acknowledges this finding, and will take the steps necessary to ensure that the information in the system is updated regularly.

Planned Corrective Action: to be implemented immediately.

- The Director of Food Service will review the controls currently in place and revise accordingly to ensure that accuracy and completeness of data is maintained.
- Proper documentation will be maintained by school staff and will be reviewed regularly by the Director of Food Services and or the Business Manager/Asst. Business Manager.

Please contact me with questions.

Sincerely,

Dr. Stuart Savin  
LCCTC Administrative Director

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