

**NORTHUMBERLAND COUNTY CAREER
AND TECHNOLOGY CENTER
Coal Township, Pennsylvania**

Financial Audit Reports

For the Year Ended June 30, 2020

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JUNE 30, 2020

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Officers and Members of the Board
Northumberland County Career and Technology Center
Coal Township, Pennsylvania, 17866

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northumberland County Career and Technology Center (the Center), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Center's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Center, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total Center's OPEB liability and related ratios, schedule of the Center's proportionate share of the net OPEB liability, schedule of the Center's OPEB contributions, schedule of the Center's proportionate share of the net pension liability, and schedule of the Center's pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Klaczik & Associates, P.C.

Shamokin, Pennsylvania
December 1, 2020

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

The discussion and analysis of Northumberland County Career and Technology Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

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

FINANCIAL HIGHLIGHTS

During the fiscal year 2019-2020, the Northumberland County Career and Technology Center experienced another year of increases in the costs for instruction and for health benefits for our employees. The Center also experienced its first ever pandemic.

USING THE ANNUAL FINANCIAL REPORT (AFR)

This annual report consists of two distinct series of financial statements: school-wide and fund.

The first two statements (school-wide) are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the Center's overall financial status.

The remaining statements (fund) focus on individual parts of the Center's operations in more detail than the government-wide statements. The governmental funds statements tell how general Center services were financed in the short term as well as what remains for future spending. 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.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

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

**Figure A-1
Required Components of
Northumberland County Career and Technology Center's
Financial Report**

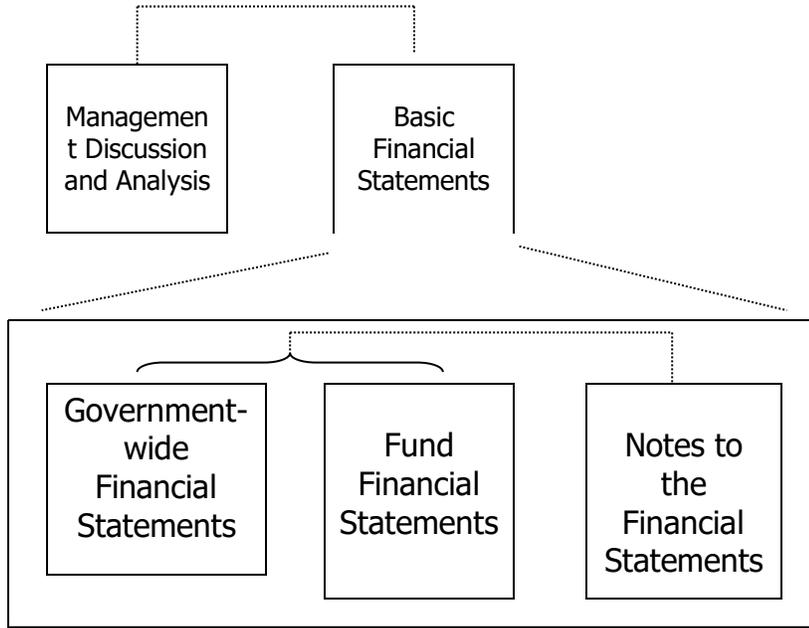


Figure A-2 summarizes the major features of the Center's financial statements, including the portion of the Center they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

| Figure A-2 Major Features of Northumberland County Career and Technology Center's Government-wide and Fund Financial Statements | | | |
|--|---|--|---|
| | | Fund Statements | |
| | Government- wide Statements | Governmental Funds | Fiduciary Funds |
| Scope | Entire Center (except fiduciary funds) | The activities of the Center that are not proprietary or fiduciary, such as education, administration, and community services | Instances in which the Center is the trustee or agent to someone else's resources – Scholarship Funds |
| Required financial statements | Statement of Net Position (NAGW) Statement of Activities (SOA) | Balance Sheet (NAG) Statement of Revenues, Expenditures, and Changes in Fund Balance (REG) | Statement of Fiduciary Net Position (NAF) Statement of Changes in Fiduciary Net Position (CNAF) |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short- term and long- term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both short-term and long- term |
| Type of inflow- outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid |

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

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 government's assets and liabilities. 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 liabilities, are one way to measure the Center's financial health or position.

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

To assess the overall health of the Center, you need to consider additional non-financial factors, such as the performance of the students.

The government-wide financial statements of the Center include all of the Center's basic services such as instruction, administration, and community services. Sending School's contributions, state and federal subsidies, and grants finance most of these activities.

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 requirements.

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.

Fiduciary funds - The Center is the trustee, or fiduciary, for some scholarship and agency funds. All of the Center's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the Center's other financial statement because the Center cannot use these assets to finance its operations.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

FINANCIAL ANALYSIS OF THE CENTER AS A WHOLE

Net Position. The Center's combined net position at June 30, 2020 of \$1,648,654 decreased \$31,177 from the prior fiscal year total of (\$1,340,778). (See Table A-3.) This was primarily due to the addition of GASB 68 which requires the inclusion of pension liabilities.

**Table A-3
Northumberland County Career and Technology Center
For Years Ended June 30, 2018 and 2019
Net Position**

| | Governmental Activities 2018-2019 | Governmental Activities 2019-2020 |
|---|--|--|
| Current and other assets | \$974,234 | \$1,218,326 |
| Capital assets | 1,164,011 | 1,080,575 |
| Deferred Outflows | 645,066 | 488,049 |
| Total Assets | \$2,783,311 | \$2,786,950 |
| Current and other liabilities | \$414,481 | \$633,839 |
| Long-term liabilities | 3,818,008 | 3,207,886 |
| Deferred Inflows | 168,300 | 593,879 |
| Total Liabilities | \$4,400,789 | \$4,435,604 |
| Invested in capital assets Net of related debt | \$587,383 | \$1,012,081 |
| Assigned Net Position | 385,412 | 437,839 |
| Unassigned Net Position | | |
| Unrestricted | (2,590,272) | (3,098,574) |
| Total Net Position | (\$1,617,477) | (\$1,648,654) |

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

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

**Table A-4
Northumberland County Career and Technology Center
Change in Net Position
For Years Ended June 30, 2019 and 2020**

| | Governmental Activities 2018-2019 | Governmental Activities 2019-2020 |
|--|--|--|
| REVENUES: | | |
| Program Revenues | | |
| Operating Grants & Contributions | \$556,922 | \$625,370 |
| General Revenues | | |
| Receipts from Sending Centers | 1,330,727 | 1,357,910 |
| Investment Earnings | 4,814 | 6,277 |
| Charges for Services | 26,406 | 26,400 |
| Other | 2,361 | 964 |
| Total Revenues | \$1,921,229 | \$2,016,921 |
| EXPENSES: | | |
| Instruction | \$1,250,247 | \$1,223,152 |
| Instructional Student Support | 22,827 | 8,975 |
| Administration | 661,367 | 578,464 |
| Operation & Maintenance of Facilities | 253,911 | 233,430 |
| Student Activities | 4,548 | -0- |
| Interest Expense | 5,029 | 4,104 |
| Other | -0- | -0- |
| Total Expenses | \$2,197,929 | \$2,048,125 |
| Prior period adjustment | -0- | -0- |
| INCREASE (DECREASE) IN NET POSITION | (\$276,700) | (\$31,177) |

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

The Center's total revenues as indicated above were \$2,016,921 for the year ended June 30, 2020. Sending School District Receipts amounted to \$1,357,910 or 67% of total revenue for the year. Another \$625,370 came from Operating Grants and Contributions. (See Table A-4.) The total cost of all programs and services was \$2,048,125 for the year ended June 30, 2020. The majority of the Center's costs related to educating and servicing students (Instruction, Instructional Student Support, Student Activities), in the amount of \$1,232,127 or 60%, Administrative Costs accounted for \$578,464 or 28%, Operation of the Center's Facilities accounted for \$233,430 or 11%. (See Table A-4.)

- Overall, net position decreased by \$31,177. (See Table A-4.)

**Table A-5
Northumberland County Career and Technology Center
Net Cost of Governmental Activities
For Years Ended June 30, 2019 and 2020**

| | Total Cost of Services 2018-2019 | Total Cost of Services 2019-2020 | Percentage Change | Net Cost of Services 2018-2019 | Net Cost of Services 2019-2020 | Percentage Change |
|--|---|---|------------------------------|---|---|------------------------------|
| Instruction | \$1,250,247 | \$1,223,152 | (2%) | (\$666,919) | (\$571,382) | (7%) |
| Instructional Student Support | 22,827 | 8,975 | (60%) | (22,827) | (8,975) | (17%) |
| Administration | 661,367 | 578,464 | (13%) | (661,367) | (578,464) | (14%) |
| Operation & Maintenance of Facilities | 253,911 | 233,430 | (9%) | (253,911) | (233,430) | (16%) |
| Student Activities | 4,548 | -0- | -0- | (4,548) | (-0-) | -0- |
| Interest Expense | 5,029 | 4,104 | (18%) | (5,029) | (40,104) | 4% |
| Total Expenses | \$2,197,929 | \$2,048,125 | (7%) | (\$1,614,601) | (\$1,396,355) | (13%) |

The results of this year's operations as a whole are reported in the Statement of Activities. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Center's activities that are supported by other general revenues. The largest general revenue is the money received by the participating districts. (See Table A-5.)

FINANCIAL ANALYSIS OF CENTER FUNDS

As of June 30, 2020, the Center's governmental funds reported a combined fund balance of \$585,264 which represents an increase of \$2,724 from the prior year amount. (See Table A-6.) This balance represents \$209,715 in the general fund, and \$375,549 in the Capital Reserve Fund:

The Center established this fund in accordance with Section 1432 of the Pennsylvania Municipal Code and in compliance with the Pennsylvania School Code. It is utilized for various capital expenditures.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
 COAL TOWNSHIP, PENNSYLVANIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
 June 30, 2020**

**Table A-6
 Northumberland County Career and Technology Center
 Change in Fund Balances
 For Years Ended June 30, 2019 and 2020**

| | Fund Balance June 30, 2019 | Fund Balance June 30, 2020 | Increase (Decrease) |
|-----------------|---------------------------------------|---------------------------------------|--------------------------------|
| General Fund | \$209,715 | \$209,715 | \$0 |
| Non-Major Funds | \$372,825 | \$375,549 | \$2,724 |
| Totals | \$582,540 | \$585,264 | \$2,724 |

Revenues for the Center's governmental funds were \$2,019,646 while total expenses were \$2,014,196.

General Fund Budget

During the fiscal year, the Board of School Directors (The Board) may authorize 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.

The Center applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process.

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. The most significant transfers occur from the budget reserve category to specific expenditure areas.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

**Table A-7
Northumberland County Area Career and Technology Center
General Fund Revenues
For Years Ended June 30, 2019 and 2020**

The following provides a summary of General Fund revenues:

| | Revenues 2018-2019 | Revenues 2019-2020 | Increase (Decrease) | % Change |
|----------------------|-------------------------------|-------------------------------|--------------------------------|---------------------|
| Local Sources | | | | |
| Member Schools | \$1,330,727 | \$1,357,910 | | |
| Interest | 2,405 | 3,552 | | |
| Other | \$28,767 | 27,364 | | |
| Total: | 1,361,899 | 1,388,826 | \$26,927 | 2% |
| State Sources | 464,221 | 526,124 | 61,903 | 13% |
| Federal Sources | 92,701 | 99,246 | 6,545 | 7% |
| | | | | |
| Total Revenue | \$1,918,821 | \$2,014,196 | \$95,375 | 5% |

Total General Fund revenue increased by \$95,375 or (5%) from the previous year. (See Table A-7.)

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

**Table A-8
Northumberland County Career and Technology Center
General Fund Expenditures
For Years Ended June 30, 2019 and 2020**

The following provides a summary of General Fund expenditures:

| | Expenditures 2018-2019 | Expenditures 2019-2020 | Increase (Decrease) | % Change |
|---------------------------------|-----------------------------------|-----------------------------------|--------------------------------|---------------------|
| Salaries | \$758,485 | \$771,512 | \$13,027 | 2% |
| Employee Benefits | 708,144 | 710,932 | 2,788 | 0% |
| Purchased Professional Services | 45,440 | 42,006 | (3,434) | (8%) |
| Purchased Property Services | 86,720 | 100,724 | 14,004 | 14% |
| Other Purchased Services | 47,840 | 43,464 | (4,376) | (10%) |
| Supplies | 141,347 | 138,635 | (2,712) | (2%) |
| Equipment | 70,923 | 156,482 | 85,559 | 55% |
| Dues/Fees/Misc. | 38,474 | 28,431 | (10,043) | (35%) |
| Other Expenditures | 21,448 | 22,009 | 561 | 3% |
| Total Expenditures | \$1,918,821 | \$2,014,196 | \$95,375 | 5% |

Total General Fund expenditures increased by \$95,375 or 5% from the previous year.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

**Table A-9
Northumberland County Career and Technology Center
Capital Assets
For Years Ended June 30, 2019 and 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the Center had \$1,164,011 in capital assets, including land, buildings, furniture and equipment. This is a decrease of (21%) (see table A-9.)

The following provides a summary of our Capital Assets.

| | Governmental Activities 2018-2019 | Governmental Activities 2019-2020 | % Change |
|--|--|--|---------------------|
| Land | \$100,000 | \$100,000 | 0% |
| Building and Building Improvements (net of acc dep) | \$876,406 | \$717,286 | (18%) |
| Furniture and Equipment (net of acc dep) | \$187,605 | \$263,288 | 29% |
| Totals | \$1,164,011 | \$1,080,575 | (7%) |

Debt Administration

As of June 30, 2020, the Center had a total outstanding debt in the amount of \$68,494. This debt represents a capital lease entered into by the Center during the 2008/2009 center's year to fund energy improvements in the amount of \$266,121. Annual payments of approximately \$28,000 are required through November 11, 2022 to amortize this debt. In addition, the Center has recorded \$519,392 in other post-employment benefits in accordance with GASB Statement No. 45, and \$2,620,000 in net pension liability in accordance with GASB Statement No. 68

Other obligations such as accrued vacation pay and sick leave for specific employees of the Center are not significant and, therefore, not accrued by management.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A major financial issue facing the Center again in fiscal year 2020-2021 will be the funding of the Center contractual obligations, specifically salaries and benefits (primarily retirement and health insurance) for Center staff. Another major financial issue facing the Center for the fiscal year 2020-2021 will be the obligation of providing a safe and secure facility during the Covid-19 pandemic.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the Center's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Manager at Northumberland County Career and Technology Center at 1700-2000 West Montgomery Street, Coal Township, PA 17866.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 1,131,137 | \$ 44,456 | \$ 1,175,593 |
| Other Receivable | 15,273 | - | 15,273 |
| Internal Balances | 704 | - | 704 |
| Due from Other Governments | 64,627 | - | 64,627 |
| Inventory | 6,585 | - | 6,585 |
| Total Current Assets | 1,218,326 | 44,456 | 1,262,782 |
| Capital Assets | | | |
| Land not Being Depreciated | 100,000 | - | 100,000 |
| Building and Building Improvements Net of Accumulated Depreciation | 717,287 | - | 717,287 |
| Furniture and Equipment Net of Accumulated Depreciation | 263,288 | 18,735 | 282,023 |
| Total Capital Assets | 1,080,575 | 18,735 | 1,099,311 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Amounts Related to Other Post-Employment Benefits | 131,136 | - | 131,136 |
| Deferred Amounts Related to Pensions | 356,913 | - | 356,913 |
| Total Deferred Outflows of Resources | 488,049 | - | 488,049 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | 2,786,950 | 63,191 | 2,850,142 |
| LIABILITIES | | | |
| Accounts Payable | 291,379 | - | 291,379 |
| Accrued Salaries | 72,500 | - | 72,500 |
| Internal Balances | - | 704 | 704 |
| Payroll Withholdings and Taxes Payable | 31,075 | - | 31,075 |
| Accrued Interest | 778 | - | 778 |
| Deferred Revenue | 224,885 | - | 224,885 |
| Other Current Liabilities | 13,222 | - | 13,222 |
| Long-Term Liabilities: | | | |
| Due Within One Year: | | | |
| Notes Payable | 22,585 | - | 22,585 |
| Due in More Than One Year: | | | |
| Notes Payable | 45,909 | - | 45,909 |
| Net Pension Liability | 2,620,000 | - | 2,620,000 |
| Other Post Employment Benefits Liability | 519,392 | - | 519,392 |
| TOTAL LIABILITIES | 3,841,725 | 704 | 3,842,429 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Amounts Related to Other Post-Employment Benefits | 36,879 | - | 36,879 |
| Deferred Amounts Related to Pensions | 557,000 | - | 557,000 |
| Total Deferred Inflows of Resources | 593,879 | - | 593,879 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS | 4,435,604 | 704 | 4,436,308 |
| NET POSITION | | | |
| Invested in Capital Assets Net of Related Debt | 1,012,081 | 18,735 | 1,030,816 |
| Unrestricted | (3,098,574) | 43,752 | (3,054,822) |
| Restricted | 437,839 | - | 437,839 |
| TOTAL NET POSITION | \$ (1,648,654) | 62,487 | \$ (1,586,167) |

The accompanying notes are an integral part of these financial statements

**NORTHUMBERLAND CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | |
|---|---------------------|---------------------------------|---|--|-------------------------------------|-----------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| GOVERNMENTAL ACTIVITIES | | | | | | |
| Instruction | \$ 1,223,152 | \$ 26,400 | \$ 625,370 | \$ (571,382) | \$ - | \$ (571,382) |
| Instructional Student Support | 8,975 | - | - | (8,975) | - | (8,975) |
| Admin. and Financial Support Services | 578,464 | - | - | (578,464) | - | (578,464) |
| Operation and Maintenance of Plant Services | 233,430 | - | - | (233,430) | - | (233,430) |
| Interest on Long-Term Debt | 4,104 | - | - | (4,104) | - | (4,103) |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>2,048,125</u> | <u>26,400</u> | <u>625,370</u> | <u>(1,396,355)</u> | <u>-</u> | <u>(1,396,354)</u> |
| BUSINESS - TYPE ACTIVITY | | | | | | |
| Adult Fund | (10,934) | 18,905 | - | - | 29,839 | 29,839 |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 2,037,191</u> | <u>\$ 45,305</u> | <u>\$ 625,370</u> | <u>(1,396,355)</u> | <u>29,839</u> | <u>(1,366,515)</u> |
| GENERAL REVENUES AND TRANSFERS | | | | | | |
| Investment Earnings | | | | 6,278 | 327 | 6,605 |
| Receipts from Member Districts | | | | 1,357,910 | - | 1,357,910 |
| Miscellaneous Income | | | | 990 | - | 990 |
| TOTAL GENERAL REVENUES | | | | <u>1,365,178</u> | <u>327</u> | <u>1,365,505</u> |
| CHANGE IN NET POSITION | | | | | | |
| | | | | (31,177) | 30,166 | (1,011) |
| NET POSITION - JULY 1, 2019 | | | | | | |
| | | | | <u>(1,617,477)</u> | <u>32,321</u> | <u>(1,585,156)</u> |
| NET POSITION - JUNE 30, 2020 | | | | | | |
| | | | | <u>\$ (1,648,654)</u> | <u>\$ 62,487</u> | <u>\$ (1,586,167)</u> |

The accompanying notes are an integral part of these financial statements

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
 COAL TOWNSHIP, PENNSYLVANIA
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2020**

| | General Fund | Capital Reserve Fund | Toal Governmental Funds |
|---|-------------------|-------------------------|-------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 755,588 | \$ 375,549 | \$ 1,131,137 |
| Due from Other Funds | 704 | - | 704 |
| Due from Other Governments | 64,627 | - | 64,627 |
| Inventories | 6,585 | - | 6,585 |
| Other Receivable | 15,273 | - | 15,273 |
| TOTAL ASSETS | \$ 842,777 | \$ 375,549 | \$ 1,218,326 |
| LIABILITIES | | | |
| Accounts Payable | \$ 291,379 | \$ - | \$ 291,379 |
| Accrued Salaries and Benefits | 72,500 | - | 72,500 |
| Payroll Withholdings and Taxes Payable | 31,075 | - | 31,075 |
| Other Current Liabilities | 13,222 | - | 13,222 |
| Deferred Revenue | 224,885 | - | 224,885 |
| TOTAL LIABILITIES | 633,061 | - | 633,061 |
| FUND BALANCE | | | |
| Non-Spendable Fund Balance | 6,585 | - | 6,585 |
| Restricted Fund Balance | 12,290 | 28,977 | 41,267 |
| Assigned Fund Balance | 50,000 | 346,572 | 396,572 |
| Unassigned Fund Balance | 140,840 | - | 140,840 |
| TOTAL FUND BALANCE | 209,715 | 375,549 | 585,264 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 842,777 | \$ 375,549 | \$ 1,218,326 |

The accompanying notes are an integral part of these financial statements

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
 COAL TOWNSHIP, PENNSYLVANIA
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2020**

TOTAL FUND BALANCE, GOVERNMENTAL FUNDS \$ 585,264

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the fund financial statements, but are reported in the governmental activities of the statement of net position.

| | | |
|--------------------------------|--------------------|-----------|
| Cost of capital assets | 9,294,813 | |
| Less: accumulated depreciation | <u>(8,214,238)</u> | 1,080,575 |

Accrued interest is reported in the statement of net position, but not in the funds. (778)

Deferred outflows and inflows of resources related to pension and other postemployment benefits are applicable to future periods, and therefore, are not reported in the funds:

| | | |
|---|-----------------|-----------|
| Deferred outflows of resources related to pensions | 356,913 | |
| Deferred inflows of resources related to pensions | (557,000) | |
| Deferred outflows of resources related to other postemployment benefits | 131,136 | |
| Deferred inflows of resources related to other-postemployment benefits | <u>(36,879)</u> | (105,830) |

Long-term liabilities, including bond and notes payable, are not due and payable in the current period and are not reported as liabilities in the fund statements.

| | | |
|---|-----------------|--------------------|
| Net pension liability | (2,620,000) | |
| Other postemployment benefits liability | (519,392) | |
| Bonds payable | <u>(68,494)</u> | <u>(3,207,885)</u> |

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (1,648,654)

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
 COAL TOWNSHIP, PENNSYLVANIA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

| | General Fund | Capital Reserve Fund | Total Governmental Funds |
|--|--------------------------|--------------------------|--------------------------------|
| REVENUES | | | |
| Receipts from Member Districts | \$ 1,357,910 | \$ - | \$ 1,357,910 |
| State Grants | 526,124 | - | 526,124 |
| Federal Grants | 99,246 | - | 99,246 |
| Charges for Services | 26,400 | - | 26,400 |
| Investment Earnings | 3,552 | 2,725 | 6,277 |
| Miscellaneous Income | 964 | - | 964 |
| TOTAL REVENUES | <u>2,014,196</u> | <u>2,725</u> | <u>2,016,921</u> |
| EXPENDITURES | | | |
| Instructional | 1,225,243 | - | 1,225,243 |
| Support Services | 762,840 | - | 762,840 |
| Debt Service - Principal | 22,009 | - | 22,009 |
| Debt Service - Interest | 4,104 | - | 4,104 |
| TOTAL EXPENDITURES | <u>2,014,196</u> | <u>-</u> | <u>2,014,196</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>2,725</u> | <u>2,725</u> |
| NET CHANGE IN FUND BALANCES | - | 2,725 | 2,725 |
| FUND BALANCE - JULY 1, 2019 | <u>209,715</u> | <u>372,824</u> | <u>582,539</u> |
| FUND BALANCE - JUNE 30, 2020 | <u><u>\$ 209,715</u></u> | <u><u>\$ 375,549</u></u> | <u><u>\$ 585,264</u></u> |

The accompanying notes are an integral part of these financial statements

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
 COAL TOWNSHIP, PENNSYLVANIA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2020**

NET CHANGES IN FUND BALANCE, TOTAL GOVERNMENTAL FUNDS **\$ 2,725**

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

| | |
|----------------------|-----------|
| Depreciation expense | (227,095) |
| Capital outlays | 143,630 |

Governmental funds report repayment of bond and capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. 22,009

Change in accrued interest reported in the statement of activities. -

Pension and other postemployment benefit (OPEB) expenses reported in the Statement of Activities are recognized on the accrual basis. The net pension liability and OPEB liability are adjusted for any difference between years and OPEB expenses and contributions made in relation to the annual required contribution.

| | |
|------------------|--------------|
| Pension activity | 28,119 |
| OPEB activity | <u>(564)</u> |

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (31,177)**

**NORTHUMBERLAND COUNTY CAREER TECHNOLOGY CENTER
 COAL TOWNSHIP, PENNSYLVANIA
 STATEMENT OF NET POSITION
 PROPRIETARY FUND
 AS OF JUNE 30, 2020**

| | <u>Adult Fund</u> |
|--|-------------------------|
| ASSETS | |
| <i>Current Assets</i> | |
| Cash and Cash Equivalents | \$ 44,456 |
| Total Current Assets | <u>44,456</u> |
| <i>Noncurrent Assets</i> | |
| Machinery and Equipment (Net of Accumulated Depreciation) | <u>18,735</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Amounts Related to Other Post-Employment Benefits | - |
| Deferred Amounts Related to Pensions | <u>-</u> |
| Total Deferred Outflows of Resources | - |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | <u>63,191</u> |
| LIABILITIES | |
| <i>Current Liabilities</i> | |
| Due to Other Funds | <u>704</u> |
| Total Current Liabilities | <u>704</u> |
| <i>Non-Current Liabilities</i> | |
| Other Post Employment Benefits | - |
| Net Pension Liability | <u>-</u> |
| Total Non-Current Liabilities | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Amounts Related to Other Post Employment Benefits | - |
| Deferred Amounts Related to Pensions | <u>-</u> |
| Total Deferred Inflows of Resources | <u>-</u> |
| TOTAL LIABILITIES AND DEFERRED INFLOWS | <u>704</u> |
| NET POSITION | |
| Investment in Capital Assets, Net of Related Debt | 18,735 |
| Unrestricted | <u>43,752</u> |
| TOTAL NET POSITION | <u><u>\$ 62,487</u></u> |

The accompanying notes are an integral part of these financial statements

**NORTHUMBERLAND COUNTY CAREER TECHNOLOGY CENTER
 COAL TOWNSHIP, PENNSYLVANIA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Adult Fund</u> |
|---|-----------------------|
| OPERATING REVENUES | |
| Charges for Services | <u>\$ 18,905</u> |
| OPERATING EXPENSES | |
| Salaries | 500 |
| Employee Benefits | (18,785) |
| Other Purchased Service | 3,523 |
| Supplies | 1,031 |
| Depreciation | <u>2,797</u> |
| TOTAL OPERATING EXPENSES | <u>(10,934)</u> |
| OPERATING INCOME/(LOSS) | <u>29,839</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Investment Earnings | <u>327</u> |
| CHANGE IN NET POSITION | 30,166 |
| TOTAL NET POSITION - JULY 1, 2018 | <u>32,321</u> |
| TOTAL NET POSITION - JUNE 30, 2019 | <u>\$ 62,487</u> |

The accompanying notes are an integral part of these financial statements

**NORTHUMBERLAND COUNTY CAREER TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Adult Fund</u> |
|--|-----------------------|
| <i>Cash Flows from Operating Activities</i> | |
| Cash Received from Users | \$ 8,318 |
| Cash Payments to Employees for Services | (5,920) |
| Cash Payments to Suppliers for Goods and Services | (4,554) |
| Net Cash (Used for) Operating Activities | <u>(2,156)</u> |
| <i>Cash Flows from Capital and Related Financing Activities</i> | |
| Capital Outlay | (6,500) |
| Net Cash Provided by Capital and Related Financing Activities | <u>(6,500)</u> |
| <i>Cash Flows from Investing Activities</i> | |
| Investment Earnings | 327 |
| Net Cash Provided by Investing Activities | <u>327</u> |
| Net Increase in Cash and Cash Equivalents | (8,329) |
| Cash and Cash Equivalents Beginning of Year | <u>52,785</u> |
| Cash and Cash Equivalents End of Year | <u>\$ 44,456</u> |
| Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities: | |
| Operating Income (Loss) | <u>\$ 29,839</u> |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | |
| Depreciation | 2,797 |
| (Increase) Decrease in Deferred Outflows Relating to Pension and OPEB | 5,207 |
| (Increase) Decrease in Due from Other Funds | 11 |
| Increase (Decrease) in Due to Other Funds | (15,805) |
| Increase (Decrease) in Net Pension Liability | (21,105) |
| Increase (Decrease) in Net OPEB Liability | (1,400) |
| Increase (Decrease) in Accounts Payable | - |
| Increase (Decrease) in Deferred Inflows Relating to Pension and OPEB | (1,700) |
| Net Cash (Used for) Operating Activities | <u>(31,995)</u> |
| | <u>\$ (2,156)</u> |

The accompanying notes are an integral part of these financial statements

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
 COAL TOWNSHIP, PENNSYLVANIA
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 AS OF JUNE 30, 2020**

| | Private Purpose Trust | Student Activities |
|-------------------------------|-----------------------------|-----------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 4,822 | \$ 37,958 |
| Other Current Assets | - | 1,382 |
| | 4,822 | \$ 39,340 |
| LIABILITIES | | |
| Other Current Liabilities | 450 | 39,340 |
| | 450 | \$ 39,340 |
| FIDUCIARY NET POSITION | \$ 4,372 | |

The accompanying notes are an integral part of these financial statements

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
 COAL TOWNSHIP, PENNSYLVANIA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Private Purpose Trust</u> |
|---|----------------------------------|
| ADDITIONS | |
| Other Additions | \$ <u>42</u> |
| TOTAL ADDITIONS | <u>42</u> |
| DEDUCTIONS | |
| Scholarships Awarded | <u>(1,405)</u> |
| CHANGE IN FIDUCIARY NET POSITION | (1,363) |
| TOTAL FIDUCIARY NET POSITION - JULY 1, 2019 | <u>5,735</u> |
| TOTAL FIDUCIARY NET POSITION - JUNE 30, 2020 | <u><u>\$ 4,372</u></u> |

The accompanying notes are an integral part of these financial statements

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 – ORGANIZATION

The Northumberland County Career and Technology Center (the Center) was formed August 15, 1967 by the following school districts: Shamokin Area School District, Mount Carmel School District, and Line Mountain School District. The purpose of the Center is to provide vocational or technical education and training for high school students, out-of-school youths, and adults of the communities for which the participating school districts are constituted.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Center have been prepared in accordance with generally accepted accounting principles (GAAP) 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. This report presents the activities of Northumberland County Career and Technology Center. The Center is not a component unit of another reporting entity, nor does it have any component units.

B. Fund Accounting

On June 15, 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB-54 establishes criteria for classifying fund balances into specifically defined classifications that should be based on hierarchy that reflects the extent to which the government is bound to honor constraints on how those funds can be spent.

Established classifications are as follows:

Non-spendable - Amounts that cannot be spent because they are either in a non-spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts constrained to be used for a specific purpose stipulated by constitution, external resource providers or through enabling legislation.

Committed - Amounts constrained to be used for a specific purpose determined by a formal action of the Center's Board of Directors (the Center's highest level of decision-making authority).

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned - Amounts intended to be used for a specific purpose by the finance committee or an individual authorized by the governing body.

Unassigned - Residual amounts available for any purpose not contained in other classifications.

Order of Fund Balance Spending Policy:

The Center's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting entries.

First, non-spendable fund balances are determined. Then, restricted fund balances for the non-General funds are classified as restricted fund balance.

It is possible for the non-General funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balance for the non-General fund.

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020**

| Fund Balance | General Fund | Capital Reserve Fund | Total Governmental Funds |
|---------------------------|-------------------|-------------------------|--------------------------------|
| Nonspendable | \$ 6,585 | \$ - | \$ 6,585 |
| Restricted | 12,290 | 28,977 | 41,267 |
| Committed | - | - | - |
| Assigned | 50,000 | 346,572 | 396,572 |
| Unassigned | 140,840 | - | 140,840 |
| TOTAL FUND BALANCE | \$ 209,715 | \$ 375,549 | \$ 585,264 |

C. Basis of Presentation

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Center as a whole. Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided are not eliminated as doing so would distort the direct costs and program revenues reported by the departments concerned.

These statements distinguish between the governmental and business type activities of the Center. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary fund operating revenues, such as charges for services, result from transactions associated with the fund's principal activity in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from transactions in which the parties do not exchange equal values. Revenues generated by ancillary activities are also reported as non-operating revenues.

The statement of net position presents the Center's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

- Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position - Results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions of enabling legislation.
- Unrestricted Net Position - Consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

Fund financial statements are also provided in the report for all of the governmental 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, if applicable. Fiduciary funds are reported by fund type.

The Center reports the following major governmental 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.

The capital reserve fund accounts for accumulation of resources to be used for future capital expenditures.

The Center reports the following major proprietary fund type:

The adult fund is used to account for all financial transactions related to the adult education program.

Other fund types:

The agency fund and private purpose trust fund account for assets held by the Center as an agent for various student groups and clubs and for a scholarship fund.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The government-wide 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. Net position (total assets less total liabilities) is 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 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. Program revenue include charges paid by the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the operational and capital requirements of a particular programs. 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 deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The financial statements utilize a revised budget as passed by the Northumberland County Career and Technology Center's Board of Directors as a comparison against actual revenue and expenditures.

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.

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.

F. 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 column in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets (Continued)

than \$4,000 as composite groups for financial reporting purposes. 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. All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 40 |
| Building | 40 |
| Improvements | 5 - 10 |
| Furniture & Equipment | 10 |
| Computer | 5 |

G. Estimates

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

H. Cash, Cash Equivalents and Investments

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

I. Accounts Receivable

All receivables are determined at face value. The receivables consist of balances from member districts and federal and state sources. The Center does not account for an allowance for doubtful accounts because the Center believes they will collect all receivables due to a review of the historical collection in the past.

J. Restricted Assets

Restricted assets cash and cash equivalents whose use is limited by legal requirements such as bond indenture.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Assigned Assets

Assigned assets are cash and cash equivalents whose use is intended to be used for a specific purpose but does not meet the criteria to be classified as restricted or committed. These amounts are assigned by the board of directors.

L. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a restricted purpose.

M. Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of cost of capital assets, net of accumulated depreciation, reduced by outstanding balance of any long-term debt used to build or acquire the capital asset.

N. Interfund Receivables and Payables

Activities 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."

O. Inventories

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

P. Pension and OPEB

For purposes of measuring net pension liability and OPEB liabilities, deferred outflows or resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the Public-School Employee's 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 benefit terms. Investments are reported at fair value.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Deferred Inflows/Outflows of Resources

The Statements of Net Position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The Center has two items that qualify for reporting in these categories: deferred outflows and inflows related to other postemployment benefits, and deferred outflows and inflows related to pensions. Deferred outflows and inflows of resources related to pensions are described further in Note 11 and deferred outflows and inflows related to other postemployment benefits are described further in Note 12. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all PSERS members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on PSERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year).

R. Subsequent Events

In connection with the issuance of its financial statements, the Center evaluated subsequent events through December 01, 2020, the date the financials were issued. On January 30, 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Later, on March 11, 2020, the World Health Organization made the assessment that COVID-19 was a global health pandemic. Measures taken by general, state, and local officials to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses and government, resulting in an economic slowdown.

The outbreak of COVID-19 has caused disruption in operations for school districts. The Governor of Pennsylvania closed all K-12 Pennsylvania schools for 10 business days effective March 16, 2020, and on April 9, 2020, extended that closure through the remainder of the 2019-2020 academic year.

The global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. While the Center expects that the COVID-19 outbreak may adversely impact the Center fiscal year 2020 results, the Center cannot at this time accurately predict the full extent to which the COVID-19 outbreak will affect the Center's finances and operations. Other adverse consequences of COVID-19 or any other similar outbreaks in the future may include a decline in tax revenue and increased operating costs. The Center continues to monitor developments and the directives of federal, state and local officials to determine what additional precautions and procedures need to be implemented by the Center.

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NOTE 3 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Capital related differences include non-facility related fixed asset purchases recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and capitalization and recording of depreciation expense in the statement of activities.

NOTE 4 – CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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 deposit policy of the Center adheres to state statutes and prudent business practice. 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. Under Section 440.1 of the Public School Code of 1949, as amended, the Center is permitted to: Deposit in savings accounts or time deposits or share accounts of institutions insured by the FDIC to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that collateral as provided by law is pledged by the depository.

All deposits at June 30, 2020 are insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$250,000. Deposits over this amount are collateralized by a pool of eligible securities established under Act 72 of the 1971 Session of the Pennsylvania General Assembly for the protection of public depositors. The pledged securities in the pool are safe kept at correspondent banks in accounts specifically segregated for this purpose. Act 72 specifies that it is the bank's responsibility to maintain sufficient assets in the pool to collateralize adequately all public deposits greater than the \$250,000 per type of account per entity which is FDIC insured.

The Center's deposits are maintained at BB&T and Mid Penn Bank. The Center's solicitor has reviewed the collateralization policies of the various banks and determined that it complies with Section 440.1(c)(iii) of the Pennsylvania School Code. At June 30, 2020, the carrying amount of the Center's deposits was \$1,154,535 and the bank balance was \$1,164,190. Of the bank balance, \$617,103 was covered by federal depository insurance coverage and \$547,087 was covered by pledged securities thus leaving no exposure to custodial risk.

A cash account is maintained with the Pennsylvania Local Government Investment Trust. The Trust permits governmental entities to pool their funds for investment in money market type investments. Investments or withdrawals may be made at any time. All investments made by the Trust are obligations of the U.S. Government or its agencies or instrumentalities or are insured or collateralized by law. Market value and cost at June 30, 2019 was \$21,058.

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NOTE 5 – DUE FROM OTHER GOVERNMENTS

| | | |
|--------------------------------------|----|-----------|
| Commonwealth of PA - Social Security | \$ | 3,476 |
| Commonwealth of PA - Retirement | | 56,162 |
| Total | | \$ 59,638 |

NOTE 6 – DUE TO OTHER GOVERNMENTS

Under the agreement with the participating school districts (Note 1), any revenue in excess of expenditures in the general fund must be returned to the school districts based on their respective pro-rata number of students. The liability to the participating school districts at June 30, 2020 is \$162,635 and is included in accounts payable on the accompanying statement of net position.

NOTE 7 - DUE TO/FROM OTHER FUNDS

Inter-fund receivable and payable balances as of June 30, 2020 are as follows:

| | Due to Other Funds | Due from Other Funds |
|--------------------|-----------------------|-------------------------|
| General Fund | \$ 704 | \$ - |
| Adult Program Fund | - | 704 |
| Total | \$ 704 | \$ 704 |

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NOTE 8 – CHANGES IN CAPITAL ASSETS

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

| | Balance July 1, 2019 | Additions | Deletions | Balance June 30, 2020 |
|---|-------------------------|-------------|-----------|--------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 100,000 | \$ - | \$ - | \$ 100,000 |
| Total Capital Assets, Not Depreciated | 100,000 | - | - | 100,000 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and Improvements | 6,720,331 | 19,750 | - | 6,740,081 |
| Furniture and Equipment | 2,330,852 | 123,880 | - | 2,454,732 |
| Total Capital Assets, Being Depreciated | 9,051,183 | 143,630 | - | 9,194,813 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | 5,843,925 | 178,869 | - | 6,022,794 |
| Furniture and Equipment | 2,143,218 | 48,226 | - | 2,191,444 |
| Total Accumulated Depreciation | 7,987,172 | 227,095 | - | 8,214,238 |
| Governmental Activities: | | | | |
| Capital Assets, Net: | \$ 1,164,011 | \$ (83,465) | \$ - | \$ 1,080,575 |
| Business Type Activities: | | | | |
| Furniture/Equipment | \$ 21,473 | \$ 6,500 | \$ - | \$ 27,973 |
| Less: Accumulated Depreciation | 6,441 | 2,797 | - | 9,238 |
| Business Type Activities: | \$ 15,032 | \$ 3,703 | \$ - | \$ 18,735 |

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

| | |
|---|------------|
| Government Activities: | |
| Instruction | \$ 139,957 |
| Instructional Student Support | 1,005 |
| Admin. & Financial Support Services | 60,008 |
| Operation & Maintenance of Plant Services | 26,125 |
| Total Depreciation Expense-Governmental Activities | \$ 227,095 |
| Business-Type Activities: | |
| Adult Fund | \$ 2,797 |
| Total Depreciation Expense-Business Type Activities | \$ 2,797 |

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NOTE 9 – CAPITAL RESERVE FUND

The Center established a capital reserve fund in April 2001. The members approved depositing a budgeted amount each year for a period of 5 years. The money will be used for equipment purchases and building renovations. The members no longer contribute to the capital reserve fund.

NOTE 10 – LONG-TERM LIABILITIES

As of June 30, 2020, the Center’s long-term liabilities consisted of the following:

| Governmental activities | Balance, July 1, 2019 | Additions | Retirements | Balance, June 30, 2020 | Current Portion |
|---------------------------------|--------------------------|-------------|-------------------|---------------------------|------------------|
| Long-Term Debt | \$ 90,503 | \$ - | \$ 22,009 | \$ 68,494 | \$ 22,585 |
| Net Pension Liability | 3,194,895 | - | 574,895 | 2,620,000 | - |
| Other Post Employment Benefits | 554,619 | - | 35,227 | 519,392 | - |
| Total | <u>\$ 3,840,017</u> | <u>\$ -</u> | <u>\$ 632,131</u> | <u>\$ 3,207,886</u> | <u>\$ 22,585</u> |
| Business-Type Activities | | | | | |
| Net Pension Liability | \$ 21,105 | \$ - | \$ 21,105 | \$ - | \$ - |
| Other Post-Employment Benefits | 1,400 | - | 1,400 | - | - |
| Total | <u>\$ 22,505</u> | <u>\$ -</u> | <u>\$ 22,505</u> | <u>\$ -</u> | <u>\$ -</u> |

The following is a schedule of the future minimum payments of the long-term debt as of June 30, 2020:

| Year Ending June 30: | Governmental Activities | | |
|----------------------|-------------------------|-----------------|------------------|
| | Principal | Interest | Total |
| 2021 | \$ 22,585 | \$ 2,968 | \$ 25,553 |
| 2022 | 23,177 | 1,802 | 24,979 |
| 2023 | 22,732 | 606 | 23,338 |
| Total | <u>\$ 68,494</u> | <u>\$ 5,376</u> | <u>\$ 73,870</u> |

In October 2008, the Center entered an installment purchase contract to finance energy conservation measures that will reduce its operating costs. The financing contract requires payments for fifteen years beginning in the fiscal year 2009 with an interest rate of 4.99%. The total amount financed was \$304,798. The balance as of June 30, 2020 is \$68,494.

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NOTE 11 – PENSION PLAN

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public-School Employees' Retirement System (PSERS) and additions to/deduction 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.

1. General Information about the Pension Plan

Plan description

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

The Administrative staff of PSERS administers the plan. The control and management of PSERS, including the investment of its assets, is vested in the Board of Trustees (Board). The board consists of 15 members: the Secretary of Education, ex officio; the State Treasurer, ex officio; two Senators; two members of the House of Representatives; the executive secretary of the Pennsylvania School Boards Association, ex officio; two Governor appointees, at least one of whom shall not be a school employee or an officer or employee of the State of Pennsylvania; three who are elected by the active professional members of PSERS from among their number; one who is elected by annuitants from among their number; one who is elected by the active nonprofessional member of PSERS from among their number; and one who is elected by members of Pennsylvania public school boards from among their number. The chairman of the Board is elected by the Board members. Each ex officio member of the Board and each legislative member of the Board may appoint a duly authorized designee to act in their stead.

PSERS was established on July 18, 1917 under the provisions of Pamphlet Law, No. 343. Benefit payments to members and contribution provision by employers and employees are specified in the Pennsylvania Public School Employees' Retirement Code. The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval.

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NOTE 11- PENSION PLAN (Continued)

Benefits Provided

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

Participants are eligible for disability 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 the 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.

All members are fully vested in their individual balance in the Members' Saving Account. All non-vested members may receive a refund of their individual balance of member contributions and interest for the Members' Savings Account upon termination of public-school employment. Vested members who enrolled prior to July 1, 2011 may elect to receive a return of their accumulated contributions and interest upon their retirement which results in a reduced monthly annuity. Vested Class T-E and T-F members cannot withdraw their accumulated contributions and interest from the Members' Savings Account upon their retirement.

Member Contribution

Member contribution rates are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class. Member contribution rate are as follows:

Active member who joined the System prior to July 22, 1983, contribute at 5.25% (Members Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25%

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NOTE 11- PENSION PLAN (Continued)

Member Contribution (Continued)

(Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation. Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

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

Employer Contribution:

The Center contractually required contribution rate for fiscal year ended June 30, 2019 was 32.60 % of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Center were \$250,913 for the year ended June 30, 2020, which represents 100% of the Center's required contribution.

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

As of June 30, 2020, the Center reported a liability of \$2,620,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019. The Center's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one- year reported covered payroll. As of June 30, 2020, the Center's proportion was 0.0056 percent, which was a decrease of .0011 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Center recognized pension expense of \$28,093. As of June 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

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NOTE 11- PENSION PLAN (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 14,000 | \$ 87,000 |
| Changes in assumptions | 25,000 | - |
| Net difference between projected and actual investment earnings | - | 8,000 |
| Change in proportions | 67,000 | 462,000 |
| Difference between employer contributions and proportionate share of total contributions | - | - |
| Contributions subsequent to the measurement date | 250,913 | - |
| | \$ 356,913 | \$ 557,000 |

\$250,913 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | | |
|---------------------|----|----------|
| 2019 | \$ | 117,000 |
| 2020 | | 53,000 |
| 2021 | | (60,000) |
| 2022 | | (12,000) |
| Thereafter | \$ | - |

3. *Changes in Actuarial Assumptions*

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

- Actuarial Cost Method – Entry Age Normal – Level % of Pay.
- The Investment Rate of Return was 7.25%, Includes Inflation at 2.75%.
- Salary Growth – Effective Average of 5.00%, Comprised of Inflation of 2.75% and 2.25% for Real Wage Growth and for Merit or Seniority Increases.
- Mortality rates were the RP-2014 Mortality Tables for Males and Females adjusted to reflect PSERS' Experience and Projected Using a Modified Version of the MP-2015 Mortality Improvement Scale.

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NOTE 11- PENSION PLAN (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015.

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|----------------------|---|
| Global public equity | 20.0% | 5.2% |
| Fixed Income | 36.0% | 2.2% |
| Commodities | 8.0% | 3.2% |
| Absolute return | 10.0% | 3.5% |
| Risk parity | 10.0% | 3.9% |
| Infrastructure/MLPs | 8.0% | 5.2% |
| Real estate | 10.0% | 4.2% |
| Alternative Investment | 15.0% | 6.7% |
| Cash | 3.0% | 0.4% |
| Financing (LIBOR) | -20.0% | 0.9% |
| | 100.0% | |

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

Discount rate

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

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NOTE 11- PENSION PLAN (Continued)

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

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

| | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|---|----------------------|--------------------------------|----------------------|
| Centert's proportionate share of the net pension liability | \$ 3,263,000 | \$ 2,620,000 | \$ 2,075,000 |

Pension plan fiduciary net position

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

As of June 30, 2020, the Center reported a payable of \$61,954 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

NOTE 12 - POSTEMPLOYMENT BENEFITS PLAN

GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially-determined expense on the statement of activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefits. The post-employment benefit liability is recognized on the statement of net position over time. The Center accounts for two post-employment benefit plans: (1) the Health Insurance Premium Assistance Plan, which is a governmental cost-sharing multi-employer defined benefit pension plan, that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania; and (2) the Northumberland County Career and Technology Center’s OPEB plan.

Center Specific Plan

Plan Description

Plan Administration. The Center’s School Board of Directors administers a single-employer defined benefit postemployment benefit (OPEB) plan (the “Plan”) that is used to provide postretirement healthcare benefits for teachers and certain others who retire under the qualifications of the Pennsylvania School Employee’s Retirement System. Plan provisions are established based on bargaining agreements negotiated by the Center. The Plan is unfunded, and no financial report is prepared.

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NOTE 12 - POSTEMPLOYMENT BENEFITS PLAN (Continued)

Center Specific Plan (Continued)

Plan Membership. As of June 30, 2020, the Plan's membership consisted of the following:

| | |
|----------------------------|------------------|
| Active Participants | 15 |
| Vested Former Participants | - |
| Retired Participants | <u>3</u> |
| Total | <u><u>18</u></u> |

Annual Payroll of Active Participants \$ 672,137

Benefits Provided. The Center provides a single employer defined benefit post-employment healthcare benefit, which provides medical benefits to eligible retirees and their spouses. Coverage is provided until the retiree is eligible for Medicare or until the retiree's death, whichever is earlier. The Plan's coverage includes medical, prescription drug, and dental and vision coverage for retiree, spouse and dependents.

Contributions. The contribution requirements of the plan members and the Center established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund. Retiree contribution rates and amount vary depending on classification and years of service with the Center.

Total OPEB Liability

The Center's total OPEB liability of \$400,392 was measured as of July 1, 2018 and was rolled forward using actuarial assumptions to the valuation date of July 1, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|----------------------------|--|
| Inflation | 3.00% |
| Salary Increases | 2.75% average, including inflation |
| Discount Rate | 3.36% |
| Healthcare Cost Trend Rate | 5.50% for 2019, decreasing to an ultimate rate 3.8% by 2075 |

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2019.

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NOTE 12 - POSTEMPLOYMENT BENEFITS PLAN (Continued)

Center Specific Plan (Continued)

Mortality rates are assumed using the rates assumed in the PSERS defined benefit pension plan actuarial valuation with projections incorporated based on the Buck Modified 2016 projection scale to reflect mortality improvement.

The actuarial assumptions used in the July 1, 2019 valuation were based on historical results, as a recent experience study was not completed.

Changes in the Center's total OPEB liability for the plan for the fiscal year ended June 30, 2020 were as follows:

| | Total OPEB Liability |
|---|-------------------------|
| Balance at 7/1/18 | \$ 416,019 |
| Service Cost | 37,536 |
| Interest | 12,615 |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experience | - |
| Changes in Assumptions | (9,989) |
| Benefit Payments | (55,789) |
| Net Changes | (15,627) |
| Balance at 7/1/2019 | \$ 400,392 |

Changes in assumptions reflect a change in the discount rate from 2.98% to 3.36%, an update of trend assumptions, and an update of assumptions for salary, mortality, and retirements based on the new PSERS assumptions.

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------------|-------------|--------------------------|-------------|
| Center's total OPEB liability | \$ 360,454 | \$ 400,392 | \$ 448,564 |

NOTE 12 - POSTEMPLOYMENT BENEFITS PLAN (Continued)

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Center Specific Plan (Continued)

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

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

| | 1% Decrease 2.36% | Current Discount Rate 3.36% | 1% Increase 4.36% |
|-------------------------------|------------------------------|--|------------------------------|
| Center's total OPEB liability | \$ 427,268 | \$ 400,392 | \$ 375,443 |

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2020, the Center recognized OPEB expense of \$3,934. As of June 30, 2020, the Center reported deferred outflows related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|----------------------------------|
| Differences Between Expected and Actual Experience | \$ 54,195 | \$ - |
| Changes in Assumptions Benefit Payments Subsequent to Measurement Date | 10,557 | 8,879 |
| Total | \$ 118,927 | \$ 8,879 |

Amounts, other than contributions subsequent to the measurement date, reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30: | | |
|----------------------------|----|--------|
| 2021 | \$ | 7,958 |
| 2022 | | 7,958 |
| 2023 | | 7,958 |
| 2024 | | 7,958 |
| 2025 | | 7,958 |
| Thereafter | | 16,083 |

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS PLAN (Continued)

PSERS Healthcare Insurance Premium Assistance Plan

1. Summary of Significant Accounting Policies

Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

Pension Plan description

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

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS PLAN (Continued)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

Benefits provided

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

Employer Contributions

The Center's contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.056% 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 \$6,447 for the year ended June 30, 2019.

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

At June 30, 2020, the Center reported a liability of \$119,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019. The Center's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the Center's proportion was 56 percent, which was an increase of 1 percent from its proportion measured as of June 30, 2018.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS PLAN (Continued)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 1,000 | \$ - |
| Changes in assumptions | 4,000 | 4,000 |
| Net difference between projected and actual investment earnings | - | - |
| Changes in proportion | 1,000 | 24,000 |
| Contributions subsequent to the measurement date | 6,209 | - |
| | <u>6,209</u> | <u>-</u> |
| Total | <u>\$ 12,209</u> | <u>\$ 28,000</u> |

\$6,209 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30: | |
|----------------------------|---------------|
| 2020 | \$ (1,000.00) |
| 2021 | (1,000) |
| 2022 | (1,000) |
| 2023 | (1,000) |
| 2024 | 1,000 |
| Thereafter | 1,000 |

Actuarial Assumptions:

The Total OPEB Liability as of June 30, 2018, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.98% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS PLAN (Continued)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

The following assumptions were used to determine the contribution rate:

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

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 | 5.9% | 0.3% |
| US Core Fixed Income | 92.8% | 1.2% |
| Non-US Developed Fixed | 1.3% | 0.4% |
| Total | 100.0% | |

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS PLAN (Continued)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

Discount rate

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

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2018, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1,077 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

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

| | 1% Decrease | Current Healthcare Cost Trend | 1% Increase |
|---|--------------------|--|--------------------|
| Center's proportionate share of the net OPEB liability | \$ 119,000 | \$ 119,000 | \$ 119,000 |

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

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

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12 - POSTEMPLOYMENT BENEFITS PLAN (Continued)

PSERS Healthcare Insurance Premium Assistance Plan (Continued)

| | 1% Decrease 1.79% | Current Discount rate 2.79% | 1% Increase 3.79% |
|---|-----------------------------|---|-----------------------------|
| Center's proportionate share of the net OPEB liability | \$ 136,000 | \$ 119,000 | \$ 105,000 |

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.

At June 30, 2019 the Center reported a payable of \$1,496 for the outstanding amount of contributions to the OPEB plan.

NOTE 13- COMMITMENTS AND CONTINGENCIES

LITIGATION

In the normal course of business, there are various claims and suits pending against the Center and its appointed officials. Management is of the opinion that these matters will not have a material adverse effect on the Center's financial position as of June 30, 2020.

GRANTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Center expects such amounts, if any, to be immaterial.

NOTE 14- NEW ACCOUNTING PRONOUNCEMENTS

The Center has adopted GASB No. 83, Certain Asset Retirement Obligations; GASB No. 88 Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements effective for the year ending June 30, 2019; the Center has not completed the process of evaluating the impact that will result from GASB No. 84, Fiduciary Activities; GASB No. 90, Majority Equity Interests- an amendment of GASB Statements No. 14 and No. 61 effective for the year ending June 30, 2020, and GASB No. 87, Leases, GASB No. 89 Accounting for Interest Cost Incurred before the End of a Construction Period effective for the year ending June 30, 2021. The Center, therefore, unable to disclose the impact that adopting GASB Statements No. 84, 87, 89, and 90 will have on its financial position and results of operations when such statements are adopted.

**NORTHUMBERLAND COUNTY CAREER
AND TECHNOLOGY CENTER
JUNE 30, 2020**

**Required
Supplementary
Information**

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

Schedule of Changes in the Total Center's OPEB Liability and Related Ratios

Northumberland County Career and Technology Center Postemployment Benefits Plan

| Total OPEB Liability | June 30, 2020 | June 30, 2019 | June 30, 2018 |
|--|--------------------------|--------------------------|--------------------------|
| Service Cost | \$ 37,536 | \$ 36,610 | \$ 35,807 |
| Interest | 12,615 | 10,841 | 7,908 |
| Changes of Benefit Terms | - | - | - |
| Differences between Expected and Actual Experience | - | 69,679 | - |
| Changes of Assumptions | (9,989) | 508 | 13,971 |
| Benefit Payments | (55,789) | (24,790) | (35,598) |
| Other Changes | - | - | - |
| Net Change | <u>(15,627)</u> | <u>92,848</u> | <u>22,088</u> |
| Total OPEB Liability - Beginning | 416,019 | 323,171 | 301,083 |
| Total OPEB Liability - Ending | <u><u>\$ 400,392</u></u> | <u><u>\$ 416,019</u></u> | <u><u>\$ 323,171</u></u> |
| Covered Payroll | \$ 672,137 | \$ 672,137 | \$ 779,565 |
| Total OPEB Liability as a % of Covered-Employee Payroll | 59.57% | 61.89% | 41.46% |

**The Center adopted GASB 75 on a prospective basis.
therefore, information is presented for those years.
only for which information is available.**

**Note: The actuarial determined contribution has not been
calculated for the Center.**

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

Schedule of the Center's Proportionate Share of the Net OPEB Liability

Health Insurance Premium Assistance Plan

Last 10 Years

| | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
|--|---------------|---------------|---------------|---------------|
| Center's proportion of the PSERS OPEB liability | 0.67% | 0.67% | 0.66% | 0.70% |
| Center's proportionate share of the PSERS OPEB liability | \$ 140,000 | \$ 140,000 | \$ 134,000 | \$ 151,000 |
| Center's covered-employee payroll | 766,964 | 896,511 | 872,146 | 910,628 |
| Center's proportionate share of the PSERS OPEB liability as a percentage of its covered-employee payroll | 18% | 16% | 15% | 17% |
| Plan Fiduciary net position as a percentage of the total PSERS OPEB liability | 5% | 5% | 5% | 6% |

The Center adopted GASB 75 on a prospective basis; therefore, information is presented for those years only for which information is available.

Schedule of the Center's OPEB Contributions

Health Insurance Premium Assistance Plan

Last 10 Years

| | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
|--|---------------|---------------|---------------|---------------|
| Contractually required contribution | 6,299 | 6,447 | 7,251 | |
| Contributions in relation to the contractually required Contribution deficiency (excess) | (6,299) | (6,447) | (7,251) | |
| Center's covered-employee payroll | 766,964 | 896,511 | 872,146 | 910,628 |
| Contributions as a percentage of covered-employee | 1% | 1% | 1% | 0% |

The Center adopted GASB 75 on a prospective basis; therefore, information is presented for the years only for which information is available.

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

Schedule of the Center's Proportionate Share of the Net Pension Liability – Last 10 Years

| | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Center's proportion of the net pension liability | 0.56% | 0.67% | 0.66% | 0.70% | 0.65% | 0.62% |
| Center's proportionate share of the net pension liability | \$ 2,620,000 | \$ 3,216,000 | \$ 3,260,000 | \$ 3,469,000 | \$ 2,816,000 | \$ 2,454,000 |
| Center's covered-employee payroll | 766,964 | 872,146 | 872,146 | 910,628 | 836,464 | 794,844 |
| Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 342% | 369% | 374% | 381% | 337% | 309% |
| Plan Fiduciary net position as a percentage of the total pension liability | 52% | 52% | 52% | 50% | 54% | 57% |

The Center adopted GASB 68 on a prospective basis; therefore, information is presented for those years only for which information is available.

Schedule of the Center's Pension Contributions for the Net Pension Liability – Last 10 Years

| | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | 250,822 | 253,218 | 277,267 | 260,740 | 239,547 | 170,799 |
| Contributions in relation to the contractually required | (250,822) | (253,218) | (277,267) | (260,740) | (239,547) | (170,799) |
| Contribution deficiency (excess) | | | | | - | - |
| Center's covered-employee payroll | 896,511 | 896,511 | 872,146 | 910,628 | 836,464 | 794,844 |
| Contributions as a percentage of covered-employee payroll | 27.98% | 28.24% | 31.79% | 28.63% | 28.64% | 21.49% |

The Center adopted GASB 68 on a prospective basis; therefore, information is presented for those years only for which information is available

**NORTHUMBERLAND COUNTY CAREER
AND TECHNOLOGY CENTER
JUNE 30, 2020**

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual
General Fund**

**NORTHUMBERLAND COUNTY CAREER AND TECHNOLOGY CENTER
COAL TOWNSHIP, PENNSYLVANIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

Budgetary Comparison Schedule - General Fund

| | Budgeted Amounts | | Actual | Variance with |
|--|------------------|------------------|--------------------|--|
| | Original | Final | Budgetary Basis | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Local Revenues | \$ 1,548,944 | \$ 1,548,944 | \$ 1,396,838 | \$ (152,106) |
| State Program Revenues | 410,000 | 410,000 | 518,112 | 108,112 |
| Federal Program Revenues | - | - | 99,246 | 99,246 |
| TOTAL REVENUES | 1,958,944 | 1,958,944 | 2,014,196 | 55,252 |
| EXPENDITURES | | | | |
| <i>Instruction:</i> | | | | |
| Vocational Programs | 1,069,291 | 1,069,291 | 1,225,196 | (155,905) |
| <i>Support Services:</i> | | | | |
| Instructional Staff Development Services | 17,000 | 17,000 | 8,796 | 8,204 |
| Administration Services | 341,342 | 341,342 | 333,788 | 7,554 |
| Pupil Health | - | - | 3,863 | (3,863) |
| Business Services | 200,161 | 200,161 | 185,584 | 14,577 |
| Operation & Maint. of Plant Services | 291,302 | 291,302 | 228,707 | 62,595 |
| Central | 8,500 | 8,500 | 2,102 | - |
| <i>Operation of Noninstructional Services:</i> | | | | |
| Student Activities | 5,000 | 5,000 | - | 5,000 |
| TOTAL EXPENDITURES | 1,932,596 | 1,932,596 | 1,988,036 | (61,838) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 26,348 | 26,348 | 26,160 | 117,090 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Debt Service / Other Expenditures and Financing Uses | 26,113 | 26,113 | 26,160 | (47) |
| TOTAL OTHER FINANCING SOURCES (USES) | 26,113 | 26,113 | 26,160 | (47) |
| Net Change in Fund Balances | \$ 235 | \$ 235 | \$ - | \$ 117,137 |

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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**

Officers and Members of the Board
Northumberland County Career and Technology Center
Coal Township, Pennsylvania, 17866

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northumberland County Career and Technology Center (the Center) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated December 1, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control 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.

Klacik & Associates, P.C.

Shamokin, Pennsylvania
December 1, 2020