

**HUNTINGDON COUNTY CAREER
AND TECHNOLOGY CENTER**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2015**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 11
FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
<i>Statement of Net Position</i>	12
<i>Statement of Activities</i>	13
Fund Financial Statements	
<i>Balance Sheet - Governmental Funds</i>	14
<i>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position</i>	15
<i>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</i>	16
<i>Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities</i>	17
<i>Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund</i>	18 - 19
<i>Statement of Net Position - Proprietary Funds</i>	20 - 21
<i>Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds</i>	22 - 23
<i>Statement of Cash Flows - Proprietary Funds</i>	24 - 25
<i>Statement of Fiduciary Net Position - Student Activity Fund</i>	26
<i>Notes to Financial Statements</i>	27 - 51
REQUIRED SUPPLEMENTARY INFORMATION	
<i>Schedule of the Center's Proportionate Share of the Net Pension Liability</i>	52
<i>Schedule of the Center's Contributions</i>	53
<i>Other Post-Employment Benefits Plan Schedule of Funding Progress</i>	54
GOVERNMENT AUDITING STANDARDS REPORTS AND SCHEDULES	
<i>Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i>	55 - 56
<i>Schedule of Findings and Responses</i>	57 - 60

INDEPENDENT AUDITOR'S REPORT

Joint Operating Committee
Huntingdon County Career and Technology Center
Mill Creek, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Huntingdon County Career and Technology Center as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Huntingdon County Career and Technology Center, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the center's proportionate share of the net pension liability, the schedule of the center's contributions and the schedule of funding progress on pages 4 through 11 and pages 52 through 54 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 23, 2015, on our consideration of Huntingdon County Career and Technology 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 Huntingdon County Career and Technology Center's internal control over financial reporting and compliance.

Change in Accounting Principle

As discussed in Notes 9, 10 and 16 to the financial statements, the Center adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* for its pension plan, a multiple-employer, cost-sharing defined benefit pension plan. Since GASB Statement No. 68 implements new measurement criteria and reporting provisions, significant information has been added to the government wide statements. Our opinion is not modified with respect to this matter.

Rotz & Stonesifer, P.C.

Chambersburg, Pennsylvania
December 23, 2015

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2015

The discussion and analysis of Huntingdon County Career and Technology Center's (Center) financial performance provides an overview of the Center's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

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

The Center provides career and technical education programs for high school students who are residents of the four participating member school districts and out of school youths and adults in Huntingdon County and surrounding areas. Each member district is responsible for a share of the operating budget based on student enrollment using a formula described within the Articles of Agreement. The member districts include: Mount Union Area School District, Huntingdon Area School District, Southern Huntingdon County School District, and Juniata Valley School District. Continuing education for out of school youths and adults operates via student paid tuition.

Mission Statement

Huntingdon County Career and Technology Center is committed to providing quality career and technical education opportunities for students through integrated academic and technical experiences in order for students to gain and maintain employment, pursue post-secondary education, and develop an appreciation for lifelong learning in a globally competitive workplace.

Financial Highlights

The member school districts provide the largest sum of revenue which supports the secondary education programs and for the years ended June 30, 2015 and 2014, accounted for 76% of total General Fund revenue for both years. During the year ended June 30, 2015, member districts made payments to the Center totaling \$1,947,503 (\$1,961,756 for 2013-2014), of which \$1,742,345 (\$1,725,649 for 2013-2014) was utilized to cover operating costs and recognized as revenue for the year. The remaining \$205,158 of unexpended funds is due back to the member districts at June 30, 2015 and will be refunded to each district based on student enrollment using a formula described within the Articles of Agreement.

The Adult Education Fund reported tuition revenue of \$356,140 for 2014-2015 (\$314,400 for 2013-2014) and for the year ended June 30, 2015 had a positive change in net position of \$100,696 (\$108,473 for 2013-2014). The increase in tuition revenues was a result of an overall increase in enrollment for adult education and the Center offering additional programs such as welding which began during 2014-2015.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2015

Overview of Financial Statements

Table A-1 summarizes the major features of the Center’s financial statements, including the portions of the Center the statements cover and the types of information the statements contain. The remainder of the overview section of MD&A explains the structure and contents of the statements.

Table A-1
Major Features of Huntingdon County Career and Technology Center’s
Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Center (except fiduciary funds)	Activities of the Center that are not proprietary or fiduciary , such as education, administration and community services	Activities the Center operates similar to private business- Adult Education and Practical Nursing Programs	Activities in which the Center is the trustee or agent for another party’s resources - Student Activity Fund
Required Financial Information	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic-resources focus	Modified-accrual accounting and current financial-resources focus	Accrual accounting and economic-resources focus	Accrual accounting and economic-resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2015

Government-Wide Statements

The government-wide statements report information about Huntingdon County Career and Technology 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 it has changed. Net position, the difference between the Center's total assets and deferred outflows of resources less total liabilities and deferred inflows of resources, is one way to measure the Center's financial health or condition.

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, additional non-financial factors, such as changes in the member district's enrollments and the performances of students, must be considered.

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

- **Governmental Activities** - All of the Center's basic services are included here, such as instruction, administration and operation of facilities. Receipts from participating member school districts and state and Federal subsidies and grants finance most of these activities.
- **Business-Type Activities** - The Center operates several adult education programs and charges tuition to students enrolled in these classes to cover the cost of the programs.

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 or 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 the modified-accrual method of 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.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2015

- **Proprietary Funds** - These funds are used to account for the Center's activities that are similar to business operations in the private sector, or where the reporting focuses on determining net income, financial position, changes in financial position, and where a significant portion of funding comes through user charges. When the Center charges customers for services it provides, whether to outside customers or to other units in the Center, these services are generally reported in proprietary funds. The various adult education programs comprise the Center's proprietary funds and correspond to the business-type activities reported in the government-wide statements.
- **Fiduciary Funds** - The Center is the trustee, or fiduciary, for the assets of the student activity fund. All fiduciary activities are reported in a separate column on the Statement of Fiduciary Net Position. These activities are excluded from the Center's other financial statements because the Center cannot use these assets to finance its operations.

Financial Analysis of the Center as a Whole

Table A-2
As of June 30, 2015 and 2014
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	
Current and Other Assets	\$ 806,858	\$ 734,818	\$ 716,114	\$ 740,988	\$1,522,972	\$1,475,806	-3.10%
Capital Assets	3,633,139	3,450,211	60,899	115,336	3,694,038	3,565,547	-3.48%
Total Assets	4,439,997	4,185,029	777,013	856,324	5,217,010	5,041,353	-3.37%
Deferred Outflows of Resources	157,154	207,147	31,846	55,638	189,000	262,785	39.04%
Current and Other Liabilities	576,237	567,719	40,377	75,708	616,614	643,427	4.35%
Long-Term Liabilities	4,529,728	4,107,822	705,287	663,648	5,235,015	4,771,470	-8.85%
Total Liabilities	5,105,965	4,675,541	745,664	739,356	5,851,629	5,414,897	-7.46%
Deferred Inflows of Resources	-	333,431	-	67,569	-	401,000	100.00%
Net Position							
Invested in Capital Assets -							
Net of Related Debt	2,645,331	2,562,977	60,899	115,336	2,706,230	2,678,313	-1.03%
Restricted	230,621	271,065	-	-	230,621	271,065	17.54%
Unrestricted	(3,384,766)	(3,450,838)	2,296	(10,299)	(3,382,470)	(3,461,137)	-2.33%
Total Net Position	\$ (508,814)	\$ (616,796)	\$ 63,195	\$ 105,037	\$ (445,619)	\$ (511,759)	-14.84%

Most of the Center's net position is invested in capital assets (land, buildings and equipment). The remaining net position is unrestricted, consisting of designated and undesignated amounts, or is restricted for a specific purpose. The restricted balances are amounts set aside to fund future capital purchases or projects that may be planned by the Center.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2015

The implementation of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*, required the Center to record its proportionate share of the PSERS pension plan net pension liability. Recording this liability caused a substantial deficit in the unrestricted net position of the Center.

Deferred inflows of resources related to pensions were also created with the implementation of GASBS No. 68, which prohibits reporting any beginning balances at transition for deferred outflows or deferred inflows of resources related to pensions unless all deferred items can be calculated and reported, with the exception for the deferred outflows of resources for contributions made after the measurement date but before the fiscal year end. Therefore, only the deferred outflows of resources for employer pension contributions made after the June 30, 2013 measurement date but before the June 30, 2014 fiscal year end are shown above.

The results of this year’s operations, as a whole, are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are presented to determine the final amount of the Center’s activities that is supported by other general revenues. The largest general revenue is the receipts from participating member school districts.

Table A-3 restates information from the Statement of Activities in a different format.

Table A-3
Fiscal Years Ended June 30, 2015 and 2014
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	
Revenues							
Program Revenues							
Charges for Services	\$ 31,515	\$ 29,790	\$ 423,332	\$ 520,394	\$ 454,847	\$ 550,184	20.96%
Operating Grants and Contributions	487,175	506,902	169,881	116,453	657,056	623,355	-5.13%
Capital Grants and Contributions	22,930	16,690	-	-	22,930	16,690	-37.39%
General Revenues							
Receipts from Member Districts	1,725,649	1,742,345	-	-	1,725,649	1,742,345	0.97%
Retained Prior Year Surplus Funds	133,477	-	-	-	133,477	-	-100.00%
Other Revenue	16,457	9,329	544	630	17,001	9,959	-41.42%
Total Revenues	<u>2,417,203</u>	<u>2,305,056</u>	<u>593,757</u>	<u>637,477</u>	<u>3,010,960</u>	<u>2,942,533</u>	-2.27%
Expenses							
Instructional	1,566,926	1,445,529	470,255	571,948	2,037,181	2,017,477	-0.97%
Instructional Student Support	42,107	35,145	-	-	42,107	35,145	-16.53%
Administration and Financial Support	403,223	527,822	-	-	403,223	527,822	30.90%
Operation and Maintenance of Facilities	377,753	363,030	-	-	377,753	363,030	-3.90%
Student Activities	20,311	21,056	-	-	20,311	21,056	3.67%
Interest on Long-Term Debt	37,189	31,339	-	-	37,189	31,339	-15.73%
Total Expenses	<u>2,447,509</u>	<u>2,423,921</u>	<u>470,255</u>	<u>571,948</u>	<u>2,917,764</u>	<u>2,995,869</u>	2.68%
Changes in Net Position	<u>\$ (30,306)</u>	<u>\$ (118,865)</u>	<u>\$ 123,502</u>	<u>\$ 65,529</u>	<u>\$ 93,196</u>	<u>\$ (53,336)</u>	157.23%

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2015

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

Table A-4 presents the Center's largest functions - instructional programs, instructional student support, administration, operation and maintenance of facilities, student activities, and debt service, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by receipts from member districts and other miscellaneous revenues.

Table A-4
Fiscal Years Ended June 30, 2015 and 2014
Net Cost of Governmental Activities

<u>Functions / Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>
Instructional	\$ 1,566,926	\$ 1,445,529	\$ 1,069,309	\$ 958,781
Instructional Student Support	42,107	35,145	41,138	35,145
Administration and Financial Support	403,223	527,822	377,075	480,490
Operation and Maintenance of Facilities	377,753	363,030	362,059	345,394
Student Activities	20,311	21,056	19,119	19,390
Interest on Long-Term Debt	37,189	31,339	37,189	31,339
Total Governmental Activities	\$ 2,447,509	\$ 2,423,921	1,905,889	1,870,539
Less Unrestricted Grants, Subsidies and Contributions			(133,477)	-
Total Need for Receipts from Member Districts and Other Revenues			\$ 1,772,412	\$ 1,870,539

Table A-5 reflects the activities of the Practical Nursing and Adult Education programs, the only two business-type activities of the Center.

Table A-5
Fiscal Years Ended June 30, 2015 and 2014
Net Cost of Business-Type Activities

<u>Functions / Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>
Practical Nursing	\$ 241,791	\$ 251,165	\$ (14,891)	\$ 35,334
Adult Education	228,464	320,783	(108,067)	(100,233)
Total Business-Type Activities	\$ 470,255	\$ 571,948	\$ (122,958)	\$ (64,899)

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

**HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2015**

Governmental Funds

At June 30, 2015, the Center's governmental funds reported a combined fund balance of \$271,065 which reflects an increase of \$40,444 from June 30, 2014. This increase was the result of \$13,895 of proceeds from the sale of fixed assets and the annual budgeted transfer of \$25,000 to the Capital Reserve Fund.

The General Fund reports a \$-0- fund balance at the end of each fiscal year. Any surplus funds at the end of each fiscal year are due back to the member districts and will be refunded based on student enrollment using a formula described within the Articles of Agreement. For the 2014-2015 fiscal year, General Fund operations generated an excess of revenues over expenditures in the amount of \$205,158, which is due back to the member districts at June 30, 2015.

General Fund Budget

During the fiscal year, the Joint Operating Committee did not authorize revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the Center. Therefore, the Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund reports the original and final budget amounts in a single column.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the Center had \$3,565,547 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This compares to \$3,694,038 at June 30, 2014. Major capital asset activity during the current year included capital purchases of \$156,875 and depreciation expense of \$280,086.

**Table A-6
Fiscal Years Ended June 30, 2015 and 2014
Capital Assets - Net of Accumulated Depreciation**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	
Land	\$ 14,817	\$ 14,817	\$ -	\$ -	\$ 14,817	\$ 14,817	0.00%
Site Improvements	341,197	243,712	-	22,468	341,197	266,180	-21.99%
Buildings and Improvements	2,971,336	2,839,383	27,983	26,718	2,999,319	2,866,101	-4.44%
Furniture and Equipment	305,789	352,299	32,916	66,150	338,705	418,449	23.54%
	<u>\$3,633,139</u>	<u>\$3,450,211</u>	<u>\$ 60,899</u>	<u>\$ 115,336</u>	<u>\$3,694,038</u>	<u>\$3,565,547</u>	-3.48%

**HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2015**

Debt Administration

As of July 1, 2014, the Center had total outstanding debt principal of \$987,808. During the year, the Center did not issue any new debt and made payments against principal of \$100,574, resulting in outstanding debt as of June 30, 2015, of \$887,234.

**Table A-7
Fiscal Years Ended June 30, 2015 and 2014
Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2015</u>
Capital Lease Obligation - Kish Bank	<u>\$ 987,808</u>	<u>\$ 887,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,808</u>	<u>\$ 887,234</u>

Other obligations include accrued sick and personal leave for specific employees of the Center and other post-employment healthcare benefits. More detailed information about our long-term liabilities is included in Notes to the Financial Statements.

A two-year, percentage comparison of revenues and expenditures for the Center's governmental funds follows:

**Table A-8
Governmental Funds
Revenue and Expenditure Percentages**

	<u>2013-2014</u>	<u>2014-2015</u>
Local Revenues	77.77%	77.42%
State Revenues	18.83%	19.21%
Federal Revenues	3.40%	3.37%
Instructional	60.06%	55.79%
Support Services	33.30%	37.59%
Non-Instructional Services	0.80%	0.81%
Debt Service	5.84%	5.81%

Contacting the Center's Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students and creditors with a general overview of the Center's finances and to show the Joint Operating Committee's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Manager at Huntingdon County Career and Technology Center, 11893 Technology Drive, P.O. Box E, Mill Creek, PA 17060, (814) 643-0951.

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 654,990	\$ 674,618	\$ 1,329,608
Internal Balances	-	41,347	41,347
Intergovernmental Accounts Receivable	4,080	23,988	28,068
State Revenue Receivable	67,126	1,035	68,161
Other Accounts Receivable	8,622	-	8,622
Property and Equipment - Net of Accumulated Depreciation	3,450,211	115,336	3,565,547
TOTAL ASSETS	<u>4,185,029</u>	<u>856,324</u>	<u>5,041,353</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	<u>207,147</u>	<u>55,638</u>	<u>262,785</u>
LIABILITIES			
Internal Balances	41,347	-	41,347
Due to Member Districts	205,158	-	205,158
Due to Other Governments	-	19,597	19,597
Accounts Payable	13,362	7,210	20,572
Accrued Salaries and Benefits	182,094	34,783	216,877
Payroll Withholdings	21,792	-	21,792
Unearned Revenue	-	14,118	14,118
Capital Lease Obligation			
Due within one year	103,965	-	103,965
Due in more than one year	783,269	-	783,269
Compensated Absences Payable	84,656	12,015	96,671
Other Post-Employment Benefits	113,458	18,073	131,531
Net Pension Liability	3,126,440	633,560	3,760,000
TOTAL LIABILITIES	<u>4,675,541</u>	<u>739,356</u>	<u>5,414,897</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	<u>333,431</u>	<u>67,569</u>	<u>401,000</u>
NET POSITION			
Invested in Capital Assets - Net of Related Debt	2,562,977	115,336	2,678,313
Restricted for:			
Capital Projects	271,065	-	271,065
Unrestricted	<u>(3,450,838)</u>	<u>(10,299)</u>	<u>(3,461,137)</u>
TOTAL NET POSITION	<u>\$ (616,796)</u>	<u>\$ 105,037</u>	<u>\$ (511,759)</u>

See accompanying notes to financial statements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Instructional	\$ 1,445,529	\$ 29,790	\$ 440,268	\$ 16,690	\$ (958,781)	\$ -	\$ (958,781)
Instructional Student Support	35,145	-	-	-	(35,145)	-	(35,145)
Administration and Financial Support	527,822	-	47,332	-	(480,490)	-	(480,490)
Operation and Maintenance of Facilities	363,030	-	17,636	-	(345,394)	-	(345,394)
Student Activities	21,056	-	1,666	-	(19,390)	-	(19,390)
Interest on Long-Term Debt	31,339	-	-	-	(31,339)	-	(31,339)
Total Governmental Activities	<u>2,423,921</u>	<u>29,790</u>	<u>506,902</u>	<u>16,690</u>	<u>(1,870,539)</u>	<u>-</u>	<u>(1,870,539)</u>
Business-Type Activities							
Practical Nursing	251,165	163,799	52,032	-	-	(35,334)	(35,334)
Adult Education	320,783	356,595	64,421	-	-	100,233	100,233
Total Business-Type Activities	<u>571,948</u>	<u>520,394</u>	<u>116,453</u>	<u>-</u>	<u>-</u>	<u>64,899</u>	<u>64,899</u>
Total Career and Technology Center	<u>\$ 2,995,869</u>	<u>\$ 550,184</u>	<u>\$ 623,355</u>	<u>\$ 16,690</u>	<u>(1,870,539)</u>	<u>64,899</u>	<u>(1,805,640)</u>
General Revenues and Transfers							
Receipts from Member Districts					1,742,345	-	1,742,345
Investment Earnings					594	630	1,224
Miscellaneous Income					8,735	-	8,735
Total General Revenues and Transfers					<u>1,751,674</u>	<u>630</u>	<u>1,752,304</u>
Changes in Net Position					(118,865)	65,529	(53,336)
Net Positions - July 1, 2014, As Previously Reported					2,714,985	714,280	3,429,265
Prior Period Adjustment					(3,212,916)	(674,772)	(3,887,688)
Net Position - July 1, 2014, As Restated					<u>(497,931)</u>	<u>39,508</u>	<u>(458,423)</u>
Net Position - June 30, 2015					<u>\$ (616,796)</u>	<u>\$ 105,037</u>	<u>\$ (511,759)</u>

See accompanying notes to financial statements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 383,925	\$ 271,065	\$ 654,990
Intergovernmental Accounts Receivable	4,080	-	4,080
State Revenue Receivable	67,126	-	67,126
Other Accounts Receivable	8,622	-	8,622
	<u>463,753</u>	<u>271,065</u>	<u>734,818</u>
TOTAL ASSETS	\$ 463,753	\$ 271,065	\$ 734,818
 LIABILITIES			
Due to Other Funds	\$ 41,347	\$ -	\$ 41,347
Due to Member Districts	205,158	-	205,158
Accounts Payable	13,362	-	13,362
Accrued Salaries and Benefits	182,094	-	182,094
Payroll Withholdings	21,792	-	21,792
	<u>463,753</u>	<u>-</u>	<u>463,753</u>
TOTAL LIABILITIES	463,753	-	463,753
 FUND BALANCES			
Assigned	-	271,065	271,065
Unassigned	-	-	-
	<u>-</u>	<u>271,065</u>	<u>271,065</u>
TOTAL FUND BALANCES	-	271,065	271,065
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 463,753	 \$ 271,065	 \$ 734,818

See accompanying notes to financial statements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balances - Governmental Funds \$ 271,065

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, they are not reported as assets in governmental funds. The cost of assets is \$9,739,785 and the related accumulated depreciation is \$6,289,574. 3,450,211

Long-term liabilities, including capital lease obligations, compensated absences, other post-employment benefits, and net pension obligations are not due and payable in the current period, and therefore, they are not reported as liabilities in the fund financial statements. Long-term liabilities at year-end consist of:

Capital Lease Obligation	(887,234)	
Compensated Absences Payable	(84,656)	
Other Post-Employment Benefits	(113,458)	
Net Pension Liability	<u>(3,126,440)</u>	(4,211,788)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund financial statements.

Deferred outflows of resources related to pensions represent amounts paid out during the fiscal year ended June 30, 2015 for employer pension contributions. 207,147

Deferred inflows of resources related to pensions (from pension schedule) (333,431)

Total Net Position - Governmental Activities \$ (616,796)

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General <u>Fund</u>	Capital <u>Projects</u>	Total Governmental <u>Funds</u>
Revenues			
Local Sources	\$ 1,777,700	\$ 249	\$ 1,777,949
State Sources	441,065	-	441,065
Federal Sources	77,427	-	77,427
Total Revenues	<u>2,296,192</u>	<u>249</u>	<u>2,296,441</u>
Expenditures			
Instructional	1,266,331	-	1,266,331
Support Services	853,197	-	853,197
Operation of Non-Instructional Services	18,451	-	18,451
Debt Service			
Principal	100,574	-	100,574
Interest	31,339	-	31,339
Total Expenditures	<u>2,269,892</u>	<u>-</u>	<u>2,269,892</u>
Excess of Revenues Over Expenditures	26,300	249	26,549
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	-	13,895	13,895
Interfund Transfers	(26,300)	26,300	-
Total Other Financing Sources (Uses) - Net	<u>(26,300)</u>	<u>40,195</u>	<u>13,895</u>
Net Changes in Fund Balances	-	40,444	40,444
Fund Balances			
July 1, 2014	-	230,621	230,621
June 30, 2015	<u>\$ -</u>	<u>\$ 271,065</u>	<u>\$ 271,065</u>

See accompanying notes to financial statements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Governmental Funds \$ 40,444

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

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

Capital Outlays	93,716	
Less Depreciation Expense	<u>(271,364)</u>	(177,648)

This is the difference between the proceeds from sales of capital assets, less accumulated depreciation allowed on the disposed assets. (5,280)

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

Center pension contributions	207,147	
Costs of benefits earned net of employee contributions	<u>(246,956)</u>	(39,809)

Expenses reported in the Statement of Activities relating to other post-employment benefits and compensated absences payable do not require the use of current financial resources, and therefore, they are not reported as expenditures in governmental funds. (37,146)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of those differences in the treatment of long-term debt.

Repayment of Capital Lease Obligation	<u>100,574</u>	
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Change in Net Position - Governmental Activities \$ (118,865)

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Local Sources			
Investment Earnings	\$ 300	\$ 345	\$ 45
Fees and Special Events	3,500	-	(3,500)
Pass Through Revenue from Intermediary Sources	20,000	-	(20,000)
Contributions and Donations	5,000	5,100	100
Receipts from Member Districts	2,022,513	1,742,345	(280,168)
Other Tuition	-	29,790	29,790
Refunds and Other Miscellaneous Revenue	2,500	120	(2,380)
Total Revenues from Local Sources	<u>2,053,813</u>	<u>1,777,700</u>	<u>(276,113)</u>
State Sources			
Vocational Education Subsidy	282,543	236,475	(46,068)
Supplemental Equipment Grant	-	16,690	16,690
Social Security Reimbursement	38,794	48,405	9,611
Retirement Reimbursement	99,627	139,495	39,868
Total Revenue from State Sources	<u>420,964</u>	<u>441,065</u>	<u>20,101</u>
Federal Sources			
Vocational Education - Perkins	73,396	77,427	4,031
Total Revenues	<u>2,548,173</u>	<u>2,296,192</u>	<u>(251,981)</u>
Expenditures			
Instructional			
Vocational Education			
Agricultural Education	38,343	38,679	(336)
Health Occupations	178,661	132,173	46,488
Culinary Arts	154,380	144,842	9,538
Computer Networking Technology	101,134	98,053	3,081
Cosmetology	113,488	108,110	5,378
Trade and Industrial Education	801,604	731,730	69,874
Total Vocational Education	<u>1,387,610</u>	<u>1,253,587</u>	<u>134,023</u>
Other Instructional Programs	22,508	12,744	9,764
Total Instructional	<u>1,410,118</u>	<u>1,266,331</u>	<u>143,787</u>

(Continued)

See accompanying notes to financial statements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures - continued			
Support Services			
Instructional Staff	52,875	42,230	10,645
Administration	358,945	340,953	17,992
Business Services	128,002	123,807	4,195
Operation and Maintenance of Facilities	399,653	344,999	54,654
Central Services	3,800	1,208	2,592
Total Support Services	943,275	853,197	90,078
 Operation of Non-Instructional Services			
Student Activities	24,780	18,451	6,329
 Debt Service			
Principal	115,000	100,574	14,426
Interest	30,000	31,339	(1,339)
Total Debt Service	145,000	131,913	13,087
 Total Expenditures	2,523,173	2,269,892	253,281
 Excess of Revenues Over Expenditures	25,000	26,300	1,300
 Other Financing Uses			
Interfund Transfers	(25,000)	(26,300)	(1,300)
 Net Change in Fund Balance	\$ -	-	\$ -
 Fund Balance			
July 1, 2014		-	
June 30, 2015		\$ -	

See accompanying notes to financial statements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Practical</u> <u>Nursing Fund</u>	<u>Adult</u> <u>Education Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
ASSETS			
Current Assets			
Cash	\$ 161,247	\$ 513,371	\$ 674,618
Due from Other Funds	19,327	22,020	41,347
Intergovernmental Accounts Receivable	-	23,988	23,988
State Revenue Receivable	1,035	-	1,035
Total Current Assets	181,609	559,379	740,988
Noncurrent Assets			
Property and Equipment - Net of Accumulated Depreciation	19,466	95,870	115,336
TOTAL ASSETS	201,075	655,249	856,324
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	25,823	29,815	55,638

(Continued)

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Practical</u> <u>Nursing Fund</u>	<u>Adult</u> <u>Education Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
LIABILITIES			
Current Liabilities			
Due to Other Governments	-	19,597	19,597
Accounts Payable	3,502	3,708	7,210
Accrued Salaries and Benefits	7,710	27,073	34,783
Unearned Revenue	11,623	2,495	14,118
Total Current Liabilities	22,835	52,873	75,708
Noncurrent Liabilities			
Compensated Absences Payable	10,660	1,355	12,015
Other Post-Employment Benefits	8,075	9,998	18,073
Net Pension Liability	379,760	253,800	633,560
Total Noncurrent Liabilities	398,495	265,153	663,648
TOTAL LIABILITIES	421,330	318,026	739,356
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	40,501	27,068	67,569
NET POSITION			
Invested in Capital Assets	19,466	95,870	115,336
Unrestricted	(254,399)	244,100	(10,299)
TOTAL NET POSITION	\$ (234,933)	\$ 339,970	\$ 105,037

See accompanying notes to financial statements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Practical <u>Nursing Fund</u>	Adult <u>Education Fund</u>	Total Proprietary <u>Funds</u>
Operating Revenues			
Tuition	\$ 163,799	\$ 356,140	\$ 519,939
Other Revenue	-	455	455
Total Operating Revenues	<u>163,799</u>	<u>356,595</u>	<u>520,394</u>
Operating Expenses			
Salaries and Wages	142,751	156,656	299,407
Employee Benefits	64,305	59,659	123,964
Professional and Technical Services	700	1,985	2,685
Utilities	6,059	448	6,507
Repairs and Maintenance	736	12,726	13,462
Rentals	771	7,237	8,008
Insurance	800	-	800
Communications	3,162	699	3,861
Advertising	363	6,576	6,939
Travel	168	2,731	2,899
Other Purchased Services	110	4,306	4,416
Supplies	6,378	41,091	47,469
Books and Periodicals	10,521	3,882	14,403
Technology	5,875	2,874	8,749
Equipment	-	5,199	5,199
Depreciation	1,786	6,936	8,722
Dues and Fees	6,680	7,778	14,458
Total Operating Expenses	<u>251,165</u>	<u>320,783</u>	<u>571,948</u>
Operating Income (Loss)	(87,366)	35,812	(51,554)

(Continued)

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Practical Nursing Fund</u>	<u>Adult Education Fund</u>	<u>Total Proprietary Funds</u>
Nonoperating Revenues			
Investment Earnings	167	463	630
Contributions	-	25,000	25,000
State Subsidies	52,032	39,421	91,453
Total Nonoperating Revenues	<u>52,199</u>	<u>64,884</u>	<u>117,083</u>
Changes in Net Position	(35,167)	100,696	65,529
Net Position			
July 1, 2014, As Previously Reported	190,498	523,782	714,280
Prior Period Adjustment	<u>(390,264)</u>	<u>(284,508)</u>	<u>(674,772)</u>
July 1, 2014, As Restated	<u>(199,766)</u>	<u>239,274</u>	<u>39,508</u>
June 30, 2015	<u>\$ (234,933)</u>	<u>\$ 339,970</u>	<u>\$ 105,037</u>

See accompanying notes to financial statements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Practical</u> <u>Nursing Fund</u>	<u>Adult</u> <u>Education Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
Cash Flows from Operating Activities:			
Cash Received from Charges for Services	\$ 182,835	\$ 337,958	\$ 520,793
Cash Payments for Goods and Services	(98,294)	(160,824)	(259,118)
Cash Payments to Employees for Services	(139,131)	(145,248)	(284,379)
Net Cash Provided by (Used in) Operating Activities	(54,590)	31,886	(22,704)
Cash Flows from Noncapital Financing Activities:			
State Subsidies	84,499	39,421	123,920
Federal Subsidies	9,537	-	9,537
Net Cash Provided by Noncapital Financing Activities	94,036	39,421	133,457
Cash Flows from Capital and Related Financing Activities:			
Purchase of Property and Equipment	-	(38,159)	(38,159)
Cash Flows from Investing Activities:			
Investment Earnings	167	463	630
Net Increase in Cash	39,613	33,611	73,224
Cash:			
July 1, 2014	121,634	479,760	601,394
June 30, 2015	\$ 161,247	\$ 513,371	\$ 674,618

(Continued)

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Practical</u> <u>Nursing Fund</u>	<u>Adult</u> <u>Education Fund</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
Reconciliation of Operating Income (Loss) to Net			
Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	\$ (87,366)	\$ 35,812	\$ (51,554)
Adjustments to Reconcile Operating Income (Loss) to Net			
Cash Provided by (Used in) Operating Activities:			
Depreciation	1,786	6,936	8,722
Changes in Assets and Liabilities:			
(Increase) Decrease in:			
Tuition Due from Other Funds	-	(2,369)	(2,369)
Accounts Receivable	9,063	(2,348)	6,715
Security Deposit	-	2,000	2,000
Deferred Outflows of Resources	(6,734)	(17,057)	(23,791)
(Decrease) Increase in:			
Due to Other Governments	-	7,273	7,273
Accounts Payable	(203)	1,472	1,269
Accrued Salaries and Benefits	2,581	11,740	14,321
Unearned Revenue	9,973	(21,193)	(11,220)
Compensated Absences Payable	1,039	(332)	707
Other Post-Employment Benefits	4,363	2,662	7,025
Net Pension Liability	(29,593)	(19,778)	(49,371)
Deferred Inflows of Resources	40,501	27,068	67,569
Net Cash Provided by (Used in) Operating Activities	<u>\$ (54,590)</u>	<u>\$ 31,886</u>	<u>\$ (22,704)</u>

See accompanying notes to financial statements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
STATEMENT OF FIDUCIARY NET POSITION -
STUDENT ACTIVITY FUND
JUNE 30, 2015

ASSETS

Cash	\$ 17,216
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LIABILITIES

Due to Student Groups	17,216
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TOTAL LIABILITIES	<u>17,216</u>
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NET POSITION	<u><u>\$ -</u></u>
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HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Huntingdon County Career and Technology Center (Center) provides career and technical education programs for high school students who are residents of the four participating member school districts and out of school youths and adults in Huntingdon County and surrounding areas. The four member school districts include Mount Union Area School District, Huntingdon Area School District, Southern Huntingdon County School District, and Juniata Valley School District. The Center operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The governing body of the Center is an appointed, eight-member, Joint Operating Committee. Each of the member school districts appoints two representatives from their school boards to serve on the Center's Joint Operating Committee.

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

Reporting Entity

The Governmental Accounting Standards Board defines the criteria used to determine the composition of the reporting entity. The standards require that the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally-separate organizations if its officials appoint a voting majority of an organization's governing body and it is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial-benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Some organizations are included as component units because of their fiscal dependency on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.

Based on the aforementioned criteria, the Center is not a component unit of any other organization, nor is any other organization a component unit of the Center.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Government-wide Financial Statements

The 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 primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenue and other non-exchange revenues, are reported separately from business-type activities, which rely to a significant extent on revenue generated from fees charged to external parties for goods and services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Fees and other items not included among program revenues are reported as general revenues.

Fund Financial Statements

Separate fund financial statements are provided in the report for all of the governmental, proprietary, and fiduciary funds of the Center, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded, regardless of the measurement focus applied.

The government-wide financial statements are reported using the “economic resources” measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows of resources less total liabilities and deferred inflows of resources) is used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net position. Property and equipment are capitalized and depreciated over the assets’ useful lives. Depreciation is charged as an expense against current operations, and accumulated depreciation is reported in the Statement of Net Position. Debt obligations are reported as liabilities in the Statement of Net Position and payments made on debt reduce the related liabilities. This approach differs from the manner in which governmental fund financial statements are prepared; therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the “current financial resources” measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from Federal, state and other grants designated for payment of specific Center expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, expenditures related to capital outlays, debt service payments, compensated absences, and claims and judgments, are recorded only when payment is due.

The Center complies with accounting principles generally accepted in the United States of America and applies all relevant Governmental Accounting Standards Board pronouncements.

Governmental funds are those through which most governmental functions of the Center are financed. The acquisition, use and balances of the Center's expendable financial resources and related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The Center reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the Center and is always classified as a major fund. It is used to account for all financial resources and activities except those legally or administratively required to be in another fund. Revenues are primarily derived from charges to member districts and state and Federal distributions. Many of the more important activities of the Center, including instruction, administration of the Center and certain non-instructional services are accounted for in this fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned for the acquisition or construction of major capital assets (other than those financed by proprietary funds).

The Center has no non-major governmental funds to report at June 30, 2015.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

Proprietary-type funds are used to account for operations (a) where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the Center's proprietary funds consists of tuition charges for providing training through the Center's various adult education programs. Operating expenses include instructional costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Center does not attempt to allocate "building-wide costs" to the proprietary funds. Thus, General Fund expenditures which partially benefit the proprietary funds (utilities, janitorial services, insurance, etc.) are not proportionately recognized within each proprietary fund; similarly, the proprietary funds do not recognize a cost for the building space they occupy (no rental-of-facilities expense).

The Center reports the following major proprietary funds:

Practical Nursing Fund - The Practical Nursing Fund is used to account for the revenues and expenses related to the operation of the Center's practical nursing adult education program.

Adult Education Fund - The Adult Education Fund is used to account for the revenues and expenses related to the operation of the Center's various adult education programs, other than the practical nursing program.

The Center has no non-major proprietary funds to report at June 30, 2015.

Fiduciary-fund reporting focuses on net position and changes in net position and is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Center in a trustee capacity for individuals, private organizations, or other governments and therefore are not available to support the Center's general operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center has no pension trust funds, investment trust funds, or private-purpose trust funds, but reports the following agency fund:

Student Activity Fund - This fund accounts for monies authorized by Section 511 of the Public School Code of 1949 for school publications and organizations. The Student Activity Fund is an agency fund which is separate from other agency funds because of legal requirements.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Budgets and Budgetary Accounting

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified-accrual basis of accounting. The General Fund is the only fund for which a budget is legally required. The Pennsylvania School Code dictates specific procedures relative to adoption of the Center's budget and reporting of its financial statements:

- The Center, before June 30th of each year, is required to prepare an operating budget for the succeeding fiscal year.
- The Center is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the Center.
- Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Joint Operating Committee.

Legal budgetary control is maintained at the sub-function/major-object level. The Joint Operating Committee may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Joint Operating Committee approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effects of any approved budget amendments, if applicable.

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows presented for the proprietary funds, the Center considers all highly-liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments: Investments are stated at fair market value.

Accounts Receivable and Bad Debts: Receivables reported in the financial statements consist of tuition, grant funding, subsidies, and other charges earned at year-end, but not yet received. The majority of outstanding receivables are expected to be collected. The Center utilizes the direct write-off method of accounting for bad debts. Under the direct write-off method, delinquent accounts are written off as bad debts in the year they are deemed to be uncollectible. Subsequent recoveries are included in income in the year of recovery. Management has determined that the direct write-off method does not produce a result materially different from the allowance method.

Inventories: All funds of the Center record the cost of inventory items as expenditures when purchased.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets and Depreciation: Capital assets, which include property, buildings, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements, as well as in the proprietary fund financial statements. Capital assets with an original unit cost of \$1,500 or greater are capitalized, unless assets are acquired by debt proceeds, in which case the assets must be capitalized. Management considers various factors in the capitalization of assets, including the assets' estimated useful lives, their costs, and the extent to which the assets are components of larger capital projects. All purchased capital assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair market values on the dates of donation. The costs of normal maintenance and repairs that do not add to the values of assets or materially extend assets' lives are not capitalized. Depreciation is provided for capital assets on the straight-line basis over the estimated useful lives of the assets or groups of assets as determined by management.

Long-Term Obligations: In the government-wide financial statements, and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Principal payments made on debt obligations reduce the related liabilities.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Principal payments on debt obligations are reported as expenditures.

Compensated Absences: Under the system of financial accounting and reporting for Pennsylvania School Systems, the Center accrues certain accumulated employee benefits, such as unused sick days, personal days, and vacation days. Calculation of this amount is determined by the appropriate sick, personal and vacation lump-sum payments which would be available to employees if they would leave or retire from the Center. Accrued benefit days, multiplied by appropriate rates per employment contracts, are reflected as a long-term liability unless retirements are likely within the upcoming fiscal year. The value of future compensated absences is reflected as a liability in the Statement of Net Position.

Post-Employment Benefits: In the government-wide financial statements and the proprietary funds in the fund financial statements, the Center recognizes the costs and liabilities associated with post-employment benefits other than pension compensation, which is funded through the Center's contribution to the statewide Public School Employees' Retirement System (PSERS), a governmental, cost-sharing, multiple-employer defined-benefit pension plan. The Center provides retiree-health and prescription drug coverage to eligible, retired employees and qualified spouses. The Center has estimated the cost of providing these benefits through an actuarial valuation.

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 PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable. In accordance with the benefit terms, investments are reported at fair value.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Transfers: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various “due from” and “due to” accounts.

Fund Balance: In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Center classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or laws and regulations of other governments, or amounts constrained by law through constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Center through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned – includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

Approval of an official motion at a formal meeting by the Joint Operating Committee is required to establish, modify, or rescind committed fund balance. The Joint Operating Committee, Administrative Director or designee have the authority to express intended uses of resources that result in assigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Center’s policy is to spend resources in the following order:

1. Restricted
2. Unrestricted

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unless the Joint Operating Committee specifically approves the use of committed resources, or the Joint Operating Committee or the authorized body or official specifically approves the use of assigned resources, the Center’s policy is to spend unrestricted resources in the following order:

1. Committed
2. Assigned
3. Unassigned

The Center does not have a formal minimum fund balance policy.

A schedule of governmental fund balances at June 30, 2015, is as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
FUND BALANCES:			
Assigned			
Capital Expenditures	\$ -	\$ 271,065	\$ 271,065
Unassigned			
	-	-	-
TOTAL FUND BALANCES	<u><u>\$ -</u></u>	<u><u>\$ 271,065</u></u>	<u><u>\$ 271,065</u></u>

Restricted Net Position: Restricted net position reported in the Government-wide Statement of Net Position relates to the Center’s Capital Projects Fund, which is restricted by Section 1850.4 of the PA Public School Code. These funds must be expended for the purpose of purchasing equipment or maintaining facilities.

Deferred Outflows / Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Center has no transactions that meet the definition of deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Center has no transactions that meet the definition of deferred inflows of resources.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenue, expenditures/expenses and disclosures.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Subsequent Events: In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through December 23, 2015, the date the financial statements were available to be issued.

NOTE 2: DEPOSITS AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the Center is permitted to invest funds consistent with sound business practices in the following types of investments:

- U.S. Treasury Bills.
- Short-term obligations of the U.S. Government or its agencies or its instrumentalities.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by either:
 1. The Federal Deposit Insurance Corporation (FDIC), or
 2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
 3. The National Credit Union Share Insurance Fund (NCUSIF)to the extent that such accounts are so insured, and for any amounts above maximum insurable limits, provided that approved collateral as provided by law shall be pledged by the depository.
- Obligations of (a) the United States of America or its agencies or instrumentalities backed by the full-faith and credit of the United States of America, and (b) the Commonwealth of Pennsylvania or instrumentalities thereof backed by the full-faith and credit of these political subdivisions.
- Shares of investment companies whose investments are restricted to the above categories.

The deposit and investment policies of the Center adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that violated either state statutes or Center policies.

Custodial-Credit Risk: Deposits

Custodial-credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. As of June 30, 2015, \$1,133,627 of the Center's total deposit account bank balances of \$1,383,627 was exposed to custodial credit risk as follows:

Uninsured and collateralized by assets maintained in conformity with Act 72, held by the pledging financial institution's trust department or agent, but not in the Center's name.	<u>\$ 1,133,627</u>
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Act 72 is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgers of the assets.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2: DEPOSITS AND INVESTMENTS - continued

Interest-Rate Risk

The Center does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates.

Credit Risk

As indicated above, Section 440.1 of the Public School Code of 1949, as amended, limits the composition of the Center's investments, and the Center has no investment policy that would further limit its investment choices.

NOTE 3: INTERFUND ACCOUNTS

Individual fund receivable and payable balances at June 30, 2015, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 41,347
Practical Nursing Fund	19,327	-
Adult Education Fund	22,020	-
	<u>\$ 41,347</u>	<u>\$ 41,347</u>

All interfund receivable/payable balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances are expected to be repaid.

Operating transfer activity between funds at June 30, 2015, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 26,300
Capital Projects Fund	26,300	-
	<u>\$ 26,300</u>	<u>\$ 26,300</u>

Transfers and payments within the Center are substantially for purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, and a summary of capital asset balances as of June 30, 2015, are as follows:

	<u>Balances</u>			<u>Balances</u>
	<u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated				
Land	\$ 14,817	\$ -	\$ -	\$ 14,817
Capital Assets Being Depreciated				
Site Improvements	1,949,700	-	-	1,949,700
Buildings and Improvements	6,612,236	-	-	6,612,236
Furniture and Equipment	1,108,416	93,716	(39,100)	1,163,032
Total Capital Assets Being Depreciated	<u>9,670,352</u>	<u>93,716</u>	<u>(39,100)</u>	<u>9,724,968</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,608,503)	(97,485)	-	(1,705,988)
Buildings and Improvements	(3,640,900)	(131,953)	-	(3,772,853)
Furniture and Equipment	(802,627)	(41,926)	33,820	(810,733)
Total Accumulated Depreciation	<u>(6,052,030)</u>	<u>(271,364)</u>	<u>33,820</u>	<u>(6,289,574)</u>
Total Capital Assets Being Depreciated, Net	<u>3,618,322</u>	<u>(177,648)</u>	<u>(5,280)</u>	<u>3,435,394</u>
Governmental Activities, Capital Assets - Net	<u>\$ 3,633,139</u>	<u>\$ (177,648)</u>	<u>\$ (5,280)</u>	<u>\$ 3,450,211</u>
BUSINESS-TYPE ACTIVITIES				
Capital Assets Being Depreciated				
Site Improvements	\$ -	\$ 23,044	\$ -	\$ 23,044
Buildings and Improvements	29,348	-	-	29,348
Furniture and Equipment	69,762	40,115	(5,300)	104,577
Total Capital Assets Being Depreciated	<u>99,110</u>	<u>63,159</u>	<u>(5,300)</u>	<u>156,969</u>
Less Accumulated Depreciation for:				
Site Improvements	-	(576)	-	(576)
Buildings and Improvements	(1,365)	(1,265)	-	(2,630)
Furniture and Equipment	(36,846)	(6,881)	5,300	(38,427)
Total Accumulated Depreciation	<u>(38,211)</u>	<u>(8,722)</u>	<u>5,300</u>	<u>(41,633)</u>
Business-Type Activities, Capital Assets - Net	<u>\$ 60,899</u>	<u>\$ 54,437</u>	<u>\$ -</u>	<u>\$ 115,336</u>

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 4: CAPITAL ASSETS - continued

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

	<u>Amount</u>
Governmental Activities	
Instruction	\$ 175,132
Administration and Financial Support	68,357
Operation and Maintenance of Facilities	25,470
Student Activities	2,405
Total Governmental Activities	<u>271,364</u>
Business-Type Activities	
Practical Nursing	1,786
Adult Education	6,936
Total Business-Type Activities	<u>8,722</u>
Total Career and Technology Center	<u><u>\$ 280,086</u></u>

NOTE 5: DUE TO MEMBER DISTRICTS

Each member district is responsible for a share of Huntingdon County Career and Technology Center's annual operating budget based on student enrollment using a formula described within the Articles of Agreement. Any excess of revenues over expenditures at the end of each fiscal year is due back to the member districts and will be refunded to each district based on the same ratio as the budget funding provided for that fiscal year. A summary of member district funding for the fiscal year and unexpended funds due back to the member districts at June 30, 2015 follows:

	<u>Member School Districts</u>				<u>Total</u>
	<u>Huntingdon</u>	<u>Mount Union</u>	<u>Juniata Valley</u>	<u>Southern Huntingdon</u>	
Receipts from Member Districts	\$ 646,380	\$ 616,183	\$ 218,316	\$ 466,624	\$ 1,947,503
Less Amount Utilized for Operating Costs and Recognized as Revenue	<u>578,288</u>	<u>551,271</u>	<u>195,318</u>	<u>417,468</u>	<u>1,742,345</u>
Due to Member Districts at June 30, 2015	<u><u>\$ 68,092</u></u>	<u><u>\$ 64,912</u></u>	<u><u>\$ 22,998</u></u>	<u><u>\$ 49,156</u></u>	<u><u>\$ 205,158</u></u>

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 6: ACCRUED SALARIES AND BENEFITS

Accrued salaries and benefits at June 30, 2015, consist of the following:

	<u>Amount</u>
Accrued Salaries	\$ 105,691
Retirement	102,430
Social Security	7,900
Unemployment Compensation	126
Workers' Compensation	730
	\$ 216,877

Accrued salaries represent wages earned during the 2014-2015 school year which will be paid subsequent to June 30, 2015. Accrued retirement represents the Public School Employees' Retirement System contribution for the second quarter of calendar year 2015, including the portion pertaining to accrued salaries at June 30, 2015. Accrued social security, unemployment compensation, and workers' compensation represent the Center's liability arising from accrued salaries at June 30, 2015.

NOTE 7: OPERATING LEASES

The Center leased facilities for the operation of its CDL program under a 12 month operating lease, which expired September 30, 2014. The lease required monthly payments of \$2,000. This lease was not renewed.

The Center leases a copier under a 60 month operating lease, expiring May 2018. The lease requires monthly payments of \$348.

Future minimum lease obligations under non-cancelable operating leases are as follows for the years ending June 30:

2016	\$ 4,172
2017	4,172
2018	3,824
Total Minimum Lease Obligations	\$ 12,168

Total rental expense under operating leases for the year ended June 30, 2015 amounted to \$10,172.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 8: LONG-TERM OBLIGATIONS

A summary of the Center's long-term obligations as of June 30, 2015, and transactions during the fiscal year then ended follows:

	<u>Balances</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>June 30, 2015</u>
GOVERNMENTAL ACTIVITIES				
Long-Term Debt				
Capital Lease Obligation - Kish Bank	\$ 987,808	\$ -	\$ (100,574)	\$ 887,234
Other Long-Term Liabilities				
Compensated Absences Payable	\$ 86,318	\$ -	\$ (1,662)	\$ 84,656
Other Post-Employment Benefits	74,649	38,809	-	113,458
Total Other Long-Term Liabilities	<u>\$ 160,967</u>	<u>\$ 38,809</u>	<u>\$ (1,662)</u>	<u>\$ 198,114</u>
BUSINESS-TYPE ACTIVITIES				
Other Long Term Liabilities				
Compensated Absences Payable	\$ 11,308	\$ 707	\$ -	\$ 12,015
Other Post-Employment Benefits	11,048	7,025	-	18,073
Total Other Long-Term Liabilities	<u>\$ 22,356</u>	<u>\$ 7,732</u>	<u>\$ -</u>	<u>\$ 30,088</u>

Capital Lease Obligation - Kish Bank - On May 9, 2008, the Center entered into a capital lease agreement with Kish Bank in the principal amount of \$1,470,406, which was used to finance a guaranteed energy savings project that included a new boiler, new control units, and energy efficient lighting throughout the entire building. The savings recognized from the reduction in energy costs are designed to cover the cost of the project over the life of the lease purchase agreement. On October 5, 2012, the capital lease agreement was modified to reduce the interest rate to 3.15%. The lease requires annual principal and interest payments due on July 1st of each year in the amount of \$131,913, which includes an annual lease modification fee of \$7,091, through June 30, 2016. Beginning July 1, 2016, the annual lease payment will change to \$124,822 and will remain through maturity on July 1, 2022. Total interest expense on the capital lease obligation for the year ended June 30, 2015 was \$31,339. The assets held under this capital lease are included in total Governmental Activities capital assets at June 30, 2015 and consist of the following:

Buildings and Improvements	\$ 1,578,357
Less Accumulated Depreciation	(173,619)
	<u>\$ 1,404,738</u>

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 8: LONG-TERM OBLIGATIONS - continued

Future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 103,965	\$ 27,948	\$ 131,913
2017	100,149	24,673	124,822
2018	103,304	21,518	124,822
2019	106,558	18,264	124,822
2020	109,915	14,907	124,822
2021-2023	363,343	23,510	386,853
	<u>\$ 887,234</u>	<u>\$ 130,820</u>	<u>\$ 1,018,054</u>

Compensated Absences - Under the terms of the Center's employment policies, employees are granted sick days, personal days, and vacation days per school year, and any unused leave days are permitted to be carried over to future years. Upon retirement from the Center, eligible employees are reimbursed for accumulated sick, personal, and vacation days equal to the number of unused days multiplied by an amount per the employment contract. During the year ended June 30, 2015, the Center did not have any payments of compensated absences resulting from employee retirements and separations. The total liability for accrued sick, vacation, and personal leave at June 30, 2015, has been reflected in the Statement of Net Position and totals \$96,670.

NOTE 9: DEFINED-BENEFIT PENSION PLAN

Plan Description

The Public School Employees' Retirement System (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 80 days of service in the school year in any of the reporting entities in Pennsylvania.

Type of Plan: Governmental cost-sharing multiple-employer 401 (a) defined-benefit plan

Authority: The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C.S. 8101-8535)

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

NOTE 9: DEFINED-BENEFIT PENSION PLAN - continued

Plan Description - continued

Annual Financial Report: The System issues a *Comprehensive Annual Financial Report (CAFR)* that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Beth Girman, Office of Financial Management, Public School Employees' Retirement System, 5 North 5th Street, Harrisburg, PA, 17101-1905 or by emailing Beth at bgirman@pa.gov. The CAFR is also available on the Publications page of the PSERS website (www.psers.state.pa.us).

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years 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 by the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by the active members, employers and the Commonwealth.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 9: DEFINED-BENEFIT PENSION PLAN - continued

Contributions - continued

Member Contributions: Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the members' qualifying compensation. Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the members' 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 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and 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 7.50% and 9.50%, and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions: The Center's contractually required contribution rate for the fiscal year ended June 30, 2015 was 20.50% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The Center is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income-aid ratio (as defined in Act 29 of 1994), which is at least one-half of the Center's total rate. The Center's contributions to the Plan for the years ended June 30, 2015, 2014, and 2013, were \$285,290, \$199,056, and \$157,073, respectively, and are equal to the required contributions for each year.

NOTE 10: PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2015, the Center reported a liability of \$3,760,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2013 to June 30, 2014. The Center's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2014, the Center's proportion was 0.0095 percent, which was a decrease of .0004 percent from its proportion measured as of June 30, 2013.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 10: PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – continued

For the year ended June 30, 2015, the Center recognized pension expense of \$297,000. At June 30, 2015, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 269,000
Changes in proportions	-	132,000
Contributions subsequent to the measurement date	262,785	-
	<u>\$ 262,785</u>	<u>\$ 401,000</u>

\$262,785 reported as deferred outflows of resources related to pensions resulting from the Center’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:

2016	\$ 99,000
2017	99,000
2018	99,000
2019	99,000
2020	5,000
	<u>\$ 401,000</u>

Actuarial assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.50%, includes inflation at 3.00%
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority increases of 1.5%

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

NOTE 10: PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – continued

- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants, the Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females

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

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

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

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

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

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 10: PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – continued

Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.50%	7.50%	8.50%
Center's proportionate share of the net pension liability	\$ 4,690,000	\$ 3,760,000	\$ 2,966,000

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.

NOTE 11: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - Huntingdon County Career and Technology Center administers a single-employer, defined-benefit healthcare plan. The plan provides medical benefits to eligible retirees and their spouses through the Center’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the Center and the union representing Center instructional staff employees and supportive staff employees and are renegotiated each bargaining period. Retired employees are allowed to continue coverage for themselves and their spouses in the employer’s group health plan until age 65. Employees are eligible upon retirement with 30 years of PSERS service or upon superannuation retirement (age 60 with 30 years of service, age 62 with 1 year of service, or 35 years of service regardless of age). The plan does not issue a publicly-available financial report.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 11: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

Funding Policy - Contribution requirements also are negotiated between the Center and the union representing instructional staff employees and supportive staff employees. The Center does not contribute to the cost of retiree medical benefits. All Center retirees participating in the plan will pay the full premium for the elected coverage. The Center funds the plan on a pay-as-you-go basis, and there is no obligation to make contributions in advance of when the insurance premiums or claims are due for payment.

Annual OPEB Cost and Net OPEB Obligation - The Center's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents the level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Center's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Center's net OPEB obligation to the plan.

	<u>Amount</u>
Annual required contribution (ARC)	\$ 78,119
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	78,119
Contributions made (estimated)	(32,285)
Estimated increase in net OPEB obligation	45,834
Net OPEB obligation - beginning of year	85,697
Estimated net OPEB obligation - end of year	\$ 131,531

The Center's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2015 and the preceding fiscal year were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 75,327	52.19%	\$ 36,012
6/30/2014	\$ 76,695	35.21%	\$ 85,697
6/30/2015	\$ 78,119	41.33%	\$ 131,531

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 11: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

Asset Valuation Method	The benefits are funded on a pay-as-you-go basis.
Actuarial Assumptions:	
Discount Rate	An annual rate of 4.00%
Assumed Retirement Age	100% of employees are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania.
Pre-Retirement Mortality	RP-2000 Employee Mortality Table (Male and Female)
Post-Retirement Mortality	RP-2000 Healthy Annuitant Mortality Table (Male and Female)
Turnover Before Retirement	None
Marriage Assumption	80% of employees are assumed to be married, with the beneficiary being the opposite sex and the same age as the retiree.
Coverage	It is assumed that 100% of future retirees and 25% of spouses will participate in the retiree medical program. All current participating retirees and spouses are assumed to continue participation in the medical program. It is also assumed that the participant pays the full cost of dental and vision coverage; therefore, dental and vision coverage are not included in this valuation.
Expenses	Expenses are included in the claim costs.

NOTE 12: RISK MANAGEMENT

Huntingdon County Career and Technology Center is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets, and errors or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 13: HUNTINGDON COUNTY SCHOOLS' INSURANCE TRUST

Huntingdon County Career and Technology Center participates in the Huntingdon County Schools' Insurance Trust (HCSIT), a public entity risk pool, which was established to purchase medical, dental, and vision insurance coverages for a group of local education agencies. HCSIT self-insures health, dental, and vision coverages, using a stop loss insurance to limit risk related to major medical claims. Premiums charged in excess of claims paid and administrative costs are retained in a Premium Stabilization Fund which will be used to pay settlement charges and offset increases to the cost of coverage. Since charges are currently being levied to, and paid by, Huntingdon County Career and Technology Center, no receivable or payable to the HCSIT has been reflected in these financial statements. As a result, Huntingdon County Career and Technology Center has expensed all premiums paid through June 30, 2015.

NOTE 14: CDL PROGRAM COOPERATIVE AGREEMENT

Huntingdon County Career and Technology Center has established a cooperative agreement with Lancaster County Career and Technology Center for the operation of a Commercial Truck Driver's License Training Program. The term of this agreement became effective October 1, 2013, and ends on September 30, 2018. The agreement enables Huntingdon County Career and Technology Center to initiate its CDL program utilizing the experience, expertise, and certain equipment of Lancaster County Career and Technology Center. Net profits from the operation of the program are split equally between the two centers. For the fiscal year ended June 30, 2015, Lancaster County Career and Technology Center's share of net profits amounted to \$19,597.

NOTE 15: IN-KIND CONTRIBUTIONS

The Center received a truck and flatbed trailer to be used by the CDL program during the fiscal year ended June 30, 2015. These donated assets were recorded using an estimated fair value of \$25,000. Contribution revenue was also recognized for the value of the donated assets.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 16: PRIOR PERIOD ADJUSTMENTS

The implementation of Governmental Accounting Standards Board Statement (GASBS) No. 68, Accounting and Financial Reporting for Pensions, required a retroactive adjustment as of July 1, 2014 to record the net pension liability and the deferred outflows of resources from the employer pension contributions made during the fiscal year ended June 30, 2014. Adjustments were also made to the Center's June 30, 2014 net position to properly reflect unearned revenue. These adjustments resulted in the following changes to net position at July 1, 2014:

	<u>Prior Period Adjustments</u>
Governmental Activities	
Deferred Outflows of Resources	\$ 157,154
Net Pension Liability	<u>(3,370,070)</u>
Adjustment to Net Position - Governmental Activities	<u><u>\$ (3,212,916)</u></u>
 Business-Type Activities	
Practical Nursing Fund	
Deferred Outflows of Resources	\$ 19,089
Net Pension Liability	<u>(409,353)</u>
Adjustments to Net Position - Practical Nursing Fund	<u><u>(390,264)</u></u>
 Adult Education Fund	
Deferred Outflows of Resources	\$ 12,757
Net Pension Liability	<u>(273,577)</u>
Unearned Revenue	<u>(23,688)</u>
Adjustments to Net Position - Adult Education Fund	<u><u>(284,508)</u></u>
 Adjustment to Net Position - Business-Type Activities	 <u><u>\$ (674,772)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED-BENEFIT PENSION PLAN
SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

As of June 30:	<u>2014</u>	<u>2013</u>
Center's proportion of the net pension liability	0.0095%	0.0099%
Center's proportionate share of the net pension liability	\$ 3,760,000	\$ 4,052,000
Center's covered-employee payroll	\$ 1,210,919	\$ 1,269,229
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310.51%	319.25%
Plan fiduciary net position as a percentage of the total pension liability	57.24%	54.49%

Note: This schedule is required by GASB's No. 68 to show information for 10 consecutive years. However, such information was not made available by the Public School Employee's Retirement System (PSERS) and until a full 10-year trend is compiled, the Center will only present information for those years for which information is available.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED-BENEFIT PENSION PLAN
SCHEDULE OF THE CENTER'S CONTRIBUTIONS

<u>Year Ended June 30</u>	<u>Contractually Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Center's Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2014	\$ 193,747	\$ 193,747	\$ -	\$ 1,210,919	16.00%
2013	\$ 145,961	\$ 145,961	\$ -	\$ 1,269,229	11.50%
2012	\$ 98,376	\$ 98,376	\$ -	\$ 1,229,700	8.00%
2011	\$ 64,356	\$ 64,356	\$ -	\$ 1,287,125	5.00%
2010	\$ 51,100	\$ 51,100	\$ -	\$ 1,277,497	4.00%
2009	\$ 43,463	\$ 43,463	\$ -	\$ 1,086,579	4.00%
2008	\$ 66,512	\$ 66,512	\$ -	\$ 1,032,798	6.44%
2007	\$ 61,612	\$ 61,612	\$ -	\$ 1,077,125	5.72%
2006	\$ 45,247	\$ 45,247	\$ -	\$ 1,131,173	4.00%
2005	\$ 44,440	\$ 44,440	\$ -	\$ 1,110,989	4.00%

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)*	UAAL as a Percentage of Covered Payroll ((b-a) / c)*
7/1/2012	\$ -	\$ 581,136	\$ 581,136	0.00%	\$ 1,230,544	47.23%

*The unit-credit method is used under which the benefits (projected or unprojected) of each individual included in an Actuarial Valuation are allocated by a consistent formula to valuation years. In the unprojected unit-credit method, benefits already accumulated for years of service are not affected by future salary levels.

Actuarial evaluations are only required to be prepared every three years for plans with a total membership of fewer than 200. Trend information is presented only for years in which information is available. This schedule will be expanded to show multi-year trend information as additional actuarial valuations are performed in the future.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Joint Operating Committee
Huntingdon County Career and Technology Center
Mill Creek, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Huntingdon County Career and Technology Center, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Huntingdon County Career and Technology Center's basic financial statements and have issued our report thereon dated December 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Huntingdon County Career and Technology 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 Huntingdon County Career and Technology Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Huntingdon County Career and Technology Center's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material*

weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2015-001 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2015-002 and 2015-003 to be a significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Huntingdon County Career and Technology 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*.

Huntingdon County Career and Technology Center's Response to Findings

Huntingdon County Career and Technology Center's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Huntingdon County Career and Technology Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Rotz & Stonesifer, P. C.

Chambersburg, Pennsylvania
December 23, 2015

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

Financial Statement Findings

A. Material Weaknesses in Internal Control

2015-001 - Preparing Financial Statements and Disclosures

Criteria and Condition: A properly designed system of internal control, as contemplated by generally accepted auditing standards, should include control procedures over the selection and application of accounting principles and new pronouncements and the preparation of financial statements including disclosures. However, for most governmental entities similar in size to the Center, such knowledge does not exist within management. Management relies upon the auditor to prepare financial statements and related disclosures for external reporting purposes and to assist in the selection of accounting principles and the implementation of new accounting pronouncements. The lack of such abilities within the Center is considered a material weakness in internal control as defined by current auditing standards.

Cause: The Center relies on the external auditor to prepare financial statements and related disclosures for external reporting purposes and to assist in the selection of accounting principles and the implementation of new accounting pronouncements.

Potential Effect: The financial statements could have been misstated, and the Center's internal control system may not have identified the misstatement without assistance from the external auditor.

Recommendation: Compliance with the current internal control standards may not be cost-effective for the Center, and as an alternative, the Center may decide to continue to rely on its auditors to prepare the financial statements and to assist with implementation of new or complex accounting issues. However, we are required by professional standards to call attention to these circumstances to properly inform management and those charged with governance of the Center.

Auditee Response: Management understands and concurs with the aforementioned finding; however, at this time, management has determined that it is cost-beneficial for the Center to continue to rely on the external auditors to prepare the financial statements and to assist with new or complex accounting issues.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

Financial Statement Findings - continued

B. Significant Deficiencies in Internal Control

2015-002 - Lack of Segregation of Duties Over Payroll

Criteria and Condition: In an ideal internal control system, the origin and completion of a transaction are never under the control of the same individual. Each transaction should be processed by two or more individuals to ensure proper segregation of duties which helps prevent, or detect and correct, errors or fraud. Currently there is a lack of segregation of duties related to the Center's payroll function. The Joint Operating Committee's approval of all hiring and pay rates, approval of timesheets by the Director, the review and approval of the payroll register by the Business Manager, and the reconciliation of the payroll bank account by the Business Manager, who is independent of payroll processing help offset some of the risk related to this finding; however, even with this additional oversight conditions still exist which could allow for material misstatements or fraud to go undetected.

Cause: The Center maintains a small business office which has three employees who are responsible for the accounting and reporting of the Center's financial operations. To efficiently prepare, process, and record financial data, some transaction processes are only under the control of one individual. The Bookkeeper is solely responsible for employee updates in the payroll software, payroll preparation, and transfer of direct deposit and payroll bank account funds. Also, all authorized check signatures are printed directly on the payroll checks from the accounting software.

Potential Effect: Errors or fraud could occur in the payroll transaction process and may not be identified by the Center's internal-control system.

Recommendation: The Center should make changes to its financial processes to strengthen internal control. The individual directly involved with processing payroll should not have access to print checks that include all required authorized signatures. The checks should be reviewed and approved by a separate individual, at which time signature approval would be obtained.

Auditee Response: Management feels the Center has established procedures over payroll to help mitigate the risks identified above. These procedures include the Joint Operating Committee's approval of all hiring and pay rates, approval of timesheets by the Director, the review and approval of the payroll register by the Business Manager, and reconciliation of the payroll bank account by the Business Manager. The Center will continue to review its internal controls and specifically the weakness noted above concerning its payroll function. After its review, the Center, where considered practical and cost effective, will spread its payroll duties among its employees to achieve improved segregation of duties and will attempt to mitigate weaknesses in its internal controls.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

Financial Statement Findings - continued

B. Significant Deficiencies in Internal Control - continued

2015-003 - Lack of Segregation of Duties Over Check Disbursements

Criteria and Condition: In an ideal internal control system, the origin and completion of a transaction are never under the control of the same individual. Each transaction should be processed by two or more individuals to ensure proper segregation of duties which helps prevent, or detect and correct, errors or fraud. Currently there is a lack of segregation of duties related to the Center's check disbursement process. Management's purchase order and invoice approval process for disbursements, review and reconciliation of the bank accounts by the Business Manager, who is independent of check processing, and approval of a disbursements listing by the Joint Operating Committee help offset some of the risk related to this finding; however, even with this additional oversight conditions still exist which could allow for misstatements or fraud to go undetected.

Cause: The Center maintains a small business office which has three employees who are responsible for the accounting and reporting of the Center's financial operations. To efficiently prepare, process, and record financial data, some transaction processes are only under the control of one individual. We noted the following risks related to the Center's check disbursement process:

- The Bookkeeper, who is responsible for preparation of checks, is an authorized signature on bank accounts. It is a major weakness in internal control and increases the potential for fraud or other abuse when an employee with signature authority on bank accounts is also solely responsible for processing disbursements.
- The Center's policy requires 3 signatures on all checks; however, all 3 signatures are printed directly on the checks through the accounting software when disbursements are processed by the Bookkeeper. It is a major weakness in internal control when a single employee has the ability to prepare checks with access to all required signature approvals.

Potential Effect: Errors or fraud could occur in the check disbursement transaction process and may not be identified by the Center's internal-control system.

HUNTINGDON COUNTY CAREER AND TECHNOLOGY CENTER
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015

Financial Statement Findings - continued

B. Significant Deficiencies in Internal Control - continued

2015-003 - Lack of Segregation of Duties Over Check Disbursements - continued

Recommendation: The Center should make changes to its financial processes to strengthen internal control. The individual directly involved with processing check disbursements should not be an authorized signature on bank accounts and should not have access to print checks that include all required authorized signatures. The checks should be reviewed and approved by a separate individual, at which time signature approval would be obtained.

Auditee Response: Management feels the Center has established procedures over check disbursements to help mitigate the risks identified above. These procedures include the purchase order and invoice approval process, review and reconciliation of the bank accounts by the Business Manager, and approval of a disbursements listing by the Joint Operating Committee. The Center will continue to review its internal controls and specifically the weakness noted above concerning its check disbursement process. After its review, the Center, where considered practical and cost effective, will spread its accounting duties among its employees to achieve improved segregation of duties and will attempt to mitigate weaknesses in its internal controls.

C. Compliance Findings

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