

FINANCIAL STATEMENTS AND REPORTS OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

JEFFERSON COUNTY DUBOIS AREA
VOCATIONAL TECHNICAL SCHOOL

June 30, 2021

Root, Spitznas & Smiley, Inc.

Certified Public Accountants

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Transmittal Letter

Board of Directors
Jefferson County-DuBois Area Vocational Technical School

We have performed the Single Audit of the Jefferson County-DuBois Area Vocational Technical School, Reynoldsville, Pennsylvania, for the year ended June 30, 2021, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of the Uniform Guidance and includes the following:

1. an audit of the financial statements and our opinion thereon, including our report on the schedule of expenditures of federal awards;
2. a 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*;
3. a report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

Root, Spitznas and Smiley, Inc.

ERIE, PENNSYLVANIA
November 10, 2021

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Independent Auditor's Report

Board of Directors
Jefferson County-DuBois Area Vocational Technical School

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jefferson County-DuBois Area Vocational Technical School, Reynoldsville, Pennsylvania, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School'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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jefferson County-DuBois Area Vocational Technical School, Reynoldsville, Pennsylvania, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note O to the financial statements, for the year ending June 30, 2021, the Jefferson County-DuBois Area Vocational Technical School adopted new accounting guidance, GASB No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the schedules, as listed in the table of contents, on pages 54 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jefferson County-DuBois Area Vocational Technical School's basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of Jefferson County-DuBois Area Vocational Technical School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson County-DuBois Area Vocational Technical School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County-DuBois Area Vocational Technical School's internal control over financial reporting and compliance.

Root, Spitznas and Smiley, Inc.

ERIE, PENNSYLVANIA
November 10, 2021

**JEFFERSON COUNTY-DUBOIS AREA VOCATIONAL TECHNICAL SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information
June 30, 2021**

The management of Jefferson County-DuBois AVTS (Jeff Tech) is pleased to present the following discussion and analysis of the School's financial activities for the fiscal year ending June 30, 2021. This MD&A will provide a summary of the financial position and activities of the school to further enhance the reader's understanding of Jeff Tech's basic financial statements.

OVERVIEW OF THE SCHOOL

Jeff Tech is a joint venture operated in accordance with the established Articles of Agreement by its four-member school districts located in Clearfield and Jefferson counties. Jeff Tech is located in Reynoldsville, Pennsylvania and provides career and technical education and training to students in 9th, 10th, 11th, and 12th grades from Brockway, Brookville, DuBois, and Punxsutawney Area School Districts. The school is funded primarily from contributions from the member school districts, state, and federal government sources. The funding method is detailed in the school's Articles of Agreement, which were revised and approved in October 2003. Under the Articles of Agreement, operating expenses and capital expenditures are proportioned by a funding formula as follows: 50% of the formula is based on each district's aggregate days membership for resident students in grades 9, 10, and 11 and students attending Jeff Tech. The remaining 50% is based on Jeff Tech enrollment data for each district collected on October 1 of each year from three prior completed school years.

YEAR IN REVIEW

The Coronavirus pandemic again effected the financial and well as the academic operations at Jeff Tech. Jeff Tech received a comparatively large increase in federal revenue related to the pandemic. Most of the additional revenue came from the CARES Act and the school received CARES federal revenue for the secondary school, the LPN program and the Food Service operations.

Other notable items effecting the operations in 2020-2021 were the addition of a special education department and an additional half time instructor for the Diesel program to meet the student demand for the program.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is comprised of three sections:

1. Management's Discussion and Analysis
2. Basic Financial Statements
3. Required Supplementary Information

The first two statements of the basic financial statements *are government-wide financial statements*. These statements consist of the Statement of Net Position and the Statement of Activities. The government-wide financial statements provide both short-term and long-term information about the School's overall financial status.

The remaining basic financial statements consist of *fund financial statements*. These statements focus on the individual funds of the school and provide a more comprehensive presentation of Jeff Tech's financial operations. The *governmental fund statements* illustrate how the day-to-day operations of the school are financed and what funds are available for long term spending. The proprietary fund statements provide both short and long-term information about the financial activities of the school's food service fund.

The basic financial statements also include notes that provide a more detailed explanation of some of the information in the financial statements.

Reporting the School as a Whole

Statement of Net Position and the Statement of Activities

The **government-wide statements** report financial information about Jeff Tech using accounting methods similar to the accounting used by private-sector companies. The *Statement of Net Position* includes all of the school's assets and deferred outflows of resources and liabilities and deferred inflows of resources utilizing the full accrual basis of accounting. The *Statement of Activities* accounts for all of the school's revenues and expenses, regardless of when cash is received or paid.

The school's net position represents the difference between the school's assets, deferred outflows, liabilities and deferred inflows. Jeff Tech's net position is one way to measure the financial position or financial health over a period of time. Increases or decreases in the school's net position are one indicator of whether the financial health is improving or deteriorating, respectively. In evaluating the school's overall financial picture, other non-financial factors must be considered—such as the financial health of the member districts, facility conditions, and the performance of the students. The government-wide financial statements of the school are divided into two categories:

Governmental Activities—Most of the school's basic services are reported here, such as instruction, administration, and support services. Contributions from the member school districts, state and federal government revenue, and grants are the primary funding sources for these activities.

Business Type Activities—Jeff Tech runs a food service operation and charges fees to students and staff for the cost of the food and services it provides.

REPORTING THE SCHOOL'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, or major funds, of Jeff Tech.

Governmental funds—Most of Jeff Tech's basic services are reported here and focus on changes in financial resources, rather than upon net income determination. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. These funds provide a detailed short-term view of the school's operations and the basic services they provide. This information is useful in evaluating the level of financial resources that are available in the near future to finance Jeff Tech's operations

The governmental funds that are considered major funds for Jeff Tech are the General Fund, the Capital Projects Reserve Fund, and the Debt Service Fund.

Proprietary funds—These funds account for the School's activities that are similar to private sector business operations, and focus on the determination of net income and financial position of the school. The only proprietary fund is the Food Service Fund, which is considered an enterprise fund. The information reported for this enterprise fund is the same information we report for the business-type activities reported in the government – wide statement. However, the fund level statements provide more detailed information on the enterprise fund such as the cash flows statement.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Changes in Entity-wide Net Position

The chart below represents a two-year snapshot of the changes in the net position of the school. Jeff Tech's net position was (\$4,756,318) as of June 30, 2021. The negative net position for the Government Activities was decreased by \$697,759 compared to the 2019-2020 fiscal year. The negative net position is a result of the implementation of GASB Statements #68 and #71 in June, 2015 which required the School to record its portion of the PSERS long term pension obligation on the financial statements and GASB Statement #75 implemented in June, 2018 which required changes to the school's recognition of its other post-employment benefit obligations. Jeff Tech's pension liability as of June 30, 2021 was \$11,029,540. A portion of the school's assets are invested in capital assets (building, land and equipment). The remaining unrestricted assets are a combination of committed and unassigned amounts. The school had also incurred debt in the amount of \$12,645,000 during 2004-2005 in the form of general obligation bonds issued to fund the renovation project which began in 2004. In 2012-2013, this debt was refinanced in the amount of 11,425,000. The remaining debt is reflected in the long-term liabilities section of the Net Position chart below. In 2020-2021, the member schools made principal and interest debt service payments in the amount of \$898,038 which was proportionately divided between the four schools and calculated based on their contribution percentage for 2020-2021.

NET POSITION-- FISCAL YEAR ENDING JUNE 30, 2021

	2019-2020			2020-2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$ 1,762,544	\$ 148,335	\$ 1,910,879	\$ 1,632,526	\$ 116,554	\$ 1,749,080
Capital Assets	11,218,845	23,858	11,242,703	11,313,474	16,799	11,330,273
Total Assets	\$ 12,981,389	\$ 172,193	\$ 13,153,582	\$ 12,946,000	\$ 133,353	\$ 13,079,353
Deferred Outflow of Resources	2,335,110	-	2,335,110	2,633,458	-	2,633,458
Total Assets and Deferred Outflows	15,316,499	\$ 172,193	\$ 15,488,692	15,579,458	\$ 133,353	\$ 15,712,811
Current and Other Liabilities	1,696,168	60,455	1,756,623	1,803,585	13,740	1,817,325
Long-Term Liabilities	18,312,143	-	18,312,143	17,819,962	-	17,819,962
Total Liabilities	\$ 20,008,311	\$ 60,455	\$ 20,068,766	\$ 19,623,547	\$ 13,740	\$ 19,637,287
Deferred Inflow of Resources	874,003	-	874,003	831,842	-	831,842
Total Liabilities and Deferred Inflows	\$ 20,882,314	\$ 60,455	\$ 20,942,769	\$ 20,455,389	\$ 13,740	\$ 20,469,129
Net Position Invested in Capital, Net of Related Debt Retirement of Long Term Debt	4,995,608	23,858	5,019,466	5,693,930	16,799	5,710,729
Unrestricted	(10,564,050)	87,880	(10,476,170)	(10,569,868)	102,814	(10,467,054)
Total Net Position	\$ (5,565,815)	\$ 111,738	\$ (5,454,077)	\$ (4,875,931)	\$ 119,613	\$ (4,756,318)
Total Liabilities, Deferred Inflows and Net Position	\$ 15,316,499	\$ 172,193	\$ 15,488,692	\$ 15,579,458	\$ 133,353	\$ 15,712,811

The results of the fiscal year operations are presented in the school's Statement of Activities. Specific charges for services and operating grants and contributions that directly relate to specific categories or expenses are applied against the expense to determine the amount of the School's activities that are supported by other general revenues. The following table takes the information reported on that statement, modifying the format slightly for discussion purposes, in order to present the total revenues and expenses for the year.

STATEMENT OF ACTIVITIES—FISCAL YEAR ENDING JUNE 30, 2021

	2019-2020			2020-2021		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
REVENUES						
Program Revenues:						
Charges for Services	\$ 158,445	\$ 40,585	\$ 199,030	\$ 252,446	\$ 13,706	\$ 266,152
Operating Grants and Contributions	1,824,358	221,485	2,045,843	2,250,540	318,151	2,568,691
Capital Grants and and Contributions	30,525	-	30,525	33,705	-	33,705
General Revenues:						
Contributions from Member Districts	5,725,824	-	5,725,824	6,233,246	-	6,233,246
State Grants and Subsidies						
Investment Earning	14,680	2,144	16,824	509	-	509
Miscellaneous	54,249	1,043	55,292	24,702	1,340	26,042
Gain (Loss) on Sale of Assets	(4,142)	-	(4,142)	(4,276)	-	(4,276)
Transfers	(2,928)	2,928	-	-	-	-
Total Revenues	\$ 7,801,011	\$ 268,185	\$ 8,069,196	\$ 8,790,872	\$ 333,197	\$ 9,124,069
EXPENSES						
Instruction	4,349,215	-	4,349,215	4,984,322	-	4,984,322
Support Services	2,896,934	-	2,896,934	2,903,888	-	2,903,888
Refund of Prior Year Receipts	-	-	-	-	-	-
Scholarships and Awards	-	-	-	2,150	-	2,150
Interest on Long Term Debt	227,346	-	227,346	210,630	-	210,630
FOOD SERVICE		311,059	311,059		325,322	325,322
Total Expenses	\$ 7,473,495	\$ 311,059	\$ 7,784,554	\$ 8,100,990	\$ 325,322	\$ 8,426,312
Increase (Decrease) in Net Position	\$ 327,516	\$ (42,874)	\$ 284,642	\$ 689,882	\$ 7,875	\$ 697,757

One source of program revenues for Jeff Tech is operating grants and subsidies. In 2020-2021, Jeff Tech received a federal grant from the *Carl D. Perkins Vocational and Technical Education* grant in the amount of \$197,056, which represented an increase of 8,477 from the 2019-2020 allocation. The school received grant funds in the amount of \$33,705 from the State Supplemental Equipment grant, which was an increase of \$3,180 over the prior year. Jeff Tech received \$416,227 in vocational subsidies for secondary programs for member school students, which was a \$35,118 increase over 2019-2020 vocational subsidies for secondary students. Adult Education programs consisted of evening school programs, a full-time licensed practical nursing program, adult integrated programs and a CDL program. The licensed practical nursing program generated \$631,713 in revenue and the program cost \$671,089 to run resulting in a loss of \$39,376 which decreased the general fund committed fund balance for the LPN program to \$119,714. The CDL program profit was \$16,856; the Adult Evening School profit was \$15,269; The Adult Integrated programs profit was \$84,297. The total profit earned in the adult programs was \$116,423 and of this profit, \$99,567 was used to reduce district costs. At the close of the 2014-2015 year, the JOC voted to establish a general fund committed fund balance for Adult Programs. The profit from the CDL program was transferred to the committed fund balance for adult programs.

At the September 28, 2020 JOC meeting, the committee approved hiring an architect for the Farm to Refrigerator project and to use adult funds to pay the architect fees of \$36,400. These fees were taken out of the adult fund balance which reduced the adult fund balance to \$107,417. The adult programs at Jeff Tech receive financial support from the member districts in the amount of \$108,881 which is primarily salary and benefits for the Evening School coordinator. These district funded adult expenditures are presented and approved each year as part of the district funded budget.

The largest source of general revenues for the school consists of contributions from member school districts in the amount of \$6,233,246 which includes debt service principal and interest payments. The 2020-2021 payments increased by \$507,422 over the prior year and the increase is due primarily to the addition of a special education department. The total support from the member districts accounts for 79% of general revenue, excluding LPN, adult, and charitable program revenue. By comparison, the 2019-2020-member district support was 80% of total revenue and the 2018-2019 member district support was 82% of total revenue. This percentage demonstrates the reliance that Jeff Tech places on the contributions received from its member districts for the operation of the school.

Net Cost and Funding of Governmental Activities

The following table presents the school's expense categories of the governmental activities, as well as each categories' net cost (total cost less revenues directly generated by these activities). This table also shows the net costs offset by other unrestricted grants and subsidies to show the remaining financial needs supported by contributions from member districts and other miscellaneous revenues.

TOTAL AND NET COST OF SERVICES – GOVERNMENTAL ACTIVITIES

	2019-2020			2020-2021		
	Total Cost of Services	Program Revenue	Net Cost of Services	Total Cost of Services	Program Revenue	Net Cost of Services
Instruction/ CTC Programs	\$ 3,522,959	\$ 852,379	2,670,580	\$ 4,128,060	\$ 1,186,714	2,941,346
Adult Education Programs	826,256	671,284	154,972	856,262	831,371	24,891
Support Services	2,896,934	489,665	2,407,269	2,903,888	518,606	2,385,282
Refund of Prior Yr. Receipts	-	-	-	-	-	-
Scholarships	-	-	-	2,150	-	2,150
Interest on Long Term Debt	227,346		227,346	210,630		210,630
	-		-	-		-
Total Governmental Activities	\$ 7,473,495	\$2,013,328	\$ 5,460,167	\$ 8,100,990	\$ 2,536,691	\$ 5,564,299
Less:						
Loss on the sale of assets			4,142			4,276
Interest			(14,680)			(509)
Miscellaneous Revenues			(54,249)			(24,702)
(charges for services, interest and misc)			5,395,380			5,543,364
Plus:						
Transfer to Food Service			2,928			-
Change in Net Position			327,516			689,882
Total Needs from Member District			\$ 5,725,824			\$ 6,233,246

The above illustration shows Jeff Tech's need for member district contributions during the fiscal year ending June 30, 2021 in the amount of \$6,233,246.

Net Cost and Funding of Business-Type Activities

The following table presents the expense function of Jeff Tech’s food service program, the only business-type activity of the school, as well as the net cost of this program (total cost less revenues directly generated by the activities). In 2019-2020, the food service program had a \$42,874 loss, due to the COVID-19 school shutdown. In 2020-2021, the food service operations generated a \$7,875 profit. The net position in the Food Service operations as of June 30, 2021 is \$119,612.

**TOTAL AND NET COSTS OF SERVICES
BUSINESS – TYPE ACTIVITIES**

	2019-2020			2020-2021		
	Total Cost of Services	Total Revenues	Net Cost of Services	Total Cost of Services	Total Revenues	Net Cost of Services
Food Services Program	\$ 311,059	\$ 268,185	\$ (42,874)	\$ 325,322	\$ 333,197	\$ 7,875
Capital Grants		\$ -	\$ -		\$ -	\$ -
			(42,874)			7,875
Total (Need From) or Addition To Fund Balance			<u>\$ (42,874)</u>			<u>\$ 7,875</u>

FINANCIAL ANALYSIS OF SCHOOL FUNDS

As of June 30, 2021, the school’s governmental fund balances consist of the following components:

	2019-2020	2020-2021
General Fund, Unassigned Fund Balance	\$ 148,348	\$ 147,973
General Fund, Committed Fund Balance (LPN)	159,091	119,713
General Fund, Committed Fund Balance (Adult Programs)	126,961	107,418
General Fund, Committed Fund Balance (Holiday Dinner)	2,578	3,138
General Fund, Committed Fund Balance (Backpack Program)	10,329	6,852
General Fund, Committed Fund Balance (Childcare Program)	-	-
Capital Projects Fund, Committed Fund Balance	485,184	248,985
Debt Service Fund, Reserved for Debt Service	1,269	7
Total Fund Balances- Governmental Funds	<u>\$ 933,760</u>	<u>\$ 634,086</u>

The General Fund unassigned fund balance decreased by \$375. The school’s *Articles of Agreement* permit a fund balance equivalent to 2% of the current year’s (2021-2022) district funded budget. The LPN committed fund balance decreased by \$39,378 due to fluctuations in staffing and student retention. The Adult Programs committed fund balance decreased to fund expenses from the Farm to Refrigerator study. The capital projects reserve fund balance decreased by \$236,199, due to the paving and sidewalk projects which were completed in August of 2020. Each year, the school budgets a \$60,000 transfer from the general fund to the Capital Projects fund. Other Committed fund balances have been approved by the JOC for specific programs and revenue received that exceeds the cost to run the programs is retained each year.

Federal COVID 19 Relief

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) was a stimulus bill passed in response to the economic fallout of the COVID-19 pandemic in the United States. Beginning in 2019 and continuing through 2023, Jeff Tech was awarded the following allocations under the CARES Act and subsequent COVID-19 related legislation:

PN Program- Higher Education Emergency Relief Fund (HEERF) Institution Grant	\$	145,374
PN Program- Higher Education Emergency Relief Fund (HEERF) Student Grant	\$	117,572
PN Program-HEERF Fund for the Improvement of Postsecondary Education (FIPSE)	\$	450,261
Coronavirus Relief Fund- Passed through Jefferson County	\$	11,790
Governor's Emergency Relief Fund (GEER I) 2020-2021	\$	69,517
Governor's Emergency Relief Fund (GEER II) 2021-2022	\$	128,987
Governor's Emergency Relief Fund (GEER III) 2021-2023	\$	280,548

The expenditures under these federal funding streams are related to the COVID 19 pandemic and were allocated to assist the adult and secondary programs to achieve the goals of safety through the purchase of PPE and cleaning supplies. Funds were also used to achieve greater social distancing and remote learning opportunities through the purchase of simulation equipment, software and other COVID 19 related purchases.

General Fund Budgetary Highlights

During the fiscal year, the Joint Operating Committee may approve revisions to the original budget to accommodate variances from original budget estimates to actual expenditures. Sometimes budget revisions are necessary for the following reasons:

Jeff Tech applies for state and federal grants each year. Certain grants and other revenue may not be anticipated during the budgeting process and must be added to the budget during the fiscal year. In addition, the grants that are anticipated during the budgeting process are based on estimates. The budget must be modified during the fiscal year based on the actual grant award. Jeff Tech's total actual revenues fell short of budgeted revenues by \$713,890 and total actual expenditures and other financing fell short of budgeted expenditures by \$651,676. This shortfall is primarily due to adult expenditures and revenue being lower than budgeted and grants that were budgeted and not received. The full amount of district funds budgeted was not needed to fund the operating budget and was returned to the sending districts.

Contractual obligations are budgeted each year but not always needed. Utilities, insurance and other items are conservatively budgeted, actual expenditures fell below budget and actual revenues exceeded budgeted revenues.

Jeff Tech participates in a multiple employer cost-sharing trust for self-insuring medical expenses called the Western Pennsylvania Schools Health Care Consortium (WPSHCC). In the budgeting process for the 2021-2022 fiscal year, Jeff Tech budgeted conservatively for health insurance costs.

Capital Assets

As of June 30, 2021, Jeff Tech Governmental Activities had \$11,313,474 invested in Capital Assets. This is an increase of \$94,629 from the prior year and is a result of accumulated depreciation, additions and deletions to the school's assets and facilities.

Long-Term Debt

The school refinanced a 2004 general revenue bond issue in August, 2012. As of June 30, 2021, the School had total outstanding debt of \$6,910,000 from 2012 general revenue bonds. The original debt was issued to finance the cost of a renovation project which was completed in 2006. No debt has been incurred by the Food Service Fund.

	<u>Governmental Activities</u>	
	2019-2020	2020-2021
Series of 2012 Revenue Bonds	\$6,910,000	\$6,230,000

Economic Factors and Future Budgets

Jeff Tech has prepared the General Fund budget for 2021-2022 with a total budget increase of 2.45%. The member district portion (excluding debt service) of the General Fund budget decreased by \$141,075 which is a 2.33% decrease over 2020-2021.

Jeff Tech underwent a capital project in the 2004-2005 school year which consisted of renovations and additions to the school. Bonds were issued in July, 2004 by the State Public School Building Authority in the amount of \$12,645,000 to finance the project. In July 2012, the school (through the State Public School Building Authority) approved the issuance of School Revenue Bonds, series of 2012. The proceeds of the bonds, in the amount of \$11,425,000 were loaned to the School and will be used to advance refund the Series of 2004 Bonds and to pay costs of issuing the bonds. The cost of the debt will be funded by the member districts as outlined in the Articles of Agreement and their contributing portions will include their principal and interest payments.

At the time these financial statements were prepared, the school was aware of the following circumstances that could affect its financial health in the future:

- The current Teachers' Association contract contains language which requires Jeff Tech to budget health insurance for retiring teachers who have had 20 years of service with the school and severance for unused sick days. One retired administrator is receiving health care coverage until December, 2022. Current Administrative agreements contain retirement incentives including health care and severance pay. PSERS contributions will remain high in the coming years. The Teachers Association contract was extended one year by JOC motion on September 28, 2020 and will expire on June 30, 2022.
- The uncertain future of state funding for public education

Requests for Information

This financial report is designed to provide a general overview of the School's finances for all those with an interest in the financial status of the school. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Jefferson County – DuBois Area Vocational-Technical School
576 Vo Tech Road
Reynoldsville, PA 15851
Attn: Business Manager

FINANCIAL STATEMENTS

Jefferson County-DuBois Area Vocational-Technical School
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 989,225	\$ 55,877	\$ 1,045,102
Investments	-	-	-
Due from other governments	499,011	38,284	537,295
Other receivables	41,732	-	41,732
Inventories	-	22,393	22,393
Prepaid expenses	102,558	-	102,558
Other current assets	-	-	-
Total current assets	<u>1,632,526</u>	<u>116,554</u>	<u>1,749,080</u>
NONCURRENT ASSETS			
Land and site improvements	628,814	-	628,814
Building and building improvements (net)	9,563,739	-	9,563,739
Machinery and equipment (net)	1,122,921	16,799	1,139,720
Construction in progress	-	-	-
Other long-term receivables	-	-	-
Total noncurrent assets	<u>11,313,474</u>	<u>16,799</u>	<u>11,330,273</u>
Total assets	<u>12,946,000</u>	<u>133,353</u>	<u>13,079,353</u>
DEFERRED OUTFLOWS OF RESOURCES			
Debt refunding (net)	610,456	-	610,456
Other post-employment benefit obligation	269,417	-	269,417
Net pension liability (net)	1,753,585	-	1,753,585
Total assets and deferred outflows of resources	<u>\$ 15,579,458</u>	<u>\$ 133,353</u>	<u>\$ 15,712,811</u>
LIABILITIES			
CURRENT LIABILITIES			
Internal balances	\$ (8,711)	\$ 8,711	\$ -
Due to other governments	240,462	-	240,462
Accounts payable	168,985	1,895	170,880
Current portion of long-term debt	700,000	-	700,000
Accrued salaries and benefits	525,627	1,292	526,919
Payroll deductions and withholdings	7,091	-	7,091
Advances	-	1,842	1,842
Other current liabilities	170,131	-	170,131
Total current liabilities	<u>1,803,585</u>	<u>13,740</u>	<u>1,817,325</u>
NONCURRENT LIABILITIES			
Bonds payable	5,530,000	-	5,530,000
Lease purchase obligations	-	-	-
Long-term portion of compensated absences	217,587	-	217,587
Other post-employment benefit obligation	1,042,835	-	1,042,835
Net pension liability	11,029,540	-	11,029,540
Total noncurrent liabilities	<u>17,819,962</u>	<u>-</u>	<u>17,819,962</u>
Total liabilities	<u>19,623,547</u>	<u>13,740</u>	<u>19,637,287</u>
DEFERRED INFLOWS OF RESOURCES			
Other post-employment benefit obligation	193,499	-	193,499
Net pension liability (net)	638,343	-	638,343
Total deferred inflows of resources	<u>831,842</u>	<u>-</u>	<u>831,842</u>
NET POSITION			
Net investment in capital assets	5,693,930	16,799	5,710,729
Restricted for			
Retirement of long-term debt	7	-	7
Capital projects	-	-	-
Other	-	-	-
Unrestricted (deficit)	<u>(10,569,868)</u>	<u>102,814</u>	<u>(10,467,054)</u>
Total net position	<u>(4,875,931)</u>	<u>119,613</u>	<u>(4,756,318)</u>
Total liabilities deferred inflows and net position	<u>\$ 15,579,458</u>	<u>\$ 133,353</u>	<u>\$ 15,712,811</u>

The accompanying notes are an integral part of these statements.

Jefferson County-DuBois Area Vocational-Technical School
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
INSTRUCTION:							
Regular instruction	\$ 1,771,856	\$ -	\$ 305,743	\$ -	\$ (1,466,113)	\$ -	\$ (1,466,113)
Special instruction	720,781	-	187,721	-	(533,080)	-	(533,080)
Vocational instruction	1,831,902	-	586,976	33,705	(1,011,221)	-	(1,011,221)
Other instructional programs	3,521	71,979	590	-	89,048	-	69,048
Adult education programs	956,282	180,467	650,904	-	(24,891)	-	(24,891)
Total instructional services	4,984,322	252,446	1,731,934	33,705	(2,966,237)	-	(2,966,237)
SUPPORT SERVICES:							
Pupil personnel	404,111	-	53,236	-	(350,875)	-	(350,875)
Instructional staff	431,935	-	172,341	-	(259,594)	-	(259,594)
Administration	585,389	-	70,339	-	(515,060)	-	(515,060)
Pupil health	84,244	-	18,978	-	(65,266)	-	(85,286)
Business services	352,239	-	50,774	-	(301,465)	-	(301,465)
Operation and maintenance of plant services	963,043	-	152,938	-	(810,105)	-	(810,105)
Student transportation	-	-	-	-	-	-	-
Central	475	-	-	-	(475)	-	(475)
Other support services	82,442	-	-	-	(82,442)	-	(82,442)
Total support services	2,903,888	-	518,606	-	(2,385,282)	-	(2,385,282)
NON-INSTRUCTIONAL SERVICES:							
Student activities	-	-	-	-	-	-	-
Community services (excl. 3340)	-	-	-	-	-	-	-
Scholarships and awards	2,150	-	-	-	(2,150)	-	(2,150)
Interest on long-term debt	210,630	-	-	-	(210,630)	-	(210,630)
Unallocated depreciation expense	-	-	-	-	-	-	-
Total non-instructional services	212,780	-	-	-	(212,780)	-	(212,780)
Total governmental activities	8,100,990	252,446	2,250,540	33,705	(5,564,299)	-	(5,564,299)
BUSINESS-TYPE ACTIVITIES:							
Food service	325,322	13,706	318,151	-	-	6,535	6,535
Total primary government	\$ 6,426,312	\$ 266,152	\$ 2,568,691	\$ 33,705	(5,564,299)	6,535	(5,557,784)
GENERAL REVENUES							
Grants, subsidies and contributions not restricted	-	-	-	-	-	-	-
Receipts from member districts	-	-	-	-	6,233,248	-	6,233,248
Investment earnings	-	-	-	-	509	-	509
Miscellaneous income	-	-	-	-	24,702	1,340	26,042
Gain (loss) on sale of assets	-	-	-	-	(4,276)	-	(4,276)
Special items	-	-	-	-	-	-	-
Extraordinary items	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total general revenues, special items, extraordinary items and transfers	-	-	-	-	6,254,181	1,340	6,255,521
Change in net position	-	-	-	-	699,882	7,875	697,757
Net position-beginning	-	-	-	-	(5,585,813)	111,738	(5,454,075)
Net position-ending	\$ (4,875,931)	\$ 119,813	\$ (4,756,318)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these statements.

Jefferson County-DuBois Area Vocational-Technical School
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Capital Project Reserve	Debt Service	Total Gov't Funds
ASSETS				
Cash and cash equivalents	\$ 740,233	\$ 248,985	\$ 7	\$ 989,225
Investments	-	-	-	-
Taxes receivable (net)	-	-	-	-
Due from other funds	8,711	-	-	8,711
Due from other governments	434,025	-	-	434,025
Other receivables	41,732	-	-	41,732
Inventories	-	-	-	-
Prepaid expenses	102,558	-	-	102,558
Other current assets	-	-	-	-
Total assets	\$ 1,327,259	\$ 248,985	\$ 7	\$ 1,576,251
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Due to other governments	240,462	-	-	240,462
Accounts payable	168,985	-	-	168,985
Current portion of long-term debt	-	-	-	-
Accrued salaries and benefits	525,627	-	-	525,627
Payroll deductions and withholdings	-	-	-	-
Advances	7,091	-	-	7,091
Other current liabilities	-	-	-	-
Total liabilities	942,165	-	-	942,165
FUND BALANCES				
Nonspendable-inventories	-	-	-	-
Restricted	-	-	-	-
Committed	237,121	248,985	-	486,106
Assigned	-	-	7	7
Unassigned	147,973	-	-	147,973
Total fund balances	385,094	248,985	7	634,086
Total liabilities and fund balances	\$ 1,327,259	\$ 248,985	\$ 7	\$ 1,576,251

The accompanying notes are an integral part of these statements.

**Jefferson County-DuBois Area Vocational-Technical School
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2021**

Total fund balances - governmental funds \$ 634,086

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$21,600,549, and the accumulated depreciation is \$10,287,075 11,313,474

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

	Bonds payable	\$ (6,230,000)	
Deferred outflows of resources - debt refunding, net		610,456	
Accrued interest on the bonds		(83,078)	
Compensated absences		(304,640)	
Other post-employment benefit obligations		(1,042,835)	
Deferred outflows (inflows) of resources, net - opeb		75,918	
Net pension liability		(11,029,540)	
Deferred outflows (inflows) of resources, net - pension		1,115,242	(16,888,477)

Other:

Federal subsidy receivable		-	
State subsidy receivable		-	
Tuition receivable		64,986	

Total net position - governmental activities \$ (4,875,931)

Jefferson County-DuBois Area Vocational-Technical School
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Project Reserve	Debt Service	Total Gov. Funds
REVENUES				
6000 Local sources	\$ 6,471,992	\$ 345	\$ 8	\$ 6,472,345
7000 State sources	1,387,309	-	-	1,387,309
8000 Federal sources	877,785	-	-	877,785
001(Total revenues	8,737,086	345	8	8,737,439
EXPENDITURES				
1000 Instruction	4,881,528	-	-	4,881,528
2000 Support services	2,924,562	63,379	-	2,987,941
3000 NonInstructional services	2,150	-	-	2,150
4000 Capital outlay	-	267,174	-	267,174
5110 Debt service (principal and interest)	-	-	898,038	898,038
5130 Refunds of prior year receipts	282	-	-	282
002(Total expenditures	7,808,522	330,553	898,038	9,037,113
Excess (deficiency) of revenues over expenditures	928,564	(330,208)	(898,030)	(299,674)
OTHER FINANCING SOURCES (USES)				
9110 Bond proceeds	-	-	-	-
9120 Refunding bond proceeds	-	-	-	-
9200 Proceeds from extended term financing	-	-	-	-
9300 Interfund transfers	-	94,009	896,768	990,777
9400 Sale/compensation for fixed assets	-	-	-	-
9500 Refunds of prior years expenditures	-	-	-	-
9600 Operating transfers in (other LEAs)	-	-	-	-
9710 Operating transfers from component units	-	-	-	-
9720 Operating transfers from primary government	-	-	-	-
5120 Debt service (payment to refunded bond escrow agent)	-	-	-	-
5200 Operating transfers out	(990,777)	-	-	(990,777)
5310 Operating transfers to component unit	-	-	-	-
5320 Operating transfers to primary government	-	-	-	-
XXXX Total other financing sources (uses)	(990,777)	94,009	896,768	-
SPECIAL/EXTRAORDINARY ITEMS				
8888 Special items	-	-	-	-
8889 Extraordinary items	-	-	-	-
Net change in fund balances	(62,213)	(236,199)	(1,262)	(299,674)
004(Fund balance - July 1, 2020	447,307	485,184	1,269	933,760
005(Prior period adjustment	-	-	-	-
070(Fund balance - June 30, 2021	\$ 385,094	\$ 248,985	\$ 7	\$ 634,086

The accompanying notes are an integral part of these statements.

**Jefferson County-DuBois Area Vocational-Technical School
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
To the Statement of Activities
For the Year Ended June 30, 2021**

Total net change in fund balances - governmental funds \$ (299,674)

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

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

Depreciation expense	\$ (587,017)	
Capital outlays	<u>685,922</u>	98,905

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 680,000

The proceeds from the sale of fixed assets are recorded as revenue in the governmental funds. However, in the statement of activities, only the gain on the sale is recognized as revenue. (4,276)

Payments to the pension plan and for post employment benefits are reported in the governmental funds as expenditures. However, in the statement of net position they either reduce the liability or change the deferred inflows/outflows of resources. In addition deferred inflows/outflows are adjusted based on actuarial calculations and amortized. The pension and opeb liabilities and their net deferred inflows/outflows changed by this amount this year. 188,488

Amortization of deferred outflows - debt refunding (76,307)

Other:

Loss on disposal of fixed assets	-
Change in federal and state subsidies receivable	-
Change in tuition receivable	57,992
Change in accrued interest payable	7,408
Change in compensated absences	<u>37,346</u>

Change in net position of governmental activities \$ 689,882

Jefferson County-DuBois Area Vocational-Technical School
Statement of Revenue, Expenditures and Changes in Fund Balances, Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)
	Original	Final	
REVENUES			
6000 Local revenues	\$ 7,409,903	\$ 7,409,903	\$ 6,471,992
7000 State program revenues	1,439,073	1,439,073	1,387,309
8000 Federal program revenues	602,000	602,000	877,785
Total revenues	9,450,976	9,450,976	8,737,086
EXPENDITURES			
1100 Regular programs	1,772,654	1,722,149	1,742,093
1200 Special programs	870,865	819,165	675,120
1300 Vocational programs	1,820,278	1,668,070	1,581,161
1400 Other instructional programs	3,723	3,723	3,391
1600 Adult education programs	1,039,411	1,039,411	879,763
1700 Community/junior college ed programs	-	-	-
2100 Pupil personnel services	454,054	433,817	384,183
2200 Instructional staff services	444,052	656,552	561,104
2300 Administrative services	579,517	587,667	565,681
2400 Pupil health	89,917	89,917	79,431
2500 Business services	348,736	346,736	335,325
2600 Operation and maintenance of plant services	984,213	1,083,013	998,398
2700 Student transportation services	-	-	-
2800 Central and other support services	5,500	5,500	440
2900 Other support services	-	-	-
3100 Food services	-	-	-
3200 Student activities	-	-	-
3300 Community services	-	-	-
3400 Scholarships and awards	-	2,200	2,150
4000 Facilities acquisition and construction	-	-	-
5110 Debt service	-	-	-
5130 Refunds of prior years expenditures	-	500	282
Total expenditures	8,412,920	8,458,420	7,808,522
Excess (deficiency) of revenues over expenditures	1,038,056	992,556	928,564
OTHER FINANCING SOURCES (USES)			
9100 Sale of bonds	-	-	-
9200 Proceeds from extended term financing	-	-	-
9300 Interfund transfers	-	-	-
9400 Sale/compensation for fixed assets	-	-	-
9700 Operating transfers from Component units	-	-	-
5120 Debt service - refunded bond issues	-	-	-
5200 Fund transfers	(958,056)	(992,556)	(990,777)
5300 Transfers to component units	-	-	-
5900 Budgetary reserve	(80,000)	-	-
Total other financing sources (uses)	(1,038,056)	(992,556)	(990,777)
8888 Special items	-	-	-
8889 Extraordinary items	-	-	-
Net change in fund balances	-	-	(62,213)
0040 Fund balance--July 1, 2020	447,307	447,307	447,307
0050 Change in Inv/RS Equity Trans/Prior Yr Adj	-	-	-
XXXX Fund balance--June 30, 2021	\$ 447,307	\$ 447,307	\$ 385,094

The accompanying notes are an integral part of these statements.

Variance with Final Budget Positive (Negative)	Budget to GAAP Difference	Actual Amounts GAAP basis
\$ (937,911)	\$ 213,887	\$ 6,258,105
(51,764)	-	1,387,309
275,785	-	877,785
<u>(713,890)</u>	<u>213,887</u>	<u>8,523,199</u>
(19,944)	(29,763)	1,771,856
144,045	(45,661)	720,781
86,909	(50,741)	1,631,902
332	(130)	3,521
159,648	23,501	856,262
-	-	-
49,634	(19,928)	404,111
95,448	129,169	431,935
21,986	(19,718)	585,399
10,486	(4,813)	84,244
11,411	(16,914)	352,239
84,615	36,855	961,543
-	-	-
5,060	(35)	475
-	(82,442)	82,442
-	-	-
-	-	-
50	-	2,150
-	-	-
-	-	-
218	282	-
<u>649,898</u>	<u>(80,338)</u>	<u>7,888,860</u>
<u>(63,992)</u>	<u>294,225</u>	<u>634,339</u>
-	-	-
-	-	-
-	-	-
-	4,276	(4,276)
-	-	-
-	-	-
1,779	(990,777)	-
-	-	-
-	-	-
<u>1,779</u>	<u>(986,501)</u>	<u>(4,276)</u>
-	-	-
-	-	-
<u>\$ (62,213)</u>	<u>\$ (692,276)</u>	<u>\$ 630,063</u>

Jefferson County-DuBois Area Vocational-Technical School
Statement of Net Position
Proprietary Funds
June 30, 2021

Food Service

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 55,877
Investments	-
Due from other funds	-
Due from other governments	38,284
Other receivables	-
Inventories	22,393
Prepaid expenses	-
Other current assets	-
	<hr/>
Total current assets	116,554

NONCURRENT ASSETS

Land and site improvements	-
Building and building improvements(net)	-
Machinery and equipment (net)	16,799
Construction in progress	-
Long-term prepayments	-
	<hr/>
Total noncurrent assets	16,799
	<hr/>
Total assets	\$ 133,353

LIABILITIES

CURRENT LIABILITIES

Due to other funds	\$ 8,711
Due to other governments	-
Accounts payable	1,895
Current portion of long-term debt	-
Accrued salaries and benefits	1,292
Payroll deductions and withholdings	-
Advances	1,842
Other current liabilities	-
	<hr/>
Total current liabilities	13,740

NONCURRENT LIABILITIES

Bonds payable	-
Lease purchase obligations	-
Long-term portion of compensated abs	-
Other long-term liabilities	-
	<hr/>
Total noncurrent liabilities	-
	<hr/>
Total liabilities	13,740

NET POSITION

Net investment in capital assets	16,799
Restricted for legal purposes	-
Unrestricted	102,814
	<hr/>
Total net position	119,613
	<hr/>
Total liabilities and net position	\$ 133,353

The accompanying notes are an integral part of these statements.

Jefferson County-DuBois Area Vocational-Technical School
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Food Service</u>
OPERATING REVENUES:	
6600 Food service revenue	\$ 13,706
6900 Charges for services	-
6999 Other operating revenues	<u>1,340</u>
0010 Total operating revenues	<u>15,046</u>
OPERATING EXPENSES:	
0100 Salaries	116,587
0200 Employee benefits	67,662
0300 Purchased professional and technical service	15
0400 Purchased property service	-
0500 Other purchased service	-
0600 Supplies	133,999
0700 Depreciation	7,059
0810 Dues and fees	-
0820 Claims and judgments	-
0890 Other operating expenditures	<u>-</u>
0020 Total operating expenses	<u>325,322</u>
0030 Operating income (loss)	<u>(310,276)</u>
NONOPERATING REVENUES (EXPENSES):	
6500 Earnings on investments	-
6920 Contributions and donations	-
6930 Gain/loss on sale of fixed assets	-
7000 State sources	30,385
8000 Federal sources	287,766
9500 Refunds of prior year expenditures	-
0820 Claims and judgments	-
0830 Interest expenses	<u>-</u>
0040 Total nonoperating revenues (expenses)	<u>318,151</u>
Income (loss) before contributions	<u>7,875</u>
6920 Capital contributions	-
9999 Transfers in (out)	<u>-</u>
Change in net position	7,875
XXXX Total net position - July 1, 2020	111,738
0057 Accounting changes	-
0061 Prior period adjustment	<u>-</u>
XXXX Total net position - June 30, 2021	<u>\$ 119,613</u>

The accompanying notes are an integral part of these statements.

**Jefferson County-DuBois Area Vocational-Technical School
 Combined Statement of Cash Flows
 Proprietary Fund Types
 For the Year Ended June 30, 2021**

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
9937 Cash received from users	\$ 13,774
9938 Cash received from assessments made to other funds	-
9939 Cash received from earnings on investments	-
9940 Cash received from other operating revenue	1,340
9941 Cash payments to employees for services	(184,329)
9942 Cash payments for insurance claims	-
9943 Cash payments to suppliers for goods and services	(171,300)
9944 Cash payments for other operating expenses	-
	<hr/>
Net cash provided by (used for) operating activities	(340,515)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
6000 Local sources	-
7000 State sources	30,385
8000 Federal sources	249,482
9917 Notes and loans received	-
9918 Interest paid on notes/loans (5100-830)	-
9919 Operating transfers in (out)/ residual equity	-
9920 Operating transfers in (out) primary government	-
9921 Operating transfers in (out) component units	-
9922 Refunds of prior year expenditures (9500)	-
	<hr/>
Net cash provided by (used for) non-capital financing activities	279,867
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
4000 Facilities acquisition/construction/imp. serv	-
6930 Gain/loss on sale of fixed assets (proceeds)	-
9200 Proceeds from extended term financing	-
9925 Principal paid on financing agreements	-
9926 Interest paid on financing agreements (5100-830)	-
9927 Change in contributed capital	-
	<hr/>
Net cash provided by (used for) capital and rel financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
6500 Earnings on investments	-
9929 Purchase of invest securities/deposits to invest pools	-
9930 Withdrawals from investment pools	-
9931 Proceeds from sale and maturity of Invest securities	-
9932 Loans received (paid)	-
	<hr/>
Net cash provided by (used for) investing activities	-
	<hr/>
Net increase (decrease) in cash and cash equivalents	(60,648)
9935 Cash and cash equivalents beginning of year	116,525
	<hr/>
9936 Cash and cash equivalents at year end	\$ 55,877
	<hr/>

The accompanying notes are an integral part of these statements.

**Jefferson County-DuBois Area Vocational-Technical School
 Combined Statement of Cash Flows
 Proprietary Fund Types - Continued
 For the Year Ended June 30, 2021**

	<u>Food Service</u>
9900 Operating income (loss)	\$ (310,276)
Adjustments to reconcile operating income (loss) to net cash provided by (used for):	
9901 Depreciation and net amortization	7,059
9902 Provision for uncollectible accounts	-
9903 Write-in	-
9904 (Increase) decrease in accounts receivable	257
9905 (Increase) decrease in advances to other funds	-
9906 (Increase) decrease in inventories	9,160
9907 (Increase) decrease in prepaid expenses	-
9908 (Increase) decrease in other current assets	-
9909 Increase (decrease) in accounts payable	1,895
9910 Increase (decrease) in accrued salaries and benefits	(80)
9911 Increase (decrease) in payroll deductions/withholding	-
9912 Increase (decrease) in advances from other funds	(48,341)
9913 Increase (decrease) in deferred revenue	(189)
9914 Increase (decrease) in other current liabilities	-
	<hr/>
Total adjustments	(30,239)
	<hr/>
Cash provided by (used for) total	<u>\$ (340,515)</u>

The accompanying notes are an integral part of these statements.

Jefferson County-DuBois Area Vocational-Technical School
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

Custodial

ASSETS

Cash and cash equivalents	\$	25,611
Investments		-
Due from other funds		-
Other receivables		-
Inventories		-
Prepaid expenses		-
Other current assets		-
Building and building improvements(net)		-
Machinery and equipment (net)		-
		<hr/>
Total assets	\$	<u>25,611</u>

LIABILITIES

Accounts payable	\$	-
Due to other funds		-
Due to other governments		-
Accrued salaries and benefits		-
Payroll deductions and withholdings		-
Advances		-
Other current liabilities		-
		<hr/>
Total liabilities		<u>-</u>

NET POSITION

Net investment in capital assets		-
Restricted for student organizations		25,611
Unassigned		-
		<hr/>
Total net position		<u>25,611</u>
		<hr/>
Total liabilities and net position	\$	<u>25,611</u>

The accompanying notes are an integral part of these statements.

**Jefferson County-DuBois Area Vocational-Technical School
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021**

	<u>Custodial</u>
ADDITIONS	
Gifts and contributions	\$ -
Fundraising	15
Earnings/(loss) on investments	152
DEDUCTIONS	
Administration fees	-
Student activities	-
	<hr/>
Change in net position	167
Net position - July 1, 2020, as restated	<hr/> 25,444
Net position - June 30, 2021	<hr/> <u>\$ 25,611</u>

The accompanying notes are an integral part of these statements.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) as applied to governmental units prescribed in the statements issued by the Government Accounting Standards Board (GASB) and other recognized authoritative sources.

1. Financial Reporting Entity

The Jefferson County-DuBois Area Vocational Technical School (Jeff Tech) is a public area vocational-technical school. The operation, administration and management of the School is directed by a joint operating committee which is comprised of two members from each of the four participating school districts. The member school districts are the Dubois Area, Punxsutawney Area, Brookville Area, and Brockway Area School Districts. The School and administrative offices are located at 576 Vo Tech Road, Reynoldsville, PA.

The member districts have entered into Articles of Agreement for Operation of Jeff Tech effective October 13, 2003. Under the Articles of Agreement, operating expenses and capital expenditures are portioned among the participating school districts pursuant to a specified formula. 50% of the operating expenses and capital expenditures are shared based upon each district's aggregate days membership for resident students for grades 9, 10, 11 and all students attending Jeff Tech as reported to the PA Department of Education from the prior school year. The remaining 50% is to be based upon enrollment data collected at Jeff Tech from the prior three completed school years. For the year ended June 30, 2021, the member schools contributed \$6,233,246.

The Articles of Agreement shall remain in effect until terminated or superseded by majority vote of each of the member districts. No member district is permitted to withdraw from the Articles of Agreement while Jeff Tech or any authority related thereto is obligated for the repayment of long-term capital obligations. If there are no long-term capital obligations, a member district may withdraw by giving not less than one school year's written notice of their intent to withdraw. The assets of Jeff Tech will be apportioned among the remaining member districts in proportion to their respective ratios of participation. All right, title and interest of the withdrawing member district in real and personal property of Jeff Tech shall cease, terminate and forever be waived as of the effective date of the withdrawal.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Fund Accounting

The accounts of the School are maintained, and the accompanying fund financial statements have been prepared on the basis of accounting practices prescribed or permitted by the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems, issued by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania.

These practices, as they apply to the Jefferson County-DuBois Area Vocational Technical School, are in conformity with accounting principles generally accepted in the United States of America. The financial transactions of the School are recorded in individual funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses.

The School reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Reserve Fund - The Capital Project Reserve Fund is used to account for resources for the repair and maintenance of the School's facilities and the purchase of capital improvement equipment.

Debt Service Fund - The Debt Service Fund is used to account for the payment of principal and interest related to the outstanding General Obligation Bonds of the School.

The School reports the following major enterprise fund:

Food Service Fund - The Food Service Fund is used to account for all financial transactions related to the food service operation of the School. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis 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.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Additionally, the School reports the following fund type:

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the School in a fiduciary capacity. These include private-purpose trust and custodial funds. The Student Activity Funds are classified as Custodial Funds as they are custodial in nature. The School holds assets for the benefit of various student organizations.

3. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between governmental and business-type activities of the School.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each identifiable activity of the business-type, and for each function or program of the governmental activities of the School. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All revenues not classified as program revenues are presented as general revenues of the School.

Fund Financial Statements

Fund financial statements report detailed information about the School. Their focus is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Proprietary funds operating revenues consist of its charges for services and miscellaneous revenue. Its nonoperating revenues consist of its investment earnings and state and federal subsidies.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities (whether current or noncurrent) associated with the operations of these funds are included on the balance sheet. Proprietary fund's operating statements present increases (revenues) and decreases (expenses) in total net position.

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Government-wide financial statements are prepared using the accrual basis of accounting. The Fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and fiduciary funds.

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the School is sixty days after year end.

Nonexchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and student fees.

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs related to compensated absences, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration.

6. Budgets and Budgetary Accounting

As required by School Laws of Pennsylvania, Public School Code of 1949, the School follows these procedures in establishing the budgetary data reflected in the statement of revenue, expenditures and changes in fund balance, budget and actual, general fund:

- a. During February of each year, the proposed budget in summary form is submitted to the Joint Operating Committee for review.
- b. The proposed budget, including any requested revisions, is submitted to the Joint Operating Committee in March of each year for approval.
- c. After tentative approval by the full operating Committee, the budget is sent to the Boards of School Directors of each member school district and the required public notice for public inspection of the proposed budget is done during March.
- d. By mail ballot in April, the budget is adopted.

Once adopted, the budget can be amended during the last nine months of the fiscal year by approval of the Joint Operating Committee.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the School considers all temporary investments with initial maturities of three months or less to be cash equivalents.

8. Investments

Investments are reported at fair value based on quoted market prices.

9. Inventory

The School's inventory consists of donated and purchased food of the Food Service Fund. Purchased food is valued at cost while donated commodities are presented at market value figures provided by the federal government. The Food Service Fund uses the consumption method of inventory. Under this method, inventory is charged to expenditures when used.

10. Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported on both statement types.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School defines capital assets as assets with an initial, individual or group costs of \$5,000 or more. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Donated fixed assets are recorded at their fair market value as of the date received. The School does not possess any infrastructure.

All reported capital assets, with the exception of land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Buildings/Improvements	20-50 years
Land Improvements	5 years
Vehicles	10 years
Equipment	8-20 years
Library/textbooks	5-15 years

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services between funds are reported as revenues in the seller funds and as expenses/expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

On fund financial statements, advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances are considered available and spendable resources and current obligations of the respective funds. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

12. Compensated Absences

It is the School's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no limit to the number of sick days which may be accumulated. Upon retirement, eligible employees are paid an established rate per day depending on their classification.

All employees are considered 100% vested in these benefits and the entire compensated absences liability is reported on the government-wide financial statements. For governmental fund financial statements, the liability is not recorded as those amounts are not expected to be paid using expendable available financial resources.

13. Long-Term Debt

Long-term debt is reported as a liability in the government-wide financial statements as well as the proprietary fund financial statements. Bond premiums and discounts, as well as bond issuance costs are recognized during the current period in accordance with Governmental Accounting Standards Board Statement No. 65. Long-term debt paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. Concentration of Credit Risk

The School maintains various deposits presented on the balance sheet as cash and investments with several local banks. The amounts on deposit with certain banks exceed the \$250,000 federally insured limit on interest bearing accounts. There is no dollar limit on non-interest bearing accounts for public deposits. See Note B for further detail.

15. Estimates in Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

16. Pension Plan Description

The School contributes to the Public School Employees' Retirement System, a Governmental cost-sharing multiple-employer 401(a) defined benefit plan. See Note I for detailed information.

NOTE B - CASH AND INVESTMENTS

The School's cash and investments consist of deposits with financial institutions. The School's investment policies are governed by state statute and School policy. Permissible investments include United States treasury bills and other federal instruments, time accounts or share accounts of institutions insured by the Federal Deposit Insurance Corporation, certificates of deposit to the extent such certificates are secured by a proper bond or secured by such proper collateral.

1. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned. The School policy for custodial credit risk is that all accounts are insured to the maximum limit as provided by law and amounts invested in excess of the insured amounts must be collateralized as provided by law and an Act 72 agreement must be signed and in place.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE B - CASH AND INVESTMENTS - Continued

As of June 30, 2021, the bank balance of the School's deposits that are exposed to custodial credit risk is \$937,340 and their carrying amount is \$737,330. These amounts are uninsured. However, they are collateralized with securities held by the trust department or agent but not in the School's name. Included in these deposits is a pooled savings account held with the PA School District Liquid Asset Fund (PDSLAF) and State Investment Pool (Invest). The PSDLAF and Invest are both rated AAAM by S&P and both measure all of their investments at amortized cost, which approximates fair value. There are no limits or restrictions on withdrawals from the fund.

2. Investments

Interest Rate Risk - The School 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. However, safety of principal is of a highest priority and this is ensured through the mitigation of interest rate risk.

Credit Risk - The School has no formal investment policy that limits its choices to certain credit ratings. Like interest rate risk, credit risk is mitigated to preserve the safety of principal.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of a bank failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk - The School places no limit on the amount that may be invested in one issuer.

Fair Market Value - The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE C - INTERFUND TRANSACTIONS

Interfund receivables and payables on the fund statements at June 30, 2021 consist of advances in the amount of \$8,711 between the General and Food Service Funds.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE C - INTERFUND TRANSACTIONS - Continued

Interfund transfers on the fund statements at June 30, 2021 consist of transfers from the General Fund to the Debt Service Fund in the amount of \$896,768. The purpose of the transfers were to make principal and interest payments related to the School's outstanding General Obligation Bonds. Interfund transfers also consist of transfers of \$94,009 from the General Fund to the Capital Project Reserve Fund. The purpose of the transfers were to provide additional reserves.

NOTE D - CAPITAL ASSETS

A summary of capital assets activity during the fiscal year follows:

	Balance at 6/30/20	Additions	Deletions	Balance at 6/30/21
Governmental Activities				
Land/improvements	\$ 563,461	\$ 268,553	\$ -	\$ 832,014
Buildings and improvements	16,101,282	-	-	16,101,282
Machinery/equipment	4,288,599	417,369	38,715	4,667,253
Total Capital Assets	<u>20,953,342</u>	<u>685,922</u>	<u>38,715</u>	<u>21,600,549</u>
Less: Accumulated Depreciation:				
Land/improvements	183,982	21,219	-	205,201
Buildings and improvements	6,240,693	296,850	-	6,537,543
Machinery/equipment	3,309,822	268,948	34,439	3,544,331
Total Accumulated	<u>9,734,497</u>	<u>587,017</u>	<u>34,439</u>	<u>10,287,075</u>
Capital Assets, Net	<u>\$ 11,218,845</u>	<u>\$ 98,905</u>	<u>\$ 4,276</u>	<u>\$ 11,313,474</u>
Business-Type Activities				
Equipment	\$ 59,725	\$ -	\$ -	\$ 59,725
Less: Accumulated Depreciation	35,867	7,059	-	42,926
Capital Assets, Net	<u>\$ 23,858</u>	<u>(\$ 7,059)</u>	<u>\$ -</u>	<u>\$ 16,799</u>

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE D - CAPITAL ASSETS - Continued

Depreciation expense was charged to the following functions in the statement of activities:

Regular instruction	\$ 128,204
Special instruction	53,638
Vocational instruction	121,441
Other instructional programs	262
Adult education programs	63,720
Pupil personnel	30,073
Instructional staff	35,796
Administration	43,564
Pupil health	6,269
Business services	26,213
Operation and maintenance of plant services	71,667
Support services - central	35
Other support services	<u>6,135</u>
	<u>\$ 587,017</u>

NOTE E - DUE TO OTHER GOVERNMENTS

Due to other governments represents costs incurred by the School but not yet paid to other governmental entities or amounts due back to member school districts or other governmental entities for support or grant funds received in excess of costs incurred. The amount due at June 30, 2021 consists of the following:

Due to member districts	\$238,785
Due to other governmental entities	<u>1,677</u>
	<u>\$240,462</u>

NOTE F - OTHER CURRENT LIABILITIES

Other current liabilities on the statement of net position consists of \$83,078 of accrued interest payable on the School's outstanding General Obligation Bonds and \$87,053, representing the current portion of the School's compensated absences liability.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G - NONCURRENT LIABILITIES

BONDS PAYABLE

Series of 2012

On August 1, 2012, the School issued, through the State Public School Building Authority (SPSBA), \$11,425,000 principal amount of Revenue Bonds. The bonds were issued to advance refund the Series of 2004 Revenue Bonds and to pay costs of issuing the bonds. The Bonds mature serially at various amounts through February 1, 2029, bear interest ranging from 2.00% to 3.50%.

The changes in noncurrent liabilities for the year ended June 30, 2021 consist of the following:

	<u>Balance at</u> <u>6/30/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>6/30/21</u>	<u>Due In</u> <u>One Year</u>
Series of 2012	\$ 6,910,000	\$ -	\$ 680,000	\$ 6,230,000	\$ 700,000
Compensated Absences	341,986	-	37,346	304,640	87,053
Post-employment Benefits	1,131,047	63,036	151,248	1,042,835	-
Net Pension Liability	<u>10,713,000</u>	<u>1,361,792</u>	<u>1,045,252</u>	<u>11,029,540</u>	<u>-</u>
	19,096,033	1,424,828	1,913,846	18,607,015	<u>\$ 787,053</u>
Less: Current Portion	<u>783,890</u>	<u>787,053</u>	<u>783,890</u>	<u>787,053</u>	
Total Noncurrent Liabilities	<u>\$18,312,143</u>	<u>\$ 637,775</u>	<u>\$ 1,129,956</u>	<u>\$17,819,962</u>	

The following is a summary of the School's future annual debt service requirements to maturity for its Bonds:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 700,000	\$ 200,188	\$ 900,188
2023	715,000	180,237	895,237
2024	740,000	158,788	898,788
2025	765,000	135,662	900,662
2026	790,000	110,800	900,800
2027-2031	<u>2,520,000</u>	<u>174,375</u>	<u>2,694,375</u>
	<u>\$ 6,230,000</u>	<u>\$ 960,050</u>	<u>\$ 7,190,050</u>

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE G - NONCURRENT LIABILITIES - Continued

The School's bonds are paid by the Debt Service Fund via transfers from the General Fund. The remaining long-term liabilities are paid directly by the General Fund.

NOTE H - POST-EMPLOYMENT BENEFITS

PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (System)

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

PSERS provides Premium Assistance, which is a governmental cost sharing, multiple-employer other post-employment benefit plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Retirees of PSERS can participate in the Premium Assistance program if they satisfy the following criteria: have 24.5 or more years of service, or are a disability retiree, or have 15 or more years of service and retired after reaching superannuation age, and participate in the HOP or employer sponsored health insurance premium.

1. Plan Description

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

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

Benefits provided

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Option Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The school's contractually required contribution rate for fiscal year ended June 30, 2021 was .82% of covered payroll, actuarially determined as an amount that is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School were \$29,744 for the year ended June 30, 2021. \$9,384 of this amount was payable to the plan for the contributions for the quarter ending June 30, 2021.

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

At June 30, 2021, the School reported a liability of \$481,835 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the School's proportion was .0223%, which was a decrease of .0006% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School recognized OPEB expense related to the System of \$21,207. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to the System's OPEB from the following sources:

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net difference between projected and actual investment earnings	\$ 1,001	\$ -
Difference between expected and actual experience	4,558	-
Changes in proportions	2,288	23,285
Changes in assumptions	20,158	11,141
Contributions subsequent to the measurement date	<u>29,744</u>	<u>-</u>
	<u>\$ 57,749</u>	<u>\$ 34,426</u>

\$29,744 reported as deferred outflows of resources related to the System's OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized and recognized in OPEB expense as follows:

Year ended June 30:

2022	(\$ 2,078)
2023	(2,079)
2024	(2,192)
2025	1,369
2026	(1,088)
Thereafter	(353)

3. Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 2.66%, S&P 20 Year Municipal Bond Rate
- Salary growth - effective average of 5.0%, comprised of inflation of 2.75%, and 2.25% for real wage growth and merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate - eligible retirees will elect to participate Pre-age 65 at 50% and Post-age 65 at 70%

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020
- Cost method - Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date
- Asset valuation method - Market value
- Participation rate - 63% of eligible retirees
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	1.0%
US Core Fixed Income	46.5%	0.1%
Non US Fixed income	3.2%	0.1%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

4. Discount Rate

The discount rate used to measure the total OPEB liability was 2.66%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rate necessary to assure the solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66%, which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to change in Healthcare Cost Trend Rate

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - Continued

As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year and 688 members were receiving less than the maximum amount allowed. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below. The following presents the System net OPEB liability for June 30, 2020, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 481,500	\$ 481,835	\$ 482,300

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	<u>1% Decrease 1.66%</u>	<u>Current 2.66%</u>	<u>1% Increase 3.66%</u>
School's proportionate share of the net OPEB liability	\$ 549,000	\$ 481,835	\$ 426,000

5. OPEB Plan Fiduciary Net Position

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

SCHOOL STAND ALONE OPEB PLAN (Plan)

1. Plan Description

The School administers a single-employer defined benefit OPEB plan. The School has entered into agreements with the Jefferson County-DuBois Area Vocational-Technical Education Association and the Service Employees International Union, LOCAL 32BJ. Terms of the plan may not be amended unless all parties agree on the amendments. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The School finances the plan on a pay-as-you-go basis and includes a provision for its costs in each year's annual budget.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - OTHER POST-EMPLOYMENT BENEFITS - Continued

Benefits Provided

Teaching and support staff and certain administrator retirees and spouses pay the full premium amount. Under the incentive, teaching staff retirees receive a notional account in the amount of \$1,000 per year of service. The account can only be applied toward healthcare premiums in retirement. Certain administrative, under the incentive, retirees remit the PSERS premium assistance amount. Eligible administrative retirees who meet the incentive eligibility requirements receive School-paid life insurance with a face amount of \$100,000 until age 65.

All employees can elect to retire and the School will continue to provide their health care benefits through age 65 or qualification for Medicare, if earlier, at no cost to the School. Spouse coverage continues, also at no cost to the School, until age 65, qualification for Medicare, or cessation of retiree coverage if earlier. Surviving spouses of teaching staff may utilize the remainder of the retiree's notional account, if any. Teachers are eligible for an incentive upon retirement after meeting PSERS requirements (superannuation or early retirement) and completing 20 years of service with the School. Administrators, after four years of employment, are eligible for single health coverage equivalent to the plan until the employee qualifies for government provided medical coverage, not to exceed 8 years. The retirees are required to reimburse the School any PSERS Premium Assistance coverage that they receive.

Employees Covered

As of the most recent actuarial valuation as of July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees/beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>55</u>
	<u>66</u>

2. Total Plan OPEB Liability

The School Plan's total OPEB liability as of June 30, 2021 was \$561,000, and was determined by an actuarial calculation based on the July 1, 2020 actuarial valuation.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - OTHER POST-EMPLOYMENT BENEFITS - Continued

3. Actuarial Assumptions and Other Inputs

The Plan's total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs were applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal
- Discount rate - 2.16% as of June 30, 2021; 2.21% as of June 30, 2020
- Health cost trend - 6.1%; using the Society of Actuaries Long-Run Medical Cost Trend Model to project per capita claim costs and premiums, a decrease from 6.6%
- Salary increases - Based on rates utilized in the June 30, 2020 actuarial valuation for PSERS. Increases range from 3.25% to 9.25% based on the employee age
- Participation rate - 100% of professional staff and administrators and 10% of support staff
- Mortality rates were based on the RP-2014 Mortality Tables, adjusted to reflect the MP-2018 Mortality Improvement Scale.

4. Discount Rate

The discount rate of 2.16% was based on the Bond Buyer 20 Year Bond GO Index.

5. Changes in Plan's Total OPEB Liability

Balance at June 30, 2020,	\$ 644,000
Service cost	25,000
Interest on total OPEB liability	13,000
Effect of plan changes	20,000
Effect of economic/demographic (gains) or losses	23,000
Effect of assumption changes	(39,000)
Benefit payments	(<u>125,000</u>)
Balance at June 30, 2021	<u>\$ 561,000</u>

Changes in assumptions reflect a change in the discount rate from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021 and a change in the health cost trend from 6.6% as of June 30, 2020 to 6.1% as of June 30, 2021.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - OTHER POST-EMPLOYMENT BENEFITS - Continued

Sensitivity of the Plan's Net OPEB Liability to change in Healthcare Cost Trend Rate

The following presents the Plan's net OPEB liability, calculated using current Healthcare cost trends (6.1%), as well as what the Plan's net OPEB liability would be if health cost trends were 1-percentage point lower (5.1%), or 1-percentage-point higher (7.1%) than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Plan net OPEB liability	\$ 511,000	\$ 561,000	\$ 605,000

Sensitivity of the Plan's net OPEB liability to changes in the discount rate

The following presents the Plan's net OPEB liability, calculated using the discount rate of 2.16%, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Plan's net OPEB liability	\$ 596,000	\$ 561,000	\$ 526,000

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

For the year ended June 30, 2021, the School recognized OPEB expense of \$74,976 related to the Plan. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 183,668	\$ -
Changes in assumptions	<u>28,000</u>	<u>159,073</u>
	<u>\$ 211,668</u>	<u>\$ 159,073</u>

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE H - OTHER POST-EMPLOYMENT BENEFITS - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized and recognized in OPEB expense as follows:

Year ended June 30:		
2022	\$	16,976
2023		16,976
2024		16,975
2025		4,333
2026	(2,665)
Thereafter		-

NOTE I - PENSION OBLIGATION

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

1. Plan Description

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

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE I - PENSION OBLIGATION - Continued

Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Contributions

Member Contributions:

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

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

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE I - PENSION OBLIGATION - Continued

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.5% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

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

Employer Contributions:

The schools' contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were \$1,222,034 for the year ended June 30, 2021. \$385,539 of this amount was payable to the plan for the contributions for the quarter ending June 30, 2021.

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

At June 30, 2021, the School reported a liability of \$11,029,540 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020.

The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the School's proportion was .0224%, which was a decrease of .0005% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School recognized pension expense of \$1,092,107. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE I - PENSION OBLIGATION - Continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 478,030	\$ -
Difference between expected and actual experience	30,271	270,093
Changes in proportions	23,250	368,250
Changes in assumptions	-	-
Contributions subsequent to the measurement date	<u>1,222,034</u>	<u>-</u>
	<u>\$ 1,753,585</u>	<u>\$ 638,343</u>

\$1,222,034 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized in pension expense as follows:

Year ended June 30:

2022	(\$196,480)
2023	(138,436)
2024	84,122
2025	144,002

3. Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability as of the June 30, 2019 actuarial valuation to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 7.25%, includes inflation of 2.75%
- Salary growth - effective average of 5.0%, comprised of inflation of 2.75%, and 2.25% for real wage growth and for merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE I - PENSION OBLIGATION - Continued

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.2%
Fixed income	36.0%	1.1%
Real estate	10.0%	5.5%
Private equity	15.0%	7.2%
Cash	6.0%	(1.0%)
Absolute return	10.0%	2.5%
Risk parity	8.0%	3.3%
MLPs/Infrastructure	6.0%	5.7%
Commodities	8.0%	1.8%
Financing (LIBOR)	(14.0%)	(0.7%)
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

4. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE I - PENSION OBLIGATION - Continued

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 School's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease 6.25%	Current Rate 7.25%	1% Increase 8.25%
School's proportionate share of the net pension liability	\$13,646,000	\$11,029,540	\$ 8,813,000

5. Pension Plan Fiduciary Net Position

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

NOTE J - COMMITTED FUND BALANCE

The Board of Directors/Joint Operating Committee is the School's highest level decision making authority. The Board must approve the commitment or modification of fund balance. The Board has committed \$486,106 of its unrestricted fund balance at June 30, 2021. The purpose of the commitment is to provide for the School's LPN Program, which is not funded by the School's member districts, in the amount of \$119,714, to provide resources for the School's Commercial Driver's License Program in the amount of \$107,417; to provide resources for the holiday banquet in the amount of \$3,138; to provide resources for the backpack program in the amount of \$6,852; and to provide resources for the Capital Project Reserve in the amount of \$248,985.

The Board has established that the administrative director and business manager are able to assign fund balance for specific purposes. At June 30, 2021 \$7 of Debt Service fund balance has been assigned for future debt payments.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE J - COMMITTED FUND BALANCE - Continued

The School has adopted policies in which it considers committed fund balances to be spent when expenditures have been specifically identified to release the commitment.

NOTE K - CAPITAL PROJECT RESERVE FUND

To provide a means of accumulating needed funds for anticipated projects, the School established a Capital Project Reserve Fund under section 1431 of the Municipal Code. At the March 27, 2006 Board meeting, the closing of this Fund by June 30, 2006 was approved and a new Capital Project Reserve Fund under Section 1850.1(b)(26) was established. That fund is to be used for capital improvement equipment and maintaining facilities. The fund balance in the Fund is \$248,985 as of June 30, 2021.

NOTE L - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft or, damage to, and destruction of assets, errors and omissions, and injuries to employees for which the School purchases commercial insurance. Settled claims have not exceeded insurance coverage in any of the past three years. There were no significant reductions in coverage compared to prior years.

The School participates in a multiple employer cost-sharing trust for self-insuring hospitalization expenses. The trust makes monthly premium payments to its program administrator for payment of claims submitted. Participating Schools pay monthly premiums to the trust based upon claims paid experience. The administrator reconciles claims paid against premiums received on an annual basis. Any deficiency of premiums received over claims paid must be remitted to the plan administrator by the members. The trust has obtained stop loss insurance for claims exceeding 125% of premiums paid.

NOTE M - CONTINGENT LIABILITIES AND COMMITMENTS

The School participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the School believes such amounts to be immaterial. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Jefferson County-DuBois Area Vocational Technical School

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE N - RISKS AND UNCERTAINTIES

The School is dependent on the funding from the member school districts and the receipt of federal and state funding. The member districts are dependent on the collection of various taxes and the receipt of their own federal and state funding. In March, 2020, the World Health Organization declared the novel strain of coronavirus, COVID-19, as a pandemic. The current economic environment due to this pandemic has shown unprecedented decline and has presented a number of challenges and circumstances worldwide. Given the continued volatility of these health economic conditions, the Administration is evaluating the impact to the School's operations and financial statements and believes the impact and duration cannot be reasonably estimated at this time.

NOTE O - CHANGE IN ACCOUNTING PRINCIPLE

As of and for the year ended June 30, 2021, the School implemented Governmental Accounting Standards Board Statement (GASB) No. 84 - *Fiduciary Activities*. As a result of implementing the Statement, the beginning fiduciary net position of the custodial funds has been restated as follows:

Fiduciary net position as previously reported at June 30, 2020	\$ -
Prior period adjustments:	
Fiduciary net position	<u>25,444</u>
Fiduciary net position as restated, July 1, 2020	<u>\$ 25,444</u>

REQUIRED SUPPLEMENTAL INFORMATION

Jefferson County-DuBois Area Vocational Technical School
 SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
 Pennsylvania Public School Employees' Retirement System - Health Insurance Premium Assistance Program
 Last 10 Fiscal Years*

	2020	2019	2018	2017
School's proportion of net OPEB liability	0.0223%	0.0229%	0.0237%	0.0235%
School's proportionate share of net OPEB liability	481,835	487,047	494,133	478,792
School's covered-employee payroll	3,132,496	3,159,433	3,185,598	3,122,613
School's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	15.38%	15.42%	15.51%	15.33%
Plan fiduciary net position as a percentage of the total net OPEB liability	5.69%	5.56%	5.56%	5.73%

Notes to Schedule:

Changes of assumptions:

The following are the discount rates used in each period:

2.66%	2.79%	2.98%	3.13%
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* - for those years that are available

Jefferson County-DuBois Area Vocational Technical School
 SCHEDULE OF SCHOOL CONTRIBUTIONS
 Pennsylvania Public School Employees' Retirement System - Health Insurance Premium Assistance Program
 Last 10 Fiscal Years*

	2020	2019	2018	2017
Actuarially determined contribution	30,947	31,942	31,902	29,538
Contractually required contribution	26,252	26,237	26,479	25,981
Contributions in relation to the actuarially determined contribution	(26,252)	(26,237)	(26,479)	(25,981)
Contribution deficiency (excess)	4,695	5,705	5,423	3,557
District's covered-employee payroll	3,132,496	3,159,433	3,185,598	3,122,613
Contributions as a percentage of covered-employee payroll	0.84%	0.83%	0.83%	0.83%

* - for those years that are available

Jefferson County-DuBois Area Vocational Technical School
 SCHEDULE OF CHANGES IN SCHOOL'S
 OPEB LIABILITY AND RELATED RATIOS
 Last 10 Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	25,000	24,000	34,000	33,000
Interest	13,000	22,000	25,000	27,000
Effect of plan changes	20,000	0	22,000	0
Effect of economic/demographic changes	23,000	0	329,000	0
Changes of assumptions or other inputs	(39,000)	42,000	(242,000)	(13,000)
Benefit payments	(125,000)	(160,000)	(153,000)	(96,000)
Net change in total OPEB liability	(83,000)	(72,000)	15,000	(49,000)
Total OPEB liability - beginning	644,000	716,000	701,000	750,000
Total OPEB liability - ending	561,000	644,000	716,000	701,000
School's covered-employee payroll	3,132,496	3,159,433	3,185,598	3,122,613
Total OPEB liability as a percentage covered-employee payroll	17.91%	20.38%	22.48%	22.45%

Notes to Schedule:

Changes of assumptions:

The following are the discount rates used in each period:

2.16%	2.21%	3.50%	3.87%
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The following mortality assumption table changed in the following periods:

2019	RP-2014 Mortality table adjusted for Mortality Improvement Scale MP-2018
2018	RP-2014 Mortality table adjusted for Mortality Improvement Scale MP-2015

* - for those years that are available

Jefferson County-DuBois Area Vocational Technical School
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (NPL)
 Pennsylvania Public School Employees' Retirement System
 Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
School's proportion of NPL	0.0224%	0.0229%	0.0237%	0.0235%	0.0235%	0.0225%	0.0236%
School's proportionate share of NPL	11,029,540	10,713,000	11,377,177	11,606,275	11,645,854	9,745,945	9,341,049
School's covered-employee payroll	3,132,496	3,159,433	3,185,598	3,122,613	3,039,422	2,888,893	3,011,624
School's proportionate share of NPL as a percentage of its covered-employee payroll	352.10%	339.08%	357.14%	371.68%	383.16%	337.36%	310.17%
Plan fiduciary net position as a percentage of the total NPL	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

* - for those years that are available

Jefferson County-DuBois Area Vocational Technical School
 SCHEDULE OF SCHOOL CONTRIBUTIONS
 Pennsylvania Public School Employees' Retirement System
 Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	1,046,513	1,025,516	1,005,669	898,853	831,971	740,163	699,909
Contractually required contribution	1,046,513	1,025,516	1,005,669	898,853	747,638	580,976	470,132
Contributions in relation to the actuarially determined contribution	(1,046,513)	(1,025,516)	(1,005,669)	(898,853)	(747,638)	(580,976)	(470,132)
Contribution deficiency (excess)	0	0	0	0	84,334	159,188	229,777
School's covered-employee payroll	3,132,496	3,159,433	3,185,598	3,122,613	3,039,422	2,888,893	3,011,624
Contributions as a percentage of covered-employee payroll	33.41%	32.46%	31.57%	28.79%	24.60%	20.11%	15.61%

* - for those years that are available

SUPPLEMENTAL INFORMATION

JEFFERSON COUNTY-DUBOIS AREA VOCATIONAL TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2021

<u>Grantor Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Date</u>	<u>Program or Award Amount</u>	<u>Total Received For the Year</u>
<u>U.S. Department of Education</u>					
<u>Student Financial Assistance Cluster</u>					
Pell Grants	84.063	P063P203105/ P063P213105	July 1, 2020/ June 30, 2021	\$ 65,559	\$ 63,868
Direct Loans	84.268	P268K213105/ P268K223105	April 1, 2020/ August 31, 2021	N/A	56,049
COVID-19 - Continuity of Education Equity Grant	84.425C	354-21-0006	August 13, 2020/ June 30, 2021	69,517	69,517
COVID-19 - Higher Education Emergency Relief Fund II	84.425E	P425E202392-20A	April 25, 2020/ April 24, 2021	24,870	24,870
COVID-19 - Higher Education Emergency Relief Fund I	84.425F	P425F201679	April 6, 2020/ April 5, 2021	24,869	-
COVID-19 - Higher Education Emergency Relief Fund II	84.425F	P425F201679-20A	June 2, 2020/ June 1, 2022	52,673	7,932
COVID-19 - HEERF Fund for the Improvement of Postsecondary Education Formula Grant	84.425N	P425N200945	January 11, 2021/ January 10, 2022	450,281	87,221
<u>Passed through the Pa. Department of Education</u>					
Secondary Allocations	84.048	380-21-0054	July 1, 2020/ June 30, 2021	197,056	164,213
<u>Passed through the Central Pennsylvania Institute of Science and Technology</u>					
Tech Prep PN Program	84.048	381-21-0030	August 30, 2020/ June 30, 2021	N/A	9,330
Total U.S. Department of Education				<u>884,805</u>	<u>483,000</u>
<u>U.S. Department of Agriculture</u>					
<u>Child Nutrition Cluster</u>					
<u>Passed through the Pa. Department of Education</u>					
Summer Food	10.559	264	July 1, 2020/ June 30, 2021	215,910	215,910
COVID-19 - Emergency Operating Costs	10.555	362	July 1, 2020/ June 30, 2021	32,618	-
National School Lunch Program	10.555	362	July 1, 2020/ June 30, 2021	2,820	2,620
School Breakfast Program	10.553	365	July 1, 2020/ June 30, 2021	703	703
Total passed through the Pa. Department of Education				<u>251,851</u>	<u>219,233</u>
<u>Passed through the Pa. Department of Agriculture</u>					
National School Lunch Program (Non-Cash Donated Commodities)	10.555	2-01-33-340	July 1, 2020/ June 30, 2021	N/A	30,663
Total U.S. Department of Agriculture				<u>251,851</u>	<u>249,896</u>

Accrued or (Deferred) Revenue at July 1, 2020	Revenue Recognized	Federal Expenditures for the Year Ended June 30, 2021			Passed Through To Subrecipients	Accrued or (Deferred) Revenue at June 30, 2021
		Pass-Thru	Direct	Total		
\$ -	\$ 65,644	\$ -	\$ 65,644	\$ 65,644	\$ -	\$ 1,776
-	57,156	-	57,158	57,158	-	1,109
-	69,517	69,517	-	69,517	-	-
-	24,870	-	24,870	24,870	-	-
(13,104)	13,104	-	13,104	13,104	-	-
-	15,452	-	15,452	15,452	-	7,520
-	160,491	-	160,491	160,491	-	73,270
-	197,056	197,056	-	197,056	-	32,843
-	9,330	9,330	-	9,330	-	-
<u>(13,104)</u>	<u>612,622</u>	<u>275,903</u>	<u>336,719</u>	<u>612,622</u>	<u>-</u>	<u>116,518</u>
-	221,576	221,576	-	221,576	-	5,666
-	32,618	32,618	-	32,618	-	32,618
-	2,620	2,620	-	2,620	-	-
-	703	703	-	703	-	-
<u>-</u>	<u>257,517</u>	<u>257,517</u>	<u>-</u>	<u>257,517</u>	<u>-</u>	<u>38,284</u>
(7,565)	30,250	30,250	-	30,250	-	(7,976)
<u>(7,565)</u>	<u>287,767</u>	<u>287,767</u>	<u>-</u>	<u>287,767</u>	<u>-</u>	<u>30,306</u>

JEFFERSON COUNTY-DUBOIS AREA VOCATIONAL TECHNICAL SCHOOL
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2021

<u>Grantor Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Date</u>	<u>Program or Award Amount</u>	<u>Total Received For the Year</u>
<u>U.S. Department of Labor</u>					
<u>Passed through the Commonwealth of Pennsylvania Department of Labor and Industry</u>					
Trade Adjustment Assistance	17.245	N/A	July 1, 2020/ June 30, 2021	N/A	26,033
<u>WIOA Cluster</u>					
<u>Passed through Rescare, Inc.</u>					
WIA Adult Program	17.258	N/A	July 1, 2020/ June 30, 2021	N/A	78,267
WIA Youth Program	17.259	N/A	July 1, 2020/ June 30, 2021	N/A	5,000
WIA Dislocated Workers	17.276	N/A	July 1, 2020/ June 30, 2021	N/A	58,111
Total U.S. Department of Labor				-	167,411
<u>U.S. Department of the Treasury</u>					
<u>Passed through Pennsylvania Commission on Crime and Delinquency</u>					
COVID-19 - School Safety and Security	21.019	33472	March 1, 2020/ October 31, 2020	90,000	90,000
<u>Passed through Jefferson County</u>					
COVID-19 - Coronavirus Relief Fund	21.109	N/A	March 1, 2020/ October 31, 2020	11,790	11,790
Total U.S. Department of the Treasury				101,790	101,790
Total Federal Financial Assistance				\$ 1,238,446	\$ 1,002,097

Accrued or (Deferred) Revenue at July 1, 2020	Revenue Recognized	Federal Expenditures for the Year Ended June 30, 2021			Passed Through To Subrecipients	Accrued or (Deferred) Revenue at June 30, 2021
		Pass-Thru	Direct	Total		
-	26,033	26,033	-	26,033	-	-
-	82,520	82,520	-	82,520	-	4,253
-	5,000	5,000	-	5,000	-	-
-	59,150	59,150	-	59,150	-	1,039
-	172,703	172,703	-	172,703	-	5,292
-	90,000	90,000	-	90,000	-	-
-	11,790	11,790	-	11,790	-	-
-	101,790	101,790	-	101,790	-	-
<u>\$ (20,669)</u>	<u>\$ 1,174,882</u>	<u>\$ 838,163</u>	<u>\$ 336,719</u>	<u>\$ 1,174,882</u>	<u>\$ -</u>	<u>\$ 152,116</u>

Total Expenditures by Assistance Listing Number

Program Title	Assistance Listing Number	Expenditures
Child Nutrition Cluster	10.553/555/559	\$ 287,767
Trade Adjustment Assistance	17.245	26,033
WIOA Cluster	17.258/17.278	146,670
COVID-19 - School Safety and Security	21.019	90,000
COVID-19 - Coronavirus Relief Fund	21.109	11,790
Career and Technical Education	84.048	208,386
Student Financial Assistance Cluster	84.063/84.268	122,802
COVID-19 - Continuity of Education Equity	84.425C	69,517
COVID-19 - Higher Education Emergency Relief	84.425E	24,870
COVID-19 - Higher Education Emergency Relief	84.425F	28,556
COVID-19 - HEERF Fund for the Improvement of Postsecondary Educatio	84.425N	160,491
		<u>\$ 1,174,882</u>

JEFFERSON COUNTY-DUBOIS AREA VOCATIONAL TECHNICAL SCHOOL
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended June 30, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is presented on the same basis of accounting, the accrual basis in accordance with generally accepted accounting principles, as the School's government-wide financial statements. The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs may be more than shown for a particular grant. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE B - INDIRECT COST RATE

The School has elected to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance

NOTE C - IDENTIFICATION OF 40% RULE (20% FOR LOW RISK AUDITEES)

Total expenditures	\$1,174,882
less state expenditures	<u>-</u>
Total Federal Assistance	<u>\$1,174,882</u>

Programs selected for testing:

Student Financial Assistance Cluster	
Federal Pell Grant Program	\$65,644
Direct Loans	57,158
Education Stabilization Fund	
Continuity of Education Equity Grant	69,517
Higher Education Emergency Relief Fund	24,870
Higher Education Emergency Relief Fund	28,556
HEERF Fund for the Improvement of Postsecondary Education	<u>160,491</u>
	<u>\$406,236</u>
% of Total Federal Assistance	<u>34.6%</u>

Root, Spitznas & Smiley, Inc.

Certified Public Accountants

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J. Randolph Gehrlein, CPA
John W. Orlando, CPA

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

Board of Directors
Jefferson County-DuBois Area Vocational Technical School

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 the Jefferson County-DuBois Area Vocational Technical School, Reynoldsville, Pennsylvania as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Jefferson County-DuBois Area Vocational Technical School's basic financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Jefferson County-DuBois Area Vocational Technical School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County-DuBois Area Vocational Technical School's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson County-DuBois Area Vocational Technical School's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Root, Spitznagel and Smiley, Inc.

ERIE, PENNSYLVANIA
November 10, 2021

Root, Spitznas & Smiley, Inc.

Certified Public Accountants

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J. Randolph Gehrlein, CPA
John W. Orlando, CPA

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

Board of Directors
Jefferson County-DuBois Area Vocational Technical School

Report on Compliance for Each Major Federal Program

We have audited the Jefferson County-DuBois Area Vocational Technical School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jefferson County-DuBois Area Vocational Technical School's major federal programs for the year ended June 30, 2021. Jefferson County-DuBois Area Vocational Technical School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jefferson County-DuBois Area Vocational Technical School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jefferson County-DuBois Area Vocational Technical School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jefferson County-DuBois Area Vocational Technical School's compliance.

Opinion on Each Major Federal Program

In our opinion, Jefferson County-DuBois Area Vocational Technical School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Jefferson County-DuBois Area Vocational Technical School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

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

Root, Spitznagel and Smiley, LLC

ERIE, PENNSYLVANIA

November 10, 2021

Jefferson County-DuBois Area Vocational Technical School

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Summary of Auditor's Results:

Financial Statements

1. Type of auditor's report issued: unmodified
2. Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiencies identified
that are not considered to be
material weaknesses? _____ yes X none
3. Noncompliance material to financial
statements noted? _____ yes X no

Federal Awards

1. Internal control over major programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency (ies)? _____ yes X none
2. Type of auditor's report issued
on compliance for major programs: unmodified
3. Any audit findings disclosed that are
required to be reported in accordance
with the Uniform Guidance? _____ yes X no
4. Identification of major programs:
Student Financial Assistance Cluster
Federal Pell Grant Program, #84.063
Federal Direct Student Loans, #84.268
Education Stabilization Fund
Continuity of Education Equity, #84.425C
Higher Education Emergency Relief Fund-Student Aid, #84.425E
Higher Education Emergency Relief Fund-Institution, #84.425F
HEERF Fund for the Improvement of
Postsecondary Education, #84.425N
5. Dollar threshold used to distinguish
between type A and type B programs: \$750,000
6. Auditee qualified as low-risk auditee? X yes _____ no

Audit Findings:

The audit resulted in no current findings. In addition, there were no findings noted in the prior year's audit.

Jefferson County-DuBois Area Vocational Technical School

EXIT CONFERENCE

June 30, 2021

An exit conference was held by telephone on November 10, 2021. Participating were:

Ms. Sherry Hasselman, Business Manager
Jefferson County-DuBois Area Vocational Technical School

John W. Orlando, CPA, Principal
Root, Spitznas and Smiley, Inc.

A draft of the audit report for the Jefferson County-DuBois Area Vocational Technical School, Reynoldsville, Pennsylvania, for the year ended June 30, 2021 was reviewed. Special attention was devoted to reviewing the MD&A and the various reports on internal controls and reports on compliance.

List of Report Distribution

Copies

1 Commonwealth of Pennsylvania
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1 Federal Audit Clearinghouse
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1 Punxsutawney Area School District
475 Beyer Avenue
Punxsutawney, Pennsylvania 15767
Attn: Ms. Susan Robertson, Business Administrator

1 DuBois Area School District
500 Liberty Blvd
DuBois, Pennsylvania 15801
Attn: Ms. Jeanette Buriak, Business Manager

1 Brookville Area School District
PO Box 479
Brookville, Pennsylvania 15825
Attn: Ms. Ellen Neyman, Business Administrator

1 Brockway Area School District
40 North Street
Brockway, Pennsylvania 15824
Attn: Ms. Laurie Piccirillo, Business Manager