THE VENANGO COUNTY AREA VOCATIONAL – TECHNICAL SCHOOL D/B/A VENANGO TECHNOLOGY CENTER

AUDITED FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

McGill, Power, Bell & Associates, LLP
Certified Public Accountants • Business & Financial Advisors
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VENANGO TECHNOLOGY CENTER
JUNE 30, 2020

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SECTION A
MANAGEMENT DISCUSSION AND ANALYSIS

Venango Technology Center
Management Discussion and Analysis
June 30, 2020

The management discussion and analysis of Venango Technology Center's (the Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2020. The intent of the discussion and analysis is to look at the Center's financial performance as a whole. The financial statements and notes to the financial statements should also be reviewed for a more thorough overall understanding of the Venango Technology Center's financial performance.

Financial Highlights for 2020

- The Venango Technology Center's assets for the year ended June 30, 2020 totaled $6,826,246 as reported in the Statement of Net Position. This total is comprised entirely of assets attributable to Governmental Activities.

- Total General Fund revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance received during the 2019-2020 school year were $7,109,904. The following is a breakdown of the various funding sources:

Local Sources	$ 5,452,944	(77%)
State Sources	$ 1,420,850	(20%)
Federal Sources	$ 236,110	(3%)

- The revenue and expenditure activity includes adult programs, unreimbursed after school programs and the activity attributable to regular day school. The day school programs' actual revenue and expenditure activity net to zero on the financial statements presented. Any budgeted amount paid by the sending schools for regular day school activity in excess of the actual is returned at the end of the fiscal year. This is primarily due to the effect of estimating the average daily membership for the amount to be provided by the sending schools. The net result was a refund to the sending schools of $557,502 or approximately 12.0% of the amount budgeted. This amount is greater than past years because we sold the modular home and the various programs did not operate after the middle March due to COVID-19. Thus, we did not spend instructional money as we would have normally.

- Total General Fund expenditures for the 2019-2020 school year, as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance, were $7,055,398. The following is a breakdown of the expenditures by major function:

1000	Instruction	$ 3,368,095	(47.74%)
1600	Adult programs	$ 1,202,966	(17.05%)
2000	Support Services	$ 2,117,540	(30.01%)
5000	Debt Service	$ 301,447	(4.27%)
5000	Refund of prior year receipt	$ 128	(0.01%)
5000	Fund Transfers	$ 65,222	(0.92%)

- The Joint Committee of the Venango Technology Center authorized the establishment of a Capital Projects in the 2007-08 school year. The Venango Technology Center had previously returned all of the vocational subsidy to the sending schools. To fund the Capital Projects fund, the Venango Technology Center will retain 10% of these monies. The General Fund transfers to the Capital Projects during 2019-20 amounted to $65,222. During 2019-2020, $16,143 was used to replace the hot water boilers, $15,820 was used to install egress doors in classrooms and $20,534 was used to replace switches in the building.

- The Venango Technology Center continues to maintain a fiduciary fund type – the Harold B. Albright Scholarship Fund, a Private Purpose Trust Fund, which is used exclusively to provide scholarships to students. At June 30, 2020, the balance in this fund was $66,248 as reported in the Statement of Net Position – Fiduciary Fund. It is important to note that these funds are never used for expenses in the general fund.

Overview of the Annual Financial Report

This annual report consists of three sections: The Management Discussion and Analysis (this section), a series of financial statements, and notes to those statements (required supplemental information).

The basic financial statements include two types of statements that present different financial views of the Venango Technology Center:

- Government-Wide Statements

These statements report information about the Venango Technology Center, including the net position and changes in net position (as a whole), using accounting methods similar to those used by private-sector companies. There are two government-wide statements included in this annual financial report which provide both long-term and short-term information about the Venango Technology Center's overall financial status:

-Statement of Net Position	Includes all the Center's assets and liabilities
-Statement of Activities	Includes all the Center's revenues and expenses

These government-wide statements are important components of financial reporting because they show the Venango Technology Center's net position and how it has changed. Net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the Center's financial health or position. An important point with respect to net assets is that over time, increases or decreases in the Center's net position is an indicator of whether its financial position is improving or diminishing. Since the structure of the Center requires that it return any surplus from regular day school activities, the change in net position represents the change in long-term assets and liabilities and also the amount retained to fund programs for adult activities and after school secondary programs that are not subsidized by the State.

Additional non-financial factors such as changes in the Center's student enrollment, condition of the school grounds and facilities and long-term liabilities for compensated absences need to be considered for a true assessment of the Center's overall strength.

The government-wide Statement of Net Position and the Statement of Activities are divided into only one type of activity:

-Governmental Activities - All of the Center's basic programs and services are reported here, including instruction, adult, support services, operation and maintenance of plant, pupil transportation, and community services. Sending school contributions, state and federal subsidies, and grants finance most of these activities.

This presentation differs from that presented by a traditional school because there are no proprietary activities operated by the Venango Technology Center.

• Fund Financial Statements

These statements provide detailed information about the Venango Technology Center's individual funds.

Governmental Funds - All of the Center's activities are reported in the government fund, which focuses on how money flows into and out of this fund and the change in financial position.

Typically, this is money available to spend during future periods or the next fiscal year. However, due to the agreement under which the Center was formed, any surplus funds are returned to the sending schools, except for those activities which are not related to traditional secondary education, such as adult programs and non-reimbursable after school programs.

The accounting method used in financial reporting for governmental funds is called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the Center's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer resources that can be spent in the near future to finance the Center's operations and educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds - This fund is one in which the Center is the trustee or fiduciary agent responsible for the funds.

There is one fiduciary fund for the Venango Technology Center: the Harold B Albright Scholarship, which is a Private-Purpose Trust Fund (Scholarships). All of the Center's fiduciary activities are reported in a separate Statement of Changes in Net Position – Fiduciary Fund. It is important to note that these funds are excluded from the Center's other financial statements because these assets cannot be used to finance the Center's operations.

Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. *Nonspendable,* such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Joint Operating Committee (Venango Technology Center's highest level of decision-making authority),

4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

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

First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

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

Financial Analysis of the Venango Technology Center As A Whole

Nearly all of the Center's net assets are invested in capital assets net of related debt. Capital assets include building, land and equipment. Of the total net position, $1,432,279 is assigned for adult programs, secondary programs that are not state reimbursable and the Capital Projects Fund. The unrestricted deficit relates to short and long-term liabilities necessary to fund payroll, compensated absences, net pension liability and deferred revenues in excess of current assets and investments.

The results of this year's operations as a whole are reported in detail on the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies directly related to specific expenses are deducted so that the final amount of the Venango Technology Center's activities that are supported by other general revenues can be shown. The largest general revenues are the sending school contributions, vocational education subsidy and grants.

Capital Assets

The Venango Technology Center capital assets represent the original building, which includes the addition of the Equipment operations area and all the related fixtures and equipment used to operate the facility.
As of June 30, 2020, the Center had $13,541,286 invested in capital assets. The table below illustrates the breakdown of these capital assets and reflects a bottom-line total of Capital Assets, Net of Accumulated Depreciation.

	June 30, 2020	**June 30, 2019**
Land and Improvements	$ 311,778	$ 311,778
Buildings and Improvements	$ 8,071,685	$ 8,055,865
Furniture and Equipment	$ 5,157,823	$ 4,628,283
Total Capital Assets	$13,541,286	$12,995,926

LESS: Accumulated Depreciation	($ 9,475,543)	($ 9,000,184)
Total Capital Assets, Net Accumulated Depreciation	$ 4,065,743	$ 3,995,742

The primary changes in equipment relate to Paint Booth renovation $58,054, Dental Scanner $20,670, Tractor Drives for Welding Crane $19,500, HVAC & Mechatronic Trainers $297,227, Mill in Machine Trades $13,900, updated computer lab $17,132, $26,521 for a VEX Robot, Egress doors $15,820 and lastly $20,534 for new switches in Technology.

Long-Term Liabilities

Short and long-term compensated absences are comprised of four components: Net pension liability, accrued vacation, post-employment health benefits for those who qualify and the liability for accumulated sick days earned. As of June 30, 2020, the balance in each of the areas is as follows:

	Short-Term	**Long-Term**	**Total**
Net Pension Liability	$ -	$7,204,522	$7,204,522
Accrued Vacation	37,143	-	37,143
Post-employment Health Care Benefits	-	1,406,984	1,406,984
Accumulated Sick Days	-	238,289	238,289
Total	$37,143	$8,849,795	$8,886,938

Comparative Analysis

Assets	6/30/2020	6/30/2019	$ Variance	% Variance
Current Assets:				
Cash and cash equivalents	$2,147,384	$2,017,472	$129,912	6.44%
Accounts receivable	85,824	26,521	59,303	224.61%
Federal and state subsidies receivable	275,928	224,299	51,629	23.02%
Inventories	17,601	14,350	3,251	22.66%
Prepaid expenses	9,758	17,063	(7,305)	-42.81%
Total current assets	2,536,495	2,299,705	236,790	10.30%
Noncurrent assets:				
Investment in Health Consortium	224,008	107,956	116,052	107.50%
Capital Assets:				
Land and land improvements	311,778	311,778	-	0.00%
Buildings and building improvements	8,071,685	8,055,865	15,820	0.20%
Furniture, equipment, and vehicles	5,157,823	4,628,283	529,540	11.44%
Accumulated depreciation	(9,475,543)	(9,000,184)	(475,359)	5.28%
Total noncurrent assets	4,065,743	3,995,742	70,001	1.75%
Total assets	6,826,246	6,403,403	422,843	6.60%

Deferred outflows of resources – pension and OPEB	284,615	331,855	(47,240)	-14.24%
Total assets and deferred outflows of resources	$ 7,110,861	$6,735,258	$375,603	5.58%
Current liabilities:				
Accounts payable	$65,823	$133,777	($67,954)	-50.80%
Intergovernmental payable	557,502	424,241	133,261	31.41%
Current portion of compensated absences	37,143	33,045	4,098	12.40%
Current portion of capital lease obligation	284,000	274,000	10,000	3.65%
Accrued salaries and benefits	331,832	310,160	21,672	6.99%
Payroll deductions and withholdings	6,776	6,740	36	0.53%
Unearned revenues	91,621	23,565	68,056	288.80%
Total current liabilities	1,374,697	1,205,528	169,169	14.03%
Noncurrent liabilities:				
Compensated absences	238,289	206,287	32,002	15.51%
Other post-employment benefits	1,406,984	1,205,540	201,444	16.71%
Net pension liability	7,204,522	7,296,755	(92,233)	-1.26%
Capital lease obligation	886,000	1,170,000	(284,000)	-24.27%
Total noncurrent liabilities	9,735,795	9,878,582	(142,787)	-1.45%
Deferred inflows of resources – pension and OPEB	588,162	687,951	(99,789)	-14.51%
Total liabilities and deferred inflows of resources	11,698,654	11,772,061	(73,407)	-.62%
Net position:				
Invested in capital assets net of related debt	2,895,743	2,551,742	344,001	13.48%
Unrestricted (deficit)	(7,483,536)	(7,588,545)	105,009	1.38%
Total net position	($4,587,793)	($5,036,803)	$449,010	8.91%
Total liabilities, deferred inflows of resources and net position	$7,110,861	$6,735,258	$ 375,603	5.58%

- Cash on hand is up as a result of excess amounts due to the sending schools for the lack of expenditures being reduced as a result of COVID-19

- The difference in accounts receivable is a result of the amount due for the modular home of $37,930, and payments due from 3rd parties in the amount of $47,894.

- The difference in federal and state subsidies receivable is mostly due to the balance of the Perkins grant that was due in the amount of $42,263.

- Changes capital assets were described in the capital asset section above and amounted to $489,358.

- The investment in health consortium is up as a direct result of a good year in the self-funded participation in the NOREBT health consortium.

- Accounts payable is down because we had a VEX robot ordered for $26,520, the new entrance was $13,262, Truck repair of $10,976 and the payment on the PA system of $37,173 were in 2018-2019 and not in the current year.

- Intergovernmental payables were up due to an increase in the amount due to the sending schools.

- Compensated absences is up substantially due to the new teacher contract that paid more for unused sick days for future years.

- Capital Lease is less by the amount of the payment that was made during the year.

Comparative General Fund Revenues and Expenditures – Fund Accounting

	6/30/2020	6/30/2019	$ Variance	% Variance
REVENUE				
Local revenues	$ 5,452,944	$ 5,349,409	$ 103,535	1.94%
State program revenues	1,420,850	1,347,600	73,250	5.44%
Federal program revenues	236,110	150,166	85,944	57.23%
	$7,109,904	$ 6,847,175	$ 262,729	3.83%
EXPENDITURES				
Special programs	$ 102,437	$ 100,463	$ 1,974	1.96%
Vocational programs	3,265,658	3,002,072	263,586	8.78%
Adult education programs	1,202,966	1,155,563	47,403	4.10%
Pupil personnel services	359,400	356,530	2,870	0.08%
Instructional staff services	164,194	171,147	(6,953)	-4.06%
Administrative services	349,263	293,832	55,431	18.86%
Pupil Health	437	4,188	(3,751)	-89.57%
Business services	208,603	203,530	5,073	2.49%
Operation and maintenance of plant	545,923	616,027	(70,104)	-11.38%
Student transportation services	419,941	444,611	(24,670)	-5.55%
Central and other support services	69,779	67,554	2,225	3.29%
Refund of prior year	128	-	128	100.00%
Fund Transfers	65,222	60,417	4,805	7.95%
Debt service	301,447	305,180	(3,733)	0.45%
	$7,055,398	$6,781,114	$274,284	4.04%

- The increase in vocational programs is a result of an ARC grant for $211,724, to enhance the mechatronics lab in Electronics technology and to provide trainers in the HVAC classroom.

- Administrative services category is up as we moved an aide to local administrative and the result of increased salary and the associated benefits totaled $52,857.

- For the adult programs, we budgeted for a 100% of the adult education coordinator salary, where in past years she was funded partially by Perkins. Moving forward, she will be ½ adult education and ½ local as apprenticeship coordinator.

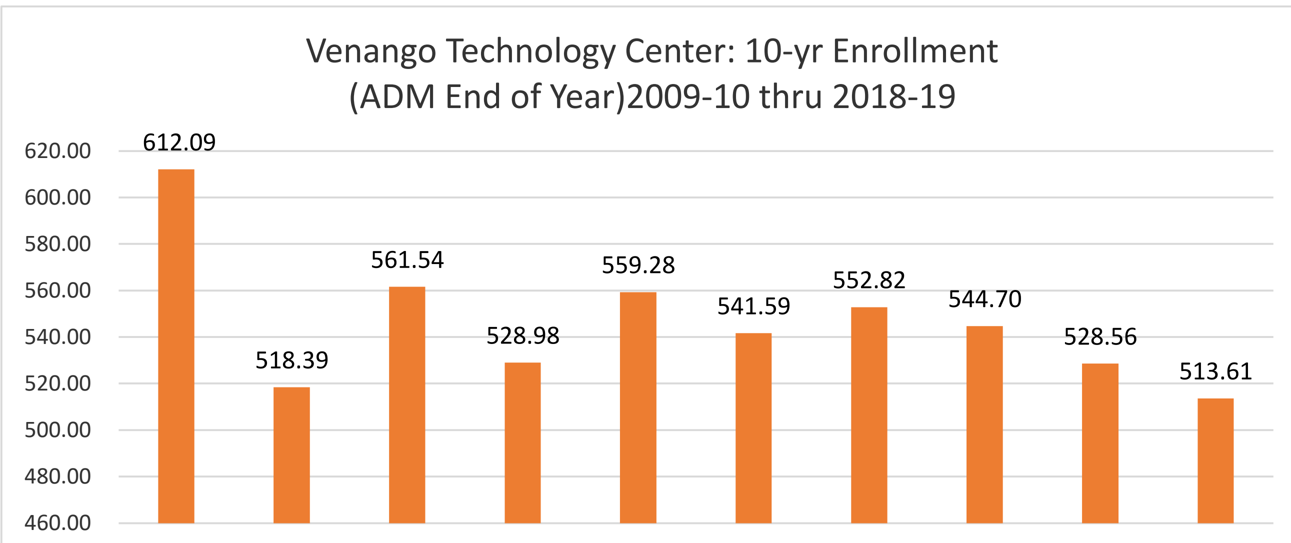
- Operation and maintenance of plant was down as a direct result in much greater efficiencies created as a result of COVID-19 for 1/3 of the school year.

- The bussing cost was down as a direct result in significant reduction from renegotiating the contracts for the 2019-2020 school year. While we were off for COVID-19, the state required that we continue to pay contractors as normal for the remainder of the year.

The Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities describes the differences between the two methods of reporting.

Looking Forward

The financial outlook for the Venango Technology Center depends entirely on the enrollment provided by the sending schools. This enrollment has been reduced over the past couple years as a result of not replacing staff through attrition. Overall, the enrollment in relation to quota has held very close to 90% of quota. The past 10 year's enrollment is as follows:



Act 1 has put an increased emphasis on the need to consider the financial status of the home schools on a school by school basis and moved the budget time frame ahead seven months. The Center has begun budget discussions for 2021-2022. The Professional Advisory Committee, administration and the Joint Committee have been considering the instructional areas of the Center and discussion has begun to determine if expanding or eliminating program areas is in the best interest of the Center. This along with the continued funding of the Capital Projects fund, will allow continuing future capital improvements as the needs associated with a forty-year-old building continue to surface. Capital projects scheduled for the 2021-2022 school year include Technology switch replacement, phone server replacement and server storage device replacements for approximately $62,000.

The nature of an increasing special needs population and updating technology continue to be of utmost importance in planning for the future. The Center will continually look at ways to find additional sources of grants to continue to support future budgets. Also, continued increases in the cost to conduct business, including significant industry-wide increases in health-care costs and increases in the employer's share of retirement contributions remain an ongoing financial challenge facing the Center's Joint Committee and the administration in the future.

The adult education program areas are ones that will be continually explored in light of the expanded capabilities provided by the recent grants received. Adult education ventured into an agreement with PA Pride LLC during the 2011-2012 school year. PA Pride offers CDL training and will continue to pursue degree programs through relationships with community colleges. The Center is considering applying for accreditation through the PA Department of Education to offer a greater number of adult programs in the future.

Contacting the Venango Technology Center Financial Management

This financial report is designed to provide our sending schools, citizens, taxpayers, parents, students, investors, and creditors with a general overview of the Venango Technology Center's finances and to show the Center's accountability for the funds it receives. Questions about the information contained in this report should be directed to Patrick M. Adams, Business Manager/ Board Secretary, Venango Technology Center, 1 Vo-tech Drive, Oil City, PA 16301.

SECTION B
AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

Joint Operating Committee of
Venango Technology Center
Oil City, Pennsylvania

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, each major fund and the aggregate remaining fund information of the Venango Technology Center, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-1 through A-9 and the schedules of the Center's proportionate share of the net pension liability, the Center contributions for the pension plan, the Center's proportionate share of the PSERS net OPEB liability, the Center contributions for the PSERS OPEB plan, and changes in the Center's total OPEB liability and related ratios on pages F-1 through F-5 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 Venango Technology Center's basic financial statements. The supplementary schedule of special accounts is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020, on our consideration of the Venango Technology Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Venango Technology Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Venango Technology Center's internal control over financial reporting and compliance.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Franklin, Pennsylvania
December 3, 2020

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

Joint Operating Committee of
Venango Technology Center
Oil City, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Venango County Area Vocational – Technical School (doing business as Venango Technology Center), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Venango Technology Center's basic financial statements, and have issued our report thereon dated December 3, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Venango Technology Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Venango Technology Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Venango Technology Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Venango Technology Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

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December 3, 2020

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

Joint Operating Committee of
Venango Technology Center
Oil City, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the Venango County Area Vocational – Technical School's (doing business as Venango Technology Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Venango Technology Center's major federal programs for the year ended June 30, 2020. Venango Technology Center'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 the Venango Technology Center'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 the Venango Technology Center'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 Venango Technology Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Venango Technology Center, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Venango Technology Center 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 Venango Technology Center'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 Venango Technology Center'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.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Franklin, Pennsylvania
December 3, 2020

SECTION C
GOVERNMENT-WIDE FINANCIAL STATEMENTS

VENANGO TECHNOLOGY CENTER
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	$ 2,147,384
Federal and state subsidies receivable	275,928
Other receivables	85,824
Prepaid expenses	9,758
Inventories	17,601
TOTAL CURRENT ASSETS	2,536,495
NONCURRENT ASSETS	
Invested in health consortium	224,008
CAPITAL ASSETS	
Land and land improvements	311,778
Building and building improvements	8,071,685
Furniture and equipment	5,157,823
Accumulated depreciation	(9,475,543)
TOTAL CAPITAL ASSETS	4,065,743
TOTAL NONCURRENT ASSETS	4,289,751
TOTAL ASSETS	6,826,246
DEFERRED OUTFLOWS OF RESOURCES	
Relating to the net OPEB liability, net of amortization	19,342
Relating to the net pension liability, net of amortization	265,273
TOTAL DEFERRED OUTFLOWS OF RESOURCES	284,615
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 7,110,861

VENANGO TECHNOLOGY CENTER
STATEMENT OF NET POSITION, CONTINUED
JUNE 30, 2020

	Governmental Activities
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES	
Intergovernmental payables	$ 557,502
Accounts payable	65,823
Current portion of capital lease obligation	284,000
Current portion of compensated absences	37,143
Accrued salaries and related benefits	331,832
Payroll related liabilities	6,776
Unearned revenue	91,621
TOTAL CURRENT LIABILITIES	1,374,697
NONCURRENT LIABILITIES	
Capital lease obligation	886,000
Net OPEB liability	1,406,984
Compensated absences	238,289
Net pension liability	7,204,522
TOTAL NONCURRENT LIABILITIES	9,735,795
TOTAL LIABILITIES	11,110,492
DEFERRED INFLOWS OF RESOURCES	
Relating to the net OPEB liability, net of amortization	27,734
Relating to the net pension liability, net of amortization	560,428
TOTAL DEFERRED INFLOWS OF RESOURCES	588,162
NET POSITION (DEFICIT)	
Net investment in capital assets	2,895,743
Unrestricted	(7,483,536)
TOTAL NET POSITION (DEFICIT)	(4,587,793)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 7,110,861

See accompanying notes to financial statements

VENANGO TECHNOLOGY CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities					
Instruction	$ 4,371,409	$ 3,294,995	$ 1,150,224	$ 45,863	$ 119,673
Instructional student support	627,339	480,614	138,657	-	(8,068)
Administration and financial support services	618,991	474,218	136,812	-	(7,961)
Operation and maintenance of plant services	573,580	439,428	126,775	-	(7,377)
Pupil transportation	452,390	346,582	55,274	-	(50,534)
Refunds of prior year revenues	128	-	-	-	(128)
Interest on long-term debt	27,447	21,028	3,354	-	(3,065)
Total governmental activities	$ 6,671,284	$ 5,056,865	$ 1,611,096	$ 45,863	42,540

General revenues	
Unrestricted grants and contributions	252,390
Investment earnings	28,006
Miscellaneous income	126,074
Total general revenues	406,470
Change in net position	449,010
NET POSITION (DEFICIT), JULY 1, 2019	(5,036,803)
NET POSITION (DEFICIT), JUNE 30, 2020	$ (4,587,793)

See accompanying notes to financial statements.

SECTION D
FUND FINANCIAL STATEMENTS

VENANGO TECHNOLOGY CENTER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Capital Project (Major Fund)	Total Governmental Funds
ASSETS			
Cash	$ 1,490,758	$ 656,626	$ 2,147,384
Due (to) from other funds	(26,812)	26,812	-
Federal and state subsidies receivable	275,928	-	275,928
Other receivable	85,824	-	85,824
Prepaid expenses	9,758	-	9,758
Inventories	17,601	-	17,601
TOTAL ASSETS	$ 1,853,057	$ 683,438	$ 2,536,495
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Intergovernmental payables	$ 557,502	$ -	$ 557,502
Accounts payable	65,823	-	65,823
Accrued salaries and related benefits	331,832	-	331,832
Payroll related liabilities	6,776	-	6,776
Unearned revenues	91,621	-	91,621
Compensated absences	37,143	-	37,143
TOTAL LIABILITIES	1,090,697	-	1,090,697
FUND BALANCES			
Nonspendable	17,601	-	17,601
Assigned	748,841	683,438	1,432,279
Unassigned	(4,082)	-	(4,082)
TOTAL FUND BALANCES	762,360	683,438	1,445,798
TOTAL LIABILITIES AND FUND BALANCES	$ 1,853,057	$ 683,438	$ 2,536,495

See accompanying notes to financial statements.

VENANGO TECHNOLOGY CENTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balances - governmental funds	$	1,445,798
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 $13,541,286 and the accumulated depreciation is $9,475,543.		4,065,743
Investment in health consortium, which is expensed in the fund financial statements		224,008
Deferred outflows and deferred inflows of resources relating to the net pension and net OPEB liabilities are not recognized in the fund financial statements.		(303,547)
Long-term liabilities including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Capital lease obligation		(1,170,000)
Net OPEB liability		(1,406,984)
Compensated absences		(238,289)
Net pension liability		(7,204,522)
TOTAL NET DEFICIT - GOVERNMENTAL ACTIVITIES	**$**	**(4,587,793)**

See accompanying notes to financial statements.

VENANGO TECHNOLOGY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2020

	General	Capital Project (Major Fund)	Total Government Funds
REVENUES AND OTHER FINANCING SOURCES			
REVENUES			
Local sources	$ 5,452,944	$ 10,390	$ 5,463,334
State sources	1,420,850	-	1,420,850
Federal sources	236,110	-	236,110
OTHER FINANCING SOURCES			
Interfund transfer	-	65,222	65,222
TOTAL REVENUES AND OTHER FINANCING SOURCES	7,109,904	75,612	7,185,516
EXPENDITURES AND OTHER FINANCING USES			
EXPENDITURES			
Instruction	4,571,061	-	4,571,061
Support services	2,117,540	-	2,117,540
Facilities acquisition and improvements	-	52,497	52,497
Debt service	301,447	-	301,447
OTHER FINANCING USES			
Refund of prior year revenue	128	-	128
Interfund transfer	65,222	-	65,222
TOTAL EXPENDITURES AND OTHER FINANCING USES	7,055,398	52,497	7,107,895
Revenues and other financing sources over (under) expenditures and other financing uses	54,506	23,115	77,621
FUND BALANCE, JULY 1, 2019	707,854	660,323	1,368,177
FUND BALANCE, JUNE 30, 2020	$ 762,360	$ 683,438	$ 1,445,798

See accompanying notes to financial statements.

VENANGO TECHNOLOGY CENTER
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, 2020

Total net change in fund balances - governmental funds				$ 77,621
Amounts reported for governmental activities in the statement of activities are different because:				
Capital outlays are reported in governmental funds as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the period.				
Depreciation expense	$ 475,359			
Capital Outlays	$ 545,360			70,001
Repayment of capital lease obligation is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.				274,000
Other				
Increase / (decrease) in investment in health consortium			$ 116,052	
Increase / (decrease) in deferred outflows of resources			(47,240)	
(Increase) / decrease in compensated absences			(32,002)	
(Increase) / decrease in net OPEB liability			(201,444)	
(Increase) / decrease in net pension liability			92,233	
(Increase) / decrease in deferred inflows of resources			99,789	
				27,388
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES				**$ 449,010**

See accompanying notes to financial statements.

VENANGO TECHNOLOGY CENTER

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Variance - Original with Final Budget Positive (Negative)	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Budgetary Basis to GAAP Difference	Actual Amounts GAAP basis
REVENUES							
Local revenues	$ 5,801,725	$ 5,801,725	$ -	$ 5,452,944	$ (348,781)	$ -	$ 5,452,944
State program revenues	1,247,426	1,247,426	-	1,420,850	173,424	-	1,420,850
Federal program revenues	151,435	151,435	-	236,110	84,675	-	236,110
TOTAL REVENUES	7,200,586	7,200,586	-	7,109,904	(90,682)	-	7,109,904
EXPENDITURES							
Special programs	111,227	111,227	-	102,437	8,790	(7,737)	110,174
Vocational programs	3,149,635	3,149,635	-	3,265,658	(116,023)	390,010	2,875,648
Adult education programs	1,233,809	1,233,809	-	1,202,966	30,843	(130,123)	1,333,089
Pupil personnel services	401,766	401,098	668	359,400	41,698	(33,822)	393,222
Instructional staff services	167,722	168,390	(668)	164,194	4,196	5,465	158,729
Administrative services	377,924	380,658	(2,734)	349,263	31,395	(48,495)	397,758
Pupil health	1,750	1,750	-	437	1,313	(122)	559
Business services	217,428	214,694	2,734	208,603	6,091	(12,630)	221,233
Operation and maintenance of plant services	633,138	633,138	-	545,923	87,215	(27,657)	573,580
Student transportation services	466,460	466,460	-	419,941	46,519	(32,449)	452,390
Central support services	72,590	72,430	160	69,779	2,651	(5,050)	74,829
Debt service	301,447	301,447	-	301,447	-	274,000	27,447
TOTAL EXPENDITURES	7,134,896	7,134,736	160	6,990,048	144,688	371,390	6,618,658
Excess (deficiency) of revenues over expenditures	65,690	65,850	160	119,856	54,006	371,390	491,246
OTHER FINANCING SOURCES (USES)							
Refund of prior year revenue	(4,500)	(128)	4,372	(128)	-	-	(128)
Operating transfers in (out)	(60,690)	(65,222)	(4,532)	(65,222)	-	-	(65,222)
TOTAL OTHER FINANCING SOURCES (USES)	(65,190)	(65,350)	(160)	(65,350)	-	-	(65,350)
NET CHANGE IN FUND BALANCE	500	500	-	54,506	54,006	371,390	425,896
FUND BALANCE, JULY 1, 2019	707,854	707,854	-	707,854	-	(6,131,617)	(5,423,763)
FUND BALANCE, JUNE 30, 2020	$ 708,354	$ 708,354	$ -	$ 762,360	$ 54,006	$ (5,760,227)	$ (4,997,867)

See accompanying notes to financial statements.

VENANGO TECHNOLOGY CENTER
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

	Private Purpose Trust
ASSETS	
Investments	$ 66,248
NET POSITION	
Restricted for legal purposes	**$ 66,248**

See accompanying notes to financial statements.

VENANGO TECHNOLOGY CENTER
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Private Purpose Trust
ADDITIONS	
Investment income (loss), net	$ (9,599)
Contributions	9,716
TOTAL ADDITIONS	117
DEDUCTIONS	
Distributions	1,500
TOTAL DEDUCTIONS	1,500
CHANGE IN NET POSITION	(1,383)
NET POSITION, JULY 1, 2019	67,631
NET POSITION, JUNE 30, 2020	$ 66,248

See accompanying notes to financial statements.

SECTION E
NOTES TO FINANCIAL STATEMENTS

NOTE A – ENTITY

The Venango County Area Vocational – Technical School, doing business as Venango Technology Center (the Center) was established February 1966. The Center was organized under a joint operating agreement signed by participating school districts within attendance area as defined by Pennsylvania State Board of Education. The Center provides vocational and technical education to secondary pupils and out-of-school youths and adults. The Center is also a member of the Riverview Intermediate Unit 6. Participating school districts, which are the signatory to the joint operating agreement, are Cranberry Area School District, Forest Area School District, Franklin Area School District, Oil City Area School District, Titusville Area School District and Valley Grove School District.

A joint operating committee is comprised of board members from the participating school districts who determine the program orientations, courses to be included, personnel to be employed and all other matters pertinent to the operation of the Center including approval of the annual budget.

The participating school districts are responsible for funding the current operating expenses of the Center. The operating expenses are allocated in proportionate shares according to a three-year average of daily membership of pupils from each of the participating school districts.

Reporting Entity

The Governmental Accounting Standards Board Statement No. 14 "*The Financial Reporting Entity*", established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the school as a reporting entity, management has addressed all potential component units, which may or may not fall within the school's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the school's reporting entity are financial accountability and the nature and significance of the relationship.

This report includes all of the funds of the Center based on the above criteria.

The following is a component unit of the Center:

> The Venango County Area Vocational Technical School Authority (the Authority) was established as a borrowing entity due to the fact that the Center cannot legally borrow funds on its own. The Authority has no assets, liabilities or net position; therefore, it has not been included in this report.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Center have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Center's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Fund Account Structure

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

The accounts of the Center are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund categories: governmental and fiduciary. Each category, in turn, is divided into separate fund types.

Governmental Fund Type

These are the funds by which the governmental functions are furnished. The funds included in this category are:

General Fund

The general fund is the general operating fund of the Center. It is used to account for all financial resources not accounted for in another fund.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Projects Funds

Capital projects funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlay (other than those financed by proprietary funds, special assessment funds and trust funds).

Fiduciary Fund Types

Trust and agency funds are used to account for assets held by the Center in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include expendable trust and agency funds.

Trust funds account for the awarding of scholarships and other accounts sponsored by individuals. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Government-Wide Financial Statements – Basis of Presentation

Government-wide financial statements report information about the Center as a whole. The statement of net position and the statement of activities include the financial activities of the primary government, except for fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from these statements.

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements therefore include 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 comparison between direct expenses and program revenues for each function or program of the Center's governmental activities. 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 charges paid by the recipient of the 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. Revenues which are not classified as program revenues are presented as general revenues of the Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Financial Statements – Basis of Presentation

Fund financial statements report detailed information about the Center. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

Revenues, Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized under the modified accrual basis. The following revenue sources are considered to be both measurable and available at fiscal year end: interest, tuition, grants, student fees and rentals.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets

The Center is required by state laws to adopt annual budgets for the general fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP). The budgetary information included in the financial statements is stated as adjusted by budget transfers made during the year.

Encumbrances

Encumbrances are recorded when purchase orders are approved and orders have been placed for goods or service. Outstanding purchase orders are classified as accounts payable at year end.

Cash

Cash includes time deposits and all highly liquid investments with original maturities of three months or less.

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (consumption method). The inventory of the general fund consists of materials and supplies, which are valued at estimated cost. The cost is recorded as an expenditure at the time the inventory is consumed.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and are reported in the Statement of Net Position as construction in progress. Interest incurred during the construction of capital assets is capitalized. Because of the nature of its operations, the Center does not possess any infrastructure.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

Description	Governmental Activities Estimated Lives
Land improvements	20 years
Building and building improvements	25-40 years
Furniture and equipment	5-20 years
Vehicles	5-12 years

Compensated Absences

The Center employees are permitted to accumulate unused vacation, sick and personal time. Contract provisions require payment for this benefit upon retirement, death or disability based on a negotiated formula.

At June 30, 2020, the accumulated benefit payable consists of:

Current:	
Accrued vacation	$ 37,143
Long term:	
Accumulated sick days	238,289
	$275,432

Pensions

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Postemployment Benefits Other Than Pensions (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows relating to the net pension and OPEB obligations reported on the statement of net position qualify for reporting in this category.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows relating to the net pension and OPEB obligations reported on the statement of net position qualify for reporting in this category.

Net Position

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy the District's obligations. Net position is classified as follows:

> *Net Investment in Capital Assets:* This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that is attributable to the acquisition, construction, and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
>
> *Restricted Net Position*: This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
>
> *Unrestricted*: This consists of all other net position that does not meet the definition of net investment in capital assets or restricted net position.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. *Nonspendable,* such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

2. *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

3. *Committed* fund balance classification includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal resolutions of the Joint Operating Committee (the Center's highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless the Center's Joint Operating Committee removes the specified use by taking the same type of action imposing the commitment,

4. *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

5. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

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

First non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Impact of Recently Issued Accounting Principles

GASB Statement No. 84, *Fiduciary Activities,* is effective for periods beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Management is currently evaluating the impact of the adoption of this Statement on the Center's financial statements.

GASB Statement No. 87, *Leases*, is effective for reporting periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Management is currently evaluating the impact of the adoption of this Statement on the Center's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* is effective for reporting periods beginning after December 15, 2020. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period. Management is currently evaluating the impact of the adoption of this Statement on the Center's financial statements.

Review of Subsequent Events

The Center has evaluated subsequent events for potential recognition and/or disclosure through the date the financial statements were available for issuance which was December 3, 2020.

NOTE C – CASH AND INVESTMENTS

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

NOTE C – CASH AND INVESTMENTS, CONTINUED

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

Deposits of the governmental funds are maintained in demand deposits. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Center. The Center has no investment policy that would further limit its investment choices. The Center does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

As required by Section 623 of the Public School Code, all bank balances of deposit and certificates of deposit as of the balance sheet date are entirely insured or collateralized. The carrying amount of the Center's deposits at year end with financial institutions was $321,885, and the bank balance was $335,198. At June 30, 2020, a significant portion of the Center's cash was maintained with large financial institutions located in Pennsylvania. Of the bank balances at year end, $277,194 was covered by federal depository insurance and the remainder was held in collateral by the depository's agent but not in the Center's name in accordance with Act 72 of the Pennsylvania state legislature. Act 72 requires financial institutions to pool collateral for all governmental deposits and have collateral held by an approved custodian in the institution's name.

The Center's cash equivalents, consisting of investments at year end with balances of $1,881,614 were on deposit with PLGIT. The carrying amount of these balances were $1,825,499 at June 30, 2020. The portfolios of the Trust are comprised of investments with relatively high and consistent yields at, however, minimum risk. Although not registered with the Securities and Exchange Commission, PLGIT acts like money market mutual funds in that their objective is to maintain a stable net asset value of $1 per share, it is rated by a nationally recognized statistical rating organization and is subject to oversight by the Commonwealth of Pennsylvania.

Investments

Investments are valued based upon closing prices from established stock exchanges.

The investments of the Center at June 30, 2020 consist of:

Fiduciary Fund	Carrying Amount	Cost
Money Market (FDIC covered)	$ 7,309	$ 7,309
Marketable equities and mutual funds	58,939	57,374
	$66,248	$64,683

NOTE C – CASH AND INVESTMENTS, CONTINUED

The following schedule summarizes the investment return for the year ended June 30, 2020:

Interest and dividend income	$1,346
Realized gain (loss) on investments, net	117
Unrealized gain (loss) on investments, net	(11,062)
	($9,599)

NOTE D – FAIR VALUE MEASUREMENTS

The Center measures fair value in accordance with Financial Accounting Standards Board (FASB), *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures.* The codification provides a three level hierarchy that prioritizes the inputs of the valuation techniques used to measure fair value. Inputs are defined as assumptions used by market participants while pricing the asset or liability, including assumptions about risks. The following is a summary of the three levels, with level one having the highest priority and level three having the lowest priority:

Level 1 – Inputs to the valuation technique generally are quoted prices in active markets for identical assets or liabilities. The Center has the ability to access these assets or liabilities at the measurement date.

Level 2 – Inputs to the valuation technique generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 – Inputs are unobservable and generally allow for situations in which there is little, if any, market activity. The inputs are based on the Center's own assumptions about the factors that market participants would use in pricing the asset or liability.

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3
Money market funds	$ 7,309	$ -	$ -
Bond funds	23,176	-	-
Equity funds	23,403	-	-
Mutual funds	12,360	-	-
Total investments	$66,248	$ -	$ -

NOTE D – FAIR VALUE MEASUREMENTS, CONTINUED

The valuation techniques used for the assets measured at fair value are as follows:

Mutual Funds

The investments are valued using the Net Asset Value (NAV) provided by the administrator of the fund. The NAV is calculated based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price from an active market and are classified as level 1 of the hierarchy. Valuation techniques that use quoted prices from a non-active market would be classified as level two of the hierarchy.

Bond & Equity Funds

These investments are valued at the closing price reported in the active market in which the individual security is traded. They are classified within level 1 of the valuation hierarchy.

The Center has made no changes in the methodology of the valuation techniques.

NOTE E – FEDERAL AND STATE SUBSIDIES RECEIVABLES

Federal and state subsidies receivables consist of the following at June 30, 2020:

Social Security reimbursement	$ 48,845
Public School Employees' Retirement System	180,821
Licensed Practical Nursing	3,999
Perkins IV	42,263
	$275,928

NOTE F – INVESTMENT IN HEALTH CONSORTIUM

The Center participates in the Northwestern Region Employee Benefit Trust for health insurance benefits. At June 30, 2020, the Center's investment was $224,008, which represents the Center's portion of the Trust fund balance at year end.

NOTE G – CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 32,737	$ -	$ -	$ 32,737
Capital assets being depreciated:				
Land improvements	279,041	-	-	279,041
Buildings and building improvements	8,055,865	73,874	-	8,129,739
Furniture, equipment and vehicles	4,628,283	471,486	-	5,099,769
Total capital assets, being depreciated	12,963,189	545,360	-	13,508,549
Accumulated depreciation for:				
Land improvements	(151,743)	(17,601)	-	(169,344)
Buildings and building improvements	(5,285,137)	(264,674)	-	(5,549,811)
Furniture, equipment and vehicles	(3,563,304)	(193,084)	-	(3,756,388)
Total capital assets, being depreciated, net	(9,000,184)	(475,359)	-	(9,475,543)
Governmental activities capital assets, net	$3,995,742	$70,001	$ -	$4,065,743

Depreciation expense was charged to governmental functions as follows:

Instruction	$312,665
Instructional student support	44,787
Administrative and finance	41,415
Operation and maintenance of plant services	44,043
Student transportation	32,449
	$475,359

Assets acquired under capital lease obligation are $3,465,094. Related accumulated depreciation for year ended June 30, 2020 is $844,065.

NOTE H – INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2020, is as follows:

Receivable Fund	*Payable Fund*	*Purpose*	*Amount*
Capital Project Fund	General Fund	Funding	$26,812

NOTE I – INTERFUND TRANSFERS

The composition of and purpose of transfers between funds during the June 30, 2020 year-end is as follows:

Recipient Fund	*Payor Fund*	*Purpose*	*Amount*
Capital Project Fund	General Fund	Funding	$65,222

NOTE J – CAPITAL LEASE OBLIGATION

Series of 2014

On July 7, 2014, the Center refinanced the Series of 2009 with the Lease Revenue Note, Series of 2014, with the State Public School Building Authority in the aggregate amount of $2,632,000 with interest at 2.10%, maturing February 2024. The proceeds of the Series of 2014 were used to (a) satisfy the outstanding Series of 2009 obligation along with accrued interest and (b) related costs and expenses of refinancing.

On June 4, 2009, the Center also entered into a sublease of the school facilities with the Authority on which the rental payments will be sufficient to pay, when due, the principal and interest of the 2009 Bonds plus fees and expenses. On July 7, 2014, the sublease agreement was amended and restated in accordance with the Lease Revenue Note, Series of 2014, principal and interest obligations. The security for the note is the payments received from the participating schools for their respective share of the payments on the capital lease obligation.

The following is a summary of changes in the Capital Lease Obligations for the year ended June 30, 2020:

	Balance 06/30/19	Issued	Retired	Balance 06/30/20
Series of 2014	$1,444,000	$ -	$274,000	$1,170,000

NOTE J – CAPITAL LEASE OBLIGATION, CONTINUED

The obligation has been recorded in the accompanying government wide financial statements as follows:

Current portion	$ 284,000
Long-term portion	886,000
	$1,170,000

Venango County Area Vocational – Technical School Lease Revenue Note Series of 2014 will mature as follows:

Years ending June 30,	
2021	$ 305,588
2022	304,571
2023	303,450
2024	306,182
	1,219,791
Less interest expense	(49,791)
	$1,170,000

NOTE K – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees in the Commonwealth of Pennsylvania. The members eligible to participate in PSERS 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.

NOTE K – DEFINED BENEFIT PENSION PLAN, CONTINUED

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.00% or 2.50%, 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 2.00% or 2.50%, 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.

The contribution policy is set up by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania.

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.

NOTE K – DEFINED BENEFIT PENSION PLAN, CONTINUED

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and 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 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions:

The Center's contractually required contribution rate for the fiscal year ended June 30, 2020 was 33.45% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Center's contributions to the plan for the year ended June 30, 2020 was $744,497 which was 100% of the required contributions.

The Center is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance (OPEB). Under the current legislation, the Commonwealth of Pennsylvania reimburses the Center for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the Center's share of these amounts. The total reimbursement recognized by the Center for the year ended June 30, 2020 for pension and OPEB benefits was $499,614.

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

At June 30, 2020, the Center reported a liability of $7,204,522 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019. The Center's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the Center's proportion was .0154%, which was an increase of 0.002% from its proportion measured as of June 30, 2019. The net pension liability will be liquidated through future contributions to PSERS at the statutory rates. Contributions will be made from the General Fund.

NOTE K – DEFINED BENEFIT PENSION PLAN, CONTINUED

For the year ended June 30, 2020, the Center recognized pension expense of $568,000. At June 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 39,674	($238,790)
Changes in assumptions	68,872	-
Net difference between projected and actual investment earnings	-	(20,638)
Changes in proportions	71,000	(301,000)
Difference between employer contributions and proportionate share of total contributions	14,285	-
Contributions subsequent to the measurement date	71,442	-
TOTAL	$265,273	($560,428)

$71,442 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	($ 91,649)
2022	(91,649)
2023	(91,649)
2024	(91,650)
TOTAL	($366,597)

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.25%, include inflation at 2.75%.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

NOTE K – DEFINED BENEFIT PENSION PLAN, CONTINUED

- 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, 2019 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.6%
Fixed income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure / MLPs	8.0%	5.5%
Real Estate	10.0%	4.1%
Alternative investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	(20.0%)	0.7%
TOTAL	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, 2019.

NOTE K – DEFINED BENEFIT PENSION PLAN, CONTINUED

Discount Rate

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

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

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

	1 % Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
The Center's proportionate share of the net pension liability	$8,974,023	$7,204,522	$5,706,188

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.

Payables to the Pension Plan

At June 30, 2020, the Center had an accrued balance due to PSERS, including contributions related to pension and OPEB of $79,919. This amount represents the Center's contractually obligated contributions for wages earned during the 2020 year-end. The balance will be paid in the 2021 year-end.

NOTE L – OTHER POST-EMPLOYMENT BENEFITS PLANS

PSERS OPEB Plan

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contributions rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increase to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or

NOTE L – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED

the PSERS' Health Options Program. As of June 30, 2019 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The Center's contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.84% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the Center were $18,696 for the year ended June 30, 2020.

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

At June 30, 2020, the Center reported a liability of $327,534 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2018 to June 30, 2019. The Center's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2020, the Center's proportion was .0154%, which was an increase of .002% from its proportion measured as of June 30, 2019. The net OPEB obligation will be liquidated through future contributions to PSERS at the statutory rates. Contributions will be made from the General Fund.

For the year ended June 30, 2020, the Center recognized OPEB expense of $13,000. At June 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$1,842	$ -
Changes in assumptions	10,852	(9,734)
Net difference between projected and actual earnings on OPEB plan investments	551	-
Changes in proportion	4,000	(18,000)
Difference between employer contributions and proportionate share of total contributions	278	-
Contributions subsequent to the measurement date	1,819	-
TOTAL	$19,342	($27,734)

NOTE L – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED

$1,819 reported as deferred outflows of resources related to the OPEB resulting from the Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended	
2021	($ 2,553)
2022	(2,553)
2023	(2,553)
2024	(2,552)
Total	**($10,211)**

Actuarial Assumptions:

The Total OPEB Liability as of June 30, 2019, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment rate of return – 2.79% – S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- 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's experience and projected using a modified version of the RP-2015 Mortality Improvement Scale.
- Participation rate:
    - Eligible retirees will elect to participate Pre age 65 at 50%
    - Eligible retirees will elect to participate Post age 65 at 70%

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, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determine the employer contribution rate for fiscal year 2019.

NOTE L – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED

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

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

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

OPEB-Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	13.2%	.20%
U.S. Core Fixed Income	83.1%	1.0%
Non-U.S. Developed Fund	3.7%	.0%
Total	100.00%	

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

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.79%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy set contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the

NOTE L – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED

short-term funding policy, the OPEB's plan 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 2.79% which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2019, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retires receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

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

	1% Decrease	Trend Rate	1% Increase
System net OPEB liability	$2,126,515,000	$2,126,842,000	$2,127,106,000

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

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

	1% Decrease 1.79%	Trend Rate 2.79%	1% Increase 3.79%
The Center's proportionate share of the net OPEB liability	$373,132	$327,534	$289,744

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.

NOTE L – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED

Payables Related to the Plan

At June 30, 2020, the Center had an accrued balance due to PSERS, including contributions related to pension and OPEB of $79,919. This amount represents the Center's contractually obligated contributions for wages earned during the 2020 year-end. The balance will be paid in the 2021 year-end.

General Information about the OPEB Plan

Plan Description

The Center administers a single-employer defined benefit OPEB plan that provides healthcare benefits to all eligible retirees who qualify and elect to participate.

Benefits Provided

The Plan provides medical, prescription drug, dental, vision, and life insurance for eligible retirees based on specific eligibility requirements. Coverage, premium sharing, and life insurance amounts vary by employee classification.

Employees Covered by Benefit Terms

Membership in the plan consisted of the following at June 30, 2020, the date of the last actuarial valuation.

Active participants	28
Retired participants	5
Spouses of participants	27
TOTAL	60

Total OPEB Liability

The Center's total OPEB liability of $1,079,450 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

NOTE L – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED

Actuarial Assumptions and Other Inputs

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

Salary increases	3.00%
Discount rate	2.50%
Healthcare cost trend rates	Rates for each benefit, respectively, ranging from 3.0% to 7.6% in 2020 and decreasing gradually over the next ten years.
Mortality rate	RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on census information at that time and is believed to be representative of the population for the 2019-2020 school year.

Changes in the Total OPEB liability

	Total OPEB Liability
BALANCE AT JUNE 30, 2019	$ 888,628
Changes for the year:	
Service cost	40,147
Interest	22,986
Changes of assumptions	-
Effect of economical demographic gains or losses	146,514
Benefit payment	(18,825)
Net changes	190,822
BALANCE AT JUNE 30, 2020	$1,079,450

NOTE L – OTHER POST-EMPLOYMENT BENEFITS PLANS, CONTINUED

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

The following presents the total OPEB liability of the Center, as well as what the Center's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.50%) or 1-percentage-point higher (3.50%) than the current discount rate:

	1% Decrease 1.50%	*Current Rate 2.50%*	*1% Increase 3.50%*
Total OPEB liability (asset)	$1,152,584	$1,079,450	$1,008,182

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

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

	1% Decrease	*Current Rate*	*1% Increase*
Total OPEB liability (asset)	$999,544	$1,079,450	$1,172,039

For the year ended June 30, 2020, the Center recognized OPEB expense of $209,647.

NOTE M – FUND BALANCE REPORTING

Nonspendable Fund Balance

The Center's nonspendable fund balance represents the amount of funds invested in inventories. At June 30, 2020, the total amount of nonspendable fund balance was $17,601.

Assigned Fund Balance

The Center's assigned fund balance is fund balance reporting occurring by Joint Operating Committee authority, under the direction of the Chief Business Officer.

The Joint Operating Committee authorized the establishment of fund balances to retain the excess of revenue over expenditures directly related to the practical nursing and adult education programs. These funds are expressly assigned by the committee for the operation of these programs in future years and are considered to be general fund assigned fund balances. During the year ended June 30, 2020, program operations resulted in an increase of $93,201 to the practical nursing fund balance and a decrease of $38,695 to the adult education fund balance.

NOTE M – FUND BALANCE REPORTING, CONTINUED

As of June 30, 2020, balances for each in the General Fund program are as follows:

Practical Nursing	$788,529
Adult Education Programs	(39,688)
Total assigned fund balances	$748,841

The capital project fund, formerly the capital reserve fund, is funded annually by a transfer from the general fund equal to 10% of the vocational education subsidy received each year. The amount transferred for the year ended June 30, 2020 was $65,222. At June 30, 2020 the total amount assigned for future capital projects which have not been specifically identified by the board was $683,438.

NOTE N – OPERATING LEASE COMMITMENTS

The Center budgets annually for a non-cancelable operating lease for office and computer equipment. Total lease expense was $12,393 for the year ended June 30, 2020.

The following is a schedule, by years, of the future minimum rentals under the lease at June 30, 2020:

Years ending June 30,	
2021	$5,830
2022	925
	$6,755

NOTE O – JOINT VENTURE

The joint operating agreement with the participating school districts, as described in Note A, provides that each district bear a portion of the current operating expenses based on a three-year audited average daily membership (ADM) of pupils in the program from each participating school district.

The total ADM expenditures also include the participating school district's respective share of the annual cost associated with the capital lease obligation.

NOTE O – JOINT VENTURE, CONTINUED

The distribution of expenditures is as follows at June 30, 2020:

Member Districts	16-17 ADM%	17-18 ADM%	18-19 ADM%	3 Year Average Audit	ADM Expenditures
Cranberry	11.37	11.85	12.63	11.94	$ 488,232
Forest Area	7.09	7.04	7.73	7.28	297,694
Franklin	22.88	23.59	23.90	23.45	958,845
Oil City	22.75	23.43	24.68	23.60	965,242
Titusville	23.44	20.59	18.43	20.86	853,401
Valley Grove	12.47	13.50	12.63	12.87	526,155
	100.00%	100.00%	100.00%	100.00%	$4,089,569

ADM expenditures relate only to costs incurred for operations of the day school program and do not include the costs incurred for the adult programs and non-reimbursable after school program.

The districts pay eight installments to the Center based on the expenditures in the Center’s annual budget. The difference between the payments made and the actual expenditures, as computed above, is refunded to the home schools or paid to the Center as necessary. At June 30, 2020, the amount due to the member schools was $557,502 and is reported as intergovernmental payables.

Audited financial statements for the year ended June 30, 2020 for the member districts are available at their business offices.

NOTE P – CONCENTRATION OF REVENUE

Of the Center’s total general fund’s receipts, approximately 70% are derived from charges for tuition to individuals and the member school assessments in the fund financial statements and the government-wide financial statements.

NOTE Q – RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Center currently reports its risk management activities in the general fund.

The Center carries commercial insurance for all types of loss, including workers’ compensation. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE R – CONTINGENT LIABILITIES

Grant Programs

The Center participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Center is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of non-compliance which would result in the disallowance of program expenditures.

NOTE S – ECONOMIC UNCERTAINTIES

Due to the COVID-19 outbreak, the Center has experienced unprecedented interruption in its operations including, but not limited to, disruption to the delivery of traditional schooling and daily business management. While the disruption is considered to be temporary, there is still uncertainty related to the total financial impact and duration of the outbreak. Additionally, the Center may be subject to mandated closings without warning. While there has been no material decline in funding received from state or federal sources, there is the potential for such. The Center is continuing to monitor and implement best practices to ensure the financial health of the Center. At the date of the financial statements, the financial impact cannot be reasonably estimated.

SECTION F
REQUIRED SUPPLEMENTARY INFORMATION

VENANGO TECHNOLOGY CENTER
SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2020

	2020	2019	2018	2017	2016	2015	2014
The Center's proportion of the net pension liability	0.0154%	0.0152%	0.0163%	0.0164%	0.0167%	0.0176%	0.0166%
The Center's proportionate share of the net pension liability	$ 7,204,522	$ 7,296,755	$ 8,050,000	$ 8,127,000	$ 7,233,000	$ 6,966,000	$ 6,795,000
The Center's covered-employee payroll	$ 2,119,683	$ 2,045,183	$ 2,173,150	$ 2,128,189	$ 2,143,891	$ 2,252,276	$ 2,126,114
The Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	339.89%	356.78%	370.43%	381.87%	337.38%	309.29%	319.60%
Plan fiduciary net position as a percentage of the total pension liability	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.50%

Notes:
The Center is required to present the information for the last ten fiscal years. Additional years will be displayed as they become available.

The data provided in this schedule is based as of the measurement date of PSERS' net pension liability, which is as of the beginning of the Center's fiscal year.

VENANGO TECHNOLOGY CENTER
SCHEDULE OF THE CENTER CONTRIBUTIONS FOR THE PENSION PLAN
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 744,497	$ 689,648	$ 644,986	$ 623,000	$ 522,000	$ 431,000	$ 351,000	$ 244,179	$ 173,675	$ 109,810
Contributions in relation to the contractually required contribution	744,497	689,648	644,986	623,000	522,000	431,000	351,000	244,179	173,675	109,810
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Center's covered-employee payroll	$ 2,210,007	$ 2,119,683	$ 2,045,183	$ 2,173,150	$ 2,128,189	$ 2,143,891	$ 2,252,276	$ 2,126,114	$ 2,168,829	$ 2,174,265
Contributions as a percentage of covered-employee payroll	33.69%	32.54%	31.54%	28.67%	24.53%	20.10%	15.58%	11.48%	8.01%	5.05%

Notes to Schedule:

Changes of benefits terms:
With the passage of Act 5 class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes in assumptions:
None.

VENANGO TECHNOLOGY CENTER
SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF THE PSERS NET OPEB LIABILITY
JUNE 30, 2020

	2020	2019	2018	2017
The Center's proportion of the net OPEB liability	0.0154%	0.0152%	0.0163%	0.0164%
The Center's proportionate share of the net OPEB liability	$ 327,534	$ 316,912	$ 332,099	$ 353,254
The Center's covered-employee payroll	$ 2,119,683	$ 2,045,183	$ 2,173,150	$ 2,128,189
The Center's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.45%	15.50%	15.28%	16.60%
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	5.56%	5.73%	5.47%

Notes:
The Center is required to present the information for the last ten fiscal years. Additional years will be displayed as they become available.

The data provided in this schedule is based as of the measurement date of PSERS' net OPEB liability, which is as of the beginning of the Center's fiscal year.

VENANGO TECHNOLOGY CENTER

SCHEDULE OF THE CENTER CONTRIBUTIONS FOR THE PSERS OPEB PLAN

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 18,696	$ 17,644	$ 16,982	$ 18,000	$ 17,539	$ 18,922	$ 20,402	$ 18,260	$ 14,111	$ 14,056
Contributions in relation to the contractually required contribution	18,696	17,644	16,982	18,000	17,539	18,922	20,402	18,260	14,111	14,056
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Center's covered-employee payroll	$2,210,007	$2,119,683	$2,045,183	$2,173,150	$2,128,189	$2,143,891	$2,252,276	$2,126,114	$2,168,829	$2,174,265
Contributions as a percentage of covered-employee payroll	0.85%	0.83%	0.83%	0.83%	0.82%	0.88%	0.91%	0.86%	0.65%	0.65%

Notes to Schedule:

Changes of benefits terms:
There were no changes of benefit terms for the year ended June 30, 2020.

Changes in assumptions:
The Discount Rate decreased from 2.98% to 2.79%.

VENANGO TECHNOLOGY CENTER
SCHEDULE OF CHANGES IN THE CENTER'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2020	2019	2018
TOTAL OPEB LIABILITY			
Service cost	$ 40,147	$ 36,497	$ 48,540
Interest	22,986	22,583	20,588
Effect of economic / demographic gains or losses	146,514	(27,691)	67,487
Benefit payments	(18,825)	(19,048)	(23,582)
NET CHANGE IN TOTAL OPEB LIABILITY	190,822	12,341	113,033
TOTAL OPEB LIABILITY - BEGINNING	888,628	876,287	763,254
TOTAL OPEB LIABILITY - ENDING	**$ 1,079,450**	**$ 888,628**	**$ 876,287**
Covered-employee payroll	$ 1,747,331	$ 1,682,991	$ 1,571,696
The Center's total OPEB liability as a percentage of covered-employee payroll	61.78%	52.80%	55.75%

Notes to Schedule:

Changes of assumptions :

The trend assumption was updated.

Changes of benefit terms :

None

The Center is required to present the information for the last ten fiscal years.
Additional years will be displayed as they become available.

SECTION G
SUPPLEMENTARY INFORMATION

VENANGO TECHNOLOGY CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning Date Ending Date		Total Received For the Year	(Accrued) or Deferred Revenue 6/30/2019	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenue 6/30/2020
U.S. DEPARTMENT OF EDUCATION									
Student Financial Assistance Cluster									
Federal Pell Grant Program (Pell)	D	84.063	P063P164155	07-01-19 to 06-30-20	F	$ 303,438	$ -	$ 303,438	$ -
Passed through PA Higher Education Assistance Agency:									
Federal Direct Student Loans (Direct Loan)	I	84.268	P268K174155	07-01-19 to 06-30-20	F	649,847	-	649,847	-
Total Student Financial Assistance Cluster						953,285	-	953,285	-
Education Stabilization Fund	D	84.425E	P425E203634	05-05-20 to 05-04-21	F	67,059	-	67,059	-
Education Stabilization Fund	D	84.425F	P425F202552	05-07-20 to 05-06-21	F	67,058	-	-	(67,058)
Passed through PA Department of Education:									
Career and Technical Education -									
Basic Grants to State (Perkins IV)	I	84.048	380-14-4036	07-01-19 to 06-30-20	F	169,051	-	169,051	-
Total Department of Education						1,256,453	-	1,189,395	(67,058)
APPALACHIAN REGIONAL COMMISSION									
Passed through Clarion University of Pennsylvania:									
Northwest Pennsylvania Diversifying the Regional Economy Project	I	23.002	25-1474927	11-01-18 to 10-31-21	F	211,724	-	246,118	34,394
Total Appalachian Regional Commission						211,724	-	246,118	34,394
Total Assistance						$ 1,468,177	$ -	$ 1,435,513	$ (32,664)

Source Codes: D - Direct Funding
I - Indirect Funding
F - Federal Funding

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Venango Technology Center under programs of the federa lgovernment for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, of the operations of the Venango Technology Center, it is not intended to and does not present the net position or changes in net position of Venango Technology Center.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Venango Technology Center has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C - Subrecipient Funding

There were no funds passed through to subrecipients from any of the federal programs.

See independent auditor's report.

VENANGO TECHNOLOGY CENTER
SCHEDULE OF RECONCILIATION OF FEDERAL DIRECT LOAN PROGRAM
FOR THE YEAR ENDED JUNE 30, 2020

RECEIVED FROM AES

Gross student loans	$	649,847
Loan proceeds returned to students		-
Loan proceeds received by Venango Technology Center	$	649,847

See independent auditor's report.

I. SUMMARY OF AUDITORS' RESULTS:

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? ____Yes __X__No
- Significant deficiency(ies) identified? ____Yes __X__None Reported

Noncompliance material to financial statements noted? ____Yes __X__No

FEDERAL AWARDS

Internal control over major federal programs:

- Material weakness(es) identified? ____Yes __X__No
- Significant deficiency(ies) identified? ____Yes __X__None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____Yes __X__No

Identification of major federal program:

Student Financial Assistance Cluster (CFDA 84.063, CFDA 84.268)

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? __X__Yes ____No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

None Reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None Reported.

VENANGO TECHNOLOGY CENTER
SCHEDULE OF SPECIAL ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020

FOOD SERVICES		
Lunches, dinners, bakery and meat cutting	$ 52,829	
Cost of food consumed	53,034	
NET INCOME		(205)
MARKETING DEPARTMENT		
Sales	5,815	
Cost of sales	126	
NET LOSS		5,689
AUTO TRADES DEPARTMENT		
Sales	14,743	
Cost of sales	16,345	
NET INCOME		(1,602)
OTHER DEPARTMENTS		
Sales	2,770	
Cost of sales	7,500	
NET INCOME		(4,730)
OTHER STUDENT ACCOUNTS		
Student Senate	(87)	
TOTAL OTHER STUDENT ACCOUNTS		(87)
NET INCOME SPECIAL ACCOUNTS		$ (935)

See independent auditor's report.