

Lancaster-Lebanon Intermediate Unit 13

Year Ended June 30, 2021

Lancaster-Lebanon Intermediate Unit 13

Financial Statements with Supplementary Information

Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board Officers and Members
Lancaster-Lebanon Intermediate Unit 13
Lancaster, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Lancaster-Lebanon Intermediate Unit 13** (the Intermediate Unit), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Intermediate Unit'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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Lancaster-Lebanon Intermediate Unit 13**, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison information on pages 55 through 59, the other postemployment benefits (OPEB) healthcare benefits plan information on pages 60 through 64 and the pension information on pages 65 through 67 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 **Lancaster-Lebanon Intermediate Unit 13's** 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, on our consideration of **Lancaster-Lebanon Intermediate Unit 13's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 **Lancaster-Lebanon Intermediate Unit 13's** internal control over financial reporting and compliance.

Trout CPA

December 2, 2021
Lancaster, Pennsylvania

Lancaster-Lebanon Intermediate Unit 13

MANAGEMENT'S DISCUSSION and ANALYSIS

Year Ended June 30, 2021

The discussion and analysis of Lancaster-Lebanon Intermediate Unit 13's financial performance provides an overall review of the Intermediate Unit's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to show the Intermediate Unit's financial performance as a whole. It should be read in conjunction with the basic financial statements and the accompanying notes to enhance the understanding of the Intermediate Unit's financial performance.

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

Financial Highlights

Key financial highlights for the year ended June 30, 2021, are as follows:

- The Intermediate Unit's financial status as reflected in the total net position decreased \$11,683,685 from the prior year. This decrease is reflected as a decrease in net position for governmental activities of \$12,180,316 (this includes a Special Item use of funds for a Capital Donation – Renovation of Building in the amount of \$ 3,916,300) and an increase in net position for business-type activities of \$496,631.
- Revenues totaled \$186.8 million. General revenues accounted for \$719,948, or 0.39% of the total. Program specific revenues in the form of charges for services and grants and contributions accounted for \$186.0 million, or 99.61%, of total revenues.
- The Intermediate Unit had \$161.4 million in expenses related to governmental activities; revenue related to governmental activities totaled \$148.4 million stemming from program specific charges for services, operating grants, and contributions.
- As part of the fund financial statements, the general fund reports \$81.9 million in revenues, \$89.9 million in expenditures, and \$8.5 million in other financing sources. The general fund's fund balance decreased by \$3,381,119 to \$12.2 million.
- The special revenue fund, which includes the special education services programs, the special education transportation program, the state funded early intervention program and the student sponsored activity fund, reports \$66.6 million in revenues, \$62.3 million in expenditures, and \$4.1 million in other financing uses. The special revenue fund's fund balance increased by \$155,710 to \$121,500.
- The enterprise fund reports \$37.7 million in revenues, \$33.2 million in expenditures, and \$4.0 million in other financing uses. The enterprise fund's fund balance increased by \$496,631 to \$(11.7) million (post GASB 68 and GASB 75 adjustments).
- The Intermediate Unit's current business plan adopted in May 2008 established a minimum fund balance of 8% of total expenditures. The combined fund balance of the Intermediate Unit, including general fund, special revenue fund, and enterprise fund (not including GASB 68 or 75 adjustments) is \$17.64 million, which is 9.53% of total expenditures.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended June 30, 2021

Financial Highlights (Continued)

- The internal service fund, which includes the research and development fund, the operating infrastructure programs, the hospitalization fund, the worker's compensation fund and the unemployment fund, reports \$28.5 million in revenues, \$29.0 million in expenditures, and \$321,548 net in other financing uses. The internal service fund's fund balance decreased by \$857,642 to \$13,634,980.

Reporting on the Intermediate Unit as a Whole

Government-Wide Statements

The government-wide statements report information about the Intermediate Unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Intermediate Unit's net position and present information showing how the Intermediate Unit's net position has changed. Net position is one way to measure the Intermediate Unit's financial health or position. Over time, increases or decreases in the Intermediate Unit's net position is an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Intermediate Unit, you need to consider additional non-financial factors, such as changes in the Intermediate Unit's grant funding and changes in services provided to our member school districts.

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

- **Governmental Activities** - All of the Intermediate Unit's basic services are included here, such as instruction, curriculum, management, administrative and community services. School District special education contracts, state grants/allocations and federal grants finance most of these activities.
- **Business-Type Activities** - The Intermediate Unit's services for supplemental contracts, statewide sales, consortium services and fee-for-service programs are included in this category. The costs of these programs are supported through user charges for services and goods provided.

Fund Financial Statements

The Intermediate Unit's fund financial statements, which begin on Page 14, provide detailed information about the most significant funds and are not intended to present the Intermediate Unit as a whole. Some funds are established based on state reporting requirements.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended June 30, 2021

Reporting on the Intermediate Unit as a Whole (Continued)

Fund Financial Statements (Continued)

- **Governmental Funds** - Most of the Intermediate Unit's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end and available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the Intermediate Unit's general operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance programs provided by the Intermediate Unit. 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. Governmental funds include the general fund and the special revenue fund.
- **Proprietary Funds** - The proprietary funds are used to account for the Intermediate Unit's activities that are similar to business operations in the private sector; and a significant portion of funding is obtained through user charges for services provided to outside customers or other programs of the Intermediate Unit. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended June 30, 2021

Reporting on the Intermediate Unit as a Whole (Continued)

Financial Analysis of the Intermediate Unit as a Whole

Table 1 provides a summary of the Intermediate Unit's net position for 2021 compared to 2020.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	58,955,368	58,641,696	5,179,328	5,177,038	64,134,696	63,818,734
Capital Assets	<u>4,596,270</u>	<u>5,449,221</u>	<u>1,293,779</u>	<u>1,317,172</u>	<u>5,890,049</u>	<u>6,766,393</u>
Total Assets	63,551,638	64,090,917	6,473,107	6,494,210	70,024,745	70,585,127
Deferred Outflow of Resources	46,659,045	31,424,771	3,773,000	2,950,000	50,432,045	34,374,771
Liabilities						
Current and Other Liabilities	34,155,103	30,090,977	1,193,305	1,920,639	35,348,408	32,011,616
Long-Term Liabilities	<u>232,561,915</u>	<u>208,235,251</u>	<u>18,888,000</u>	<u>19,012,000</u>	<u>251,449,915</u>	<u>227,247,251</u>
Total Liabilities	266,717,018	238,326,228	20,081,305	20,932,639	286,798,323	259,258,867
Deferred Inflow of Resources	5,785,837	7,301,316	1,839,600	683,000	7,625,437	7,984,316
Net Position						
Invested in Capital Assets, Net of Related Debt	4,596,270	5,449,221	1,293,779	1,317,172	5,890,049	6,766,393
Unrestricted	<u>(166,888,442)</u>	<u>(155,561,077)</u>	<u>(12,968,577)</u>	<u>(13,488,601)</u>	<u>(179,857,019)</u>	<u>(169,049,678)</u>
Total Net Position	(162,292,172)	(150,111,856)	(11,674,798)	(12,171,429)	(173,966,970)	(162,283,285)

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended June 30, 2021

Reporting on the Intermediate Unit as a Whole (Continued)

Financial Analysis of the Intermediate Unit as a Whole (Continued)

Table 2 shows the changes in net position for 2021 compared to 2020.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Charges for Services	45,951,385	45,515,948	36,385,840	27,991,472	82,337,225	73,507,420
Operating Grants and Contributions	102,442,381	96,404,332	1,265,159	1,309,711	103,707,540	97,714,043
General Revenues:						
Grants, Subsidies, and Contributions not Restricted	655,835	639,215	-0-	-0-	655,835	639,215
Investment Earnings	31,471	508,361	-0-	-0-	31,471	508,361
Miscellaneous Income	26,737	65,138	-0-	-0-	26,737	65,138
Transfers	4,001,248	2,703,369	(4,001,248)	(2,703,369)	-0-	-0-
Gain on Disposal of Fixed Assets	5,905	681	-0-	-0-	5,905	681
Total Revenues	153,114,962	145,837,044	33,649,751	26,597,814	186,764,713	172,434,858
Expenses						
Instruction	78,875,474	74,949,090	-0-	-0-	78,875,474	74,949,090
Instructional Student Support	32,786,705	31,440,911	-0-	-0-	32,786,705	31,440,911
Administrative and Financial Support Services	41,682,676	34,701,341	-0-	-0-	41,682,676	34,701,341
Operation and Maintenance of Plant Services	6,661,782	4,894,799	-0-	-0-	6,661,782	4,894,799
Pupil Transportation	1,281,315	1,401,528	-0-	-0-	1,281,315	1,401,528
Non-instructional Services	71,026	187,715	-0-	-0-	71,026	187,715
Facilities Acquisition, Construction and Improvement Services	20,000	20,000	-0-	-0-	20,000	20,000
Insurance Consortia Services	-0-	-0-	130,035	135,860	130,035	135,860
Management Services	-0-	-0-	879,300	962,393	879,300	962,393
Adult Education Services	-0-	-0-	392,025	697,301	392,025	697,301
Curriculum and Instruction Services	-0-	-0-	9,102,482	3,761,634	9,102,482	3,761,634
Special Education:						
Administrative and Management Services	-0-	-0-	7,192,506	7,681,211	7,192,506	7,681,211
Technology Services	-0-	-0-	15,456,772	13,679,696	15,456,772	13,679,696
Total Expenses	161,378,978	147,595,384	33,153,120	26,918,095	194,532,098	174,513,479
Special Item	<u>(3,916,300)</u>	<u>(2,208,504)</u>	<u>-0-</u>	<u>-0-</u>	<u>(3,916,300)</u>	<u>(2,208,504)</u>
Increase/(Decrease) in Net Position	(12,180,316)	(3,966,844)	496,631	(320,281)	(11,683,685)	(4,287,125)

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended June 30, 2021

Reporting on the Intermediate Unit as a Whole (Continued)

Financial Analysis of the Intermediate Unit as a Whole (Continued)

The statement of activities shows the cost of program services and the charges for services and grants offsetting those costs. Table 3 shows, for governmental activities, the total cost of services and the net cost of services.

Table 3
Governmental Activities

Functions	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Instruction	78,875,474	74,949,090	(851,556)	1,900,345
Instructional Student Support	32,786,705	31,440,911	(1,351,709)	(679,873)
Administrative and Financial Support Services	41,682,676	34,701,341	(8,610,308)	(5,789,469)
Operation and Maintenance of Plant and Services	6,661,782	4,894,799	(2,269,534)	(1,108,198)
Pupil Transportation	1,281,315	1,401,528	91,779	20,548
Non-instructional Services	71,026	187,715	26,116	1,543
Facilities Acquisition, Construction and Improvement Services	<u>20,000</u>	<u>20,000</u>	<u>(20,000)</u>	<u>(20,000)</u>
Total Governmental Functions	161,378,978	147,595,384	(12,985,212)	(5,675,104)

Expenses for governmental activities are mainly offset by Intermediate Unit revenues related to special education contracts, state and federal grants and allocations restricted to specific activities and programs, and fee-for-service revenues. The majority of the remaining net cost of activities is supported through member school district contribution and interest earnings.

The Intermediate Unit's Funds

At June 30, 2021, the Intermediate Unit government funds reported a combined fund balance of \$12,364,453 which is a decrease of \$3,225,409 from last year.

General Fund Budget

The Intermediate Unit's general fund budget is prepared according to Pennsylvania Law and is based on accounting for general operating, grant, and other program transactions. The Intermediate Unit's general fund budget is comprised of over 180 component program budgets financed through a variety of state, federal, and local sources. During the course of the fiscal year as new initiatives are funded by the state or federal government, the Board of School Directors authorizes new program budgets as components of the general fund budget. These program budgets often include multi-year and/or non-fiscal year grants; the full budget is shown at time of approval, however, actual costs are spread across multiple years. Additionally, the Board of School Directors authorizes revisions to previously approved program budgets to accommodate differences from the original budget to the actual expenditures of the Intermediate Unit.

A statement showing the Intermediate Unit's original and final budget amounts compared with actual transactions for the period is provided on Pages 55 through 60.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended June 30, 2021

Capital Assets

During the 2020-21 fiscal year, IU13 began the renovation of the Central Education Center. The renovation project was part of the IU13 Strategic Plan and was funded, as planned, with committed fund balance previously approved by its Board of Directors and assigned fund balance. Costs of the renovation totaled \$262,819. In addition to these renovations, the Offices and Conference Center at Burle Corporate Park are being refreshed with new paint and carpeting; these costs are covered under the sublease with the Lancaster-Lebanon Joint Authority.

Special Item

During 2020-21, the Intermediate Unit recorded a Special Item, Capital Donation for Building Renovation, of \$3,916,300. The Intermediate Unit contributed amounts to the Lancaster Lebanon Joint Authority to fund the renovation of the Central Education Center (CEC), formerly the Burgard building, in Manheim, PA for the purposes of providing future facilities for Intermediate Unit programs starting with the 2021-22 school year. As part of our strategic plan, the Intermediate Unit Board of School Directors were intentional in identifying fund balance reserves to support the facility needs of Intermediate Unit programs. The Lancaster Lebanon Joint Authority leases the CEC Building to the Intermediate Unit for its program needs.

Strategic Planning

During 2020-2021, the Intermediate Unit has focused on strategic planning to set a positive, intentional direction for its organization and to fulfill its mission statement as “an education service agency dedicated to delivering irresistible services and programs to our school districts and communities across the state” and core compelling purpose to “improve student learning”.

During 2020-21, the Intermediate Unit focused on the following strategic priorities and goals:

- **Priority 1 - Nurture relationships through our commitment to service**

- Goal** - Provide exceptional, caring service to IU13 employees, focused on safety and health as they navigate COVID-19.

- Goal** - Implement the IU's Phased School Reopening Health and Safety Plan across IU-operated facilities.

- Goal** - Align IU practices regarding possible COVID-19 exposures and diagnoses in IU classrooms located in district to district protocols.

- Goal** - Develop software for capturing district salary and benefit information for use by district administrators.

- **Priority 2 - Maintain a strong financial position through investment in infrastructure, systems, and strategies.**

- Goal** - Develop a long-range facility plan for all IU13 sites.

- Goal** - Revisit and update the IU13 enterprise-level Business Plan, including review of each Strategic Business Unit in response to a changing economic environment.

- Goal** - Implement our Enterprise Resource Planning (ERP) business software roadmap to continually innovate and integrate business applications to increase efficiency of our operations, ensure integrity of our Business and HR data and information, and enhance usefulness of management reporting.

- Goal** - Begin a multi-year internal audit of business practices and internal controls and update all procedures to ensure compliance with laws and regulations and safeguarding of assets.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended June 30, 2021

Strategic Planning (Continued)

Goal - Upgrade IU-wide telephone system to Microsoft Teams.

Goal - Transition the process for COBRA services from an external vendor to in-house staff in an effort to streamline the process and eliminate errors.

- **Priority 3 - Enhance the lives of students and educators in Lancaster and Lebanon counties and beyond**

Goal - Launch an IU13-operated longer-term Partial Hospitalization Program in partnership with Community Services Group (CSG).

Goal - Advocate for Diversity, Equity and Inclusion in schools and communities that we serve through the direct services we provide.

- **Priority 4 - Cultivate a culture of innovation that responds to district needs and market trends**

Goal - Support the development, approval, and execution of our Innovation and Stewardship Program (ISP) projects that respond to the needs of our members districts and our programs.

Goal - Complete a facility needs assessment for utilization of our offices post COVID-19 that is focused on current utilization, teleworking practices, office trends, programs needs, and fiscal impact.

- **Priority 5 - Build a talented, service-oriented team**

Goal - Work to embed the "Keys to Our Culture" in all we do.

Goal - Build capacity for enterprise leadership to ensure organizational continuity in vision, mission, culture, and strategy and position the organization for future leadership transitions and new opportunities.

Goal - Pilot practices to attract, hire, and retain a more diverse workforce that better represents the students and communities that we serve.

- **Priority 6 - Encourage the well-being and success of every employee**

Goal - Develop a comprehensive approach to supporting the mental health needs of IU13 employees.

Goal - Implement new Title IX regulations across the organization.

Goal - Support the individual Diversity, Equity, and Inclusion journey of each staff member through learning opportunities and courageous conversations.

Contacting the Intermediate Unit's Financial Management

This financial report is designed to provide the citizens and taxpayers of Lancaster and Lebanon counties, the school district administrators and Boards of School Directors, investors, and creditors with a general overview of the Intermediate Unit's finances and to show the Intermediate Unit's accountability for the money it receives. If you have questions about this report or to request additional information, please contact Gina L. Brillhart, CFO, at Lancaster-Lebanon Intermediate Unit 13, 1020 New Holland Avenue, Lancaster, PA 17601 or (717) 606-1766.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

STATEMENT of NET POSITION

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 12,070,335	\$ -0-	\$ 12,070,335
Investments, at Fair Value	22,949,098	-0-	22,949,098
Internal Balances	599,574	(599,574)	-0-
Due from Other Governments	22,341,768	5,704,379	28,046,147
Other Receivables	64,502	4,628	69,130
Inventories	71,040	-0-	71,040
Prepaid Expenses	859,051	69,895	928,946
	58,955,368	5,179,328	64,134,696
Total Current Assets			
Noncurrent Assets			
Building and Building Improvements, net of Accumulated Depreciation	1,896,858	-0-	1,896,858
Furniture, Fixtures, and Equipment, net of Accumulated Depreciation	2,447,267	1,293,779	3,741,046
Vehicles, net of Accumulated Depreciation	252,145	-0-	252,145
	4,596,270	1,293,779	5,890,049
Total Noncurrent Assets			
	63,551,638	6,473,107	70,024,745
TOTAL ASSETS			
DEFERRED OUTFLOW of RESOURCES			
Pension	43,934,245	3,551,000	47,485,245
Other Postemployment Benefits (OPEB)	2,724,800	222,000	2,946,800
	46,659,045	3,773,000	50,432,045
TOTAL DEFERRED OUTFLOW of RESOURCES			

See notes to financial statements.

Lancaster-Lebanon Intermediate Unit 13

STATEMENT of NET POSITION

(Continued)

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities			
Due to Other Governments	\$ 6,037,794	\$ -0-	\$ 6,037,794
Accounts Payable	8,034,524	2,361	8,036,885
Accrued Salaries and Benefits	6,749,328	668,546	7,417,874
Payroll Deductions and Withholdings	6,360,628	-0-	6,360,628
Unearned Revenues	-0-	298,912	298,912
Retirement Bonus Due Within			
One Year	40,000	-0-	40,000
Compensated Absences Due			
Within One Year	69,452	-0-	69,452
Other Current Liabilities	6,863,377	223,486	7,086,863
Total Current Liabilities	34,155,103	1,193,305	35,348,408
Noncurrent Liabilities			
Other Postemployment Benefit Obligation	12,215,000	1,019,000	13,234,000
Long-Term Portion of Retirement Bonus	2,621,000	-0-	2,621,000
Long-Term Portion of Compensated Absences	3,529,915	-0-	3,529,915
Net Pension Liability	214,196,000	17,869,000	232,065,000
Total Noncurrent Liabilities	232,561,915	18,888,000	251,449,915
TOTAL LIABILITIES	266,717,018	20,081,305	286,798,323
DEFERRED INFLOW of RESOURCES			
Pension	5,476,837	1,752,800	7,229,637
Other Postemployment Benefits (OPEB)	309,000	86,800	395,800
TOTAL DEFERRED INFLOW of RESOURCES	5,785,837	1,839,600	7,625,437
NET POSITION			
Net Investment in Capital Assets	4,596,270	1,293,779	5,890,049
Unrestricted (Deficit)	(166,888,442)	(12,968,577)	(179,857,019)
TOTAL NET POSITION	\$ (162,292,172)	\$ (11,674,798)	\$ (173,966,970)

See notes to financial statements.

Lancaster-Lebanon Intermediate Unit 13

STATEMENT of ACTIVITIES

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total Government
Governmental Activities:							
Instruction	\$ 78,875,474	\$ 38,661,939	\$ 39,361,979	\$ -0-	\$ (851,556)	\$ -0-	\$ (851,556)
Instructional Student Support	32,786,705	4,798,153	26,636,843	-0-	(1,351,709)	-0-	(1,351,709)
Administrative and Financial Support Services	41,682,676	2,032,923	31,039,445	-0-	(8,610,308)	-0-	(8,610,308)
Operation and Maintenance of Plant Services	6,661,782	433,175	3,959,073	-0-	(2,269,534)	-0-	(2,269,534)
Pupil Transportation	1,281,315	-0-	1,373,094	-0-	91,779	-0-	91,779
Non-instructional Services	71,026	25,195	71,947	-0-	26,116	-0-	26,116
Facilities Acquisition, Construction, and Improvement Services	20,000	-0-	-0-	-0-	(20,000)	-0-	(20,000)
Total Governmental Activities	161,378,978	45,951,385	102,442,381	-0-	(12,985,212)	-0-	(12,985,212)
Business-Type Activities:							
Insurance Consortia Services	130,035	165,993	15,731	-0-	-0-	51,689	51,689
Management Services	879,300	1,087,563	44,716	-0-	-0-	252,979	252,979
Adult Education Services	392,025	495,803	39,650	-0-	-0-	143,428	143,428
Curriculum and Instruction Services	9,102,482	10,555,655	343,898	-0-	-0-	1,797,071	1,797,071
Special Education Administrative and Management Services	7,192,506	7,530,025	744,388	-0-	-0-	1,081,907	1,081,907
Technology Services	15,456,772	16,550,801	76,776	-0-	-0-	1,170,805	1,170,805
Total Business-Type Activities	33,153,120	36,385,840	1,265,159	-0-	-0-	4,497,879	4,497,879
Total Primary Government	\$ 194,532,098	\$ 82,337,225	\$ 103,707,540	\$ -0-	(12,985,212)	4,497,879	(8,487,333)
General Revenues:							
Grants, Subsidies, and Contributions not Restricted					655,835	-0-	655,835
Investment Earnings					31,471	-0-	31,471
Miscellaneous Income					26,737	-0-	26,737
Transfers					4,001,248	(4,001,248)	-0-
Gain on Disposal of Fixed Assets					5,905	-0-	5,905
Total General Revenues and Transfers					4,721,196	(4,001,248)	719,948
Special Item:							
Capital Donation - Renovation of Building					(3,916,300)	-0-	(3,916,300)
CHANGES in NET POSITION					(12,180,316)	496,631	(11,683,685)
NET POSITION							
Beginning					(150,111,856)	(12,171,429)	(162,283,285)
Ending					\$ (162,292,172)	\$ (11,674,798)	\$ (173,966,970)

See notes to financial statements.

Lancaster-Lebanon Intermediate Unit 13

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	Major Funds					Total Governmental Funds
	General Fund	Special Education Fund	Special Education Transportation Fund	State Funded Early Intervention Fund	Student Sponsored Activity Fund	
ASSETS						
Cash and Cash Equivalents	\$ 11,716,135	\$ 10,721	\$ -0-	\$ -0-	\$ 24,756	\$ 11,751,612
Investments	22,949,098	-0-	-0-	-0-	-0-	22,949,098
Due from Other Funds	-0-	7,381,813	-0-	-0-	-0-	7,381,813
Due from Other Governments	20,384,511	1,559,346	-0-	161,184	-0-	22,105,041
Other Receivables	21,421	21,941	-0-	-0-	-0-	43,362
Inventories	71,040	-0-	-0-	-0-	-0-	71,040
Prepaid Expenditures	308,100	1,262	-0-	-0-	-0-	309,362
TOTAL ASSETS	<u>55,450,305</u>	<u>8,975,083</u>	<u>-0-</u>	<u>161,184</u>	<u>24,756</u>	<u>64,611,328</u>
LIABILITIES and FUND BALANCES						
LIABILITIES						
Due to Other Funds	19,834,383	-0-	71,559	128,818	-0-	20,034,760
Due to Other Governments	2,747,710	3,290,084	-0-	-0-	-0-	6,037,794
Accounts Payable	6,196,152	31,259	-0-	-0-	-0-	6,227,411
Accrued Salaries and Benefits	2,097,287	4,607,289	423	32,366	-0-	6,737,365
Payroll Deductions and Withholdings	6,360,628	-0-	-0-	-0-	-0-	6,360,628
Other Current Liabilities	5,971,192	877,725	-0-	-0-	-0-	6,848,917
TOTAL LIABILITIES	<u>43,207,352</u>	<u>8,806,357</u>	<u>71,982</u>	<u>161,184</u>	<u>-0-</u>	<u>52,246,875</u>
FUND BALANCES						
Nonspendable	379,140	1,262	-0-	-0-	-0-	380,402
Committed	2,000,000	-0-	-0-	-0-	-0-	2,000,000
Assigned	8,290,751	167,464	-0-	-0-	24,756	8,482,971
Unassigned	1,573,062	-0-	(71,982)	-0-	-0-	1,501,080
TOTAL FUND BALANCES	<u>12,242,953</u>	<u>168,726</u>	<u>(71,982)</u>	<u>-0-</u>	<u>24,756</u>	<u>12,364,453</u>
TOTAL LIABILITIES and FUND BALANCES	<u>\$ 55,450,305</u>	<u>\$ 8,975,083</u>	<u>\$ -0-</u>	<u>\$ 161,184</u>	<u>\$ 24,756</u>	<u>\$ 64,611,328</u>

See notes to financial statements.

Lancaster-Lebanon Intermediate Unit 13
 RECONCILIATION of the GOVERNMENTAL FUNDS BALANCE SHEET
 to the STATEMENT of NET POSITION
 June 30, 2021

Total fund balance - governmental funds \$ 12,364,453

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 \$11,909,344 and the accumulated depreciation is \$8,402,790. 3,506,554

Deferred outflows - GASB 68 and GASB 75 adjustments are not a financial resource and are therefore not reported as assets in the governmental funds. 46,659,045

Long-term liabilities 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:

Other Postemployment Benefit Obligation	(12,215,000)	
Retirement Bonus	(2,661,000)	
Compensated Absences	(3,599,367)	
GASB 68 - Net Pension Liability	<u>(214,196,000)</u>	(232,671,367)

Deferred inflows - GASB 68 and GASB 75 adjustments are not due and payable in the current period and are therefore not reported as liabilities in the governmental funds. (5,785,837)

Internal service fund balances are not reported in governmental funds. Internal service fund balances allocated to governmental funds at year end consist of:

Cash and Cash Equivalents	318,723	
Internal Balance	13,252,521	
Intergovernmental Receivable	236,727	
Other Receivables	21,140	
Inventories	-0-	
Prepaid Expenses	549,689	
Building and Building Improvements, net of Accumulated Depreciation	407,872	
Furniture, Fixtures, and Equipment, net of Accumulated Depreciation	681,844	
Due to Other Funds	-0-	
Accounts Payable	(1,807,113)	
Accrued Salaries and Benefits	(11,963)	
Other Current Liabilities	<u>(14,460)</u>	<u>13,634,980</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (162,292,172)

See notes to financial statements.

Lancaster-Lebanon Intermediate Unit 13

STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Major Funds					Total Governmental Funds
	General Fund	Special Education Fund	Special Education Transportation Fund	State Funded Early Intervention Fund	Student Sponsored Activity Fund	
REVENUES						
Local Sources	\$ 8,332,450	\$ 38,307,783	\$ -0-	\$ -0-	\$ 25,195	\$ 46,665,428
State Sources	22,971,327	7,878,069	1,255,079	19,148,645	-0-	51,253,120
Federal Sources	50,635,209	-0-	-0-	-0-	-0-	50,635,209
Total Revenues	81,938,986	46,185,852	1,255,079	19,148,645	25,195	148,553,757
EXPENDITURES						
Instructional Services	22,125,438	37,331,021	-0-	14,632,014	-0-	74,088,473
Support Services	67,678,233	5,794,486	1,152,149	3,405,620	-0-	78,030,488
Non-instructional Services	70,587	-0-	-0-	-0-	439	71,026
Total Expenditures	89,874,258	43,125,507	1,152,149	18,037,634	439	152,189,987
EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES	(7,935,272)	3,060,345	102,930	1,111,011	24,756	(3,636,230)
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	8,466,653	190,388	-0-	-0-	-0-	8,657,041
Operating Transfers Out	-0-	(3,132,193)	(91,041)	(1,111,011)	-0-	(4,334,245)
Gain on Disposal of Fixed Assets	3,800	525	-0-	-0-	-0-	4,325
NET OTHER FINANCING SOURCES (USES)	8,470,453	(2,941,280)	(91,041)	(1,111,011)	-0-	4,327,121
SPECIAL ITEM						
Capital Donation - Renovation of Building	(3,916,300)	-0-	-0-	-0-	-0-	(3,916,300)
NET CHANGES in FUND BALANCES	(3,381,119)	119,065	11,889	-0-	24,756	(3,225,409)
FUND BALANCES						
Beginning	15,624,072	49,661	(83,871)	-0-	-0-	15,589,862
Ending	\$ 12,242,953	\$ 168,726	\$ (71,982)	\$ -0-	\$ 24,756	\$ 12,364,453

See notes to financial statements.

Lancaster-Lebanon Intermediate Unit 13
 RECONCILIATION of the GOVERNMENTAL FUNDS
 STATEMENT of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES
 to the STATEMENT of ACTIVITIES
 Year Ended June 30, 2021

Net changes in fund balances - total governmental funds \$ (3,225,409)

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. The net effect of depreciation expense and capital outlays is as follows:

Depreciation Expense	(835,556)	
Capital Outlays	<u>424,653</u>	(410,903)

The long-term portions of compensated absences, retirement bonuses, and other postemployment obligations are not due and payable in the current period and, therefore, are not reported as a liability in the funds. In the funds, expenditures are recorded when they are paid, whereas expenses are recorded when incurred in the statement of activities.

Compensated Absences	(433,480)	
Retirement Bonus	<u>(64,470)</u>	(497,950)

In the statement of activities, deferred inflows of resources for pension and other postemployment benefits, deferred outflows of resources for pension and other postemployment benefits, and pension and other postemployment benefits expenses are recognized in conjunction with net pension liability and the net other postemployment benefit liability respectively. Whereas in the governmental funds, pension expense and other postemployment benefit expenses are recorded when required contributions are payable. This amount represents the current pension obligation and postemployment benefit obligation expenses.

(7,188,412)

Internal service fund transactions are not reported in governmental funds. However, in the statement of activities, the balance of the internal service fund is included in governmental activities. The internal service fund change in net assets is allocated to governmental activities.

(857,642)

CHANGES in NET POSITION of GOVERNMENTAL ACTIVITIES \$ (12,180,316)

See notes to financial statements.

Lancaster-Lebanon Intermediate Unit 13

STATEMENT of NET POSITION -

PROPRIETARY FUNDS

June 30, 2021

	Major Fund	
	Enterprise	Internal Service
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ -0-	\$ 318,723
Due from Other Funds	-0-	13,252,521
Due from Other Governments	5,704,379	236,727
Other Receivables	4,628	21,140
Prepaid Expenses	69,895	549,689
Total Current Assets	5,778,902	14,378,800
Noncurrent Assets		
Leasehold Improvements, net of Accumulated Depreciation	-0-	407,872
Furniture, Fixtures, and Equipment, net of Accumulated Depreciation	1,293,779	681,844
Total Noncurrent Assets	1,293,779	1,089,716
TOTAL ASSETS	7,072,681	15,468,516
DEFERRED OUTFLOW of RESOURCES		
Pension	3,551,000	-0-
Other Postemployment Benefits (OPEB)	222,000	-0-
TOTAL DEFERRED OUTFLOW of RESOURCES	3,773,000	-0-
LIABILITIES		
Current Liabilities		
Due to Other Funds	599,574	-0-
Accounts Payable	2,361	1,807,113
Accrued Salaries and Benefits	668,546	11,963
Unearned Revenues	298,912	-0-
Other Current Liabilities	223,486	14,460
Total Current Liabilities	1,792,879	1,833,536
Noncurrent Liabilities		
Net Pension Liability	17,869,000	-0-
Other Postemployment Benefit Obligation	1,019,000	-0-
Total Noncurrent Liabilities	18,888,000	-0-
TOTAL LIABILITIES	20,680,879	1,833,536
DEFERRED INFLOW of RESOURCES		
Pension	1,752,800	-0-
Other Postemployment Benefits (OPEB)	86,800	-0-
TOTAL DEFERRED INFLOW of RESOURCES	1,839,600	-0-
NET POSITION		
Net Investment in Capital Assets	1,293,779	1,089,716
Unrestricted (Deficit)	(12,968,577)	12,545,264
TOTAL NET POSITION	\$ (11,674,798)	\$ 13,634,980

See notes to financial statements.

Lancaster-Lebanon Intermediate Unit 13
STATEMENT of REVENUES, EXPENSES, and CHANGES in NET POSITION -
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Major Fund	Internal
	Enterprise	Service
OPERATING REVENUES		
Local Sources:		
Charges for Services	\$ 36,385,840	\$ 27,920,162
OPERATING EXPENSES		
Salaries	5,466,893	2,812,659
Employee Benefits	4,451,111	18,950,700
Purchased Professional and Technical Service	7,590,683	814,483
Purchased Property Services	200,076	4,535,811
Other Purchased Services	1,881,347	371,151
Supplies	13,311,512	910,899
Depreciation	204,403	607,662
Dues and Fees	47,095	8,523
	33,153,120	29,011,888
Total Operating Expenses		
	3,232,720	(1,091,726)
NONOPERATING REVENUES		
Sale of Fixed Assets	-0-	1,580
State Sources	1,265,159	554,052
	4,497,879	(536,094)
CHANGES in NET POSITION BEFORE TRANSFERS		
TRANSFERS IN (OUT)		
Transfers In	-0-	239,467
Transfers Out	(4,001,248)	(561,015)
	496,631	(857,642)
CHANGES in NET POSITION		
NET POSITION		
Beginning	(12,171,429)	14,492,622
Ending	\$ (11,674,798)	\$ 13,634,980

See notes to financial statements.

Lancaster-Lebanon Intermediate Unit 13

STATEMENT of CASH FLOWS -
 PROPRIETARY FUNDS
 Year Ended June 30, 2021

	Major Fund		Enterprise	Internal Service
CASH FLOWS from OPERATING ACTIVITIES				
Cash Received from Users		\$ 35,191,460		\$ 28,090,837
Cash Payments to Employees for Services		(9,724,400)		(21,762,279)
Cash Payments to Suppliers for Goods and Services		<u>(22,549,961)</u>		<u>(6,958,294)</u>
Net Cash Provided (Used) by Operating Activities		2,917,099		(629,736)
CASH FLOWS from NONCAPITAL FINANCING ACTIVITIES				
State Sources		1,265,159		554,052
Transfers In		-0-		239,467
Transfers Out		<u>(4,001,248)</u>		<u>(561,015)</u>
Net Cash Provided (Used) by Noncapital Financing Activities		(2,736,089)		232,504
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES				
Capital Outlay		<u>(181,010)</u>		<u>(164,033)</u>
DECREASE in CASH and CASH EQUIVALENTS		-0-		(561,265)
CASH and CASH EQUIVALENTS				
Beginning of Year		<u>-0-</u>		<u>879,988</u>
End of Year		<u>-0-</u>		<u>318,723</u>
RECONCILIATION of OPERATING INCOME (LOSS) to NET CASH PROVIDED (USED) by OPERATING ACTIVITIES				
Operating Income (Loss)		3,232,720		(1,091,726)
ADJUSTMENTS to RECONCILE OPERATING INCOME (LOSS) to NET CASH PROVIDED (USED) by OPERATING ACTIVITIES:				
Depreciation		204,403		607,662
Pension Expense & OPEB Expense (GASB 68 & GASB 75)		209,600		-0-
Decrease in Due from Other Funds		97,473		202,893
(Increase) in Due from Other Governments		(745,788)		(52,417)
Decrease in Other Receivables		18,425		20,199
Decrease in Inventories		-0-		1,092
(Increase) Decrease in Prepaid Expenses		28,026		(225,061)
Increase in Due to Other Funds		599,574		-0-
(Decrease) Increase in Accounts Payable		(73,263)		129,078
(Decrease) Increase in Accrued Salaries and Benefits		(15,996)		1,080
(Decrease) in Unearned Revenues		(564,490)		-0-
(Decrease) in Other Current Liabilities		<u>(73,585)</u>		<u>(222,536)</u>
Total Adjustments		<u>(315,621)</u>		<u>461,990</u>
Net Cash Provided (Used) by Operating Activities		<u>\$ 2,917,099</u>		<u>\$ (629,736)</u>

See notes to financial statements.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

The **Lancaster-Lebanon Intermediate Unit 13** (Intermediate Unit) provides a full range of educational services for school districts within Lancaster and Lebanon Counties. These include special education programs for students with disabilities, alternative education, adult education, and a variety of support and staff development services. The governing body of the Intermediate Unit is a board of school directors with a representative from each school district within the two counties, with two districts serving in an associate capacity each year. The daily operation and management of the Intermediate Unit is carried out by its administrative staff, headed by an Executive Director who is appointed by the Board of School Directors (Board).

The accounting policies of the **Lancaster-Lebanon Intermediate Unit 13** conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

Reporting Entity

Consistent with guidance contained in Statement No. 14 of the GASB, *The Financial Reporting Entity*, as amended, the criteria used by the Intermediate Unit to evaluate the possible inclusion of related entities (authorities, boards, councils, and so forth) within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Intermediate Unit reviews the applicability of the following criteria:

The Intermediate Unit is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if Intermediate Unit officials appoint a voting majority of the organization's governing body and the Intermediate Unit is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Intermediate Unit as defined below.

Impose its Will - If the Intermediate Unit can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial Benefit or Burden - If the Intermediate Unit (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the Intermediate Unit and have a financial benefit or burden as defined above. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the Intermediate Unit.

Based on the foregoing criteria, no additional entities are included in the accompanying general purpose financial statements.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Ventures

Lancaster-Lebanon Public Schools Employees' Health Care Consortium (EHCC)

The Intermediate Unit participates with 21 other school districts in a self-insured stop-loss pool. The Intermediate Unit is self-insured for claims up to \$225,000. The pool reimburses monies to the Intermediate Unit for individual claims above \$225,000 up to \$400,000. The pool has commercial insurance for claims greater than \$400,000. The Intermediate Unit's contribution to the pool for the year ended June 30, 2021, was approximately \$1,299,904 for excess loss insurance coverage.

Basis of Presentation - Fund Accounting

The accounts of the Intermediate Unit are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, deferred inflows and outflows, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

Basis of Presentation - Financial Statements

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Intermediate Unit as a whole. These statements include the financial activities of the primary government, internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the Intermediate Unit that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations 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 direct expenses and program revenues for each function or program of the Intermediate Unit'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 that are not classified as program revenues are presented as general revenues of the Intermediate Unit, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Intermediate Unit.

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for nonmajor funds. Internal service funds are combined, and the totals are presented in a single column on the face of the proprietary fund statements.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities as well as deferred inflows and outflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Intermediate Unit finances and meets the cash flow needs of its proprietary activities.

The Intermediate Unit reports the following major governmental funds:

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

Special Education Fund - This fund accounts for the administration of special education services and programs primarily on a consortium basis with our 22 member school districts as the main customers.

Special Education Transportation Fund - This fund accounts for specialized transportation services for school-age and preschool children and is funded as a subsidy allocation from the Pennsylvania Department of Education (PDE).

State Funded Early Intervention Fund - This fund accounts for a variety of early intervention services provided by Intermediate Unit personnel and contracts with local agencies, and is funded by a State Grant through the Office of Child Development and Early Learning at PDE.

The Intermediate Unit reports the following non-major governmental fund:

Student Sponsored Activity Fund - This fund accounts for the administration of special education classroom sponsored fundraising and mini-business accounts. It is funded by sales of products made by the classroom students.

The Intermediate Unit reports the following proprietary funds:

Enterprise Fund - This fund is used to account for the Intermediate Unit's operations that are financed and operated in a manner similar to the private business enterprises, where the intent of the governing body is that the cost of providing goods or services to school districts on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Enterprise Fund (Continued)

This fund includes the following programs: ECSES Initiatives, Autism Solutions, Supplemental Contracts, Fee For Service OVR, Staff Development and Training, Bus Driver Training, Statewide Software, Technology Initiatives, Wide Area Network Consortium, CTC ESL Consultation, Literacy Programs, Student Activities and Events, Instructional Services Initiatives, Hybrid Learning, Virtual Solutions, Organ Tissue Donation Awareness, STEM Initiatives, C & I Initiatives, TLC Initiatives, Lancaster and Lebanon Counties Prison Programs, TABE, Lancaster-Lebanon Adult Education Local Program, Lancaster-Lebanon Foundation Pass-Thru, English Language Learning, LCCF Grant Programs, Lancaster Lebanon HiSET Test Administration, GED Test Administration, Family Literacy Professional Development, United Way Collective Impact, School District of Lancaster Community School Support, CNA Training Program, Cultural Navigation at Fulton Elementary, LCCF BB&T Career Pathways, LLEF - STEM Teacher Training, Local Early Childhood, Collaborative Services, Business Services Initiatives, Leadership Initiatives, Guest Teacher Training, Human Resources Initiatives, PASPA Administrative Services, Employee Health Care Cooperative and Statewide Initiatives Marketplace.

Internal Service Fund - This fund is used to account for services provided to various programs of the Intermediate Unit on a user charge basis. This fund includes the research and development fund, operating infrastructure programs, conference and training center program, hospitalization, workers' compensation, and unemployment self-insurance costs and the substitute dispatch program.

Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Government-wide and proprietary fund financial statements measure and report all assets, liabilities, deferred inflows and outflows of resources, revenues, expenses, gains, and losses using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the Intermediate Unit is considered to be 60 days after fiscal year end. Revenue from federal, state, and other grants designated for payment of specific Intermediate Unit expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except debt service, compensated absence payments, retirement bonuses and other postemployment benefits, which are recognized when due.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: tuition, grants and entitlements, student fees, and interest on investments.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements and proprietary funds. Revenues are recognized when they are earned, and expenses are recognized when incurred.

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.

Nonexchange transactions, in which the Intermediate Unit receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenues from grants, entitlements, and donations are 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 Intermediate Unit must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Intermediate Unit on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the Intermediate Unit's enterprise fund are charges for goods or services provided to school districts. Operating expenses include the costs to provide these goods and services to school districts. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When amounts are available in multiple fund balance classifications, it is the Intermediate Unit's policy to use funds in the following order: restricted, committed, assigned, and unassigned. The Intermediate Unit may elect to selectively spend unassigned balances first to defer the use of these classified balances.

Encumbrances

Encumbrances at year end, to be paid out of revenue already recognized, are reported as assigned fund balance since they do not constitute expenditures or liabilities but serve as authorization for expenditures in the subsequent year. As of June 30, 2021, the Intermediate Unit has \$19,367 of these encumbrances.

Encumbrances associated with grant programs for which the associated revenue has not been recorded due to not meeting revenue recognition criteria are not recorded as assigned fund balance. These encumbrances total \$752,314 at June 30, 2021.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and amounts in demand and interest-bearing bank deposits carried at cost plus accrued interest, which approximates fair value.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories represent the cost of supplies on hand at June 30, 2021, using the first-in/first-out method.

Investments

The Intermediate Unit categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. The securities of 2a7-like investment pools are valued at amortized cost, which approximates fair value of the pool.

Prepaid Expenses

Prepaid expenses represent the cost of goods and services that has been paid for in advance of receipt. The consumption method is used to account for prepaid expenses in all fund types. Under the consumption method, prepaid expenses are recorded as assets and expended or expensed as the goods or services are received.

Capital Assets and Depreciation

The Intermediate Unit's property, plant, and equipment with useful lives of more than one year are stated at historical cost (or estimated historical cost) and comprehensively reported in the government-wide financial statements. Proprietary fund capital assets are also reported in their fund financial statements. Donated assets are stated at fair value on the date donated. The Intermediate Unit generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated historical costs of capital assets were derived, when information supporting historical costs was not obtainable, by adjusting current replacement cost back to the estimated year of acquisition. Estimated useful lives, in years, for depreciable assets are generally as follows:

Buildings and Building Improvements	40 Years
Furniture, Fixtures, and Equipment	4-15 Years
Vehicles	5 Years

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

Compensated Absences

The Intermediate Unit accrues unused vacation and sick leave as a liability. Upon termination or retirement, employees will be paid for these accumulated absences in accordance with the Intermediate Unit policy. The Intermediate Unit also accrues retirement bonuses to be paid out at retirement in accordance with Intermediate Unit policy.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences and retirement bonuses that are expected to be paid using expendable, available resources are reported as expenditures in the fund from which the individual earning the leave or bonus is paid, and a corresponding liability is reflected.

Additional amounts are accrued for salary-related payments associated with the payment of compensated absences and retirement bonuses using the rates in effect at the balance sheet date. The Intermediate Unit has accrued the employer's share of social security and medicare taxes, where applicable.

Pensions

Substantially all full-time and qualifying part-time employees of the Intermediate Unit participate in a cost-sharing multiple-employer defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and State Employees' Retirement System (SERS) and additions to/deductions from PSERS's/SERS's fiduciary net position have been determined on the same basis as they are reported by PSERS/SERS. 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.

Other Postemployment Benefits (OPEB)

Single-Employer Defined Benefit OPEB Plan

The Intermediate Unit sponsors a single-employer defined benefit OPEB plan. 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 OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The single-employer OPEB plan is unfunded.

Cost-Sharing Multiple-Employer Defined Benefit Plan

The Intermediate Unit participates in the PSERS Health Insurance Premium Assistance Program. 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 PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund Activity

Exchange transactions between governmental funds are eliminated on the government-wide statements. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the amounts reported in the financial statements and accompanying notes. Significant estimates used in preparation of these financial statements include the allowance for uncollectible receivables, depreciation and amortization, compensated absences, pension related items, other postemployment benefits, and provision for hospitalization fund accounts payable. Actual results could differ from those estimates.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no Extraordinary Items during fiscal year 2021, however there was a Special Item transaction that occurred during fiscal year 2021; this is covered in detail in Note 16.

Fund Balance Classification

Fund balance for the governmental funds can be classified in five different categories: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable fund balance includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted fund balance includes amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may be changed only with the consent of the resource providers.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Intermediate Unit. Commitments may be changed only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the Intermediate Unit, Executive Director or CFO.

In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are available for any purpose.

The Intermediate Unit considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

The Intermediate Unit considers committed and assigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Adopted in the Year Ended June 30, 2021

During the current year, the Intermediate Unit adopted GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. Upon implementation of this standard, the Student Sponsored Activity Fund was established as a special revenue fund to account for specific student-based activities. Remaining activities accounted for in the former agency funds are now reported within the General Fund or Special Education Fund. The Intermediate Unit's beginning balances and current year results were not materially affected by implementation of this new standard.

Pending Changes in Accounting Principles

In June 2017, GASB issued Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability, and consistency of information about the leasing activities of governments. The provisions of this statement are effective for the School District's June 30, 2022, financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period incurred, and not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The provisions of this statement are effective for the School District's June 30, 2022, financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs) in which a government compensates an operator of a nonfinancial asset for services for a period of time in an exchange transaction. The provisions of this statement are effective for the School District's June 30, 2023, financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments; and (4) requires note disclosures regarding a SBITA. The provisions of this statement are effective for the School District's June 30, 2023, financial statements.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pending Changes in Accounting Principles (Continued)

plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this statement are effective for the School District's June 30, 2022, financial statements.

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

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS

Under Section 440.1 of the Public-School Code of 1949, as amended, the Intermediate Unit is permitted to invest its monies as follows:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Certain high-quality bank and corporate debt instruments.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

The deposit and investment policy of the Intermediate Unit adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either state statutes or the policy of the Intermediate Unit.

Cash and Cash Equivalents - Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Intermediate Unit's deposits may not be returned to it. The Intermediate Unit does not have a policy for custodial credit risk although the public-school code requires that all deposits of the Intermediate Unit which are not insured are collateralized by the depository institution.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS (Continued)

Cash and Cash Equivalents - Custodial Credit Risk (Continued)

As of June 30, 2021, \$183,528 of the Intermediate Unit's bank balance of \$18,918,295 was exposed to custodial credit risk as:

Uninsured and Uncollateralized	-0-
Collateralized with Securities Held by the Pledging Financial Institution	-0-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the Intermediate Unit's Name	<u>183,528</u>
	183,528
Reconciliation of Cash and Cash Equivalents to the Financial Statements	
Uninsured Amount Above	183,528
Insured Amount	<u>18,734,767</u>
Bank Balance	18,918,295
Less: Outstanding Checks	<u>(6,849,075)</u>
Carrying Amount - Bank Balances	12,069,220
Plus: Petty Cash	<u>1,115</u>
Total Cash and Cash Equivalents Per Financial Statements	12,070,335

Investments

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At June 30, 2021, the Intermediate Unit did not hold any investments classified in the fair value hierarchy.

At June 30, 2021, the Intermediate Unit holds the following investments recorded at cost or amortized cost:

PLGIT Class	725,888
PLGIT/Reserve Class	<u>22,223,210</u>
Total Investments per the Financial Statements	22,949,098

The Pennsylvania Local Government Investment Trust (PLGIT) is a 2a7-like pool. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The Intermediate Unit has no regulatory oversight for the pool, which is governed by the Board of Trustees and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP, an independently elected public official.

Restrictions on Qualified Investment Pool Withdrawals

The Intermediate Unit's investments in the PLGIT account are subject to a one-day holding period. The Intermediate Unit is limited to two withdrawals per calendar month from the PLGIT/Reserve Class account.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS (Continued)

Interest Rate Risk

The Intermediate Unit has a formal policy, but it does not directly limit investment maturities as a means of managing its exposure to fair value losses arising from increasing rates. Investments shall remain sufficiently liquid to meet all operating and cash requirements that are reasonably anticipated.

Credit Risk

As of June 30, 2021, the Intermediate Unit investments were rated as:

Investments	Standard & Poor's
PLGIT (Class, Reserve Class)	AAAm

Concentration of Credit Risk

The Intermediate Unit has a formal investment policy that does not limit its investment choices to certain credit ratings. However, safety of principal shall be of highest priority. Preservation of capital in the portfolio of investments shall be ensured through the mitigation of credit risk and interest rate risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Intermediate Unit will not be able to recover the value of its investment or collateral security that are in the possession of an outside party. The Intermediate Unit has no investments subject to custodial credit risk.

NOTE 3 - DUE from OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the Intermediate Unit. At June 30, 2021, the following amounts were due from other governmental units:

Fund	Federal	State	Local	Total
General Fund	11,244,408	8,381,113	758,990	20,384,511
Special Education Fund			1,559,346	1,559,346
State Funded Early Intervention Fund		161,184		161,184
Enterprise Fund		165,000	5,539,379	5,704,379
Internal Service Fund			<u>236,727</u>	<u>236,727</u>
	<u>11,244,408</u>	<u>8,707,297</u>	<u>8,094,442</u>	<u>28,046,147</u>

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 4 - INTERFUND ACCOUNTS

Individual fund receivable and payable balances at June 30, 2021, were as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund		19,834,383
Special Education Fund	7,381,813	
Special Education Transportation Fund		71,559
State Funded Early Intervention Fund		128,818
Enterprise Fund		599,574
Internal Service Fund	<u>13,252,521</u>	
	20,634,334	20,634,334

Interfund receivables and payables result from having cash consolidated in the general fund and from services provided between funds. Interfund transfers for indirect costs for the year ended June 30, 2021, were as follows:

Fund	Transfers In	Transfers Out
General Fund	8,466,653	
Special Education Fund	190,388	3,132,193
Special Education Transportation Fund		91,041
State Funded Early Intervention Fund		1,111,011
Enterprise Fund		4,001,248
Internal Service Fund	<u>239,467</u>	<u>561,015</u>
	8,896,508	8,896,508

Transfers are made from the special education fund, special education transportation fund, state funded early intervention fund, enterprise fund, and internal service fund to the general fund for indirect costs. Transfers are also made from the special education fund and enterprise fund to the internal service fund for research and development costs. During the 2020-2021 fiscal year a transfer was made from the enterprise fund to the special education fund to cover a percentage of the cost of a Special Education Supervisor and a retro pay increase for some Special Education employees.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 5 - CHANGES in CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Historical Cost:				
Capital Assets Being Depreciated:				
Building and Building Improvements	6,358,331	73,351	-0-	6,431,682
Furniture, Fixtures, and Equipment	12,307,520	456,316	680,269	12,083,567
Vehicles	<u>1,056,410</u>	<u>60,600</u>	<u>177,999</u>	<u>939,011</u>
Total Capital Assets Being Depreciated	19,722,261	590,267	858,268	19,454,260
	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Accumulated Depreciation:				
Building and Building Improvements	4,187,559	347,265	-0-	4,534,824
Furniture, Fixtures, and Equipment	9,338,881	977,688	680,269	9,636,300
Vehicles	<u>746,600</u>	<u>118,265</u>	<u>177,999</u>	<u>686,866</u>
Total Accumulated Depreciation	<u>14,273,040</u>	<u>1,443,218</u>	<u>858,268</u>	<u>14,857,990</u>
Net Capital Assets Being Depreciated	<u>5,449,221</u>	<u>(852,951)</u>	<u>-0-</u>	<u>4,596,270</u>
Net Capital Assets	5,449,221	(852,951)	-0-	4,596,270

Depreciation expenses were charged to governmental functions as follows:

Instruction	55,124
Instructional Student Support	321,377
Administration and Financial Support Services	375,065
Operation and Maintenance of Plant Services	660,706
Pupil Transportation	10,946
Facilities Acquisition, Construction and Improvement Services	<u>20,000</u>
	<u>1,443,218</u>

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 5 - CHANGES in CAPITAL ASSETS (Continued)

Capital asset activity for business-type activities for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Historical Cost:				
Capital Assets Being Depreciated:				
Furniture, Fixtures, and Equipment	2,384,125	181,010	747,860	1,817,275
Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	<u>1,066,953</u>	<u>204,403</u>	<u>747,860</u>	<u>523,496</u>
Net Capital Assets Being Depreciated	<u>1,317,172</u>	<u>(23,393)</u>	<u>-0-</u>	<u>1,293,779</u>
Net Capital Assets	1,317,172	(23,393)	-0-	1,293,779

Depreciation expenses were charged to business-type functions as follows:

Technology Services	204,403
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NOTE 6 - UNEARNED REVENUES

Unearned revenues represents revenues collected but not earned as of June 30. This is primarily composed of revenues for various consortia, grant, and agency programs where excess revenue is recognized when expenditures are made in subsequent periods, and encumbrance adjustments made for financial statement purposes.

Unearned revenues balances at June 30, 2021, were as follows:

Fund & SBU/SSU	Amount	Purpose
Enterprise Fund		
SBU 016 - Regional Technology Solutions	298,912	Used to offset future consortium expenses

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 7 - COMPENSATED ABSENCES

A summary of the amount recorded as a liability in the governmental activities for compensated absences was as follows for June 30, 2021.

Accumulated Sick Leave	1,473,577
Accumulated Vacation Leave	2,047,474
Employer Social Security and Medicare Share on Above	<u>78,316</u>
	3,599,367

Compensated absences activity can be summarized as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
3,361,416	454,886	216,935	3,599,367

NOTE 8 - RETIREMENT BONUSES

Employees who retire and meet certain length of service criteria will receive retirement bonuses of \$-0- to \$10,000, depending on job classification. The amount recorded as a liability in the governmental activities for the retirement bonus at June 30, 2021 was \$2,661,000.

Retirement bonuses activity can be summarized as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
2,701,000	90,000	130,000	2,661,000

NOTE 9 - OPERATING LEASES

The Intermediate Unit leases facilities under operating leases expiring in various years through 2030.

Some of these operating lease agreements are sublease agreements with the Lancaster-Lebanon Joint Authority (the Authority). The Authority incorporated on February 14, 1980, under the Municipality Authorities Act of 1945, Act of May 2, 1945, P.L. 382, as amended, by the Boards of School Directors of twenty-two school districts located in Lancaster and Lebanon counties. The school districts established the Authority for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of the **Lancaster-Lebanon Intermediate Unit 13**. The Authority is a related party of the Intermediate Unit, as it provides administrative support to the Authority at no charge.

The lease and sublease agreements with the Authority provide for minimum annual rentals ranging from \$1,215 to \$1,119,240 and expiring in various years through 2030.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 9 - OPERATING LEASES (Continued)

The following is a schedule of future minimum rentals on noncancelable operating leases as of June 30, 2021:

2022	2,043,002
2023	1,280,631
2024	1,282,762
2025	1,319,606
2026	<u>1,253,362</u>
	7,179,363
Thereafter	<u>5,385,265</u>
	12,564,628

There are no contingent rentals stipulated in any of the lease contracts.

The total rental expenditures on noncancelable operating leases for the year ended June 30, 2021, were \$2,183,775.

The Intermediate Unit also leases two copiers from Marco Technologies, LLC. The lease term is 60 months starting July 1, 2018. The following is a schedule of future minimum rentals on noncancelable operating leases as of June 30, 2021:

2022	64,101
2023	<u>64,101</u>
	128,202

NOTE 10 - DEFINED BENEFIT PENSION PLANS

General Information about the Pension Plans

Plan Description

The Intermediate Unit contributes to a cost-sharing multi-employer defined benefit pension plan administered by PSERS. The Intermediate Unit previously contributed to another cost-sharing multi-employer defined benefit pension plan administered by SERS, however the last employee participant under this plan retired on June 30, 2020.

PSERS

PSERS provides retirement benefits to public school employees of 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.

SERS

SERS is the administrator of a cost-sharing multiple-employer defined benefit plan established by the Commonwealth of Pennsylvania to provide pension benefits, including retirement, death, and disability benefits, for employees of state government and certain independent agencies. SERS is a component unit of the commonwealth and is included in the commonwealth's financial report as a pension trust fund. Membership in SERS is mandatory for most state employees.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

General Information about the Pension Plans (Continued)

SERS (Continued)

Members and employees of the General Assembly, certain elected or appointed officials in the executive branch, department heads, and certain employees in the field of education are not required, but are given the option to participate.

Benefits Provided

PSERS

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 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Contributions

PSERS

The contribution policy is set by the Code and requires contributions by active members, participating employers, and the Commonwealth of Pennsylvania. Plan members may belong to four membership classes. Class T-C, Class T-D, Class T-E and Class T-F are available to plan members.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Member Contributions

PSERS

Active members who joined the plan before July 22, 1983, are required to contribute 5.25% of their compensation if they are in Class T-C or 6.50% for Class T-D. Members who joined on or after July 22, 1983, and were active or inactive as of July 1, 2001, are required to contribute 6.25% for Class T-C or 7.50% for Class T-D. Members who joined the plan after June 30, 2001 and before July 1, 2011, are automatically in Class T-D and are required to contribute 7.50%.

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

Employer Contributions

PSERS

The Intermediate Units' contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Intermediate Unit were \$22,887,000 for the year ended June 30, 2021.

Payable to the Pension Plan

PSERS

At June 30, 2021, the Intermediate Unit reported a payable of \$5,902,425 for the outstanding amount of employer contributions to PSERS required for the year ended June 30, 2021. These amounts relate to the second quarter of 2021 and are payable to PSERS within five business days of the Intermediate Unit receiving its related retirement subsidy from the Commonwealth of Pennsylvania. In addition, the Intermediate Unit also reported a payable of \$429,710 for the employee contributions withheld during June 2021 which are payable to PSERS by July 10, 2021.

Pension Reform

Pursuant to Commonwealth Act 2017-5, members hired on or after July 1, 2019 will be required to choose one of three new retirement plan design options for retirement benefits. The current defined benefit plan will no longer be available to new members hired on or after July 1, 2019. The new plan design options include two hybrid plans consisting of defined benefit and defined contribution components. The third option is a stand-alone defined contribution plan.

Membership Class T-G, one of the hybrid options, contains a "shared risk" provision whereby Membership Class T-G member contribution rates into the defined benefit plan can fluctuate between 2.5% and 8.5% (5.5% currently). In addition, employees electing this class contribute 2.75% into the defined contribution plan. The Intermediate Unit is required to contribute 2.25% into the defined contribution plan. This is the default option.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Payable to the Pension Plan (Continued)

Pension Reform (Continued)

Membership Class T-H, one of the hybrid options, contains a “shared risk” provision whereby Membership Class T-H member contribution rates into the defined benefit plan can fluctuate between 1.5% and 7.5% (4.5% currently). In addition, employees electing this class contribute 3.00% into the defined contribution plan. The Intermediate Unit is required to contribute 2.00% into the defined contribution plan.

Membership Class DC, the defined contribution option, requires that employees electing this class contribute 7.5% into the defined contribution plan and the Intermediate Unit will contribute 2.00%.

The Intermediate Unit will continue to contribute to the defined benefit portion of PSERS based on an actuarially determined contribution rate which will continue to be calculated as a percent of all compensation of PSERS eligible employees but now reduced by the amounts already remitted to the defined contribution plan portion.

The total Intermediate Unit contribution into the defined contribution plan portion of PSERS was \$125,531 for the year ended June 30, 2021.

PSERS school employers will be charged interest at the assumed rate of return, currently 7.25%, for delinquent payments to PSERS rather than 6%.

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

PSERS

At June 30, 2021, the Intermediate Unit reported a liability of \$232,065,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2019 to June 30, 2020. The Intermediate Unit's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2020, the Intermediate Unit's proportion was .4713 percent, which was an increase of .0258 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Intermediate Unit recognized pension expense of \$30,293,959.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS (Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

At June 30, 2021, the Intermediate Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	607,000	5,562,000
Changes in Assumptions	-0-	-0-
Changes in Allocation Percentage Between Opinion Units	1,324,800	1,324,800
Net Difference between Projected and Actual Investment Earnings	10,199,000	-0-
Change in Proportions	11,999,693	342,837
Difference between Employer Contributions and Proportionate Share of Total Contributions	467,752	-0-
Contributions Subsequent to the Measurement Date	<u>22,887,000</u>	<u>-0-</u>
	47,485,245	7,229,637

\$22,887,000 reported as deferred outflows of resources related to pensions resulting from the Intermediate Unit's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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:	
2022	4,350,253
2023	3,898,899
2024	6,098,874
2025	<u>3,020,582</u>
	17,368,608

Actuarial Assumptions

PSERS

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

- Long-term expected rate of return: 7.25%, includes inflation at 2.75%.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions (Continued)

PSERS (Continued)

- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were 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.

There were no changes in assumptions used in measurement of the total pension liability beginning June 30, 2020. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	15.0%	5.2%
Private Equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute Return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real Estate	10.0%	5.5%
Risk Parity	8.0%	3.3%
Cash	6.0%	(1.0%)
Financing (LIBOR)	<u>(14.0%)</u>	(0.7%)
	100.0%	

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

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate

PSERS

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 Intermediate Unit's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

PSERS

The following presents the net pension liability, as reported by PSERS, 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%
Intermediate Unit's Proportionate Share of the Net Pension Liability	287,112,000	232,065,000	185,430,000

Pension Plan Fiduciary Net Position

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

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

General Information about the OPEB Plan

Plan Description

The Intermediate Unit maintains a single-employer defined benefit OPEB plan to provide postemployment health care life insurance benefits. The Board of the Intermediate Unit is authorized to establish and amend the financing requirements and benefits, subject to collective bargaining for certain classes of employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue stand-alone financial statements.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

Benefits Provided

Under provisions of collective bargaining and other employment-related agreements, the Intermediate Unit permits certain retirees to continue group medical coverage and life insurance coverage as follows:

Medical Coverage - All Personnel

Retiree Eligibility	Employees who retire from active service and meet the qualifications for retirement benefits under “normal” PSERS retirement.
Period of Coverage	
Retiree	Until age 65 or Medicare eligibility.
Spouse	Until retiree reaches age 65 or Medicare eligibility.
Medical Benefits	Medical coverage of an active employee at retirement will be continued at the direction and expense of eligible retirees to age 65 or Medicare eligibility.
Retiree Contributions	There are no employer contributions. Retiree pays 100% of the full active premium for coverage.

Life Insurance Coverage

	Administrative and Confidential	Leadership Team Members
Description	\$15,000 from retirement to age 70, \$7,500 from age 70 to age 75, cancellation at age 75	\$50,000 from retirement to age 65, \$25,000 from age 65 to age 70, \$5,000 from age 70 for life
Retiree Eligibility	Administrative and Confidential Employees who meet the qualifications for retirement benefits under “normal” PSERS retirement	Leadership Team Members who meet the qualifications for retirement benefits under “normal” PSERS retirement
Period of Coverage		
Retiree	Until age 75	Lifetime

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

Employees Covered by Benefit Terms

At July 1, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	43
Inactive Employees Entitled to but not yet Receiving Benefits	0
Active Employees	<u>1,100</u>
	1,143

Total OPEB Liability

The Intermediate Unit's total OPEB liability of \$2,994,000 was measured as of July 1, 2019, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate: 3.5%, Based on 20-Year High Grade Municipal Rate Index
Long Term Expected Rate of Return: N/A, the Plan is Unfunded
Actuarial Cost Method: Entry Age Normal, Level Percent of Pay
Healthcare Cost Trend: 5.5% for 2019/20, decreasing 0.1% per year to a rate of 5.2% for years 2020/23 through 2044/45, then decreasing 0.1% every two years to an ultimate rate of 4.7% in 2055/56 and later years
Retirees' Share of Benefit-Related Costs: 100.0% of Premium
Mortality Rates:
Preretirement - PubT.H.2000 Employee (Male and Female weighted by headcount) as published by the Society of Actuaries
Postretirement - PubT.H.2000 Healthy Annuitant (Male and Female weighted by headcount) as published by the Society of Actuaries

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period ended July 1, 2019.

Changes in the Total OPEB Liability

Balance, June 30, 2020	3,179,647
Changes for the Year	
Service Cost	47,261
Interest	106,186
Changes of Benefit Terms	-0-
Differences Between Expected and Actual Experience	-0-
Changes of Assumptions	-0-
Benefit Payments	<u>(339,094)</u>
Net Changes	<u>(185,647)</u>
Balance, June 30, 2021	2,994,000

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

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

The following presents the total OPEB liability of the Intermediate Unit for the single-employer plan, as well as what the Intermediate Unit's total OPEB liability for the single-employer plan would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current discount rate:

Total OPEB Liability	
2.5% Discount Rate (1.0% Decrease)	3,199,098
3.5% Discount Rate (Current Rate)	2,994,000
4.5% Discount Rate (1.0% Increase)	2,812,337

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

The following presents the total OPEB liability of the Intermediate Unit's single-employer plan, as well as what the Intermediate Unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0% lower or 1.0% higher than the current healthcare cost trend rates:

Total OPEB Liability	
4.4% Decreasing to 3.7% (1% Decrease)	2,589,531
5.4% Decreasing to 4.7% (Current Rate)	2,994,000
6.4% Decreasing to 5.7% (1% Increase)	3,447,027

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The Pennsylvania Public School Employees' Retirement System (System) provides Premium Assistance, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

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.

Benefits Provided

Effective January 1, 2002 under the provision 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 (HOP). As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

Contributions

The Intermediate Unit's contractually required contribution rate for the fiscal year ended June 30, 2021 was .82% 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 Intermediate Unit were \$558,400 for the year ended June 30, 2021.

OPEB Liabilities and OPEB Expense

At June 30, 2021, the Intermediate Unit reported a liability of \$10,240,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The Intermediate Unit'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, 2021, the Intermediate Unit's proportion was .4739 percent, which was an increase of .0284 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the Intermediate Unit recognized OPEB expense of \$664,500 related to this plan.

Actuarial Assumptions

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

Actuarial Cost Method: Entry Age Normal, Level Percent of Pay.

Investment Return: 2.79%, based on the 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: Applied to retirees with less than \$1,200 in Premium Assistance per year.

Mortality Rates: RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Participation Rate:

Eligible retirees will elect to participate pre-age 65 at 50%.

Eligible retirees will elect to participate post-age 65 at 70%.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experiences 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, 2018 determined the employer contribution rate for fiscal year 2020.

Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.

Asset valuation method: Market Value.

Participation rate: 63% of eligible retirees are assumed to elect premium assistance.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

Actuarial Assumptions (Continued)

Mortality rates and retirement ages were based on the RP-2000 Combined Healthy 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	50.30%	(1.00%)
US Core Fixed Income	46.50%	(0.10%)
Non-US Developed Fixed	<u>3.20%</u>	(0.10%)
	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, 2020.

Discount Rate

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

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (Continued)

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

The following presents the Intermediate Unit's proportionate share of the net OPEB liability, as well as what the Intermediate Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current discount rate:

Net OPEB Liability	
1.66% Discount Rate (1.0% Decrease)	11,674,700
2.66% Discount Rate (Current Rate)	10,240,000
3.66% Discount Rate (1.0% Increase)	9,051,100

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

The following presents the Intermediate Unit's proportionate share of the net OPEB liability, as well as what the Intermediate Unit's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0% lower or 1.0% higher than the current healthcare cost trend rates:

Net OPEB Liability	
Between 4.0% to 6.50% (1% Decrease)	10,238,200
Between 5.0% to 7.50% (Current Rate)	10,240,000
Between 6.0% to 8.50% (1% Increase)	10,240,600

OPEB Plan Fiduciary Net Position

Detailed information about the PSERS OPEB plan's fiduciary net position is available in the separately issued PSERS comprehensive annual financial report which is available on the System's website at www.pfers.pa.gov.

AGGREGATE OPEB INFORMATION

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

For the year ended June 30, 2021, the Intermediate Unit recognized OPEB expense of \$888,600. At June 30, 2021, the Intermediate Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions and Benefit Payments After the Measurement Date	897,400	-0-
Differences Between Expected and Actual Experience	90,400	124,000
Changes of Assumptions	1,117,000	211,000
Differences Between Projected and Actual Investment Earnings	14,200	-0-
Change in Allocation Percentage Between Opinion Units	60,800	60,800
Changes in Proportion	<u>767,000</u>	<u>-0-</u>
	2,946,800	395,800

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

AGGREGATE OPEB INFORMATION (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The deferred outflows of resources of \$897,400 related to OPEB resulting from the Intermediate Unit's benefit payments after the measurement date of the single-employer plan and contributions after the measurement date of the cost-sharing multiple-employer plan will be recognized as a reduction in the total or net OPEB liability, respectively, in the year ended June 30, 2022.

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

Fiscal Year Ended June 30:		
2022		390,300
2023		391,800
2024		334,800
Thereafter		<u>536,700</u>
		1,653,600

NOTE 12 - RISK MANAGEMENT

Hospitalization

The Intermediate Unit is participating in the insurance consortium with member school districts to provide for the medical care for eligible employees and their dependents. The Intermediate Unit remits funds to the third-party administrators who process and pay the claims. The Intermediate Unit was limited in liability for claims to \$225,000 per individual per year and \$18,393,377 in total per year.

A liability for claims incurred prior to June 30, 2021, and subsequently paid is recorded in the amount of \$1,494,775 in accounts payable in the internal service fund.

Changes in the balances of claims liabilities during the past two years were as follows:

Medical	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year End
2019 - 2020	1,750,350	10,300,145	(10,647,773)	1,402,722
2020 - 2021	1,402,722	13,171,385	(13,094,332)	1,479,775

Dental Benefits

The Intermediate Unit also self-funds for dental care for eligible employees and their dependents, using a third-party administrator to process and pay claims. A liability for claims incurred prior to June 30, 2021, and subsequently paid is recorded in the amount of \$32,483 in accounts payable in the internal service fund.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 12 - RISK MANAGEMENT (Continued)

Dental Benefits (Continued)

Changes in the balances of claims liabilities during the past two years were as follows:

Dental	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year End
2019 - 2020	31,278	592,373	(597,921)	25,730
2020 - 2021	25,730	723,786	(717,033)	32,483

Property and Liability

The Intermediate Unit is participating with other school districts in the Lancaster-Lebanon Public Schools Insurance Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for eleven member school districts, five non-member school districts, Lancaster-Lebanon Intermediate Unit, the Lancaster County Academy, and the Lancaster County Career and Technical Center. This agreement states that the Intermediate Unit pays an annual premium to the Pool for the purpose of seeking the prevention or lessening of casualty losses to members from injuries to persons or property which might result in claims being made against members and to pool the insurance risks, reserves, claims, and losses, and providing self-insurance and reinsurance thereof. It is the intent of the members of the Pool that the Pool will utilize funds contributed by the members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each member of the Pool in accordance with the agreement against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance for claims greater than \$250,000 per occurrence.

The Pool is a related party of the Intermediate Unit, as it provides administrative services for the Pool. The Intermediate Unit received approximately \$32,933 for these services as of June 30, 2021.

As of June 30, 2021, the Intermediate Unit is not aware of any additional assessments relating to the Pool.

Workers' Compensation

The Intermediate Unit is participating in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the Fund), which is a cooperative voluntary trust arrangement for fourteen member school districts, three non-member school districts, the Lancaster-Lebanon Intermediate Unit and the Lancaster County Academy. This agreement states that the Intermediate Unit pays an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the members and pooling workers' compensation and occupational disease insurance risks, reserves, claims and losses, and providing self-insurance and reinsurance thereof.

It is the intent of the members of the Fund that the Fund will utilize funds contributed by the members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance.

The Pool is a related party of the Intermediate Unit, as it provides administrative services for the Pool. The Intermediate Unit received approximately \$52,200 for these services as of June 30, 2021.

As of June 30, 2021, the Intermediate Unit is not aware of any additional assessments relating to the Fund.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 12 - RISK MANAGEMENT (Continued)

Other Risks

The Intermediate Unit is exposed to other risks of loss related to theft of, damage to, and destruction of assets; errors and emissions; and natural disasters. The Intermediate Unit has purchased various insurance policies to safeguard its assets from risk of loss. During the year ended June 30, 2021, and the two previous years, no settlements exceeded insurance coverage.

NOTE 13 - CONTINGENT LIABILITIES

Grant Programs

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

Legal Matters

The Intermediate Unit is involved in various claims and legal actions arising in the ordinary course of business. The outcome of these matters cannot be determined at this time.

NOTE 14 - FUND BALANCE CLASSIFICATIONS

Governmental Funds

Nonspendable fund balance consists of amounts that cannot be spent, either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. At June 30, 2021, the Intermediate Unit has included the following as nonspendable fund balances:

General Fund - Inventories	71,040
General Fund - Prepaid Expenditures	<u>308,100</u>
	379,140
Special Education Fund - Prepaid Expenditures	1,262

Committed fund balances represent fund balances that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. At June 30, 2021, the Intermediate Unit has included the following as committed fund balances:

General Fund - Committed for Facility Refresh and Center Based Site Capital Projects	2,000,000
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Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 14 - FUND BALANCE CLASSIFICATIONS (Continued)

Governmental Funds (Continued)

Assigned fund balance comprises amounts intended to be used by the government for specific purposes determined by the governing body or by an official or body to which the governing body delegates the authority. At June 30, 2021, the Intermediate Unit has included the following as assigned fund balances:

General Fund - Assigned for Operating Activities	2,391,829
General Fund - Assigned for Building Improvements and Infrastructure	4,704,738
General Fund - Assigned for Risk Management and Mitigation	493,310
General Fund - Assigned for Retirement Stabilization	681,507
General Fund - Encumbrances	<u>19,367</u>
	8,290,751
Special Education Fund - Assigned for Program Specific Purposes	167,464
Student Sponsored Activity Fund - Assigned for Classroom Specific Purposes	24,756

Enterprise Funds

Strategic Business Unit (SBU) management teams are given discretion to use their marketplace program fund balances to support innovation and development of new SBU programs, services and products with the explicit intention to enrich and benefit the programs offered to our 22 member school districts. The net position is earmarked for this purpose.

Internal Service Funds

The internal service fund includes the research and development fund, the operating infrastructure programs, the hospitalization fund, the worker's compensation fund and the unemployment fund. At June 30, 2021, the amounts in net position earmarked for these purposes are as follows:

Research and Development	929,011
Operating Infrastructure	9,432
Facilities	(10,837)
Hospitalization	11,645,266
Worker's Compensation	466,064
Unemployment	<u>596,044</u>
	13,634,980

NOTE 15 - COMPONENTS of NET POSITION

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows and deferred inflows of resources attributable to capital assets or related debt are also included in this component of net position.

Lancaster-Lebanon Intermediate Unit 13

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 16 - SPECIAL ITEM

During 2020-21, the Intermediate Unit recorded a Special Item, Capital Donation for Building Renovation, of \$3,916,300. The Intermediate Unit contributed amounts to the Lancaster Lebanon Joint Authority to fund the renovation of the Central Education Center (CEC), formerly the Burgard building, in Manheim, PA for the purposes of providing future facilities for Intermediate Unit programs starting with the 2021-22 school year. As part of our strategic plan, the Intermediate Unit Board of School Directors were intentional in identifying fund balance reserves to support the facility needs of Intermediate Unit programs. The Lancaster Lebanon Joint Authority leases the CEC Building to the Intermediate Unit for its program needs.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
BUDGET and ACTUAL -
GENERAL FUND
Year Ended June 30, 2021

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Local Sources	\$ 10,136,048	\$ 10,358,470	\$ 8,332,450	\$ (2,026,020)
State Sources	25,449,424	25,950,779	22,971,327	(2,979,452)
Federal Sources	61,091,182	65,424,616	50,635,209	(14,789,407)
Total Revenues	96,676,654	101,733,865	81,938,986	(19,794,879)
EXPENDITURES				
Instructional Services:				
Special Programs	5,134,918	2,987,730	2,141,976	845,754
Other Instructional Programs	221,164	221,164	211,359	9,805
Nonpublic School Programs	7,981,456	8,270,715	7,494,772	775,943
Adult Education Programs	2,135,585	2,309,755	2,122,188	187,567
Pre-Kindergarten	12,055,220	13,080,891	10,155,143	2,925,748
Support Services:				
Pupil Personnel Services	5,811,232	5,821,716	4,961,203	860,513
Instructional Staff Services	26,256,067	27,551,030	19,436,353	8,114,677
Administrative Services	4,300,584	4,343,964	3,969,919	374,045
Pupil Health	81,176	80,691	218	80,473
Business Services	5,021,162	5,044,277	4,943,661	100,616
Operation and Maintenance of Plant Services	5,589,948	5,801,228	5,151,215	650,013
Student Transportation Services Central	285,829	76,173	109,813	(33,640)
Other Support Services	5,050,733	4,894,853	5,763,635	(868,782)
Other Support Services	24,068,573	28,085,170	23,342,216	4,742,954
Non-instructional Services:				
Food Services	518,357	543,614	70,587	473,027
Construction Services	-0-	-0-	-0-	-0-
Refund of Prior Year Receipts	-0-	-0-	-0-	-0-
Total Expenditures	104,512,004	109,112,971	89,874,258	19,238,713
DEFICIENCY of REVENUES over EXPENDITURES	(7,835,350)	(7,379,106)	(7,935,272)	(556,166)
OTHER FINANCING SOURCES				
Operating Transfers In	7,835,350	10,195,406	8,470,453	(1,724,953)
Special and Extraordinary Items	-0-	(2,816,300)	(3,916,300)	(1,100,000)
Net Other Financing Sources	7,835,350	7,379,106	4,554,153	2,824,953
NET CHANGES in FUND BALANCES	\$ -0-	\$ -0-	(3,381,119)	\$ 3,381,119
FUND BALANCES				
Beginning			15,624,072	
Ending			\$ 12,242,953	

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
BUDGET and ACTUAL -
SPECIAL EDUCATION FUND
Year Ended June 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Sources	\$ 41,378,114	\$ 41,656,053	\$ 38,307,783	\$ (3,348,270)
State Sources	<u>7,914,287</u>	<u>8,006,107</u>	<u>7,878,069</u>	<u>(128,038)</u>
Total Revenues	49,292,401	49,662,160	46,185,852	(3,476,308)
EXPENDITURES				
Instructional Services:				
Special Programs	40,651,596	40,940,550	37,331,021	3,609,529
Support Services:				
Instructional Staff Services	415,077	415,077	927,529	(512,452)
Administrative Services	1,892,100	1,956,732	1,944,298	12,434
Pupil Health	2,268,963	2,268,963	1,963,991	304,972
Business Services	98,007	98,007	99,224	(1,217)
Operation and Maintenance of Plant Services	940,200	940,200	825,273	114,927
Central	<u>-0-</u>	<u>-0-</u>	<u>34,171</u>	<u>(34,171)</u>
Total Expenditures	46,265,943	46,619,529	43,125,507	3,494,022
EXCESS of REVENUES over EXPENDITURES	3,026,458	3,042,631	3,060,345	17,714
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	211,266	218,714	190,388	(28,326)
Operating Transfers Out	(3,237,724)	(3,261,345)	(3,132,193)	129,152
Proceeds from Sale of Capital Assets	<u>-0-</u>	<u>-0-</u>	<u>525</u>	<u>525</u>
NET CHANGES in FUND BALANCES	<u>\$ -0-</u>	<u>\$ -0-</u>	119,065	<u>\$ 119,065</u>
FUND BALANCES				
Beginning			<u>49,661</u>	
Ending			<u>\$ 168,726</u>	

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
 BUDGET and ACTUAL -
 SPECIAL EDUCATION TRANSPORTATION FUND
 Year Ended June 30, 2021

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
State Sources	\$ 1,062,001	\$ 1,189,441	\$ 1,255,079	\$ 65,638
EXPENDITURES				
Support Services:				
Student Transportation Services	984,652	1,102,652	1,152,076	(49,424)
Central	<u>-0-</u>	<u>-0-</u>	<u>73</u>	<u>(73)</u>
Total Expenditures	<u>984,652</u>	<u>1,102,652</u>	<u>1,152,149</u>	<u>(49,497)</u>
EXCESS (DEFICIENCY) of REVENUES over EXPENDITURES				
	77,349	86,789	102,930	16,141
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	<u>(77,349)</u>	<u>(86,789)</u>	<u>(91,041)</u>	<u>(4,252)</u>
NET CHANGES in FUND BALANCES				
	<u>\$ -0-</u>	<u>\$ -0-</u>	11,889	<u>\$ 11,889</u>
FUND BALANCES				
Beginning			<u>(83,871)</u>	
Ending			<u>\$ (71,982)</u>	

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of REVENUES, EXPENDITURES, and CHANGES in FUND BALANCES -
BUDGET and ACTUAL -
STATE FUNDED EARLY INTERVENTION FUND
Year Ended June 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State Sources	\$ 17,269,594	\$ 19,193,897	\$ 19,148,645	\$ (45,252)
EXPENDITURES				
Instructional Services:				
Special Programs	13,022,347	14,868,694	14,632,014	236,680
Support Services:				
Pupil Personnel Services	970,004	962,795	1,073,558	(110,763)
Instructional Staff Services	-0-	-0-	99,729	(99,729)
Pupil Health	2,270,093	2,251,397	2,231,984	19,413
Central	-0-	-0-	349	(349)
Total Expenditures	16,262,444	18,082,886	18,037,634	45,252
EXCESS of REVENUES over EXPENDITURES	1,007,150	1,111,011	1,111,011	-0-
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	(1,007,150)	(1,111,011)	(1,111,011)	-0-
NET CHANGES in FUND BALANCES	\$ -0-	\$ -0-	-0-	\$ -0-
FUND BALANCES				
Beginning			-0-	
Ending			\$ -0-	

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13
NOTES to REQUIRED SUPPLEMENTARY INFORMATION

Lancaster-Lebanon Intermediate Unit 13 follows the following procedures in establishing the budgetary data reflected in the general purpose financial statements:

1. Under Act 1 requirements, management submits to the Intermediate Unit Board a preliminary budget for adoption 90 days prior to the primary election, and then a final budget for adoption on or before June 30, for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general fund.
2. Prior to June 30, the budget is legally enacted through passage of a resolution.
3. Legal budgetary control is maintained by the Intermediate Unit Board at the departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund, must be approved by the Board. Budgetary information in the combined operating statements is presented at or below the legal level of budgetary control. It also includes the effects of approved budget amendments.
4. Budgetary data is included in the Intermediate Unit's management information system and is employed as a management control device during the year.
5. Unused appropriations lapse at the end of each fiscal year.
6. The budgets for the general fund and all special revenue funds are adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of CHANGES in TOTAL OPEB LIABILITY and RELATED RATIOS -

SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN

Last 10 Fiscal Years

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 47,261	\$ 51,147	\$ 50,639	\$ 58,539	\$ 102,217
Interest	106,186	78,216	78,216	80,420	87,680
Changes of Benefit Terms	-0-	-0-	-0-	-0-	-0-
Differences Between Expected and Actual					
Experience	-0-	(172,000)	-0-	-0-	(48,453)
Changes of Assumptions	-0-	822,284	-0-	-0-	641,830
Benefit Payments	<u>(339,094)</u>	<u>(207,000)</u>	<u>(207,000)</u>	<u>(210,436)</u>	<u>(232,852)</u>
Net Change in Total OPEB Liability	(185,647)	572,647	(78,145)	(71,477)	550,422
Total OPEB Liability - Beginning	<u>3,179,647</u>	<u>2,607,000</u>	<u>2,685,145</u>	<u>2,756,622</u>	<u>2,206,200</u>
Total OPEB Liability - Ending	<u>\$ 2,994,000</u>	<u>\$ 3,179,647</u>	<u>\$ 2,607,000</u>	<u>\$ 2,685,145</u>	<u>\$ 2,756,622</u>
Covered Payroll	61,185,636	59,693,303	59,693,303	54,993,675	53,652,366
Total OPEB Liability as a Percentage of Covered Payroll	4.9%	5.3%	4.4%	4.9%	5.1%

Note: Information is not available prior to 2017.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13
NOTES to REQUIRED SUPPLEMENTARY INFORMATION -
SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN
Last 10 Fiscal Years

Funding:

No assets are accumulated in a trust that meet the criteria included in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, to pay related benefits.

Changes of Assumptions:

Measurement period ending June 30, 2018:

Health care cost trend rate assumptions changed from a 1% decrease every year ending in an ultimate 5% rate in 2020 and later years to 5.5% for 2019/20, decreasing 0.1% per year to a rate of 5.2% for years 2020/23 through 2044/45, then decreasing 0.1% every two years to an ultimate rate of 4.7% in 2055/56 and later years.

Discount rate was increased from 3.00% to 3.50%.

Pre-Retirement Mortality - PubT.H.2000 Employee (Male and Female weighted by headcount) as published by the Society of Actuaries; previously RP-2014 Employee (Male and Female weighted by amount) as published by the Society of Actuaries was assumed.

Post-Retirement Mortality - PubT.H.2000 Healthy Annuitant (Male and Female weighted by headcount) as published by the Society of Actuaries; previously RP-2014 Health Annuitant (Male and Female weighted by amount) as published by the Society of Actuaries was assumed.

Mortality Improvement - Scale MP-2018 (Male and Female) as published by the Society of Actuaries, fully generational; previously Scale MP-2016 (Male and Female) as published by the Society of Actuaries, fully generational, was assumed.

Retiree Coverage - It is assumed that 20% of future retirees will participate in the retiree medical program; previously it was assumed that 40% of future retirees will participate in the retiree medical program.

Spouse Coverage - 50% of future retirees are assumed to be married and 10% of spouses will participate in the retiree medical program. The spouse is assumed to be the opposite sex and the same age as the employee. Previously, 80% of future retirees were assumed to be married.

Measurement period ending June 30, 2016:

Actuarial cost method was adjusted from Unit Credit method to Entry Age Normal.

Discount rate was reduced from 4.00% to 3.00%.

Salary growth changed from an annual rate of 0.00% to 2.50%.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13
 SCHEDULE of EMPLOYER CONTRIBUTIONS -
 PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PLAN
 Last 10 Fiscal Years

Fiscal Year Ended June 30	Contractually Required Contributions	Contributions from Employer	Contributions Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	478,854	478,854	-0-	53,047,126	0.90%
2016	462,484	462,484	-0-	54,767,944	0.84%
2017	478,604	478,604	-0-	57,620,938	0.83%
2018	493,162	493,162	-0-	59,589,699	0.83%
2019	509,000	509,000	-0-	61,438,977	0.83%
2020	557,400	557,400	-0-	66,514,962	0.84%
2021	558,400	558,400	-0-	67,977,357	0.82%

Note: Information is not available prior to 2015.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of the INTERMEDIATE UNIT'S PROPORTIONATE SHARE of the NET OPEB LIABILITY -
PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PLAN

Last 10 Fiscal Years

Fiscal Year Ended June 30	Intermediate Unit's Proportion of the Net OPEB Liability	Intermediate Unit's Proportionate Share of the Net OPEB Liability	Intermediate Unit's Covered-Employee Payroll	Intermediate Unit's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2016	0.4229%	9,109,000	54,767,944	16.63%	5.47%
2017	0.4328%	8,818,000	57,620,938	15.30%	5.73%
2018	0.4425%	9,226,000	59,589,699	15.48%	5.56%
2019	0.4455%	9,475,000	61,438,977	15.42%	5.56%
2020	0.4739%	10,240,000	66,514,962	15.40%	5.59%

Note: Information is not available prior to 2016.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13
NOTES to REQUIRED SUPPLEMENTARY INFORMATION -
PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PLAN
Last 10 Fiscal Years

Changes of Assumptions:

Measurement period ending June 30, 2020:

Discount rate was decreased from 2.79% to 2.66%.

Measurement period ending June 30, 2019:

Discount rate was decreased from 2.98% to 2.79%.

Measurement period ending June 30, 2017:

Discount rate was decreased from 3.13% to 2.98%.

Measurement period ending June 30, 2016:

Discount rate was increased from 2.71% to 2.98%.

Salary growth changes from an effective average of 5.50% to 5.00%.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EMPLOYER CONTRIBUTIONS -
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM -
Last 10 Fiscal Years

	Contractually Required Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Defined Benefit Pension Plan:					
2012	4,394,384	4,394,384	-0-	54,929,804	8.00%
2013	5,940,506	5,940,506	-0-	53,083,351	11.50%
2014	8,232,773	8,232,773	-0-	52,602,009	16.00%
2015	10,697,790	10,697,790	-0-	53,047,126	20.50%
2016	13,510,678	13,510,678	-0-	54,767,944	25.00%
2017	16,645,160	16,645,160	-0-	57,620,938	29.17%
2018	18,630,349	18,630,349	-0-	59,589,699	31.26%
2019	20,044,000	20,044,000	-0-	61,367,426	32.66%
2020	22,333,000	22,333,000	-0-	66,514,962	33.58%
2021	22,887,000	22,887,000	-0-	67,977,357	33.69%

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of INTERMEDIATE UNIT'S PROPORTIONATE SHARE of the NET PENSION LIABILITY -
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM -
Last 10 Fiscal Years

For the Fiscal Year Ended June 30	Intermediate Unit's Proportion of the Net Pension Liability (Assets)	Intermediate Unit's Proportionate Share of the Net Pension Liability (Asset)	Intermediate Unit's Covered- Employee Payroll	Intermediate Unit's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.4122%	163,152,000	52,602,009	310.16%	57.24%
2015	0.4123%	178,589,000	53,047,126	336.66%	54.36%
2016	0.4229%	209,576,000	54,767,944	382.66%	50.14%
2017	0.4328%	213,753,000	57,620,938	370.96%	51.84%
2018	0.4425%	212,422,000	59,589,699	356.47%	54.00%
2019	0.4455%	208,417,000	61,438,977	339.23%	55.66%
2020	0.4713%	232,065,000	66,514,962	348.89%	54.32%

Note: Information is not available prior to 2014.

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13
NOTES to REQUIRED SUPPLEMENTARY INFORMATION -
PUBLIC SCHOOLS EMPLOYEES' RETIREMENT SYSTEM

Changes of Benefit Terms:

Measurement period ending June 30, 2017:

Beginning June 12, 2017, 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 of Assumptions:

Measurement period ending June 30, 2016:

Investment rate of return was adjusted from 7.50% to 7.25%.

Inflation assumption was decreased from 3.0% to 2.75%.

Salary growth changed from an effective average of 5.50% to 5.00%.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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.

Lancaster-Lebanon Intermediate Unit 13
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
U.S. Department of Agriculture	Pennsylvania Department of Education	Child and Adult Care Food Program	I	10.558	164	10/01/20 - 09/30/21	298,874	\$ -0-	\$ 38,891	\$ 34,727	\$ (4,164)	\$ -0-
U.S. Department of Agriculture	Pennsylvania Department of Education	Child and Adult Care Food Program	I	10.558	164	10/01/19 - 09/30/20	298,874	(3,302)	-0-	3,302	-0-	-0-
				Total	10.558			(3,302)	38,891	38,029	(4,164)	-0-
WIOA Cluster												
U.S. Department of Labor	Lancaster County Workforce Investment Board	WIOA Adult Program	I	17.258	N/A	07/01/20 - 06/30/21	45,000	-0-	31,812	45,000	13,188	-0-
U.S. Department of Labor	Lancaster County Workforce Investment Board	WIOA Adult Program	I	17.258	N/A	07/01/19 - 06/30/20	70,000	8,012	8,012	-0-	-0-	-0-
				Total	17.258			8,012	39,824	45,000	13,188	-0-
U.S. Department of Labor	Lancaster County Workforce Investment Board	WIOA Youth Activities	I	17.259	N/A	07/01/20 - 06/30/21	30,000	-0-	21,208	30,000	8,792	-0-
U.S. Department of Labor	Lancaster County Workforce Investment Board	WIOA Youth Activities	I	17.259	N/A	07/01/19 - 06/30/20	30,000	3,434	3,434	-0-	-0-	-0-
U.S. Department of Labor	South Central Workforce Investment Board	WIOA Youth Activities	I	17.259	P19-433-180-20-3301-06	07/01/20 - 06/30/21	142,689	-0-	114,398	142,389	27,991	-0-
U.S. Department of Labor	South Central Workforce Investment Board	WIOA Youth Activities	I	17.259	P19-433-180-19-3301-02	07/01/19 - 06/30/20	176,623	23,056	23,056	-0-	-0-	-0-
U.S. Department of Labor	South Central Workforce Investment Board	WIOA Youth Activities	I	17.259	P19-433-180-19-3301-06	10/01/20 - 06/30/21	86,640	\$ -0-	\$ 75,219	\$ 86,640	\$ 11,421	\$ -0-

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
WIOA Cluster (Continued)												
U.S. Department of Labor	South Central Workforce Investment Board	WIOA Youth Activities	I	17.259	P19-433-180-19-3301-02	10/01/19 - 06/30/20	53,200	\$ 23,996	\$ 23,996	\$ -0-	\$ -0-	\$ -0-
U.S. Department of Labor	Educational Data Systems, Inc.	WIOA Youth Activities	I	17.259	19-EDSI OSY	07/01/19 - 06/30/20	31,000	3,287	3,287	-0-	-0-	-0-
U.S. Department of Labor	South Central Workforce Investment Board	WIOA Youth Activities	I	17.259	P19-433-180-18-3342-03	07/01/19 - 06/30/20	45,000	<u>5,860</u>	<u>8,853</u>	<u>2,993</u>	<u>-0-</u>	<u>-0-</u>
			Total	17.259				59,633	273,451	262,022	48,204	-0-
U.S. Department of Labor	Lancaster County Workforce Investment Board	WIOA Dislocated Worker Formula Grants	I	17.278	N/A	07/01/20 - 06/30/21	54,096	-0-	19,117	53,156	34,039	-0-
U.S. Department of Labor	Lancaster County Workforce Investment Board	WIOA Dislocated Worker Formula Grants	I	17.278	N/A	07/01/20 - 06/30/21	30,000	-0-	21,208	30,000	8,792	-0-
U.S. Department of Labor	Lancaster County Workforce Investment Board	WIOA Dislocated Worker Formula Grants	I	17.278	N/A	07/01/20 - 06/30/21	34,350	-0-	10,496	34,350	23,854	-0-
U.S. Department of Labor	Lancaster County Workforce Investment Board	WIOA Dislocated Worker Formula Grants	I	17.278	N/A	07/01/19 - 06/30/20	40,000	<u>4,579</u>	<u>4,579</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
			Total	17.278				4,579	55,400	117,506	66,685	-0-
			Total WIOA Cluster					72,224	368,675	424,528	128,077	-0-
U.S. Department of Treasury	Pennsylvania Commission on Crime and Delinquency	COVID 19 - Coronavirus Relief Fund	I	21.019	2020-CS-01-33367	03/01/20 - 10/30/20	90,000	\$ 51,037	\$ 90,000	\$ 38,963	\$ -0-	\$ -0-

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
U.S. Department of Treasury	Lancaster County Workforce Investment Board	COVID 19 - Coronavirus Relief Fund	I	21.019	N/A	09/23/20 - 12/31/20	5,000	\$ -0-	\$ 1,264	\$ 1,264	\$ -0-	\$ -0-
U.S. Department of Treasury	Pennsylvania Department of Education	COVID 19 - Coronavirus Relief Fund	I	21.019	161-190078	03/01/20 - 11/30/20	181,743	-0-	181,743	181,743	-0-	138,675
U.S. Department of Treasury	Lancaster County	COVID 19 - Coronavirus Relief Fund	I	21.019	N/A	03/01/20 - 12/30/20	489,641	1,017	490,658	489,641	-0-	-0-
U.S. Department of Treasury	Lancaster County	COVID 19 - Coronavirus Relief Fund	I	21.019	N/A	07/01/20 - 12/31/20	243,000	-0-	243,000	243,000	-0-	-0-
				Total	21.019			52,054	1,006,665	954,611	-0-	138,675
U.S. Department of Education	Pennsylvania Department of Education	Adult Education - Basic Grants to States	I	84.002	064-210015	07/01/20- 06/30/21	792,196	-0-	792,196	792,196	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	Adult Education - Basic Grants to States	I	84.002	061-200004	07/01/19 - 06/30/20	349,600	29,133	29,133	-0-	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	Adult Education - Basic Grants to States	I	84.002	061-210003	07/01/20 - 06/30/21	400,000	-0-	366,667	400,000	33,333	-0-
				Total	84.002			29,133	1,187,996	1,192,196	33,333	-0-
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	149-210613	07/01/20 - 06/30/21	17,655	-0-	8,827	17,655	8,828	-0-
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	149-200013	07/01/19 - 06/30/20	17,655	\$ 17,655	\$ 17,655	\$ -0-	\$ -0-	\$ -0-

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	149-210613	07/01/20 - 06/30/21	14,200	\$ -0-	\$ 7,100	\$ 14,200	\$ 7,100	\$ -0-
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	107-200613	08/28/19 - 09/30/20	86,635	873	12,376	11,503	-0-	10,652
U.S. Department of Education	Pennsylvania Department of Education	Title I Grants to Local Educational Agencies	I	84.010	107-210613	08/31/20 - 09/30/21	101,706	-0-	78,235	89,516	11,281	82,885
U.S. Department of Education	Allegheny Intermediate Unit	Title I Grants to Local Educational Agencies	I	84.010	PO4300630541	07/01/19 - 06/30/21	2,357,379	495,824	1,179,381	898,772	215,215	-0-
				Total	84.010			514,352	1,303,574	1,031,646	242,424	93,537
Special Education Cluster (IDEA)												
U.S. Department of Education	Pennsylvania Department of Education	Special Education Grants to States	I	84.027	062-210037	07/01/20 - 09/30/21	423,604	-0-	338,883	348,495	9,612	-0-
U.S. Department of Education	Pennsylvania Department of Education	Special Education Grants to States	I	84.027	062-200037	07/01/19 - 09/30/20	420,000	12,238	56,000	43,762	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	Special Education Grants to States	I	84.027	131-200013	07/01/20 - 06/30/21	2,027,231	-0-	2,027,231	2,024,069	(3,162)	-0-
U.S. Department of Education	Pennsylvania Department of Education	Special Education Grants to States	I	84.027	131-190013	07/01/19 - 06/30/20	2,022,067	(399)	-0-	399	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	Special Education Grants to States	I	84.027	062-210013	07/01/20 - 09/30/22	19,383,873	-0-	14,214,840	19,188,492	4,973,652	17,455,862
U.S. Department of Education	Pennsylvania Department of Education	Special Education Grants to States (Notes 6 and 7)	I	84.027	062-200013	07/01/19 - 09/30/21	18,655,972	\$ 4,723,064	\$ 4,974,926	\$ 250,722	\$ (1,140)	\$ -0-

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13
SCHEDULE of EXPENDITURES of FEDERAL AWARDS
(Continued)
Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
Special Education Cluster (IDEA) (Continued)												
U.S. Department of Education	Pennsylvania Department of Education	Special Education Grants to States	I	84.027	062-210033	07/01/20 - 09/30/22	21,506,250	\$ -0-	\$ 12,672,518	\$ 14,837,600	\$ 2,165,082	\$ 5,637,149
U.S. Department of Education	Pennsylvania Department of Education	Special Education Grants to States (Note 6)	I	84.027	062-200000	07/01/19 - 09/30/21	21,500,430	<u>2,877,477</u>	<u>8,600,172</u>	<u>5,722,695</u>	<u>-0-</u>	<u>3,260,009</u>
				Total	84.027			7,612,380	42,884,570	42,416,234	7,144,044	26,353,020
U.S. Department of Education	Pennsylvania Department of Education	Special Education Preschool Grants	I	84.173	131-200013	07/01/20 - 06/30/21	411,820	<u>-0-</u>	<u>411,820</u>	<u>411,820</u>	<u>-0-</u>	<u>89,505</u>
				Total Special Education Cluster (IDEA)				7,612,380	43,296,390	42,828,054	7,144,044	26,442,525
U.S. Department of Education	LaAcademia: The Partnership Charter School	Twenty-First Century Community Learning Centers	I	84.287	N/A	10/01/20 - 09/30/21	8,000	-0-	4,000	8,000	4,000	-0-
U.S. Department of Education	LaAcademia: The Partnership Charter School	Twenty-First Century Community Learning Centers	I	84.287	N/A	10/01/19 - 09/30/20	8,000	52	52	-0-	-0-	-0-
U.S. Department of Education	School District of Lancaster	Twenty-First Century Community Learning Centers	I	84.287	21001312	07/01/20 - 06/30/21	56,583	-0-	56,583	56,583	-0-	-0-
U.S. Department of Education	LaAcademia: The Partnership Charter School	Twenty-First Century Community Learning Centers	I	84.287	20001312	07/01/19 - 06/30/20	41,800	4,694	4,694	-0-	-0-	-0-
U.S. Department of Education	LaAcademia: The Partnership Charter School	Twenty-First Century Community Learning Centers	I	84.287	20002815	07/01/19 - 06/30/20	26,910	<u>5,382</u>	<u>5,382</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
				Total	84.287			10,128	70,711	64,583	4,000	-0-
U.S. Department of Education	Pennsylvania Department of Education	English Language Acquisition State Grants	I	84.365	010-210613	10/01/20 - 09/30/21	8,767	\$ -0-	\$ 4,046	\$ 1,906	\$ (2,140)	\$ -0-

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
U.S. Department of Education	Pennsylvania Department of Education	English Language Acquisition State Grants	I	84.365	010-200613	10/01/19 - 09/30/20	10,863	\$ 4,087	\$ 6,985	\$ -0-	\$ (2,898)	\$ -0-
U.S. Department of Education	Pennsylvania Department of Education	English Language Acquisition State Grants	I	84.365	010-200613	10/01/20 - 09/30/21	195,837	-0-	90,387	118,414	28,027	-0-
U.S. Department of Education	Pennsylvania Department of Education	English Language Acquisition State Grants	I	84.365	010-200613	10/01/19 - 09/30/21	170,558	<u>27,126</u>	<u>109,643</u>	<u>82,517</u>	<u>-0-</u>	<u>-0-</u>
			Total	84.365				31,213	211,061	202,837	22,989	-0-
U.S. Department of Education	Pennsylvania Department of Education	Supporting Effective Instruction State Grants	I	84.367	149-210613	07/01/20 - 06/30/21	9,200	-0-	4,600	9,200	4,600	-0-
U.S. Department of Education	Pennsylvania Department of Education	Supporting Effective Instruction State Grants	I	84.367	149-200013	07/01/19 - 06/30/20	9,600	9,600	9,600	-0-	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	Supporting Effective Instruction State Grants	I	84.367	156-210613	07/01/20 - 06/30/21	8,750	-0-	8,750	8,750	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	Supporting Effective Instruction State Grants	I	84.367	149-200013	07/01/19 - 06/30/20	6,650	6,650	6,650	-0-	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	Supporting Effective Instruction State Grants	I	84.367	156-200013	07/01/19 - 06/30/20	17,500	10,207	10,207	-0-	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	Supporting Effective Instruction State Grants	I	84.367	156-200013	07/01/19 - 06/30/20	17,500	<u>5,406</u>	<u>5,406</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
			Total	84.367				31,863	45,213	17,950	4,600	-0-
U.S. Department of Education	Pennsylvania Department of Education	Student Support and Academic Enrichment Program	I	84.424	149-210613	07/01/20 - 06/30/21	12,500	\$ -0-	\$ 6,250	\$ 12,500	\$ 6,250	\$ -0-

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
U.S. Department of Education	Pennsylvania Department of Education	Student Support and Academic Enrichment Program	I	84.424	156-210613	07/01/20 - 06/30/21	60,800	\$ -0-	\$ 60,800	\$ 60,800	\$ -0-	\$ -0-
U.S. Department of Education	Pennsylvania Department of Education	Student Support and Academic Enrichment Program	I	84.424	156-200013	07/01/19 - 06/30/20	51,534	<u>30,062</u>	<u>30,062</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
		Total		84.424				30,062	97,112	73,300	6,250	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19 - Education Stabilization Fund	I	84.425D	157-210613	07/01/20 - 06/30/21	59,375	-0-	29,687	59,375	29,688	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19 - Education Stabilization Fund	I	84.425D	149-210613	07/01/20 - 06/30/21	43,300	<u>-0-</u>	<u>21,650</u>	<u>43,300</u>	<u>21,650</u>	<u>-0-</u>
		Total		84.425D				-0-	51,337	102,675	51,338	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19 - Education Stabilization Fund	I	84.425C	255-210613	03/13/20 - 09/30/23	3,959,249	-0-	31,165	1,521	(29,644)	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19 - Education Stabilization Fund	I	84.425C	250-200020	03/13/20 - 09/30/22	35,358	-0-	35,358	35,358	-0-	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19 - Education Stabilization Fund	I	84.425C	162-190013	03/13/20 - 09/30/22	155,796	-0-	155,796	101,406	(54,390)	-0-
U.S. Department of Education	Pennsylvania Department of Education	COVID-19 - Education Stabilization Fund	I	84.425C	163-190013	03/13/20 - 09/30/22	259,660	<u>-0-</u>	<u>259,660</u>	<u>59,449</u>	<u>(200,211)</u>	<u>-0-</u>
		Total		84.425C				-0-	481,979	197,734	(284,245)	-0-
		Total		84.425				-0-	533,316	300,409	(232,907)	-0-
477 Cluster												
U.S. Department of Health and Human Services	South Central Workforce Investment Board	Temporary Assistance for Needy Families	I	93.558	P19-433-180-20-3361-08	07/01/20 - 06/30/21	162,510	\$ -0-	\$ 124,707	\$ 162,510	\$ 37,803	\$ -0-

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
477 Cluster (Continued)												
U.S. Department of Health and Human Services	South Central Workforce Investment Board	Temporary Assistance for Needy Families	I	93.558	P19-433-180-19-3361-02	07/01/19 - 06/30/20	119,800	\$ 24,406	\$ 24,406	\$ -0-	\$ -0-	\$ -0-
U.S. Department of Health and Human Services	South Central Workforce Investment Board	Temporary Assistance for Needy Families	I	93.558	4100081177	07/01/19 - 06/30/20	244,000	-0-	195,401	244,000	48,599	-0-
U.S. Department of Health and Human Services	Pennsylvania Department of Education	Temporary Assistance for Needy Families	I	93.558	4100081177	07/01/19 - 06/30/20	244,000	69,997	69,997	-0-	-0-	-0-
		Total		477 Cluster				94,403	414,511	406,510	86,402	-0-
U.S. Department of Health and Human Services	Office of Refugee Resettlement	Refugee and Entrant Assistance Discretionary Grants	I	93.576	FC4100081657	10/01/20 - 09/30/21	50,118	-0-	19,215	30,674	11,459	-0-
U.S. Department of Health and Human Services	Office of Refugee Resettlement	Refugee and Entrant Assistance Discretionary Grants	I	93.576	FC4100081657	10/01/19 - 09/30/20	57,135	30,630	38,415	7,785	-0-	-0-
U.S. Department of Health and Human Services	Office of Refugee Resettlement	Refugee and Entrant Assistance Discretionary Grants	I	93.576	90ZM0016-03-00	09/30/20 - 09/29/21	250,000	-0-	116,874	166,978	50,104	-0-
U.S. Department of Health and Human Services	Office of Refugee Resettlement	Refugee and Entrant Assistance Discretionary Grants	I	93.576	90ZM0016-02-01	09/30/19 - 09/29/20	250,000	61,395	127,955	66,560	-0-	-0-
U.S. Department of Health and Human Services	Office of Refugee Resettlement	Refugee and Entrant Assistance Discretionary Grants	I	93.576	90ZM0016-01-00	09/30/18 - 09/29/20	250,000	10,903	17,999	7,096	-0-	-0-
		Total		93.576				\$ 102,928	\$ 320,458	\$ 279,093	\$ 61,563	\$ -0-

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients
U.S. Department of Health and Human Services	Church World Service	Refugee and Entrant Assistance Wilson-Fish	I	93.583	90RW0061	10/01/20 - 09/30/21	49,765 \$	-0-	-0-	32,230 \$	32,230 \$	-0-
Head Start Cluster												
U.S. Department of Health and Human Services	N/A	Head Start	D	93.600	03CH011131	01/01/21 - 12/31/21	1,805,505	-0-	669,658	868,819	199,161	-0-
U.S. Department of Health and Human Services	N/A	Head Start	D	93.600	03CH011131	01/01/20 - 12/31/20	1,716,934	144,361	827,445	838,936	155,852	-0-
U.S. Department of Health and Human Services	N/A	COVID 19 - Head Start	D	93.600	03CH011131	01/01/20 - 12/31/20	145,003	-0-	58,750	80,970	22,220	-0-
U.S. Department of Health and Human Services	Pennsylvania Department of Human Resources	COVID 19 - Head Start	I	93.600	03CH011343	01/01/20 - 12/31/20	66,789	-0-	29,731	40,652	10,921	-0-
U.S. Department of Health and Human Services	Berks County Intermediate Unit	COVID 19 - Early Head Start	I	93.600	03HP000326-02-01	08/01/20 - 07/31/21	8,260	-0-	8,261	993	(7,268)	-0-
U.S. Department of Health and Human Services	Pennsylvania Department of Human Services	Head Start	I	93.600	4100082355	01/01/21 - 12/31/21	777,778	-0-	388,889	357,578	(31,311)	-0-
U.S. Department of Health and Human Services	Pennsylvania Department of Human Services	Head Start	I	93.600	4100082355	01/01/20 - 12/31/20	777,778	(6,807)	397,280	404,087	-0-	-0-
U.S. Department of Health and Human Services	Community Action Partnership of Lancaster County	Head Start	I	93.600	03CH010640	05/01/21 - 04/30/22	721,112 \$	-0-	-0-	109,482 \$	109,482 \$	-0-

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2021

Federal Grantor	Pass-Through Agency	Federal Program	Source Code	Federal AL Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Date	Grant Amount	Accrued (Deferred) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Passed Through to Subrecipients	
Head Start Cluster (Continued)													
U.S Department of Health and Human Services	Community Action Partnership of Lancaster County	Head Start	I	93.600	03CH010640	05/01/20 - 04/30/21	711,829	\$ 88,215	\$ 569,461	\$ 532,945	\$ 51,699	\$ -0-	
Total Head Start Cluster								225,769	2,949,475	3,234,462	510,756	-0-	
Medicaid Cluster													
U.S. Department of Health and Human Services	Pennsylvania Department of Human Services	Medical Assistance Program	I	93.778	4100086473	07/01/20 - 09/23/21	200,000	-0-	200,000	200,000	-0-	-0-	
U.S. Department of Health and Human Services	Pennsylvania Department of Human Services	Medical Assistance Program	I	93.778	092-007513	07/01/19 - 06/30/20	N/A	42,360	42,360	-0-	-0-	-0-	
U.S. Department of Health and Human Services	Pennsylvania Department of Human Services	Medical Assistance Program	I	93.778	092-007513	07/01/20 - 06/30/21	N/A	-0-	41,400	133,959	92,559	-0-	
U.S. Department of Health and Human Services	Pennsylvania Department of Human Services	Medical Assistance Program	I	93.778	044-007513	07/01/14 - 06/30/21	N/A	(569,617)	157,775	90,326	(637,066)	-0-	
Total Medicaid Cluster								(527,257)	441,535	424,285	(544,507)	-0-	
U.S. Department of Homeland Security	N/A	Citizenship Education and Training	D	97.010	20CICET00161	10/01/20 - 09/30/22	250,000	-0-	39,300	76,447	37,147	35,473	
U.S. Department of Homeland Security	N/A	Citizenship Education and Training	D	97.010	18CICET00074-01-00	10/01/18 - 09/30/20	250,000	71,852	111,252	39,400	-0-	14,281	
Total								97,010	71,852	150,552	115,847	37,147	49,754
U.S. Department of Homeland Security	Commonwealth of PA	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	I	97.036	30-FA-12	01/01/21 - 06/30/21	60,583	-0-	60,583	60,583	-0-	-0-	
TOTAL EXPENDITURES of FEDERAL AWARDS								\$ 8,347,802	\$ 52,496,718	\$ 51,681,153	\$ 7,532,237	\$ 26,724,491	

Legend
D = Direct Funding
I = Indirect Funding
AL = Assistance Listing

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2021

NOTES to SCHEDULE of EXPENDITURES of FEDERAL AWARDS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

NOTE 2 - DE MINIMIS INDIRECT COST RATE

The Intermediate Unit did not elect to use the 10% de minimis indirect cost rate.

NOTE 3 - ACCESS

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct, eligible health-related services provided to enrolled special needs students. Reimbursements are federal money but are classified as fee-for-service revenues and are not considered federal financial assistance. Because only federal financial assistance is included on the schedule of expenditures of federal awards, ACCESS reimbursements are not included on the schedule. The amounts of ACCESS funding received for the year ended June 30, 2021, were \$1,818,034 and \$484,538 which were listed on the PDE Confirmation as programs #044-007513 and #092-007513, respectively.

NOTE 4 - COST PRINCIPLES

Expenditures are recognized as following, as applicable, either the cost principles in OMB Circular A-87, cost principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 5 - COVID-19

Federal funding provided by Congress to address the COVID-19 pandemic is identified by "COVID-19" in the federal program column of the schedule of expenditures of federal awards. This includes new grants created by pandemic-related legislation, as well as incremental funding for existing federal programs.

NOTE 6 - CHANGES in ACCRUED (DEFERRED) REVENUE at JUNE 30, 2020

AL #	Pass- Through Grantor's Number	Accrued Revenue at June 30, 2020	Accrued Revenue at July 1, 2020	Difference
84.027	062-200000	2,877,527	2,877,477	(50)
84.027	062-200013	4,724,204	4,723,064	(1,140)

See independent auditors' report.

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of EXPENDITURES of FEDERAL AWARDS

(Continued)

Year Ended June 30, 2021

NOTES to SCHEDULE of EXPENDITURES of FEDERAL AWARDS (Continued)

NOTE 7 - RETURNED MONEY

The amount listed as accrued (deferred) revenue at June 30, 2021, on the schedule of expenditures of federal awards, includes \$1,140 for funds which were returned to the grantor agency during the year ended June 30, 2021.

See independent auditors' report.



INDEPENDENT AUDITORS' 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

To the Board Officers and Members
Lancaster-Lebanon Intermediate Unit 13
Lancaster County, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Lancaster-Lebanon Intermediate Unit 13**, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Lancaster-Lebanon Intermediate Unit 13's basic financial statements, and have issued our report thereon dated December 2, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Lancaster-Lebanon Intermediate Unit 13's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Lancaster-Lebanon Intermediate Unit 13's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Lancaster-Lebanon Intermediate Unit 13'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 **Lancaster-Lebanon Intermediate Unit 13's** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Trout CPA

December 2, 2021
Lancaster, Pennsylvania



**INDEPENDENT AUDITORS' REPORT on COMPLIANCE for EACH MAJOR PROGRAM
and on INTERNAL CONTROL over COMPLIANCE as REQUIRED by the UNIFORM GUIDANCE**

To the Board Officers and Members
Lancaster-Lebanon Intermediate Unit 13
Lancaster County, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited **Lancaster-Lebanon Intermediate Unit 13's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Lancaster-Lebanon Intermediate Unit 13's** major federal programs for the year ended June 30, 2021. **Lancaster-Lebanon Intermediate Unit 13's** major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Lancaster-Lebanon Intermediate Unit 13'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 **Lancaster-Lebanon Intermediate Unit 13'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 **Lancaster-Lebanon Intermediate Unit 13's** compliance.

Opinion on Each Major Federal Program

In our opinion, **Lancaster-Lebanon Intermediate Unit 13** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of **Lancaster-Lebanon Intermediate Unit 13** 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 **Lancaster-Lebanon Intermediate Unit 13'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 **Lancaster-Lebanon Intermediate Unit 13'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.

Trout CPA

December 2, 2021
Lancaster, Pennsylvania

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of FINDINGS and QUESTIONED COSTS

Year Ended June 30, 2021

A. Summary of Auditors' Results

1. The independent auditors' report expresses unmodified opinions on the financial statements of **Lancaster-Lebanon Intermediate Unit 13**.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of **Lancaster-Lebanon Intermediate Unit 13** were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance as Required by the Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for **Lancaster-Lebanon Intermediate Unit 13** expresses an unmodified opinion.
6. Audit findings relative to the major federal awards programs for **Lancaster-Lebanon Intermediate Unit 13** are reported in part C of this schedule.
7. The programs tested as major programs are: COVID 19 - Coronavirus Relief Fund Program - AL #21.019, Special Education Grants to States - AL #84.027, Special Education Preschool Grants - AL #84.173, and Head Start - AL #93.600.
8. The threshold for distinguishing type A and B programs was \$1,550,435.
9. **Lancaster-Lebanon Intermediate Unit 13** was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Awards Programs Audit

None

Lancaster-Lebanon Intermediate Unit 13

SUMMARY SCHEDULE of PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

There are no prior audit findings.



INDEPENDENT ACCOUNTANTS' REPORT on APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Lancaster-Lebanon Intermediate Unit 13
and the Commonwealth of Pennsylvania, Department of Human Services

We have performed the procedures enumerated below which were agreed to by **Lancaster-Lebanon Intermediate Unit 13** and the Commonwealth of Pennsylvania Department of Human Services (DHS), on the Schedule of Contractual Service Activity for Early Head Start Grant #4100082355 for the period January 1, 2020 through December 31, 2020.

Lancaster-Lebanon Intermediate Unit 13 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of verifying by comparison the amounts and classifications of the Schedule of Contractual Service Activity for Early Head Start Grant #4100082355 for the period January 1, 2020 through December 31, 2020 have been accurately compiled in accordance with the provisions of this agreement and reflects the audited books and records of **Lancaster-Lebanon Intermediate Unit 13**. Additionally, the Commonwealth of Pennsylvania Department of Human Services agreed to and acknowledge that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We have verified by comparison the amounts and classifications that the Schedule of Contractual Service Activity for Early Head Start Grant #4100082355 for the period January 1, 2020 through December 31, 2020, has been accurately compiled in accordance with the provisions of this agreement and reflects the audited books and records of **Lancaster-Lebanon Intermediate Unit 13**. We also have verified by comparison to the sample schedule that this schedule is presented, at a minimum, at the level of detail and in the format required by the agreement pertaining to this period.
2. We inquired of management regarding any adjustments to the reported information which should be made and/or were not reflected on the reports submitted to DHS for the periods in question.

Our findings are as follows:

The processes detailed in #1 and #2 above disclosed the following adjustments and/or findings:

None

We were engaged by **Lancaster-Lebanon Intermediate Unit 13** to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Schedule of Contractual Service Activity for Early Head Start Grant #4100082355 required by the Early Head Start grant agreement for the period January 1, 2020 through December 31, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of **Lancaster-Lebanon Intermediate Unit 13** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors of **Lancaster-Lebanon Intermediate Unit 13** and the Commonwealth of Pennsylvania Department of Human Services (DHS), and is not intended to be and should not be used by anyone other than those specified parties.

Trout CPA

December 2, 2021
Lancaster, Pennsylvania

Lancaster-Lebanon Intermediate Unit 13

SCHEDULE of CONTRACTUAL SERVICE ACTIVITY for EARLY HEAD START GRANT #4100082355

For the Period January 1, 2020 through December 31, 2020

	Budget	Actual
Personnel	\$ 421,288	\$ 421,288
Fringe Benefits	209,337	209,630
Travel	2,343	2,343
Supplies	20,158	18,693
Contractual	8,151	8,151
Other	60,060	60,060
Indirect Charges - Administrative	<u>56,441</u>	<u>57,613</u>
Total	<u>\$ 777,778</u>	<u>\$ 777,778</u>