

LANCASTER-LEBANON INTERMEDIATE UNIT 13

YEAR ENDED JUNE 30, 2022



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

LANCASTER-LEBANON INTERMEDIATE UNIT 13

YEAR ENDED JUNE 30, 2022

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YEAR ENDED JUNE 30, 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2022 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 .

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Intermediate Unit as of June 30, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Intermediate Unit and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 2 to the financial statements, effective July 1, 2021, the Intermediate Unit adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Intermediate Unit's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Intermediate Unit's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantive doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Intermediate Unit's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Intermediate Unit's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 72 through 76, the other postemployment benefits (OPEB) healthcare benefits plan information on pages 77 through 82 and the pension information on pages 83 through 85 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Intermediate Unit'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 January 24, 2023, on our consideration of the Intermediate Unit'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 the Intermediate Unit's internal control over financial reporting and compliance.

Brown Schultz Steidan & Fritz

Camp Hill, Pennsylvania
January 24, 2023

LANCASTER-LEBANON INTERMEDIATE UNIT 13

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Required supplementary information) (unaudited) YEAR ENDED JUNE 30, 2022

The management 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, 2022. 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) 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, 2022, are as follows:

- The Intermediate Unit's financial status as reflected in the total net position increased \$5,718,361 from the prior year. This increase is reflected as an increase in net position for governmental activities of \$4,583,089 and an increase in net position for business-type activities of \$1,135,272.
- Revenues totaled \$195.3 million. General revenues accounted for \$759,269, or 0.39% of the total. Program specific revenues in the form of charges for services and grants and contributions accounted for \$194.5 million, or 99.61%, of total revenues.
- The Intermediate Unit had \$158.4 million in expenses related to governmental activities; revenue related to governmental activities totaled \$158.9 million stemming from program specific charges for services, operating grants and contributions.
- As part of the fund financial statements, the General Fund reports \$87.9 million in revenues, \$96.2 million in expenditures and \$7.9 million in other financing sources. The General Fund's fund balance decreased by \$409,814 to \$11.8 million.
- The special revenue funds, 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 \$69.5 million in revenues, \$64.9 million in expenditures and \$4.3 million in other financing uses. The special revenue fund's fund balance increased by \$270,288 to \$391,788.
- The enterprise fund reports \$35.7 million in revenues, \$31.3 million in expenditures and \$3.3 million in other financing uses. The enterprise funds' fund balance increased by \$1.1 million to \$(10.5 million) (post GASB 68, GASB 75 and GASB 87 adjustments).

LANCASTER-LEBANON INTERMEDIATE UNIT 13

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED) (Required supplementary information) (unaudited) YEAR ENDED JUNE 30, 2022

Financial highlights (continued)

- The Intermediate Unit's current business plan adopted in May 2008 established a target minimum fund balance of 8% of total expenditures. The combined fund balance of the Intermediate Unit, including General Fund, special revenue funds and enterprise fund (not including GASB 68, 75 or 87 adjustments) is \$17.19 million, which is 8.87% of total expenditures.
- The internal service fund, which includes the research and development fund, the operating infrastructure programs, the hospitalization fund, the workers' compensation fund and the unemployment fund, reports \$30.3 million in revenues, \$28.0 million in expenditures and \$354,023 net in other financing uses. The internal service fund's fund balance increased by \$1,951,772 to \$15,586,752.

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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
(Required supplementary information)
(unaudited)
YEAR ENDED JUNE 30, 2022

Reporting on the Intermediate Unit as a whole (continued)

Fund financial statements

The Intermediate Unit's fund financial statements, which begin on Page 16, 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.

- 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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
 (Required supplementary information)
 (unaudited)
 YEAR ENDED JUNE 30, 2022

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 2022 compared to 2021.

Table 1
 Net position (deficit)

| | Governmental activities | | Business-type activities | | Total | |
|---|-------------------------|-------------------------|--------------------------|------------------------|-------------------------|-------------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Assets: | | | | | | |
| Current and other assets | \$ 73,390,387 | \$ 58,955,368 | \$ 5,043,877 | \$ 5,179,328 | \$ 78,434,264 | \$ 64,134,696 |
| Capital assets | 32,196,986 | 4,596,270 | 1,055,928 | 1,293,779 | 33,252,914 | 5,890,049 |
| Total assets | 105,587,373 | 63,551,638 | 6,099,805 | 6,473,107 | 111,687,178 | 70,024,745 |
| Deferred outflow of resources | 43,006,000 | 46,659,045 | 3,660,800 | 3,773,000 | 46,666,800 | 50,432,045 |
| Liabilities: | | | | | | |
| Current and other liabilities | 48,369,380 | 34,155,103 | 1,134,939 | 1,193,305 | 49,504,319 | 35,348,408 |
| Long-term liabilities | 226,132,076 | 232,561,915 | 16,458,000 | 18,888,000 | 242,590,076 | 251,449,915 |
| Total liabilities | 274,501,456 | 266,717,018 | 17,592,939 | 20,081,305 | 292,094,395 | 286,798,323 |
| Deferred inflow of resources | 31,801,000 | 5,785,837 | 2,707,192 | 1,839,600 | 34,508,192 | 7,625,437 |
| Net position (deficit): | | | | | | |
| Invested in capital assets, net of related debt | 3,682,606 | 4,596,270 | 1,055,928 | 1,293,779 | 4,738,534 | 5,890,049 |
| Unrestricted | (161,391,389) | (166,888,442) | (11,595,454) | (12,968,577) | (172,986,843) | (179,857,019) |
| Total net position (deficit) | \$ (157,708,783) | \$ (162,292,172) | \$ (10,539,526) | \$ (11,674,798) | \$ (168,248,309) | \$ (173,966,970) |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED) (Required supplementary information) (unaudited) YEAR ENDED JUNE 30, 2022

Reporting on the Intermediate Unit as a whole (continued)

Financial analysis of the Intermediate Unit as a whole

Table 2 shows the changes in net position for 2022 compared to 2021.

Table 2
Changes in net position (deficit)

| | Governmental activities | | Business-type activities | | Total | |
|---|-------------------------|------------------------|--------------------------|-------------------|---------------------|------------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Charges for services | \$ 49,887,692 | \$ 45,951,385 | \$ 34,221,914 | \$ 36,385,840 | \$ 84,109,606 | \$ 82,337,225 |
| Operating grants and contributions | 109,045,222 | 102,442,381 | 1,435,825 | 1,265,159 | 110,481,047 | 103,707,540 |
| General revenues: | | | | | | |
| Grants, subsidies and contributions not restricted | 655,835 | 655,835 | | | 655,835 | 655,835 |
| Investment earnings | 60,082 | 31,471 | | | 60,082 | 31,471 |
| Miscellaneous income | 41,077 | 26,737 | | | 41,077 | 26,737 |
| Transfers | 3,264,373 | 4,001,248 | (3,264,373) | (4,001,248) | - | - |
| Gain on disposal of fixed assets | 2,275 | 5,905 | | | 2,275 | 5,905 |
| Total revenues | 162,956,556 | 153,114,962 | 32,393,366 | 33,649,751 | 195,349,922 | 186,764,713 |
| Expenses: | | | | | | |
| Instruction | 76,010,661 | 78,875,474 | | | 76,010,661 | 78,875,474 |
| Instructional student support | 35,303,947 | 32,786,705 | | | 35,303,947 | 32,786,705 |
| Administrative and financial support services | 37,599,460 | 41,682,676 | | | 37,599,460 | 41,682,676 |
| Operation and maintenance of plant services | 7,675,558 | 6,661,782 | | | 7,675,558 | 6,661,782 |
| Pupil transportation | 1,600,048 | 1,281,315 | | | 1,600,048 | 1,281,315 |
| Non-instructional services | 163,793 | 71,026 | | | 163,793 | 71,026 |
| Facilities acquisition, construction and improvement services | 20,000 | 20,000 | | | 20,000 | 20,000 |
| Insurance consortia services | | | 124,182 | 130,035 | 124,182 | 130,035 |
| Management services | | | 1,349,129 | 879,300 | 1,349,129 | 879,300 |
| Adult education services | | | 412,442 | 392,025 | 412,442 | 392,025 |
| Curriculum and instruction services | | | 5,509,180 | 9,102,482 | 5,509,180 | 9,102,482 |
| Special education: | | | | | | |
| Administrative and management services | | | 7,888,225 | 7,192,506 | 7,888,225 | 7,192,506 |
| Technology services | | | 15,974,936 | 15,456,772 | 15,974,936 | 15,456,772 |
| Total expenses | 158,373,467 | 161,378,978 | 31,258,094 | 33,153,120 | 189,631,561 | 194,532,098 |
| Special item | | (3,916,300) | | | | (3,916,300) |
| Increase (decrease) in net position (deficit) | \$ 4,583,089 | \$ (12,180,316) | \$ 1,135,272 | \$ 496,631 | \$ 5,718,361 | \$ (11,683,685) |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)
 (Required supplementary information)
 (unaudited)
 YEAR ENDED JUNE 30, 2022

Reporting on the Intermediate Unit as a whole (continued)

Financial analysis of the Intermediate Unit as a whole

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

| | Total cost of services | | Net revenue (cost) of services | |
|---|------------------------|-----------------------|--------------------------------|------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Functions: | | | | |
| Instruction | \$ 76,010,661 | \$ 78,875,474 | \$ 6,504,684 | \$ (851,556) |
| Instructional student support | 35,303,947 | 32,786,705 | 1,492,238 | (1,351,709) |
| Administrative and financial support services | 37,599,460 | 41,682,676 | (5,872,549) | (8,610,308) |
| Operation and maintenance of plant and services | 7,675,558 | 6,661,782 | (1,815,580) | (2,269,534) |
| Pupil transportation | 1,600,048 | 1,281,315 | 268,462 | 91,779 |
| Non-instructional services | 163,793 | 71,026 | 1,992 | 26,116 |
| Facilities acquisition, construction and improvement services | 20,000 | 20,000 | (20,000) | (20,000) |
| Total governmental functions | \$ 158,373,467 | \$ 161,378,978 | \$ 559,247 | \$ (12,985,212) |

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 contributions and interest earnings.

The Intermediate Unit's funds

At June 30, 2022, the Intermediate Unit's governmental funds reported a combined fund balance of \$12,224,927 which is a decrease of \$139,526 from last year.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED) (Required supplementary information) (unaudited) YEAR ENDED JUNE 30, 2022

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 72 through 75.

Strategic planning

During 2021-2022, the Intermediate Unit focused on revisiting its strategic planning to respond to the new context of post-COVID operations, intentional direction for its organization and to fulfill its mission statement as "Provide services, supports, and solutions that make a difference to all learners and our community".

During 2021-2022, the Intermediate Unit continued to work on the strategic priorities listed below. In 2022-23, the Intermediate Unit will rollout its new plan that supports a refined five-year vision statement: Cultivating the conditions for trust and unity within our education systems and communities to ensure that all learners are well-served.

- Priority 1 - Nurture relationships through our commitment to service
- Priority 2 - Maintain a strong financial position through investment in infrastructure, systems and strategies
- Priority 3 - Enhance the lives of students and educators in Lancaster and Lebanon Counties and beyond
- Priority 4 - Cultivate a culture of innovation that responds to district needs and market trends
- Priority 5 - Build a talented, service-oriented team
- Priority 6 - Encourage the well-being and success of every employee

LANCASTER-LEBANON INTERMEDIATE UNIT 13

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (CONTINUED)

(Required supplementary information)

(unaudited)

YEAR ENDED JUNE 30, 2022

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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

| | Governmental activities | Business-type activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| Current assets: | | | |
| Cash and cash equivalents | \$ 4,808,049 | | \$ 4,808,049 |
| Investments at fair value | 40,012,881 | | 40,012,881 |
| Internal balances | 653,302 | \$ (653,302) | - |
| Due from other governments | 27,051,940 | 5,613,318 | 32,665,258 |
| Other receivables | 44,230 | 114 | 44,344 |
| Inventories | 87,791 | | 87,791 |
| Prepaid expenses | 732,194 | 83,747 | 815,941 |
| Total current assets | 73,390,387 | 5,043,877 | 78,434,264 |
| Noncurrent assets: | | | |
| Building and building improvements, net of accumulated depreciation | 2,074,950 | | 2,074,950 |
| Furniture, fixtures and equipment, net of accumulated depreciation | 2,227,205 | 1,055,928 | 3,283,133 |
| Vehicles, net of accumulated depreciation | 205,268 | | 205,268 |
| Right-to-use asset, buildings, net of accumulated amortization | 27,689,563 | | 27,689,563 |
| Total noncurrent assets | 32,196,986 | 1,055,928 | 33,252,914 |
| Total assets | 105,587,373 | 6,099,805 | 111,687,178 |
| Deferred outflows of resources: | | | |
| Pension | 39,762,000 | 3,384,800 | 43,146,800 |
| Other postemployment benefits (OPEB) | 3,244,000 | 276,000 | 3,520,000 |
| Total deferred outflows of resources | 43,006,000 | 3,660,800 | 46,666,800 |
| Total assets and deferred outflows of resources | \$ 148,593,373 | \$ 9,760,605 | \$ 158,353,978 |

See notes to financial statements.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)

| | Governmental activities | Business-type activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| Current liabilities: | | | |
| Due to other governments | \$ 8,453,023 | | \$ 8,453,023 |
| Accounts payable | 13,284,333 | \$ 2,964 | 13,287,297 |
| Accrued salaries and benefits | 6,890,322 | 700,162 | 7,590,484 |
| Payroll deductions and withholdings | 6,751,438 | | 6,751,438 |
| Unearned revenues | | 145,702 | 145,702 |
| Retirement bonus due within one year | 80,000 | | 80,000 |
| Compensated absences due within one year | 184,635 | | 184,635 |
| Lease obligation due within one year | 1,677,281 | | 1,677,281 |
| Other current liabilities | 11,048,348 | 286,111 | 11,334,459 |
| Total current liabilities | 48,369,380 | 1,134,939 | 49,504,319 |
| Noncurrent liabilities: | | | |
| Other postemployment benefit obligation | 13,131,000 | 1,118,000 | 14,249,000 |
| Long-term portion of: | | | |
| Retirement bonus | 2,641,000 | | 2,641,000 |
| Compensated absences | 3,350,977 | | 3,350,977 |
| Net pension liability | 180,172,000 | 15,340,000 | 195,512,000 |
| Lease obligation | 26,837,099 | | 26,837,099 |
| Total noncurrent liabilities | 226,132,076 | 16,458,000 | 242,590,076 |
| Total liabilities | 274,501,456 | 17,592,939 | 292,094,395 |
| Deferred inflow of resources: | | | |
| Pension | 31,341,000 | 2,668,192 | 34,009,192 |
| Other postemployment benefits (OPEB) | 460,000 | 39,000 | 499,000 |
| Total deferred inflow of resources | 31,801,000 | 2,707,192 | 34,508,192 |
| Net position (deficit): | | | |
| Net investment in capital assets | 3,682,606 | 1,055,928 | 4,738,534 |
| Unrestricted (deficit) | (161,391,689) | (11,595,454) | (172,987,143) |
| Total net position (deficit) | (157,709,083) | (10,539,526) | (168,248,609) |
| Total liabilities, deferred inflows of resources and net position (deficit) | \$ 148,593,373 | \$ 9,760,605 | \$ 158,353,978 |

See notes to financial statements.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

| | Program revenues | | | Net revenue (expense) and changes in net position | | |
|--|-----------------------|-------------------------|--|--|-----------------------------|------------------|
| | Expenses | Charges for services | Operating grants and contributions | Governmental activities | Business-type activities | Total |
| Governmental activities: | | | | | | |
| Instruction | \$ 76,010,661 | \$ 41,210,106 | \$ 41,305,239 | \$ 6,504,684 | | \$ 6,504,684 |
| Instructional student support | 35,303,947 | 5,833,990 | 30,962,195 | 1,492,238 | | 1,492,238 |
| Administrative and financial support services | 37,599,460 | 2,559,304 | 29,167,607 | (5,872,549) | | (5,872,549) |
| Operation and maintenance of plant services | 7,675,558 | 283,301 | 5,576,877 | (1,815,380) | | (1,815,380) |
| Pupil transportation | 1,600,048 | | 1,868,510 | 268,462 | | 268,462 |
| Non-instructional services | 163,793 | 991 | 164,794 | 1,992 | | 1,992 |
| Facilities acquisition, construction and improvement services | 20,000 | | | (20,000) | | (20,000) |
| Total governmental activities | 158,373,467 | 49,887,692 | 109,045,222 | 559,447 | | 559,447 |
| Business-type activities: | | | | | | |
| Services: | | | | | | |
| Insurance consortia | 124,182 | 161,610 | 16,111 | | \$ 53,539 | 53,539 |
| Management | 1,349,129 | 1,548,262 | 104,872 | | 304,005 | 304,005 |
| Adult education | 412,442 | 323,044 | 50,718 | | (38,680) | (38,680) |
| Curriculum and instruction | 5,509,180 | 6,159,115 | 398,828 | | 1,048,763 | 1,048,763 |
| Special education administrative and management | 7,888,225 | 8,391,662 | 778,614 | | 1,282,051 | 1,282,051 |
| Technology | 15,974,936 | 17,638,221 | 86,682 | | 1,749,967 | 1,749,967 |
| Total business-type activities | 31,258,094 | 34,221,914 | 1,435,825 | | 4,399,645 | 4,399,645 |
| Total primary government | \$ 189,631,561 | \$ 84,109,606 | \$ 110,481,047 | 559,447 | 4,399,645 | 4,959,092 |

(continued)

LANCASTER-LEBANON INTERMEDIATE UNIT 13

STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022

| | Program revenues | | Net revenue (expense) and changes in net position | | | |
|--|------------------|----------------------|---|-------------------------|--------------------------|-------------------------|
| | Expenses | Charges for services | Operating grants and contributions | Governmental activities | Business-type activities | Total |
| General revenues: | | | | | | |
| Grants, subsidies and contributions not restricted | | | | \$ 655,835 | | \$ 655,835 |
| Investment earnings | | | | 60,082 | | 60,082 |
| Miscellaneous income | | | | 41,077 | | 41,077 |
| Transfers | | | | 3,264,373 | \$ (3,264,373) | - |
| Gains on disposal of fixed assets | | | | 2,275 | | 2,275 |
| Total general revenues and transfers | | | | 4,023,642 | (3,264,373) | 759,269 |
| Change in net position | | | | 4,583,089 | 1,135,272 | 5,718,361 |
| Net position (deficit): | | | | | | |
| Beginning | | | | (162,292,172) | (11,674,798) | (173,966,970) |
| Ending | | | | \$ (157,709,083) | \$ (10,539,526) | \$ (168,248,609) |

See notes to financial statements.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

**BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022**

ASSETS

Major funds

| | General Fund | Special Education Fund | Special Education Transportation Fund | State Funded Early Intervention Fund | Student Sponsored Activity Fund | Total governmental funds |
|---------------------------|----------------------|------------------------------|--|---|---------------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 3,930,210 | \$ 17,827 | | | \$ 24,182 | \$ 3,972,219 |
| Investments | 40,012,881 | | | | | 40,012,881 |
| Due from: | | | | | | |
| Other funds | | 8,737,753 | \$ 81,326 | \$ 5,299 | | 8,824,378 |
| Other governments | 25,841,941 | 1,003,913 | | 1,425 | | 26,847,279 |
| Other receivables | 28,949 | 15,281 | | | | 44,230 |
| Inventories | 87,791 | | | | | 87,791 |
| Prepaid expenditures | 319,959 | 21,623 | | | | 341,582 |
| Total assets | \$ 70,221,731 | \$ 9,796,397 | \$ 81,326 | \$ 6,724 | \$ 24,182 | \$ 80,130,360 |

LIABILITIES AND FUND BALANCES

Liabilities:

| | | | | | | |
|-------------------------------------|-------------------|------------------|------------|--------------|------------|-------------------|
| Due to: | | | | | | |
| Other funds | \$ 23,065,483 | | | | | \$ 23,065,483 |
| Other governments | 4,424,775 | \$ 4,028,248 | | | | 8,453,023 |
| Accounts payable | 11,721,653 | 32,590 | | | \$ 172 | 11,754,415 |
| Accrued salaries and benefits | 2,230,456 | 4,638,636 | \$ 189 | \$ 6,724 | | 6,876,005 |
| Payroll deductions and withholdings | 6,751,438 | | | | | 6,751,438 |
| Other current liabilities | 10,194,787 | 810,239 | | | 43 | 11,005,069 |
| Total liabilities | 58,388,592 | 9,509,713 | 189 | 6,724 | 215 | 67,905,433 |

Fund balances:

| | | | | | | |
|--|----------------------|---------------------|------------------|-----------------|------------------|----------------------|
| Nonspendable | 407,750 | 21,623 | | | | 429,373 |
| Committed | 3,700,000 | | | | | 3,700,000 |
| Assigned | 5,381,736 | 265,061 | 81,137 | | 23,967 | 5,751,901 |
| Unassigned | 2,343,653 | | | | | 2,343,653 |
| Total fund balances | 11,833,139 | 286,684 | 81,137 | | 23,967 | 12,224,927 |
| Total liabilities and fund balances | \$ 70,221,731 | \$ 9,796,397 | \$ 81,326 | \$ 6,724 | \$ 24,182 | \$ 80,130,360 |

See notes to financial statements.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2022

| | | |
|--|-----------------|-------------------------|
| Total fund balances, governmental funds | | \$ 12,224,927 |
| 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 \$40,778,408 and the accumulated depreciation is \$9,430,178. | | 31,348,230 |
| Deferred outflows, GASB 68 and GASB 75 adjustments are not a financial resource and, therefore, are not reported as assets in the governmental funds. | | 43,006,000 |
| 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 consisted of: | | |
| Other postemployment benefit obligation | \$ (13,131,000) | |
| Retirement bonus | (2,721,000) | |
| Compensated absences | (3,535,612) | |
| GASB 68, net pension liability | (180,172,000) | |
| Lease obligation | (28,514,380) | (228,073,992) |
| Deferred inflows, GASB 68 and GASB 75 adjustments are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | | (31,801,000) |
| Internal service fund balances are not reported in governmental funds. Internal service fund balances allocated to governmental funds at year end consisted of: | | |
| Cash and cash equivalents | 835,830 | |
| Internal balance | 14,894,407 | |
| Intergovernmental receivable | 204,661 | |
| Prepaid expenses | 390,612 | |
| Building and building improvements, net of accumulated depreciation | 370,511 | |
| Furniture, fixtures and equipment, net of accumulated depreciation | 478,245 | |
| Accounts payable | (1,529,918) | |
| Accrued salaries and benefits | (14,317) | |
| Other current liabilities | (43,279) | 15,586,752 |
| Total net position (deficit), governmental activities | | \$ (157,709,083) |

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, 2022

| | 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 | \$ 9,221,828 | \$ 40,825,118 | | | \$ 991 | \$ 50,047,937 |
| State sources | 23,432,189 | 8,192,813 | \$ 1,258,830 | \$ 19,216,685 | | 52,100,517 |
| Federal sources | 55,235,659 | | | | | 55,235,659 |
| Total revenues | 87,889,676 | 49,017,931 | 1,258,830 | 19,216,685 | 991 | 157,384,113 |
| Expenditures: | | | | | | |
| Instructional services | 23,983,160 | 39,748,581 | | 14,512,890 | | 78,244,631 |
| Support services | 72,057,151 | 6,183,093 | 1,024,999 | 3,470,644 | | 82,735,887 |
| Noninstructional services | 162,012 | | | | 1,780 | 163,792 |
| Total expenditures | 96,202,323 | 45,931,674 | 1,024,999 | 17,983,534 | 1,780 | 161,144,310 |
| Excess (deficiency) of revenues over expenditures | (8,312,647) | 3,086,257 | 233,831 | 1,233,151 | (789) | (3,760,197) |
| Other financing sources (uses): | | | | | | |
| Operating transfers: | | | | | | |
| In | 7,900,558 | | | | | 7,900,558 |
| Out | | (2,968,299) | (80,712) | (1,233,151) | | (4,282,162) |
| Gain on disposal of fixed assets | 2,275 | | | | | 2,275 |
| Net other financing sources (uses) | 7,902,833 | (2,968,299) | (80,712) | (1,233,151) | | 3,620,671 |
| Net changes in fund balances | (409,814) | 117,958 | 153,119 | - | (789) | (139,526) |
| Fund balances: | | | | | | |
| Beginning | 12,242,953 | 168,726 | (71,982) | | 24,756 | 12,364,453 |
| Ending | \$ 11,833,139 | \$ 286,684 | \$ 81,137 | \$ - | \$ 23,967 | \$ 12,224,927 |

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, 2022

Total net changes in fund balances, governmental funds **\$ (139,526)**

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 | \$ (1,658,357) | |
| Capital outlays | 985,653 | (672,704) |
| | | |

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 | 63,756 | |
| Retirement bonus | (60,000) | 3,756 |
| | | |

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 benefit 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. 3,439,792

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. 1,951,771

Change in net position, governmental activities **\$ 4,583,089**

See notes to financial statements.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

STATEMENT OF NET POSITION (DEFICIT) – PROPRIETARY FUNDS
JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

| | Major funds | |
|--|----------------------|----------------------|
| | Enterprise | Internal service |
| Current assets: | | |
| Cash and cash equivalents | | \$ 835,830 |
| Due from: | | |
| Other funds | | 14,894,407 |
| Other governments | \$ 5,613,318 | 204,661 |
| Other receivables | 114 | |
| Prepaid expenses | 83,747 | 390,612 |
| Total current assets | 5,697,179 | 16,325,510 |
| | | |
| Noncurrent assets: | | |
| Leasehold improvements, net of accumulated depreciation | | 370,511 |
| Furniture, fixtures and equipment, net of accumulated depreciation | 1,055,928 | 478,245 |
| Total noncurrent assets | 1,055,928 | 848,756 |
| Total assets | 6,753,107 | 17,174,266 |
| | | |
| Deferred outflows of resources: | | |
| Pensions | 3,384,800 | |
| Other postemployment benefits (OPEB) | 276,000 | |
| Total deferred outflows of resources | 3,660,800 | |
| | | |
| Total assets and deferred outflows of resources | \$ 10,413,907 | \$ 17,174,266 |

See notes to financial statements.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

STATEMENT OF NET POSITION (DEFICIT) – PROPRIETARY FUNDS
JUNE 30, 2022

LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND NET POSITION (DEFICIT)

| | Major funds | |
|--|----------------------|----------------------|
| | Enterprise | Internal service |
| Current liabilities: | | |
| Due to other funds | \$ 653,302 | |
| Accounts payable | 2,964 | \$ 1,529,918 |
| Accrued salaries and benefits | 700,162 | 14,317 |
| Unearned revenues | 145,702 | |
| Other current liabilities | 286,111 | 43,279 |
| | 1,788,241 | 1,587,514 |
| Total current liabilities | | |
| Noncurrent liabilities: | | |
| Net pension liability | 15,340,000 | |
| Other postemployment benefits obligation | 1,118,000 | |
| | 16,458,000 | |
| Total noncurrent liabilities | | |
| | 18,246,241 | 1,587,514 |
| Total liabilities | | |
| Deferred inflows of resources: | | |
| Pensions | 2,668,192 | |
| Other postemployment benefits (OPEB) | 39,000 | |
| | 2,707,192 | |
| Total deferred inflows of resources | | |
| Net position: | | |
| Net investment in capital assets | 1,055,928 | 848,756 |
| Unrestricted net position (deficit) | (11,595,454) | 14,737,996 |
| | (10,539,526) | 15,586,752 |
| Total net position (deficit) | | |
| | (10,539,526) | 15,586,752 |
| Total liabilities, deferred inflows of resources and net position (deficit) | \$ 10,413,907 | \$ 17,174,266 |

See notes to financial statements.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) –
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2022

| | Major funds | |
|--|------------------------|----------------------|
| | Enterprise | Internal service |
| Operating revenues, local sources, charges for services | \$ 34,221,914 | \$ 29,674,101 |
| Operating expenses: | | |
| Salaries | 5,767,349 | 3,000,839 |
| Employee benefits | 3,096,495 | 17,679,874 |
| Purchased: | | |
| Professional and technical service | 5,274,694 | 818,778 |
| Property services | 220,459 | 4,404,307 |
| Other purchased services | 2,242,857 | 511,715 |
| Supplies | 14,361,804 | 1,214,014 |
| Depreciation | 265,145 | 328,010 |
| Dues and fees | 29,291 | 7,518 |
| Total operating expenses | 31,258,094 | 27,965,055 |
| Operating income | 2,963,820 | 1,709,046 |
| Nonoperating revenues, state sources | 1,435,825 | 596,749 |
| Changes in net position before transfers | 4,399,645 | 2,305,795 |
| Transfers out | (3,264,373) | (354,023) |
| Changes in net position | 1,135,272 | 1,951,772 |
| Net position (deficit): | | |
| Beginning | (11,674,798) | 13,634,980 |
| Ending | \$ (10,539,526) | \$ 15,586,752 |

See notes to financial statements.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

| | Major funds | |
|--|--------------------|---------------------|
| | Enterprise | Internal service |
| Cash flows from operating activities: | | |
| Cash received from users | \$ 34,164,279 | \$ 28,085,421 |
| Cash payments to: | | |
| Employees for services | (10,282,436) | (20,678,359) |
| Suppliers for goods and services | (22,026,001) | (7,045,631) |
| | 1,855,842 | 361,431 |
| Cash flows from noncapital financing activities: | | |
| State sources | 1,435,825 | 596,749 |
| Transfers: | | |
| In | | 159,040 |
| Out | (3,264,373) | (513,063) |
| | (1,828,548) | 242,726 |
| Cash flows used in capital and related financing activities, capital outlay | (27,294) | (87,050) |
| Increase in cash and cash equivalents | - | 517,107 |
| Cash and cash equivalents: | | |
| Beginning of year | | 318,723 |
| End of year | \$ - | \$ 835,830 |

(continued)

LANCASTER-LEBANON INTERMEDIATE UNIT 13

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022

| | Major funds | |
|---|---------------------|---------------------|
| | Enterprise | Internal service |
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income | \$ 2,963,820 | \$ 1,709,046 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 265,145 | 328,010 |
| Pension expense and OPEB expense (GASB 68 and GASB 75) | (1,450,208) | |
| (Increase) decrease in: | | |
| Due from other funds | | (1,641,886) |
| Due from other governments | 91,061 | 32,066 |
| Other receivables | 4,514 | 21,140 |
| Prepaid expenses | (13,852) | 159,077 |
| Due to other funds | 53,728 | |
| Increase (decrease) in: | | |
| Accounts payable | 603 | (277,195) |
| Accrued salaries and benefits | 31,616 | 2,354 |
| Unearned revenues | (153,210) | |
| Other current liabilities | 62,625 | 28,819 |
| Total adjustments | (1,107,978) | (1,347,615) |
| Net cash provided by operating activities | \$ 1,855,842 | \$ 361,431 |

See notes to financial statements.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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 GASB Standards, 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:

- Organizations that make up its legal entity.
- 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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

Reporting entity:

- 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.

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 \$250,000. The pool reimburses monies to the Intermediate Unit for individual claims above \$250,000 up to \$450,000. The pool has commercial insurance for claims greater than \$450,000. The Intermediate Unit's contribution to the pool for the year ended June 30, 2022 was approximately \$1,079,701 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 statement:

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, except for fiduciary funds. 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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

Basis of presentation, financial statement:

Government-wide financial statements:

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.

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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

Basis of presentation, financial statement:

Fund financial statements:

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 the 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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

Basis of presentation, financial statement:

Fund financial statements:

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.

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, Event Hosting Services for PDE, 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, EDSI Individual Trainings, TABE, Lancaster-Lebanon Adult Education Local Program, Lancaster-Lebanon Foundation Pass-Thru, Lancaster Lebanon HiSET Test Administration, School District of Lancaster Community School Support, Cultural Navigation at Fulton Elementary, LCCF BB&T Career Pathways, ELL Navigation at Manheim Township SD, School District of Lancaster Refugee School Impact, School District of Lancaster Afghan Refugee School Impact, Local Early Childhood, Collaborative Services, Business Services Initiatives, Guest Teacher Training, Human Resources Initiatives, PASPA Administrative Services, COVID Mitigation - Department of Health, 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 program, 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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

Basis of accounting:

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.

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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

Basis of accounting:

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, 2022, the Intermediate Unit had \$6,107 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 \$1,066,690 at June 30, 2022.

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.

Inventories:

Inventories represent the cost of supplies on hand at June 30, 2022 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 and Level 3 inputs are significant unobservable inputs.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

Investments:

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 Securities and Exchange Commission (SEC) 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 have 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 acquisition 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:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and building improvements | 40 |
| Furniture, fixtures and equipment | 4-15 |
| Vehicles | 5 |

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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

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.

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

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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

Other Postemployment Benefits (OPEB):

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.

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 or special items during fiscal year 2022.

Fund balance classification:

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

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

Fund balance classification:

Nonspendable fund balance includes amounts that are not in a spendable form or are required to be maintained intact, such as inventories and prepaid expenditures.

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 Intermediate Unit 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.

Pending GASB statements:

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The provisions of GASB Statement No. 91 are effective for the Intermediate Unit's June 30, 2023 financial statements.

In January 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement is to improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements (PPPs). The provisions of GASB Statement No. 94 are effective for the Intermediate Unit's June 30, 2023 financial statements.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

1. Summary of significant accounting policies (continued):

Pending GASB statements:

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions of GASB Statement No. 96 are effective for the Intermediate Unit's June 30, 2023 financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation of certain GASB statements and accounting and financial reporting for financial guarantees. The provisions of GASB Statement No. 99 are effective for the Intermediate Unit's June 30, 2024 financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. This Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability. The provisions of GASB Statement No. 100 are effective for the Intermediate Unit's June 30, 2024 financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The provisions of GASB Statement No. 101 are effective for the Intermediate Unit's June 30, 2025 financial statements.

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

2. Adoption of new accounting pronouncements:

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement changes accounting and financial reporting for leases by governments. This Statement requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the Intermediate Unit's leasing activities.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

2. Adoption of new accounting pronouncements (continued):

Effective July 1, 2021, the Intermediate Unit adopted GASB Statement No. 87 using the prospective method. The primary impact of the adoption resulted in the recognition of a lease liability of \$29,879,584 and a corresponding net right-of-use asset of \$29,879,584, as of July 1, 2021 for the building operating leases, as well as enhanced disclosures. For additional information on leases, see Note 15.

3. 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 YEAR ENDED JUNE 30, 2022

3. Cash and cash equivalents and investments (continued):

Cash and cash equivalents, custodial credit risk:

As of June 30, 2022, \$711,126 of the Intermediate Unit's bank balance of \$7,168,922 was exposed to custodial credit risk as:

| | |
|---|----------------------------|
| Reconciliation of cash and cash equivalents to the financial statements: | |
| Uninsured and collateral held by the pledging bank's trust department not in the Intermediate Unit's name | \$ 711,126 |
| Insured amount | <u>6,457,796</u> |
| Bank balance | 7,168,922 |
| Less outstanding checks | <u>(2,361,838)</u> |
| Carrying amount, bank balances | 4,807,084 |
| Plus petty cash | <u>965</u> |
| Total cash and cash equivalents per financial statements | <u><u>\$ 4,808,049</u></u> |

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 and Level 3 inputs are significant unobservable inputs. At June 30, 2022, the Intermediate Unit did not hold any investments classified in the fair value hierarchy.

At June 30, 2022, the Intermediate Unit holds the following investments recorded at cost or amortized cost:

| | |
|--|-----------------------------|
| PLGIT class | \$ 726,833 |
| PLGIT/Reserve class | <u>39,286,048</u> |
| Total investments per the financial statements | <u><u>\$ 40,012,881</u></u> |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

3. Cash and cash equivalents and investments (continued):

Investments:

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 independent accounting firm.

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.

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, 2022, the Intermediate Unit investments were rated as:

| <u>Investments</u> | <u>Standards and Poor's</u> |
|------------------------------|-----------------------------|
| 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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

4. Due from other governments:

Amounts due from other governments represent receivables for revenues earned by the Intermediate Unit. At June 30, 2022, the following amounts were due from other governmental units:

| Fund | Federal | State | Local | Total |
|--------------------------------------|----------------------|---------------------|---------------------|----------------------|
| General Fund | \$ 16,408,740 | \$ 8,187,269 | \$ 1,245,932 | \$ 25,841,941 |
| Special Education Fund | | 2,573 | 1,001,340 | 1,003,913 |
| State Funded Early Intervention Fund | | 1,425 | | 1,425 |
| Enterprise fund | | 520 | 5,612,798 | 5,613,318 |
| Internal service fund | | | 204,661 | 204,661 |
| | <u>\$ 16,408,740</u> | <u>\$ 8,191,787</u> | <u>\$ 8,064,731</u> | <u>\$ 32,665,258</u> |

5. Interfund accounts:

Individual fund receivable and payable balances at June 30, 2022 were as follows:

| Fund | Due from other funds | Due to other funds |
|---------------------------------------|-------------------------|-----------------------|
| General Fund | | \$ 23,065,483 |
| Special Education Fund | \$ 8,737,753 | |
| Special Education Transportation Fund | 81,326 | |
| State Funded Early Intervention Fund | 5,299 | |
| Enterprise fund | | 653,302 |
| Internal service fund | 14,894,407 | |
| | <u>\$ 23,718,785</u> | <u>\$ 23,718,785</u> |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

5. Interfund accounts (continued):

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, 2022, were as follows:

| <u>Fund</u> | <u>Transfers in</u> | <u>Transfers out</u> |
|---------------------------------------|---------------------|----------------------|
| General Fund | \$ 7,900,558 | |
| Special Education Fund | 361,574 | \$ 3,329,873 |
| Special Education Transportation Fund | | 80,712 |
| State Funded Early Intervention Fund | | 1,233,151 |
| Enterprise fund | | 3,264,373 |
| Internal service fund | 159,040 | 513,063 |
| | <u>\$ 8,421,172</u> | <u>\$ 8,421,172</u> |

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 2021-2022 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, two new vans, the addition of two reflection rooms at the Central Education Center (CEC) and a few other expenses approved by the Strategic Business Unit (SBU) Management Team or Strategic Service Unit (SSU) Management Team.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

6. Changes in capital assets:

Capital asset activity for governmental activities for the year ended June 30, 2022, were as follows:

| | Beginning balance | Additions | Deletions | Ending balance |
|--|----------------------|--------------------|------------------|---------------------|
| Historical cost: | | | | |
| Capital assets being depreciated: | | | | |
| Buildings and building improvements | \$ 6,431,682 | \$ 321,731 | | \$ 6,753,413 |
| Furniture, fixtures and equipment | 12,083,567 | 685,051 | \$ 1,877,738 | 10,890,880 |
| Vehicles | 939,011 | 65,921 | 118,435 | 886,497 |
| Total capital assets being depreciated | <u>19,454,260</u> | <u>1,072,703</u> | <u>1,996,173</u> | <u>18,530,790</u> |
| Accumulated depreciation: | | | | |
| Buildings and building improvements | 4,534,824 | 143,642 | | 4,678,466 |
| Furniture, fixtures and equipment | 9,636,300 | 905,110 | 1,877,738 | 8,663,672 |
| Vehicles | 686,866 | 112,798 | 118,435 | 681,229 |
| Total accumulated depreciation | <u>14,857,990</u> | <u>1,161,550</u> | <u>1,996,173</u> | <u>14,023,367</u> |
| Capital assets, net | <u>\$ 4,596,270</u> | <u>\$ (88,847)</u> | <u>\$ -</u> | <u>\$ 4,507,423</u> |

Depreciation expenses were charged to governmental functions as follows:

| | |
|---|---------------------|
| Instruction | \$ 62,625 |
| Instructional student support | 302,544 |
| Administration and financial support services | 324,189 |
| Operation and maintenance of plant services | 441,246 |
| Pupil transportation | 10,946 |
| Facilities acquisition, construction and improvement services | <u>20,000</u> |
| | <u>\$ 1,161,550</u> |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

6. Changes in capital assets (continued):

Capital asset activity for business-type activities for the year ended June 30, 2022, were as follows:

| | Beginning balance | Additions | Deletions | Ending balance |
|--|----------------------|-------------|-----------|-------------------|
| Historical cost: | | | | |
| Capital assets being depreciated, furniture, fixtures and equipment | \$ 1,817,275 | \$ 27,294 | | \$ 1,844,569 |
| Accumulated depreciation, furniture, fixtures and equipment | 523,496 | 265,145 | | 788,641 |
| Capital assets, net | \$ 1,293,779 | \$(237,851) | | \$ 1,055,928 |

Depreciation expenses of \$265,145 were charged to technology services.

7. 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, 2022 were as follows:

| Fund and SBU/SSU | Amount | Purpose |
|---|------------|---|
| Enterprise fund, SBU 016 - Regional Technology Solutions | \$ 145,702 | Used to offset future consortium expenses |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

8. Compensated absences:

A summary of the amount recorded as a liability in the governmental activities for compensated absences was as follows for June 30, 2022.

| | |
|--|----------------------------|
| Accumulated sick leave | \$ 1,502,799 |
| Accumulated vacation leave | 1,957,922 |
| Employer Social Security and Medicare share on above | <u>74,891</u> |
| | <u><u>\$ 3,535,612</u></u> |

Compensated absences activity can be summarized as follows:

| Beginning balance | Additions | Deletions | Ending balance |
|----------------------|-----------|------------|-------------------|
| \$ 3,599,367 | \$ 98,198 | \$ 161,953 | \$ 3,535,612 |

9. 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, 2022 was \$2,721,000.

Retirement bonuses activity can be summarized as follows:

| Beginning balance | Additions | Deletions | Ending balance |
|----------------------|------------|------------|-------------------|
| \$ 2,661,000 | \$ 160,000 | \$ 100,000 | \$ 2,721,000 |

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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

10. Defined benefit pension plans (continued):

General information about the pension plans:

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.state.pa.us.

Benefits provided:

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

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

10. Defined benefit pension plans (continued):

Contributions:

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.

Member contributions:

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 Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

The Intermediate Unit's contractually required contribution rate for fiscal year ended June 30, 2022 was 33.19% 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 \$24,550,000 for the year ended June 30, 2022.

Payable to the pension plan:

At June 30, 2022, the Intermediate Unit reported a payable of \$6,259,786 for the outstanding amount of employer contributions to PSERS required for the year ended June 30, 2022. These amounts relate to the second quarter of 2022 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 \$463,619 for the employee contributions withheld during June 2022.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

10. Defined benefit pension plans (continued):

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.

PSERS school employers will be charged interest at the assumed rate of return, currently 7.00%, 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:

At June 30, 2022, the Intermediate Unit reported a liability of \$195,512,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. The Intermediate Unit's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the Intermediate Unit's proportion was .4762%, which was an increase of .0049% from its proportionate share measured as of June 30, 2020.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

10. Defined benefit pension plans (continued):

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:

For the year ended June 30, 2022, the Intermediate Unit recognized pension expense of \$19,117,000.

At June 30, 2022, 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 | \$ 144,000 | \$ 2,569,000 |
| Changes in: | | |
| Assumptions | 9,483,000 | |
| Allocation percentage between opinion units | | 318,192 |
| Net difference between projected and actual investment earnings | | 31,122,000 |
| Change in proportions | 8,284,000 | |
| Difference between employer contributions and proportionate share of total contributions | 685,800 | |
| Contributions subsequent to the measurement date | 24,550,000 | |
| | \$ 43,146,800 | \$ 34,009,192 |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

10. Defined benefit pension plans (continued):

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:

\$24,550,000 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended</u> | |
|-------------------|----------------------|
| 2023 | \$ 2,251,348 |
| 2024 | 20,948 |
| 2025 | 3,108,548 |
| 2026 | <u>10,031,548</u> |
| | <u>\$ 15,412,392</u> |

Actuarial assumptions:

The total pension liability as of June 30, 2021, was determined by rolling forward PSERS's total pension liability as of June 30, 2020 to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2021
- Actuarial cost method - Entry Age Normal – level percent of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases .
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projection using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

10. Defined benefit pension plans (continued):

Actuarial assumptions:

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 | 27.0 % | 5.2 % |
| Private equity | 12.0 | 7.3 |
| Fixed income | 35.0 | 1.8 |
| Commodities | 10.0 | 2.0 |
| Absolute return | 8.0 | 3.1 |
| Infrastructure/MLPs | 8.0 | 5.1 |
| Real estate | 10.0 | 4.7 |
| Cash | 3.0 | 0.1 |
| Financing (LIBOR) | (13.0) | 0.1 |
| | 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, 2021.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

10. Defined benefit pension plans (continued):

Discount rate:

The discount rate used to measure the total pension liability was 7.00%. 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:

The following presents the net pension liability, as reported by PSERS, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% higher (8.00%) than the current rate.

| | 1% decrease 6.00% | Current discount rate 7.00% | 1% increase 8.00% |
|--|-------------------------|--------------------------------------|-------------------------|
| Intermediate Unit's proportionate share of net pension liability | \$ 256,617,000 | \$ 195,512,000 | \$ 143,967,000 |

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 healthcare and 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
YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB):

Single-employer defined benefit OPEB Plan:

General information about the OPEB Plan:

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. |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB) (continued):

Single-employer defined benefit OPEB Plan:

General information about the OPEB Plan:

Benefits provided:

| | 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 |

Employees covered by benefit terms:

At July 1, 2020, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 78 |
| Active employees | <u>1,337</u> |
| | <u><u>1,415</u></u> |

Total OPEB liability:

The Intermediate Unit's total OPEB liability of \$2,886,895 was measured as of July 1, 2021, and was determined by an actuarial valuation as of July 1, 2021.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB) (continued):

Single-employer defined benefit OPEB Plan:

General information about the OPEB Plan:

Actuarial assumptions and other inputs:

The total OPEB liability in the July 1, 2021 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: 2.28%, Based on 20-Year High Grade Municipal Bond 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% in 2021 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model

Retirees' share of benefit-related costs: 100.0% of premium

Mortality rates :

Separate rates are assumed preretirement and postretirement using the rates in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB) (continued):

Single-employer defined benefit OPEB Plan:

General information about the OPEB Plan:

Changes in the total OPEB liability:

| | |
|--|----------------------------|
| Balance, June 30, 2021 | <u>\$ 2,994,283</u> |
| Changes for the year: | |
| Service cost | 39,710 |
| Interest | 100,422 |
| Differences between expected and actual experience | (285,244) |
| Changes of assumptions | 327,622 |
| Benefit payments | <u>(289,898)</u> |
| Net changes | <u>(107,388)</u> |
| Balance, June 30, 2022 | <u><u>\$ 2,886,895</u></u> |

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:

| | 1% decrease 1.28% | Current discount rate 2.28% | 1% increase 3.28% |
|------------------------------------|-------------------------|--------------------------------------|-------------------------|
| Net single-employer OPEB liability | \$ 3,097,544 | \$ 2,886,895 | \$ 2,688,742 |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB) (continued):

Single-employer defined benefit OPEB Plan:

General information about the OPEB Plan:

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:

| | 1% decrease 4.50% | Current trend rate 5.50% | 1% increase 6.50% |
|------------------------------------|-------------------------|-----------------------------------|-------------------------|
| Net single-employer OPEB liability | \$ 2,583,061 | \$ 2,886,895 | \$ 3,250,274 |

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 who participate in the PSERS's Health Options (HOP) or a Commonwealth public school employer-sponsored health insurance program are eligible for premium assistance 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

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB) (continued):

Cost-sharing multiple-employer defined benefit OPEB plan:

General information about the health insurance Premium Assistance program:

Premium Assistance eligibility criteria:

For Class DC members to become eligible for Premium Assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

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' HOP. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Contributions:

The Intermediate Unit's contractually required contribution rate for the fiscal year ended June 30, 2022 was .80% 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 \$591,000 for the year ended June 30, 2022.

OPEB liabilities and OPEB expense:

At June 30, 2022, the Intermediate Unit reported a liability of \$11,362,105 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2022, the Intermediate Unit's proportion was .4794%, which was an increase of .0055% from its proportionate share measured as of June 30, 2021.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB) (continued):

Cost-sharing multiple-employer defined benefit OPEB plan:

General information about the health insurance Premium Assistance program:

OPEB liabilities and OPEB expense:

For the year ended June 30, 2022, the Intermediate Unit recognized OPEB expense of \$855,000 related to this plan.

Actuarial assumptions:

The total OPEB liability as of June 30, 2021, was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date – June 30, 2020

Actuarial cost method: entry age normal, level percent of pay.

Investment return : 2.18%, based on the S&P 20 Year Municipal Bond Rate.

Salary growth : Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% 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: based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projection using a modified version of the MP-2020 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%.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB) (continued):

Cost-sharing multiple-employer defined benefit OPEB plan:

General information about the health insurance Premium Assistance program:

Actuarial assumptions:

The following assumptions were used to determine the contribution rate:

The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.

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

Asset valuation method: Market Value.

Participation rate: 63% of eligible retirees are assumed to elect Premium Assistance.

Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projection using a modified version of the MP-2015 Mortality Improvement Scale.

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 | 79.80 % | 0.10 % |
| U.S. core fixed income | 17.50 | 0.70 |
| Non-U.S. developed fixed | 2.70 | (0.30) |
| | 100.00 % | |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB) (continued):

Cost-sharing multiple-employer defined benefit OPEB plan:

General information about the health insurance Premium Assistance program:

Actuarial assumptions:

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, 2021.

Discount rate:

The discount rate used to measure the total OPEB liability was 2.18%. 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 2.18%, which represents the S&P 20-year municipal bond rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

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:

| | 1% decrease 1.18% | Current discount rate 2.18% | 1% increase 3.18% |
|-----------------------------------|-------------------------|--------------------------------------|-------------------------|
| Net multi-employer OPEB liability | \$ 13,041,000 | \$ 11,362,105 | \$ 9,982,000 |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB) (continued):

Cost-sharing multiple-employer defined benefit OPEB plan:

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:

| | 1% decrease 4.00% - 6.00% | Current trend rate 5.00% - 7.00% | 1% increase 6.00% - 8.00% |
|-----------------------------------|---------------------------------|--|---------------------------------|
| Net multi-employer OPEB liability | \$ 11,361,000 | \$ 11,362,105 | \$ 11,363,000 |

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.psers.pa.gov.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

11. Other postemployment benefits (OPEB) (continued):

Aggregate OPEB information:

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended June 30, 2022, the Intermediate Unit recognized OPEB expense of \$888,600. At June 30, 2022, the Intermediate Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred outflows of resources</u> | <u>Deferred inflows of resources</u> |
|---|---|--|
| Contributions and benefit payments after the measurement date | \$ 712,000 | |
| Differences between expected and actual experience | 22,000 | \$ 347,000 |
| Changes of assumptions | 1,969,000 | 152,000 |
| Differences between projected and actual investment earnings | 106,000 | |
| Changes in proportion | <u>711,000</u> | |
| | <u>\$ 3,520,000</u> | <u>\$ 499,000</u> |

The deferred outflows of resources of \$712,000 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, 2023.

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:

| | |
|------------|---------------------|
| 2023 | \$ 563,000 |
| 2024 | 508,000 |
| 2025 | 425,000 |
| 2026 | 335,000 |
| Thereafter | <u>478,000</u> |
| | <u>\$ 2,309,000</u> |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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 \$250,000 per individual per year and \$17,898,935 in total per year.

A liability for claims incurred prior to June 30, 2022, and subsequently paid, is recorded in the amount of \$1,223,140 in accounts payable in the internal service fund.

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

| <u>Medical</u> | <u>Beginning of year liability</u> | <u>Current year claims and changes in estimates</u> | <u>Claim payments</u> | <u>Balance at year end</u> |
|----------------|--|---|---------------------------|--------------------------------|
| 2020-2021 | \$ 1,402,722 | \$ 13,171,385 | \$ (13,094,332) | \$ 1,479,775 |
| 2021-2022 | 1,479,775 | 11,974,873 | (12,231,508) | 1,223,140 |

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, 2022, and subsequently paid, is recorded in the amount of \$32,619 in accounts payable in the internal service fund.

| <u>Dental</u> | <u>Beginning of year liability</u> | <u>Current year claims and changes in estimates</u> | <u>Claim payments</u> | <u>Balance at year end</u> |
|---------------|--|---|---------------------------|--------------------------------|
| 2020-2021 | \$ 25,730 | \$ 723,786 | \$ (717,033) | \$ 32,483 |
| 2021-2022 | 32,483 | 742,786 | (742,650) | 32,619 |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

12. Risk management (continued):

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, four non-member school districts, Lancaster-Lebanon Intermediate Unit, Lancaster County Academy, York County School of Technology and 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 \$33,884 for these services as of June 30, 2022.

As of June 30, 2022, 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, Lancaster-Lebanon Intermediate Unit, Lancaster County Academy York County School of Technology and Lancaster County Career and Technical Center. 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 \$53,766 for these services as of June 30, 2022.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

12. Risk management (continued):

Workers' compensation:

As of June 30, 2022, the Intermediate Unit is not aware of any additional assessments relating to the Fund.

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, 2022, and the two previous years, no settlements exceeded insurance coverage.

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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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, 2022, the Intermediate Unit has included the following as nonspendable fund balances:

| | |
|--|-------------------|
| General Fund: | |
| Inventories | \$ 87,791 |
| Prepaid expenditures | <u>319,959</u> |
| Total General Fund | <u>\$ 407,750</u> |
| Special Education Fund, prepaid expenditures | <u>\$ 21,623</u> |

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, 2022, the Intermediate Unit has included the following as committed fund balances:

| | |
|---|---------------------|
| General Fund, committed for facility refresh and center based site capital projects | <u>\$ 3,700,000</u> |
|---|---------------------|

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

14. Fund balance classifications (continued):

Governmental funds:

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, 2022, the Intermediate Unit has included the following as assigned fund balances:

| | |
|---|---------------------|
| General Fund assigned for: | |
| Operating activities | \$ 1,000,000 |
| Building improvements and infrastructure | 3,500,000 |
| Risk management and mitigation | 456,755 |
| Retirement stabilization | 418,874 |
| Encumbrances | <u>6,107</u> |
| Total General Fund | <u>\$ 5,381,736</u> |
| Special Education Fund, assigned for program specific purposes | <u>\$ 265,061</u> |
| Special Education Transportation Fund, assigned for program specific purposes | <u>\$ 81,137</u> |
| Student Sponsored Activity Fund, assigned for classroom specific purposes | <u>\$ 23,967</u> |

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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

14. Fund balance classifications (continued):

Internal service funds:

The internal service fund includes the research and development fund, the operating infrastructure programs, the hospitalization fund, the workers' compensation fund and the unemployment fund. At June 30, 2022, the amounts in net position earmarked for these purposes were as follows:

| | |
|----------------------------------|-----------------------------|
| Research and development | \$ 1,000,000 |
| Operations/value-added services | 3,000,000 |
| Hospitalization | 10,467,071 |
| Workers' compensation | 566,308 |
| Unemployment | 553,373 |
| Net investment in capital assets | <u>(848,756)</u> |
| Total unrestricted net position | <u><u>\$ 14,737,996</u></u> |

15. Leases:

The Intermediate Unit leases a building for office space for the Pennsylvania Training and Technical Assistance Network – Harrisburg (PaTTAN-Central) under a lease agreement with Rossmoyne, LP signed in June 1992. The Intermediate Unit has amended this lease 14 times since the inception, the last amendment dated November 6, 2018. The Intermediate Unit recognizes lease expense on a straight-line basis over the term of the lease taking into account, when applicable, lessor incentives for tenant improvements, periods where no rent payment is required and escalations in rent payments over the term of the lease. The remaining term for the building lease is 14 years, with the lease expiring at midnight on June 30, 2034. This lease expiration date includes accelerating the exercising of the two remaining five-year lease renewal options in exchange for the completion of requested improvements being made by the landlord. The rental rates for the successive renewal periods terms remain consistent with the rates documented in Section Six found on Page Three of the Twelfth Amendment. The Intermediate Unit's lease agreement does not contain any material residual value guarantees or material restrictive covenants. In the event of a default, the landlord may terminate the lease. As of June 30, 2022, the lease liability and corresponding net right-of-use asset reflected on the statement of net position (deficit) were \$9,325,545 and \$9,787,228, respectively. The Intermediate Unit made cash payments of \$889,328 during the year ended June 30, 2022 in connection with the lease.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

15. Leases (continued):

The Intermediate Unit leases various buildings for classroom and office space (see schedule below) under a master lease agreement with the Lancaster-Lebanon Joint Authority, signed in June 2021. The Intermediate Unit recognizes lease expense on a straight-line basis over the term of the lease taking into account, when applicable, lessor incentives for tenant improvements, periods where no rent payment is required and escalations in rent payments over the term of the lease. The remaining term for the master building lease is 12 months, with the lease expiring June 2022. The Intermediate Unit's lease agreement contains a provision for renewals or mutually agreed-upon extensions. The Intermediate Unit's lease agreement does not contain any material residual value guarantees or material restrictive covenants. In the event of a default, the landlord may terminate the lease and collect all rents due. As of June 30, 2022, the lease liability and corresponding net right-of-use asset reflected on the statement of net position (deficit) were \$1,425,653 and \$1,703,924, respectively.

The Intermediate Unit made cash payments of \$347,950 during the year ended June 30, 2022 in connection with this master lease:

| Site | Address/description | Program use | Term | Total sq. ft. | Rate per sq. ft. | Annual lease cost |
|------|------------------------------|---|------------------------------|---------------|------------------|-------------------|
| 21 | 1 Cumberland St., Lebanon | Offices, Lebanon SD, early childhood | July 1, 2006 - June 30, 2022 | 33,200 | \$ 4.25 | \$ 141,100 |
| 54 | 1713 W. Newport Rd., Manheim | Emtional support, CORE, SES | July 1, 2007 - June 30, 2022 | 12,000 | \$ 4.25 | \$ 51,000 |
| 63 | 8 Fairland Rd., Manheim | Intensive emotional, support, CORE, SES | July 1, 2007 - June 30, 2022 | 12,000 | \$ 4.25 | \$ 51,000 |
| 94 | 111 S. Penn St., Manheim | ECSES | July 1, 2020 - June 30, 2022 | 69,900 | \$ 1.50 | \$ 104,850 |

The Intermediate Unit leases various buildings for classroom and office space (see schedule below) under a master sublease agreement with the Lancaster-Lebanon Joint Authority, signed in June 2021. The Intermediate Unit recognizes lease expense on a straight-line basis over the term of the lease taking into account, when applicable, lessor incentives for tenant improvements, periods where no rent payment is required and escalations in rent payments over the term of the lease. The remaining term for the master building sublease can be found on the sublease schedule for each location listed, ranging from five months (expiring November 30, 2021) to nine years (expiring June 30, 2030). The Intermediate Unit's lease agreement contains a provision for renewals or mutually agreed-upon extensions. The Intermediate Unit's lease agreement does not contain any material residual value guarantees or material restrictive covenants. In the event of a default, the landlord may terminate the lease and collect all rents due. As of June 30, 2022, the lease liability and corresponding net right-of-use asset reflected on the statement of net position (deficit) were \$17,763,183 and \$18,388,433, respectively.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

15. Leases (continued):

The Intermediate Unit made cash payments of \$1,302,329 during the year ended June 30, 2022 in connection with this master sublease:

| Site | Owner | Address/description | Program use | Term | Total sq. ft. | Rate per sq. ft. | Annual lease cost |
|-------|--------------------------------------|--|--------------------------------------|---------------------------------------|---------------|------------------|-------------------|
| 14 | Burle Corporate Park, LLC: | 1020 New Holland Pike, Lancaster | Offices | July 1, 2020 - June 30, 2030 | 101,220 | \$ 11.06 | \$ 1,119,493 |
| 15 | Burle Corporate Park, LLC: | 1020 New Holland Pike, Lancaster | Warehouses | July 1, 2006 - June 30, 2026 | 10,959 | \$ 5.17 | \$ 56,658 |
| 51 | Burle Corporate Park, LLC: | 1050 New Holland Pike, Lancaster | CSSE emotional support | April 1, 2015 - June 30, 2025 | 8,042 | \$ 11.57 | \$ 93,046 |
| 56 | Burle Corporate Park, LLC: | 1066 New Holland Pike, Lancaster | School -to-work | September 1, 2010 - December 31, 2021 | 5,500 | \$ 6.47 | \$ 11,862 |
| 56 | Burle Corporate Park, LLC: | 1066 New Holland Pike, Lancaster | School -to-work | September 1, 2010 - December 31, 2021 | 5,500 | \$ 6.76 | \$ 12,393 |
| 58 | Burle Corporate Park, LLC: | 1012 New Holland Pike, Lancaster | Gym | January 1, 2015 - August 31, 2023 | 1,120 | \$ 4.66 | \$ 5,219 |
| 87 | Burle Corporate Park, LLC: | 1126 New Holland Pike, Lancaster | Health and Wellness Center - Lebanon | March 16, 2015 - August 31, 2023 | 1,925 | \$ 14.50 | \$ 27,913 |
| 35.01 | Liberty Property Holdings, LP | 313 W. Liberty St., Lancaster | Family literacy | July 1, 2009 - December 31, 2022 | 1,932 | \$ 18.95 | \$ 36,611 |
| 35.02 | Liberty Property Holdings, LP | 313 W. Liberty St., Lancaster | Family literacy | February 1, 2020 - June 30, 2022 | 841 | \$ 15.72 | \$ 13,221 |
| 35.02 | Liberty Property Holdings, LP | 313 W. Liberty St., Lancaster | Early head start | February 1, 2020 - June 30, 2022 | 841 | \$ 16.02 | \$ 13,473 |
| 35.03 | Liberty Property Holdings, LP | 313 W. Liberty St., Lancaster | Community education | January 1, 2022 - December 31, 2022 | 1,756 | \$ 17.57 | \$ 15,426 |
| 79 | Brightside Opportunities | 515 Hershey Ave., Lancaster | Adult education | July 1, 2017 - December 31, 2022 | 3,156 | \$ 14.58 | \$ 46,014 |
| 79 | Brightside Opportunities | 515 Hershey Ave., Lancaster | Adult education | July 1, 2017 - December 31, 2022 | 424 | \$ 2.87 | \$ 1,217 |
| 29 | Lebanon School District | Old Forge Rd., Lebanon | Early Childhood Classroom | July 1, 2018 - June 30, 2023 | 398 | \$ 15.58 | \$ 6,201 |
| 33 | Elizabethtown Church of the Brethren | 777 S. Mount Joy St., Elizabethtown | Early Intervention (EI) | July 1, 2009 - June 30, 2023 | 456 | \$ 12.05 | \$ 5,495 |
| 49 | Willow Street UCC | 2723 Willow Street Pike, Willow Street | Speech Therapy | July 1, 2010 - June 30, 2023 | 240 | \$ 10.50 | \$ 2,520 |
| 62 | Palmyra Grace Brethren Church | 799 Airport Rd., Palmyra | Preschool | July 1, 2009 - June 30, 2023 | 241 | \$ 8.39 | \$ 2,022 |
| 64 | Catholic Charities | 47 S. Mulberry St., Lancaster | Emotional support | July 1, 2009 - June 30, 2023 | 1,820 | \$ 13.47 | \$ 24,515 |
| 65 | Boxx Modular, Inc. | 8 Fairland Rd., Manheim | Itinerant workspace | September 29, 2011 - June 30, 2022 | 896 | \$ 7.72 | \$ 6,917 |
| 85 | Manheim Township School District | 25 Valley Rd., Lancaster | EI, autistic and emotional support | July 1, 2019 - November 30, 2021 | 41,439 | \$ 10.89 | \$ 188,029 |

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

15. Leases (continued):

The discount rate used in determining the liability is 4.50%. The primary assumption used to determine the discount rate was the Intermediate Unit's implicit interest rate.

Lease liability activity for the year ended June 30, 2022 was as follows:

| | <u>Beginning balance</u> | <u>Remeasurement</u> | <u>Reductions</u> | <u>Ending balance</u> | <u>Due within one year</u> |
|----------------------------|------------------------------|----------------------|-------------------|---------------------------|--------------------------------|
| Lease liability, buildings | | \$ 29,879,584 | \$ (1,365,204) | \$ 28,514,380 | \$ 1,677,281 |

The following is a schedule of future annual minimum payments under the leases as of June 30, 2022:

| <u>Fiscal year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------|---------------------|----------------------|
| 2023 | \$ 1,677,281 | \$ 1,237,902 | \$ 2,915,183 |
| 2024 | 1,818,602 | 1,159,302 | 2,977,904 |
| 2025 | 1,966,869 | 1,074,191 | 3,041,060 |
| 2026 | 2,123,777 | 982,228 | 3,106,005 |
| 2027 | 2,289,258 | 883,024 | 3,172,282 |
| Thereafter | 18,638,593 | 3,254,220 | 21,892,813 |
| Total | <u>\$ 28,514,380</u> | <u>\$ 8,590,867</u> | <u>\$ 37,105,247</u> |

The cost of the lease asset, buildings is \$29,879,584. At June 30, 2022, the asset had an amortized value of \$27,689,563. Amortization expense for the year ended June 30, 2022 was \$2,190,021.

16. Subsequent events:

In December 2022, a frozen pipe burst at the One Cumberland building in Lebanon which is owned by the Lancaster-Lebanon Joint Authority and houses several Intermediate Unit programs. The building suffered significant damage including some of the classroom areas. The building will be closed for several weeks, and the programs will be moved to other locations while repairs are being done. Estimated costs of repairs have not yet been determined, but expect to be substantially covered by insurance.

The Intermediate Unit has evaluated subsequent events through January 24, 2023, the date that the financial statements were available to be issued.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND
(Required supplementary information)
(unaudited)
YEAR ENDED JUNE 30, 2022

| | Budget amounts | | Actual | Variance with final budget positive (negative) |
|---|--------------------|--------------------|----------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Local sources | \$ 11,094,328 | \$ 11,862,382 | \$ 9,221,828 | \$ (2,640,554) |
| State sources | 25,454,772 | 27,694,123 | 23,432,189 | (4,261,934) |
| Federal sources | 73,615,546 | 72,859,944 | 55,235,659 | (17,624,285) |
| Total revenues | 110,164,646 | 112,416,449 | 87,889,676 | (24,526,773) |
| Expenditures: | | | | |
| Instructional services: | | | | |
| Special programs | 6,602,821 | 5,409,642 | 4,534,141 | 875,501 |
| Other instructional programs | 207,198 | 207,198 | 56,782 | 150,416 |
| Nonpublic school programs | 7,728,415 | 7,688,221 | 7,316,754 | 371,467 |
| Adult education programs | 2,532,830 | 2,357,011 | 1,958,181 | 398,830 |
| Pre-kindergarten | 12,857,713 | 13,014,999 | 10,117,300 | 2,897,699 |
| Total instructional services | 29,928,977 | 28,677,071 | 23,983,158 | 4,693,913 |
| Support services: | | | | |
| Pupil personnel | 5,896,985 | 6,105,046 | 5,280,946 | 824,100 |
| Instructional staff | 31,330,428 | 34,456,516 | 24,289,525 | 10,166,991 |
| Administrative | 3,782,493 | 3,784,474 | 3,138,301 | 646,173 |
| Pupil health | 71,363 | 71,363 | 2,372 | 68,991 |
| Business | 5,008,224 | 5,152,772 | 5,152,772 | - |
| Operation and maintenance of plant | 7,707,012 | 7,803,603 | 6,162,414 | 1,641,189 |
| Student transportation | 502,341 | 567,891 | 567,891 | - |
| Central | 4,925,067 | 5,913,176 | 5,913,176 | - |
| Other support | 28,762,646 | 27,672,642 | 21,549,756 | 6,122,886 |
| Total support services | 87,986,559 | 91,527,483 | 72,057,153 | 19,470,330 |
| Non-instructional services, food | 603,374 | 614,269 | 162,012 | 452,257 |
| Total expenditures | 118,518,910 | 120,818,823 | 96,202,323 | 24,616,500 |
| Deficiency of revenues over expenditures | (8,354,264) | (8,402,374) | (8,312,647) | 89,727 |
| Other financing sources (uses): | | | | |
| Operating transfers in | 10,633,264 | 10,652,374 | 7,900,558 | (2,751,816) |
| Special and extraordinary items | (2,250,000) | (2,250,000) | | 2,250,000 |
| Proceeds from sale of capital assets | | | 2,275 | 2,275 |
| Net other financing sources (uses) | 8,383,264 | 8,402,374 | 7,902,833 | (499,541) |
| Net changes in fund balances | \$ 29,000 | \$ - | (409,814) | \$ (409,814) |
| Fund balances: | | | | |
| Beginning | | | 12,242,953 | |
| Ending | | | \$ 11,833,139 | |

See notes to required supplementary information.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL – SPECIAL EDUCATION FUND
 (Required supplementary information)
 (unaudited)
 YEAR ENDED JUNE 30, 2022

| | Budget amounts | | Actual | Variance with final budget positive (negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Local sources | \$ 42,303,951 | \$ 42,861,069 | \$ 40,825,118 | \$ (2,035,951) |
| State sources | 8,120,733 | 8,309,104 | 8,192,813 | (116,291) |
| Total revenues | 50,424,684 | 51,170,173 | 49,017,931 | (2,152,242) |
| Expenditures: | | | | |
| Instructional services, special programs | 41,203,777 | 41,790,842 | 39,748,581 | 2,042,261 |
| Support services: | | | | |
| Pupil personnel services | 220,000 | 282,061 | 282,061 | - |
| Instructional staff | 633,726 | 780,593 | 780,593 | - |
| Administrative | 1,823,703 | 2,167,746 | 2,086,176 | 81,570 |
| Pupil health | 2,130,567 | 2,130,567 | 2,113,577 | 16,990 |
| Business | 101,268 | 102,206 | 102,206 | - |
| Operation and maintenance of plant | 1,067,422 | 792,422 | 791,826 | 596 |
| Central | | 26,654 | 26,654 | - |
| Total support services | 5,976,686 | 6,282,249 | 6,183,093 | 99,156 |
| Total expenditures | 47,180,463 | 48,073,091 | 45,931,674 | 2,141,417 |
| Excess of revenues over expenditures | 3,244,221 | 3,097,082 | 3,086,257 | (10,825) |
| Other financing sources (uses): | | | | |
| Operating transfers: | | | | |
| In | 39,276 | 250,763 | 361,574 | 110,811 |
| Out | (3,283,497) | (3,347,845) | (3,329,873) | 17,972 |
| Net other financing sources (uses) | (3,244,221) | (3,097,082) | (2,968,299) | 128,783 |
| Net changes in fund balances | \$ - | \$ - | 117,958 | \$ 117,958 |
| Fund balances: | | | | |
| Beginning | | | 168,726 | |
| Ending | | | \$ 286,684 | |

See notes to required supplementary information.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) –
 BUDGET AND ACTUAL – SPECIAL EDUCATION TRANSPORTATION FUND
 (Required supplementary information)
 (unaudited)
 YEAR ENDED JUNE 30, 2022

| | Budget amounts | | Actual | Variance with final budget positive (negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues, state sources | \$ 1,201,081 | \$ 1,201,081 | \$ 1,258,830 | \$ 57,749 |
| Expenditures, support services, student transportation | 1,113,484 | 1,113,484 | 1,024,999 | 88,485 |
| Excess of revenues over expenditures | 87,597 | 87,597 | 233,831 | 146,234 |
| Other financing sources (uses), operating transfers out | (87,597) | (87,597) | (80,712) | 6,885 |
| Net changes in fund balances | \$ - | \$ - | 153,119 | \$ 153,119 |
| Fund balances (deficit): | | | | |
| Beginning | | | (71,982) | |
| Ending | | | \$ 81,137 | |

See notes to required supplementary information.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL – STATE FUNDED EARLY INTERVENTION FUND
 (Required supplementary information)
 (unaudited)
 YEAR ENDED JUNE 30, 2022

| | Budget amounts | | Actual | Variance with final budget positive (negative) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Revenues, state sources | \$ 19,029,450 | \$ 19,233,632 | \$ 19,216,685 | \$ (16,947) |
| Expenditures: | | | | |
| Instructional services, special programs | 14,490,916 | 14,529,836 | 14,512,889 | 16,947 |
| Support services: | | | | |
| Pupil personnel | 961,135 | 1,008,520 | 1,008,520 | - |
| Instruction staff | | 123,068 | 123,068 | - |
| Pupil health | 2,353,142 | 2,339,057 | 2,339,057 | - |
| Total support services | 3,314,277 | 3,470,645 | 3,470,645 | - |
| Total expenditures | 17,805,193 | 18,000,481 | 17,983,534 | 16,947 |
| Excess of revenues over expenditures | 1,224,257 | 1,233,151 | 1,233,151 | - |
| Other financing sources (uses), operating transfers out | (1,224,257) | (1,233,151) | (1,233,151) | - |
| Net changes in fund balances | \$ - | \$ - | - | \$ - |
| Fund balances: | | | | |
| Beginning | | | - | |
| Ending | | | \$ - | |

See notes to required supplementary information.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (unaudited) YEAR ENDED JUNE 30, 2022

The Intermediate Unit follows the following guidelines in establishing the budgetary data reflected in the general purpose financial statements.

Purpose:

The Board considers budget planning to be an integral part of the budget process. Through planning, the budgets shall be designed to reflect the Board's goals and objectives concerning the educational programs, support services and business plans of the Intermediate Unit.

The IU General Operating Budget (GOB) and Strategic Business Unit (SBU) and Support Service Unit (SSU) budgets of the Intermediate Unit shall be based upon the needs and goals of the Intermediate Unit, the needs of its 22 member school districts and the availability of funds to most effectively meet those needs.

Authority:

Administration shall prepare proposed budgets at least 30 days prior to adoption of the final budgets. The proposed budgets shall be made available for public inspection and duplication at the Intermediate Unit administrative office at least 20 days prior to adoption of the budgets. The Board shall give public notice of its intent to adopt at least ten days prior to adoption of the proposed budgets.

The Board shall approve the GOB (comprised of the Core Program of Services and Instructional Media Services Program) in March and then disseminate a GOB packet to member school districts for approval. The Board shall adopt the final GOB after approval by a majority of the member school districts comprising the Intermediate Unit and a majority of proportionate votes of all school directors in member school districts, and then will submit the GOB to the Pennsylvania Department of Education (PDE) by May 1st. The Board shall approve and adopt all programs of services budgets annually in June as part of its Strategic Business Units and Support Services Units budget adoption process.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY AND
RELATED RATIOS – SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN
(Required supplementary information)
(unaudited)
FOR THE VALUATION YEAR ENDED JUNE 30

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Total OPEB liability: | | | | | |
| Service cost | \$ 39,710 | \$ 47,544 | \$ 51,147 | \$ 58,539 | \$ 102,217 |
| Interest | 100,422 | 106,186 | 78,216 | 80,420 | 87,680 |
| Differences between expected and actual experience | (285,244) | | (171,708) | | (48,453) |
| Changes of assumptions | 327,622 | | 743,916 | | 641,830 |
| Benefit payments | (289,898) | (339,094) | (207,069) | (210,436) | (232,852) |
| Net change in total OPEB liability | (107,388) | (185,364) | 494,502 | (71,477) | 550,422 |
| Total OPEB liability: | | | | | |
| Beginning | <u>2,994,283</u> | <u>3,179,647</u> | <u>2,685,145</u> | <u>2,756,622</u> | <u>2,206,200</u> |
| Ending | <u>\$ 2,886,895</u> | <u>\$ 2,994,283</u> | <u>\$ 3,179,647</u> | <u>\$ 2,685,145</u> | <u>\$ 2,756,622</u> |
| Covered payroll | \$ 67,510,986 | \$ 61,185,636 | \$ 59,693,303 | \$ 54,993,675 | \$ 53,652,366 |
| Total OPEB liability as a percentage of covered payroll | 4.3% | 4.9% | 5.3% | 4.9% | 5.1% |

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the Intermediate Unit is presenting information for those years which information is available.

See notes to required supplementary information.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN (unaudited) 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 Benefit Terms:

Measurement period ended June 30, 2022:

Each year's loss (or gain) is recognized over a closed period, using the average of the expected remaining service lives of all active employees that are currently receiving a benefit or may be eligible to receive a benefit in the future.

These figures are based on estimated benefit payments. These amounts may be adjusted for actual benefit payments made during the year.

Changes of Assumptions:

Measurement period ended June 30, 2022:

Discount rate was decreased from 3.50% to 2.28%. The trend and spouse age assumptions were updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Measurement period ended June 30, 2019:

Healthcare 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.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
SINGLE-EMPLOYER DEFINED BENEFIT OPEB PLAN
(unaudited)
LAST 10 FISCAL YEARS

Changes of Assumptions (continued):

Measurement period ended June 30, 2019:

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 ended 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%.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF EMPLOYER CONTRIBUTIONS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSERS) HEALTH INSURANCE PREMIUM ASSISTANCE PLAN
(Required supplementary information)
(unaudited)
FOR THE VALUATION YEAR ENDED JUNE 30

| 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 | | \$ 53,047,126 | 0.90 % |
| 2016 | 462,484 | 462,484 | | 54,767,944 | 0.84 |
| 2017 | 478,604 | 478,604 | | 57,620,938 | 0.83 |
| 2018 | 493,162 | 493,162 | | 59,589,699 | 0.83 |
| 2019 | 509,000 | 509,000 | | 61,438,977 | 0.83 |
| 2020 | 557,400 | 557,400 | | 66,514,962 | 0.84 |
| 2021 | 558,400 | 558,400 | | 67,977,357 | 0.82 |
| 2022 | 591,000 | 591,000 | | 67,967,118 | 0.87 |

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the Intermediate Unit is presenting information for those years which information is available.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF THE INTERMEDIATE UNIT'S PROPORTIONATE SHARE OF THE NET OTHER
 POSTEMPLOYMENT BENEFITS (OPEB)
 LIABILITY – PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS) HEALTH INSURANCE
 PREMIUM ASSISTANCE PLAN
 (Required supplementary information)
 (unaudited)
 FOR THE VALUATION YEAR ENDED JUNE 30

| 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 |
| 2021 | 0.4794 | 11,362,105 | 67,977,357 | 16.71 | 5.30 |

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the Intermediate Unit is presenting information for those years which information is available.

See notes to required supplementary information.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PSERS HEALTH INSURANCE PREMIUM ASSISTANCE PLAN (unaudited) LAST 10 FISCAL YEARS

Changes of Assumptions:

Measurement period ended June 30, 2021:

Discount rate was decreased from 2.66% to 2.18%.

Salary growth rate – decreased from 5.00% to 4.50%

Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00% respectively.

Measurement period ended June 30, 2020:

Discount rate was decreased from 2.79% to 2.66%.

Measurement period ended June 30, 2019:

Discount rate was decreased from 2.98% to 2.79%.

Measurement period ended June 30, 2017:

Discount rate was decreased from 3.13% to 2.98%.

Measurement period ended 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 three years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projection using a modified version of the MP-2015 Mortality Improvement Scale.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF EMPLOYER CONTRIBUTIONS – PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM
 (Required supplementary information)
 (unaudited)
 FOR THE VALUATION YEAR ENDED JUNE 30

| Defined benefit pension plan | Contractually required contributions | Contributions from employer | Contributions deficiency (excess) | Covered employee payroll | Contributions as a percentage of covered employee payroll |
|---------------------------------|--|--------------------------------|---|--------------------------------|--|
| 2013 | \$ 5,940,506 | \$ 5,940,506 | | \$ 53,083,351 | 11.19 % |
| 2014 | 8,232,773 | 8,232,773 | | 52,602,009 | 15.65 |
| 2015 | 10,697,790 | 10,697,790 | | 53,047,126 | 20.17 |
| 2016 | 13,510,678 | 13,510,678 | | 54,767,944 | 24.67 |
| 2017 | 16,645,160 | 16,645,160 | | 57,620,938 | 28.89 |
| 2018 | 18,630,349 | 18,630,349 | | 59,589,699 | 31.26 |
| 2019 | 20,044,000 | 20,044,000 | | 61,367,426 | 32.66 |
| 2020 | 22,333,000 | 22,333,000 | | 66,514,962 | 33.58 |
| 2021 | 22,887,000 | 22,887,000 | | 67,977,357 | 33.67 |
| 2022 | 24,550,000 | 24,550,000 | | 67,967,118 | 36.12 |

See notes to required supplementary information.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF THE INTERMEDIATE UNIT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY – PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
(Required supplementary information)
(unaudited)
FOR THE VALUATION YEAR ENDED JUNE 30

| 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 uncovered 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 |
| 2021 | 0.4762 | 195,512,000 | 67,977,357 | 287.61 | 63.67 |

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the Intermediate Unit is presenting information for those years which information is available.

See notes to required supplementary information.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
(unaudited)
YEAR ENDED JUNE 20, 2022

Changes of Benefit Terms:

Measurement period ended June 30, 2017:

Beginning June 12, 2017, with the passage of Act 5, Class T-E and T-F members are now permitted to elect a lump-sum payment of member contributions upon retirement.

Changes of Assumptions:

Measurement period ended 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 three years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projection 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, 2022**

| Federal grantor/ pass-through agency / program title | Source code | Federal AL number | Pass-through grantor's number | Grant period beginning/ ending date | Grant amount | Accrued (deferred) revenue at July 1, 2021 | Total received for the year | Revenue recognized | Expenditures | Accrued (deferred) revenue at June 30, 2022 | Passed through to subrecipients |
|---|----------------|-------------------------|-------------------------------------|---|-----------------|---|-----------------------------------|-----------------------|----------------|--|---------------------------------------|
| U.S. Department of Agriculture: | | | | | | | | | | | |
| Passed through the Pennsylvania Department of Education: | | | | | | | | | | | |
| Child and Adult Care Food Program: | I | 10.558 | 164 | 10/01/21-09/30/22 | \$ 34,598 | | \$ 34,598 | \$ 34,598 | \$ 34,598 | | |
| | I | 10.558 | 164 | 10/01/21-09/30/22 | 298,874 | | 79,729 | 92,122 | 92,122 | \$ 12,393 | |
| | I | 10.558 | 164 | 10/01/20-09/30/21 | 298,874 | \$ (4,164) | 13,456 | 17,620 | 17,620 | | |
| Total U.S. Department of Agriculture | | | | | | (4,164) | 127,783 | 144,340 | 144,340 | 12,393 | |
| U.S. Department of Commerce: | | | | | | | | | | | |
| Passed through the National Oceanic and Atmospheric Administration: | | | | | | | | | | | |
| NOAA Chesapeake Bay Office Bay Watershed Education and Training (B-WET) | I | 11.457 | FNA21NMF45 70451 | 07/01/21-06/30/24 | 100,856 | | 100,856 | 87,074 | 87,074 | (13,782) | |
| Total U.S. Department of Commerce | | | | | | | 100,856 | 87,074 | 87,074 | (13,782) | |
| U.S. Department of Labor: | | | | | | | | | | | |
| WIOA Cluster: | | | | | | | | | | | |
| Passed through the Lancaster County Workforce Investment Board: | | | | | | | | | | | |
| WIOA Adult Program | I | 17.258 | N/A | 07/01/20-06/30/21 | 45,000 | 13,188 | 13,188 | | | | |
| WIOA Youth Activities | I | 17.259 | N/A | 07/01/20-06/30/21 | 30,000 | 8,792 | 8,792 | | | | |
| Passed through the South Central Workforce Investment Board: | | | | | | | | | | | |
| WIOA Youth Activities: | | | | | | | | | | | |
| | I | 17.259 | P19180019330105 and P1918020330106 | 07/01/20-06/30/21 | 142,689 | 27,991 | 28,291 | 300 | 300 | | |
| | I | 17.259 | P2018033011U210 | 07/01/21-06/30/22 | 240,000 | | 178,054 | 219,020 | 219,020 | 40,966 | |
| | I | 17.259 | P19180019330105 and P1918020330106 | 07/01/20-06/30/21 | 86,640 | 11,421 | 11,421 | | | | |
| | I | 17.259 | P2018033011U210 | 07/01/21-06/30/22 | 63,000 | | 40,136 | 63,000 | 63,000 | 22,864 | |
| Total WIOA Youth Activities | | | | | | 48,204 | 266,694 | 282,320 | 282,320 | 63,830 | |
| Passed through the Lancaster County Workforce Development Board: | | | | | | | | | | | |
| Reentry Employment Opportunities | I | 17.270 | PE-36553-21-60-A-42 | 07/01/21-12/31/24 | 560,525 | | 153,801 | 199,545 | 199,545 | 45,744 | |
| WIOA Dislocated Worker Formula Grants | I | 17.278 | N/A | 07/01/20-06/30/21 | 54,096 | 34,039 | 34,039 | | | | |
| Passed through the Lancaster County Workforce Investment Board: | | | | | | | | | | | |
| WIOA Dislocated Worker Formula Grants: | | | | | | | | | | | |
| | I | 17.278 | N/A | 07/01/20-06/30/21 | 30,000 | 8,792 | 8,792 | | | | |
| | I | 17.278 | N/A | 07/01/20-06/30/21 | 34,350 | 23,854 | 23,854 | | | | |
| | I | 17.278 | 21-LLIU13 BEP | 02/01/22-12/31/23 | 6,675 | | | 1,669 | 1,669 | 1,669 | |
| Total WIOA Dislocated Worker Formula Grants | | | | | | 66,685 | 66,685 | 1,669 | 1,669 | 1,669 | |
| Total U.S. Department of Labor | | | | | | 128,077 | 500,368 | 483,534 | 483,534 | 111,243 | |

(continued)

LANCASTER-LEBANON INTERMEDIATE UNIT 13

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| Federal grantor/ pass-through agency / program title | Source code | Federal AL number | Pass-through grantor's number | Grant period beginning/ ending date | Grant amount | Accrued (deferred) revenue at July 1, 2021 | Total received for the year | Revenue recognized | Expenditures | Accrued (deferred) revenue at June 30, 2022 | Passed through to subrecipients |
|---|----------------|-------------------------|-------------------------------------|---|-----------------|---|-----------------------------------|-----------------------|--------------|--|---------------------------------------|
| U.S. Department of Education: | | | | | | | | | | | |
| Passed through the Pennsylvania Department of Education: | | | | | | | | | | | |
| Adult Education - Basic Grants to States: | I | 84.002 | 064-220015 | 07/01/21-06/30/22 | \$ 874,047 | | \$ 874,047 | \$ 874,047 | \$ 874,047 | | |
| | I | 84.002 | 061-210003 | 07/01/20-06/30/21 | 400,000 | \$ 33,333 | 33,333 | | | | |
| | I | 84.002 | 061-220003 | 07/01/21-06/30/22 | 485,305 | | 423,537 | 485,305 | 485,305 | \$ 61,768 | |
| Total Adult Education - Basic Grants to States | | | | | | 33,333 | 1,330,917 | 1,359,352 | 1,359,352 | 61,768 | |
| Title I Grants to Local Educational Agencies: | I | 84.010 | 149-210613 | 07/01/20-06/30/21 | 17,655 | 8,828 | 8,828 | | | | |
| | I | 84.010 | 149-220613 | 07/01/21-06/30/22 | 17,655 | | 7,356 | 17,655 | 17,655 | 10,299 | |
| | I | 84.010 | 149-210613 | 07/01/20-06/30/21 | 14,200 | 7,100 | 7,100 | | | | |
| | I | 84.010 | 107-210613 | 09/01/20-09/30/21 | 101,706 | 11,281 | 23,471 | 12,190 | 12,190 | | \$ 18,561 |
| | I | 84.010 | 107-220613 | 09/03/21-09/30/22 | 93,525 | | 79,137 | 93,525 | 93,525 | 14,388 | 69,871 |
| Passed through the Allegheny Intermediate Unit: | | | | | | | | | | | |
| Title I Grants to Local Educational Agencies: | I | 84.010 | PO4300702303 | 07/01/21-06/30/22 | 275,000 | | 275,000 | 274,222 | 274,222 | (778) | |
| | I | 84.010 | PO4300665615 | 07/01/20-06/30/21 | 1,057,904 | 215,215 | 215,215 | | | | |
| | I | 84.010 | PO4300702303 | 07/01/21-06/30/22 | 1,536,298 | | 631,254 | 1,487,160 | 1,487,160 | 855,906 | |
| Total Title I Grants to Local Education Agencies | | | | | | 242,424 | 1,247,361 | 1,884,752 | 1,884,752 | 879,815 | 88,432 |
| Special Education Cluster (IDEA): | | | | | | | | | | | |
| Passed through the Pennsylvania Department of Education: | | | | | | | | | | | |
| Special Education Grants to States: | I | 84.027 | 062-220033 | 07/01/21-09/30/22 | 568,984 | | 414,432 | 414,432 | 414,432 | | |
| | I | 84.027 | 062-210037 | 07/01/20-09/30/21 | 423,604 | 9,612 | 84,721 | 75,109 | 75,109 | | |
| | I | 84.027 | 131-200013 | 07/01/20-06/30/21 | 2,027,231 | (3,162) | | 3,162 | 3,162 | | |
| | I | 84.027 | 131-210013 | 07/01/21-06/30/22 | 2,060,851 | | 2,060,851 | 2,056,145 | 2,056,145 | (4,706) | |
| | I | 84.027 | 062-210013 | 07/01/20-09/30/22 | 19,383,873 | 4,973,652 | 5,169,033 | 195,381 | 195,381 | | |
| | I | 84.027 | 062-220013 | 07/01/21-09/30/23 | 19,222,118 | | 11,030,480 | 19,095,430 | 19,095,430 | 8,064,950 | 17,300,881 |
| | I | 84.027 | 062-210033 A | 07/01/20-09/30/22 | 21,506,250 | 2,165,082 | 8,833,732 | 6,668,650 | 6,668,650 | | 4,272,662 |
| | I | 84.027 | 062-220033 | 07/01/21-09/30/22 | 21,443,048 | | 12,792,787 | 13,389,608 | 13,389,608 | 596,821 | 4,256,389 |
| Total Special Education Grants to States | | | | | | 7,145,184 | 40,386,036 | 41,897,917 | 41,897,917 | 8,657,065 | 25,829,932 |
| American Recovery Plan (ARP) - Special Education Grants to States: | I | 84.027X | 062-220013 | 07/01/21-09/30/23 | 4,286,192 | | 3,074,506 | 155,454 | 155,454 | (2,919,052) | 155,454 |
| | I | 84.027X | 232-210013 | 07/01/21-09/30/22 | 459,533 | | 245,084 | 344,453 | 344,453 | 99,369 | |
| Total American Recovery Plan (ARP) - Special Education Grants to States | | | | | | | 3,319,590 | 499,907 | 499,907 | (2,819,683) | 155,454 |
| Special Education Preschool Grants | I | 84.173 | 131-210013 | 07/01/21-06/30/22 | 428,951 | | 428,951 | 428,951 | 428,951 | | |
| American Recovery Plan (ARP) - Special Education Preschool Grants | I | 84.173X | 231-210013 | 07/01/21-09/30/22 | 284,002 | | 94,667 | 804 | 804 | (93,863) | |
| Total Special Education Cluster (IDEA) | | | | | | 7,145,184 | 44,229,244 | 42,827,579 | 42,827,579 | 5,743,519 | 25,985,386 |

(continued)

LANCASTER-LEBANON INTERMEDIATE UNIT 13

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| Federal grantor/ pass-through agency / program title | Source code | Federal AL number | Pass-through grantor's number | Grant period beginning/ ending date | Grant amount | Accrued (deferred) revenue at July 1, 2021 | Total received for the year | Revenue recognized | Expenditures | Accrued (deferred) revenue at June 30, 2022 | Passed through to subrecipients |
|---|----------------|-------------------------|-------------------------------------|---|-----------------|---|-----------------------------------|-----------------------|-------------------|--|---------------------------------------|
| U.S. Department of Education (continued): | | | | | | | | | | | |
| Passed through the LaAcademia: The Partnership Charter School, Twenty-First Century Community Learning Centers | I | 84.287 | N/A | 10/01/20-09/30/21 | \$ 8,000 | \$ 4,000 | \$ 4,000 | | | | |
| Passed through the School District of Lancaster, Twenty-First Century Community Learning Centers | I | 84.287 | 22002653 | 07/01/21-06/30/22 | 67,275 | | 59,517 | \$ 67,283 | \$ 67,283 | \$ 7,766 | |
| Total Twenty-First Century Community Learning Centers | | | | | | 4,000 | 63,517 | 67,283 | 67,283 | 7,766 | |
| Passed through the Pennsylvania Department of Education: English Language Acquisition State Grants: | I | 84.365 | 010-200613 | 10/01/19-09/30/22 | 10,863 | (2,896) | | 1,238 | 1,238 | (1,658) | |
| | I | 84.365 | 010-210613 | 10/01/20-09/30/22 | 8,767 | (2,140) | 4,721 | 3,029 | 3,029 | (3,832) | |
| | I | 84.365 | 010-210613 | 10/01/20-09/30/22 | 195,837 | 28,027 | 105,450 | 77,423 | 77,423 | | |
| | I | 84.365 | 010-220613 | 09/01/21-09/30/22 | 6,509 | | 3,461 | | | (3,461) | |
| | I | 84.365 | 010-220613 | 09/01/21-09/30/22 | 199,995 | | 106,352 | 96,385 | 96,385 | (9,967) | |
| Total English Language Acquisition State Grant | | | | | | 22,991 | 219,984 | 178,075 | 178,075 | (18,918) | |
| Supporting Effective Instruction State Grants: | I | 84.367 | 147-210013 | 07/01/20-06/30/21 | 9,200 | 4,600 | 4,600 | | | | |
| | I | 84.367 | 147-220013 | 07/01/21-06/30/22 | 9,200 | | 3,833 | 9,200 | 9,200 | 5,367 | |
| | I | 84.367 | 156-220613 | 07/01/21-06/30/22 | 5,772 | | | 5,772 | 5,772 | 5,772 | |
| Total Supporting Effective Instruction State Grants | | | | | | 4,600 | 8,433 | 14,972 | 14,972 | 11,139 | |
| Student Support and Academic Enrichment Program | I | 84.424 | 149-210613 | 07/01/20-06/30/21 | 12,500 | 6,250 | 6,250 | | | | |
| COVID-19 - Education Stabilization Fund: | I | 84.425 | 157-210613 | 07/01/20-06/30/21 | 59,375 | 29,687 | 29,687 | | | | |
| | I | 84.425 | 149-210613 | 07/01/20-06/30/21 | 43,300 | 21,650 | 21,650 | | | | |
| | I | 84.425C | 250-200020 | 03/13/20-09/30/22 | 35,358 | | | | | | |
| | I | 84.425C | 162-190013 | 03/13/20-09/30/22 | 155,796 | (54,390) | | 54,390 | 54,390 | | |
| | I | 84.425C | 163-190013 | 03/13/20-09/30/22 | 259,660 | (200,211) | | 200,211 | 200,211 | | |
| | I | 84.425U | 156-220613 | 07/01/21-6/30/22 | 4,816 | | 2,007 | 4,816 | 4,816 | 2,809 | |
| | I | 84.425D | 156-220613 | 07/01/21-6/30/22 | 59,375 | | 27,020 | 59,375 | 59,375 | 32,355 | |
| | I | 84.425D | 156-220613 | 07/01/21-6/30/22 | 29,000 | | 12,083 | 29,000 | 29,000 | 16,917 | |
| | I | 84.425 | 224-210613 | 03/13/20-09/30/24 | 175,384 | | | | | | |
| | I | 84.425 | 224-210613 | 03/13/20-09/30/24 | 2,154,115 | | 84,709 | 1,691,252 | 1,691,252 | 1,606,543 | |
| Total COVID-19 - Education Stabilization Fund | | | | | | (203,264) | 177,156 | 2,039,044 | 2,039,044 | 1,658,624 | |
| Total U.S. Department of Education | | | | | | 7,255,518 | 47,282,862 | 48,371,057 | 48,371,057 | 8,343,713 | \$ 26,073,818 |

(continued)

LANCASTER-LEBANON INTERMEDIATE UNIT 13

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| Federal grantor/ pass-through agency / program title | Source code | Federal AL number | Pass-through grantor's number | Grant period beginning/ ending date | Grant amount | Accrued (deferred) revenue at July 1, 2021 | Total received for the year | Revenue recognized | Expenditures | Accrued (deferred) revenue at June 30, 2022 | Passed through to subrecipients |
|--|----------------|-------------------------|-------------------------------------|---|-----------------|---|-----------------------------------|-----------------------|--------------|--|---------------------------------------|
| U.S. Department of Health and Human Services: | | | | | | | | | | | |
| Passed through the South Central Workforce Investment Board: | | | | | | | | | | | |
| Temporary Assistance for Needy Families: | I | 93.558 | P1918019336107 and P1918020336108 | 07/01/20-06/30/21 | \$ 162,510 | \$ 37,803 | \$ 37,803 | | | | |
| | I | 93.558 | P2018033611U-21 | 07/01/21-06/30/22 | 175,000 | | 139,347 | \$ 175,000 | \$ 175,000 | \$ 35,653 | |
| Passed through the Pennsylvania Department of Education: | | | | | | | | | | | |
| Temporary Assistance for Needy Families: | I | 93.558 | 4100081177 | 07/01/20-06/30/21 | 244,000 | 48,599 | 48,599 | | | | |
| | | 93.558 | 4100089870 | 07/01/21-06/30/22 | 293,000 | | 197,862 | 293,000 | 293,000 | 95,138 | |
| Total Temporary Assistance for Needy Families | | | | | 874,510 | 86,402 | 423,611 | 468,000 | 468,000 | 130,791 | |
| Passed through the Office of Refugee Resettlement: | | | | | | | | | | | |
| Refugee and Entrant Assistance Discretionary Grants: | I | 93.576 | FC4100081657 | 10/01/20-09/30/21 | 50,118 | 11,459 | 30,903 | 19,444 | 19,444 | | |
| | I | 93.576 | 90ZM0016-03-00 | 09/30/20-09/29/21 | 250,000 | 50,104 | 133,126 | 83,022 | 83,022 | | |
| Total Refugee and Entrant Assistance Discretionary Grants | | | | | 300,118 | 61,563 | 164,029 | 102,466 | 102,466 | | |
| Passed through the Church World Service: | | | | | | | | | | | |
| Refugee and Entrant Assistance Wilson-Fish: | I | 93.583 | 90RW0061 | 10/01/20-09/30/21 | 49,765 | 32,230 | 49,765 | 17,535 | 17,535 | | |
| | I | 93.583 | 90RW0061 | 10/01/21-09/30/22 | 49,765 | | 17,443 | 32,842 | 32,842 | 15,399 | |
| Total Refugee and Entrant Assistance Wilson-Fish | | | | | 99,530 | 32,230 | 67,208 | 50,377 | 50,377 | 15,399 | |
| Head Start Cluster: | | | | | | | | | | | |
| Head Start: | D | 93.600 | 03CH011131 | 01/01/22-12/31/22 | 1,827,064 | | | 1,039,505 | 1,039,505 | 1,039,505 | |
| | D | 93.600 | 03CH011131 | 01/01/21-12/31/21 | 1,805,505 | 199,161 | 1,157,406 | 958,245 | 958,245 | | |
| | D | 93.600 | 03CH011131 | 01/01/20-12/31/20 | 1,716,934 | 155,852 | 155,852 | | | | |
| ARP Head Start | D | 93.600 | 03HE001134-01-01 | 04/01/21-03/31/23 | 197,423 | | | 59,223 | 59,223 | 59,223 | |
| CRRSA Head Start | D | 93.600 | 03HE001134-01-00 | 04/01/21-03/31/23 | 49,600 | | | 3,241 | 3,241 | 3,241 | |
| COVID-19 - Head Start | D | 93.600 | 03CH011131 | 01/01/20-12/31/21 | 145,003 | 22,220 | | 34,033 | 34,033 | 56,253 | |
| Passed through the Pennsylvania Department of Human Services: | | | | | | | | | | | |
| COVID-19 - Head Start | I | 93.600 | 03CH011343 | 01/01/20-12/31/21 | 66,789 | 10,922 | 36,044 | 25,122 | 25,122 | | |
| Head Start: | I | 93.600 | 4100082355 | 01/01/21-12/31/21 | 777,778 | (31,311) | 399,729 | 431,040 | 431,040 | | |
| | I | 93.600 | 4100082355 | 01/01/21-12/31/22 | 788,618 | | 456,369 | 390,560 | 390,560 | (65,809) | |
| Passed through the Berks County Intermediate Unit: | | | | | | | | | | | |
| COVID-19 - Head Start | I | 93.600 | 03HP000326-02-01 | 08/01/20-07/31/21 | 8,260 | (7,267) | | 7,267 | 7,267 | | |
| Head Start | I | 93.600 | 03HE000041 | 04/01/21-03/31/23 | 62,692 | | 62,692 | 25,237 | 25,237 | (37,455) | |
| Passed through the Community Action Partnership of Lancaster County: | | | | | | | | | | | |
| Head Start: | I | 93.600 | 03CH010640 | 05/01/21-04/30/22 | 696,909 | 109,482 | 575,516 | 490,600 | 490,600 | 24,566 | |
| | I | 93.600 | 03CH010640 | 05/01/22-04/30/23 | 721,112 | | 23,995 | 92,148 | 92,148 | 68,153 | |
| | I | 93.600 | 03CH010640 | 05/01/20-04/30/21 | 711,829 | 51,699 | 52,238 | 539 | 539 | | |
| Total Head Start Cluster | | | | | 510,758 | 2,919,841 | 3,556,760 | 3,556,760 | 3,556,760 | 1,147,677 | |

(continued)

LANCASTER-LEBANON INTERMEDIATE UNIT 13

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| Federal grantor/ pass-through agency / program title | Source code | Federal AL number | Pass-through grantor's number | Grant period beginning/ ending date | Grant amount | Accrued (deferred) revenue at July 1, 2021 | Total received for the year | Revenue recognized | Expenditures | Accrued (deferred) revenue at June 30, 2022 | Passed through to subrecipients |
|--|----------------|-------------------------|-------------------------------------|---|-----------------|---|-----------------------------------|-----------------------|----------------------|--|---------------------------------------|
| U.S. Department of Health and Human Services (continued): | | | | | | | | | | | |
| Passed through the Pennsylvania Department of Human Services: | | | | | | | | | | | |
| Medical Assistance Program: | I | 93.778 | 092-007513 | 07/01/20-06/30/21 | N/A | \$ 92,560 | \$ 92,560 | | | | |
| | I | 93.778 | 092-007513 | 07/01/21-06/30/22 | N/A | | 82,760 | \$ 165,063 | \$ 165,063 | \$ 82,303 | |
| | I | 93.778 | 044-007513 | 07/01/14-06/30/22 | N/A | (637,065) | 272,569 | | | (909,634) | |
| Total Medical Assistance Program | | | | | | (544,505) | 447,889 | 165,063 | 165,063 | (827,331) | |
| Total U.S. Department of Health and Human Services | | | | | | 146,448 | 4,022,578 | 4,342,666 | 4,342,666 | 466,536 | |
| U.S. Department of Homeland Security: | | | | | | | | | | | |
| Citizenship Education and Training | D | 97.010 | 20CICET00161 | 10/01/20-09/30/22 | 250,000 | 37,146 | 115,980 | 131,744 | 131,744 | 52,910 | |
| Total U.S. Department of Homeland Security | | | | | | 37,146 | 115,980 | 131,744 | 131,744 | 52,910 | |
| Total expenditures of federal awards | | | | | | \$ 7,563,025 | \$ 52,150,427 | \$ 53,560,415 | \$ 53,560,415 | \$ 8,973,013 | \$ 26,073,818 |

Source codes:
I = Indirect funding
D = Direct funding
AL = Assistance Listing

Calculation of 20% rule for low-risk auditee:

| | |
|--|-------------------|
| Special Education Cluster: | |
| ALN #84.027 | \$ 41,897,917 |
| ALN #84.027X | 499,907 |
| ALN #84.173 | 428,951 |
| ALN #84.173X | 804 |
| COVID-19 - Education Stabilization Fund: | 2,039,044 |
| | <u>44,866,623</u> |
| Total expenditures of federal awards | <u>53,560,415</u> |
| Meets the 20% requirement | 83.77% |

See notes to schedule of expenditures of federal awards.

LANCASTER-LEBANON INTERMEDIATE UNIT 13

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2022

1. Significant accounting policies:

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

2. De minimis indirect cost rate:

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

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, 2022 were \$1,971,510 and \$980,323 which were listed on the PDE Confirmation as programs #044-007513 and #092-007513, respectively.

4. Cost principles:

Expenditures are recognized as following, as applicable, to 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.

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.

6. Reconciliation of accrued (deferred) revenue at July 1, 2021 to prior year Schedule of Expenditures of Federal Awards (SEFA):

| | |
|---|----------------------------|
| Beginning balance prior to adjustment | \$ 7,532,237 |
| Returned unspent Special Education Cluster funds (AL #84.027) to grantor agency | 1,144 |
| Nonfederal expenses included on June 30, 2021 SEFA | <u>29,644</u> |
| Adjusted accrued revenue as of July 1, 2021 | <u><u>\$ 7,563,025</u></u> |



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*

Independent Auditor's Report

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, 2022 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 January 24, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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.

Brown Schultz Steidman & Fritz

Camp Hill, Pennsylvania
January 24, 2023



Report on Compliance for Each Major Federal Program and Report on
Internal Control Over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lancaster-Lebanon Intermediate Unit 13's compliance with the types of compliance requirements identified as subject to audit 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, 2022. Lancaster-Lebanon Intermediate Unit 13's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lancaster-Lebanon Intermediate Unit 13 complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lancaster-Lebanon Intermediate Unit 13 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lancaster-Lebanon Intermediate Unit 13's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lancaster-Lebanon Intermediate Unit 13's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lancaster-Lebanon Intermediate Unit 13's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lancaster-Lebanon Intermediate Unit 13's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lancaster-Lebanon Intermediate Unit 13's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lancaster-Lebanon Intermediate Unit 13's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Lancaster-Lebanon Intermediate Unit 13's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Brown Schultz Steidman & Fritz

Camp Hill, Pennsylvania
January 24, 2023

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Summary of Auditor's Results

Financial statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? yes X no

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

Any audit findings disclosed that are required to be reported
in accordance with the Uniform Guidance? yes X no

Identification of major programs:

| <u>CFDA number(s)</u> | <u>Name of federal program or cluster</u> |
|-----------------------|--|
| 84.027 | Special Education - IDEA Part B |
| 84.173 | Special Education - Preschool Inclusion |
| 84.425 | Education Stabilization Fund – Elementary and Secondary Education |

Dollar threshold used to distinguish between type
A and type B programs: \$1,605,030

Auditee qualified as low-risk auditee? X yes no

(continued)

LANCASTER-LEBANON INTERMEDIATE UNIT 13

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Findings - Financial Statements Audit

None

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, 2022

There are no prior audit findings.



Independent Accountant's Report on Applying Agreed-Upon Procedures

Board Officers and Members

Lancaster-Lebanon Intermediate Unit 13

and the Commonwealth of Pennsylvania, Department of Human Services

Lancaster, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by Lancaster-Lebanon Intermediate Unit 13 (the Intermediate Unit) 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, 2021, through December 31, 2021.

The Intermediate Unit 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, 2021, through December 31, 2021 have been accurately compiled in accordance with the provisions of this agreement and reflect the audited books and records of the Intermediate Unit. Additionally, DHS 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, 2021, through December 31, 2021, had been accurately compiled in accordance with the provisions of this agreement and reflect the audited books and records of the Intermediate Unit. 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 the Intermediate Unit 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, 2021 through December 31, 2021. 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 the Intermediate Unit 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 and is not intended to be, and should not be, used by anyone other than those specified parties.

Brown Schultz Steindler & Fritz

Camp Hill, Pennsylvania
January 24, 2023

LANCASTER-LEBANON INTERMEDIATE UNIT 13

SCHEDULE OF CONTRACTUAL SERVICE ACTIVITY FOR EARLY HEAD START GRANT #4100082355
FOR THE PERIOD JANUARY 1, 2021 THROUGH DECEMBER 31, 2021

| | <u>Budget</u> | <u>Actual</u> |
|------------------|---------------------------------|---------------------------------|
| Personnel | \$ 410,235 | \$ 410,235 |
| Fringe benefits | 207,479 | 207,479 |
| Travel | 1,823 | 1,823 |
| Supplies | 35,634 | 35,634 |
| Contractual | 9,137 | 9,137 |
| Other | 65,894 | 65,894 |
| Indirect charges | <u>58,416</u> | <u>58,416</u> |
| Total | <u><u>\$ 788,618</u></u> | <u><u>\$ 788,618</u></u> |