ERIE COUNTY TECHNICAL SCHOOL

Erie, Pennsylvania

Financial Statements

For the Year Ended June 30, 2017

Buseck, Barger, Bleil & Co., Inc

ERIE COUNTY TECHNICAL SCHOOL
ERIE, PENNSYLVANIA

TABLE OF CONTENTS

Other Supplementary Information

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Operating Committee
Erie County Technical School
Erie, PA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Erie County Technical School, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the school district's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Erie County Technical School, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-10 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Erie County Technical School's basic financial statements. The schedule of revenue, expenditures, and changes in fund balance – budget and actual is presented for purposes of additional analysis and are not a required part of the basic financial statements

The schedule of revenue, expenditures, and changes in fund balance – budget and actual is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of 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 revenue, expenditures, and changes in fund balance – budget and actual 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 August 17, 2017, on our consideration of the Erie County Technical School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Erie County Technical School's internal control over financial reporting and compliance.

Buseck, Barger, Bleil & Co. Inc.

Certified Public Accountants
Erie, Pennsylvania

August 17, 2017

ERIE COUNTY TECHNICAL SCHOOL
ERIE, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2017

The discussion and analysis of Erie County Technical School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017 with comparative information for the previous year. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

Erie County Technical School is formed as a joint venture of eleven public school districts in Erie County, Pennsylvania, organized under the Public School Code of Pennsylvania. The School provides vocational and technical training for high school students who are residents of the participating school districts and out of school youths and adults. Each district is responsible for a share of the operating budget based on student enrollment using a rolling-average formula. The participating school districts include: Fairview School District, Fort LeBoeuf School District, General McLane School District, Girard School District, Harbor Creek School District, Iroquois School District, Millcreek Township School District, North East School District, Northwestern School District, Union City Area School District, and Wattsburg Area School District.

OVERVIEW OF FINANCIAL STATEMENTS

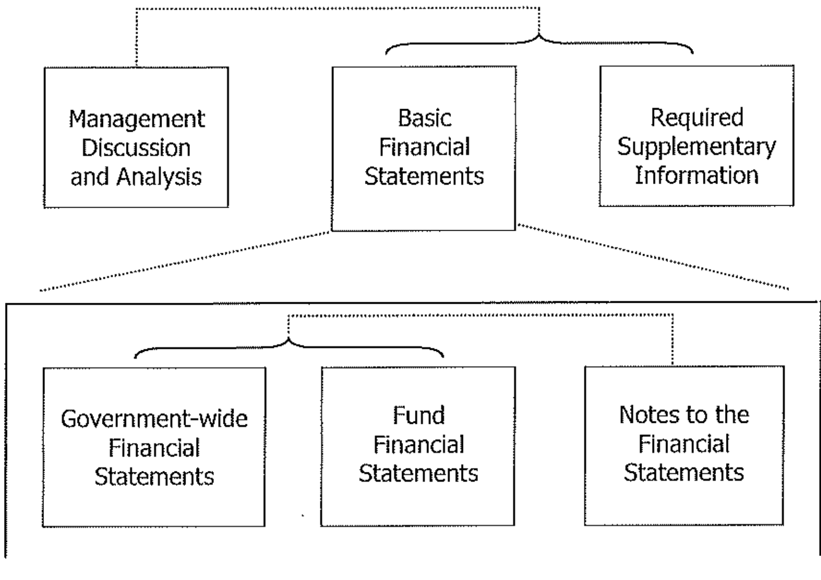
The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the School's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School's operations in more detail than the government-wide statements. The governmental funds statements tell how general School services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities that the School operates like a business. Fiduciary fund statements provide information about financial relationships where the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 below shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1
Required components of
Erie County Technical School's
Financial Report



Government-wide Statements

The government-wide statements report information about the School 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 School's net assets and how they have changed. Net assets, the difference between the School's assets and liabilities, are one way to measure the School's financial health or position. Over time, increases or decreases in the School's net position are an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the School, additional non-financial factors must be considered, such as changes in the student demographics within the school districts throughout Erie County which we serve.

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

- Governmental activities – All of the School's basic services are included here, such as instruction, administration and community services. State and federal subsidies and tuition payments from our member school districts and adult training programs most of these activities.
- Business type activities – The School operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The School's fund financial statements, which begin on Page 13, provide detailed information about the most significant funds – not the School as a whole. Some funds are required by state law or other reporting requirements.

Governmental funds – Most of the School's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using 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 detailed short-term view of the School's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds – These funds are used to account for the School's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School charges customers for services it provides – whether to outside customers or to other units in the School – these services are generally reported in proprietary funds. The Food Service Fund is the School's only proprietary fund and is the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - The School is the trustee, or fiduciary, for its related Foundation and student activity funds. All of the School's fiduciary activities are report in separate Statements of Fiduciary Net Position on Page 20. These activities were excluded from the School's other financial statement because the School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF ERIE COUNTY TECHNICAL SCHOOL AS A WHOLE

The School's total net assets as a whole were $(3,635,917) at June 30, 2017. During 2015, the School implemented the provisions of GASB No. 68 which required a restatement of the School's net position to record the net pension liability. The table below shows the School's June 30, 2017 Assets, Liabilities, and Net Position in comparison with the June 30, 2016 balances.

Table A-1
Fiscal Year ended June 30, 2017
With Comparative Totals for June 30, 2016
Assets, Liabilities, and Net Position

	Governmental Activities	Business-type Activities	June 30, 2017 Total	June 30,2016 Total
Current and other assets	$2,329,815	$27,189	$2,357,004	$2,396,950
Capital assets	3,933,735	32,951	3,966,686	3,939,380
Deferred Outflows	2,149,300	43,863	2,193,163	1,224,828
Total Assets and Deferred Outflows	8,412,850	104,003	8,516,853	7,561,158
Current and other liabilities	600,628	65,553	666,181	708,358
Long-term Liabilities	10,650,269	211,120	10,861,389	10,048,198
Deferred Inflows	612,696	12,504	625,200	248,000
Total Liabilities	11,863,593	289,177	12,152,770	11,004,556
Net Position				
Invested in capital assets	3,933,735	32,951	3,966,686	3,939,380
Restricted	406,147	---	406,147	520,116
Unrestricted	(7,790,625)	(218,125)	(8,008,750)	(7,902,894)
Total Net Position	$(3,450,743)	$(185,174)	$(3,635,917)	$(3,443,398)

Most of the School's net position is invested in capital assets (buildings, land, and equipment). The remaining net assets are either restricted for capital projects, special projects and programs, or unrestricted.

The results of this year's operations as a whole are reported in the Statement of Activities on Page 12. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School's activities that are supported by other general revenues. The two largest general revenues are the subsidies provided by the State of Pennsylvania, and the receipts from member districts.

Table A-2 takes the information from that Statement, rearranges it slightly, to present total revenues for the year. This table also shows a $70,512 increase in revenues and a $238,687 increase in expenditures over the prior year.

Table A-2
Fiscal Year Ended June 30, 2017
With Comparative Totals for the Year ended June 30, 2016
Changes in Net Assets

	Governmental Activities	Business-type Activities	Year Ending June 30, 2017 Total	Year Ending June 30, 2016 Total
Revenues				
Program revenues				
Charges for services	$625,874	$67,643	$693,517	$639,989
Operating grants and contributions	1,482,251	89,978	1,572,229	1,518,067
Capital grants and contributions	34,985	18,439	53,424	36,183
Grants, subsidies and contributions	4,585,003	--	4,585,003	4,457,679
Total Revenues	$6,728,113	$176,060	$6,904,173	$6,651,918
Expenses				
Instruction	$3,990,890	--	$3,990,890	$3,966,964
Pupil personnel	445,914	--	445,914	419,548
Instructional student support	299,467		299,467	301,375
Administrative and financial support	741,890	--	741,890	708,298
Operation and maintenance of plant	967,142	--	967,142	1,185,163
Technology	470,315	--	470,315	402,160
Loss on Sale	1,663	--	1,663	--
Student Activities	4,901	--	4,901	4,691
Food Services	--	174,510	174,510	162,127
Total Expenses	$6,922,182	$174,510	$7,096,692	$7,150,326
Increase (Decrease) in Net Position	**$(194,068)**	**$1,550**	**$(192,518)**	**$(498,408)**

Table A-3 shows the Schools total costs reflected by function as well as each function's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsides and contributions to show the remaining financial needs supported by local sources and other miscellaneous revenues.

Table A-3
Fiscal Year ended June 30, 2017
Governmental Activities

Functions/Programs	Total Cost of Services	Net Cost of Services
Instruction	$3,990,890	$1,999,186
Pupil Personnel	445,914	405,275
Instructional student support	299,467	281,406
Administrative and financial support	741,890	669,643
Operation and Maintenance of plant	967,142	946,684
Technology	470,315	470,315
Loss on Sale	1,663	1,663
Student Activities	4,901	4,901
Total governmental activities	**$6,922,182**	**$4,779,072**
Less: Unrestricted grants, subsidies		--
Total needs from local sources and other revenues		**$4,779,072**

THE SCHOOL'S FUNDS

At June 30, 2017, the School's governmental funds reported a combined fund balance of $(3,450,743). Net changes from current year activities showed a decrease in net assets of $(194,068) from the prior year.

GENERAL FUND BUDGET

For the 2016-17 fiscal year the Joint Operating Committee Board budgeted for an increase of 3.14% in contributions from the participating member school districts. Anticipated additional retirement costs, personnel contract changes and decreasing revenue from other contracts necessitated this increase.

Table A-4 summarizes the general fund revenues and expenditures comparing the original budget to actual results.

Table A-4
Fiscal Year Ended June 30, 2017
General Fund Budget Summary

	Budget	Actual	Variance	Percent
Revenues				
Local sources	$597,500	$683,247	$85,747	14.4%
State sources	1,282,257	1,222,683	(59,574)	(4.6%)
Federal sources	321,168	294,553	(26,615)	(8.3%)
Other Financing Sources	5,000	19,427	14,427	288.5%
Support – Local Districts	4,635,349	4,511,633	(123,715)	(2.7%)
Total Revenues	**6,841,273**	**6,731,542**	**(109,731)**	**(1.6%)**
Expenditures				
Salaries & Benefits	4,842,252	4,589,027	(253,225)	(5.2%)
Professional & Technical Services	838,600	919,756	81,156	9.7%
Equipment & Supplies	561,755	588,098	26,343	4.7%
Utilities and Other Services	457,125	459,398	2,273	.5%
Fund Transfers	57,900	57,900	--	--%
Other	9,950	10,146	196	2.0%
Total Expenditures	**6,767,582**	**6,624,324**	**(143,258)**	**(2.12%)**
Fund Balance Change	**$73,691**	**$107,218**	**$33,527**	

Table A-5 provides an explanation for major revenue and expenditure budget variances.

Table A-5
Fiscal Year Ended June 30, 2017
Major Budgetary Variances

Revenues	
Greater than anticipated investment earnings	$ 2,571
Greater than anticipated tuition from adult training	101,320
Less than anticipated rental and other fees	(10,542)
Less than anticipated special program revenues	(123,716)
Greater than anticipated other local revenues	13,114
Less than anticipated retiree insurance reimbursements	(32,904)
Less than anticipated Vocational Education state subsidies	(1,408)
Less than anticipated state benefit subsidies due to unfilled positions	(58,166)
	$(109,731)
Expenditures	
Less than anticipated salaries and benefits due to personnel changes	$(253,225)
Greater than anticipated contracted services and professional fees	81,156
Greater than anticipated contracted services costs and repairs	13,647
Less than anticipated other contracted services and insurance	(11,374)
Less than anticipated equipment costs	(1,559)
Greater than anticipated supplies costs	27,902
Greater than anticipated staff dues and memberships	196
	$(143,258)
Total Major Budget Variances	**$ 33,527**

CAPITAL ASSET AND LONG-TERM LIABILITIES

CAPITAL ASSETS

At June 30, 2017, the District had $3,966,686 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of $27,307 or 0.69% from last year.

Table A-6
Governmental and Business Type Activities
Capital Assets - Net of Depreciation

	2017	2016
Land	$ 272,111	$ 272,111
Buildings & Improvements	2,990,979	2,962,858
Machinery & Equipment	684,164	702,746
Vehicles	19,432	1,664

LONG-TERM LIABILITIES

As of June 30, 2017, the School's long-term obligations were accrued vacation pay and sick leave for specific employees of the School, and recognition of net pension liabilities due to the adoption of GASB No. 68. More detailed information about these long-term liabilities is included in Note 6 to the financial statements.

FINANCIAL HIGHLIGHTS AND NEXT YEAR'S BUDGET

2017-2018 BUDGET OVERVIEW

For the 2017-2018 school year Erie County Technical School adopted a general fund budget that projects a slight increase of $2,589 in fund balance for its secondary and adult educational programs in anticipation of revenues and expenditures of approximately $ 6.45 million. This budget includes costs to educate approximately 750 high school students from the member school districts, as well as adult vocational training programs. The budget includes a 2.10% increase in school district contributions from our partnering school districts, which amounts to $82,341, over the previous year's funding. The 2017-2018 budget includes $50,000 and $20,000 in budgetary reserve for the secondary programs and adult education programs, respectively, to allow for salary increases and unanticipated or opportunity expenditures.

The gross average cost per pupil in the coming year's budget is $5,829, with the net average per pupil cost being budgeted at $5,314. For 2016-2017, the gross and net per pupil costs were budgeted at $5,931 and $5,147, respectively.

On the expenditure side, the School will continue to face challenges similar to those found in our partnering school districts with managing its employee benefit and pension costs, as well as maintaining aging facilities. During 2016-2017 the School's share of retirement costs were 30.03% and this percentage will increase to 32.57% during 2017-2018. These costs, along with other employee benefits, are driven by current economic conditions and are facing numerous schools, businesses and governmental entities across the nation.

As our instructional facilities continue to age, unanticipated maintenance and repair costs continue to be of utmost concern. With repair parts for the current systems becoming increasingly obsolete, additional planning and increased costs are often required to restore operational levels in the event of a break-down or system failure. Controlling these unexpected repair and maintenance costs will continue to remain a major challenge for the School in the coming year.

Notable expenditures included in next year's budget are for the following:

1) $80,668 in Affordable Care Act costs for five staff members
2) $77,000 to staff and deliver the Business and Personal Finance math course
3) $43,266 for staff salary and benefit increases
4) $25,500 for building and grounds repairs and improvement
5) $13,000 for a new financial management software package

FINANCIAL HIGHLIGHTS

Major Sources of Revenue

The School's largest source of revenue comes from the participating school districts to support the secondary education program and is based on a prior three-year rolling average formula. Individual district contributions do change from year to year due to enrollment fluctuations at the technical school. Total district contributions for the secondary program were $3,914,560 in 2016-2017 and $3,795,475 in 2015-2016

Additional revenue from school districts is received as tuition payments for students enrolled in the Career and Alternative Education Program for Disruptive Youth. Annual district tuition payments for this program were $406,320 in 2016-2017 and $421,411 in 2015-2016.

Nine participating districts also make operating and rental payments to the School under a lease agreement for Special Education Transition Center services. The operating costs and rental fees paid by the participating districts in 2016-2017 were $190,753 and $185,458 in 2015-2016.

Total contributions from participating school districts for all high school programs as a percentage of secondary operating revenue were approximately 74% in 2016-2017 and 75% in 2015-2016.

Expenditures

Instructional and pupil service costs during 2016-2017 utilized 56% of net costs of service. Administrative and financial support and Facilities Operations and Technology utilized 14% and 30% of total net costs of service, respectively.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, parents, students, member school districts, investors, and creditors with a general overview of the District's finances and to show the Joint Operating Committee's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Terri L. Birchard, CPA, Business Manager at Erie County Technical School, 8500 Oliver Road, Erie PA 16509 (814) 464-8600.

ERIE COUNTY TECHNICAL SCHOOL
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 1,340,661	$ 1,317	$ 1,341,978
Investments	519,617		519,617
Receivable, Net	338,171	20,412	358,583
Inventories	131,366	5,460	136,826
Land	272,111		272,111
Capital assets - Net	3,661,624	32,951	3,694,575
Total Assets	6,263,550	60,140	6,323,690
Deferred Outflows			
Pension	2,149,300	43,863	2,193,163
Total Assets and Deferred Outflows	$ 8,412,850	$ 104,003	$ 8,516,853
Liabilities			
Accounts Payable	$ 163,041	$ 16,696	$ 179,737
Interfund payable	(48,857)	48,857	-
Accrued Salaries and Benefits	486,444		486,444
Noncurrent liabilities:			
Current Portion of Compensated Absences	14,788		14,788
Portion due or payable after one year:			
Post employment benefits	58,921		58,921
Long-Term Portion of Compensated Absences	231,680		231,680
Net pension liability	10,344,880	211,120	10,556,000
Total Liabilities	11,250,897	276,673	11,527,570
Deferred Inflow of Resources	612,696	12,504	625,200
Net Position			
Net investment in Capital Assets	3,933,735	32,951	3,966,686
Restricted	406,147		406,147
Unrestricted	(7,790,625)	(218,125)	(8,008,750)
Total Net Position	(3,450,743)	(185,174)	(3,635,917)
Total Liabilities, Deferred Inflows and Net Position	$ 8,412,850	$ 104,003	$ 8,516,853

The accompanying notes are an integral part of these financial statements.

ERIE COUNTY TECHNICAL SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

		Program Revenues	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**
Governmental Activities:			
Instruction	$ 3,990,890	$ 605,416	$ 1,351,303
Pupil personnel	445,914		40,639
Instructional Staff	299,467		18,061
Admin & Financial Support Services	741,890		72,247
Op & Maintenance of Plant Services	967,142	20,458	
Technology	470,315		
Loss on sale	1,663		
Student Activities	4,901		
Total Governmental Activities	6,922,182	625,874	1,482,250
Business-Type Activities:			
Food Services	174,510	67,643	108,417
Total Primary Government	$ 7,096,692	$ 693,517	$ 1,590,667

General Revenues:

Receipts from Member Districts
Investment Earnings
Miscellaneous Income
Inventory change
Total general revenues, special items, extraordinary items and transfers

Change in Net Position
Net Position - Beginning

Net Position - Ending

ERIE COUNTY TECHNICAL SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Net (Expense) Revenue and Changes in Net Assets		
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
$ 34,985	$ (1,999,186)	$ -	$ (1,999,186)
	(405,275)		(405,275)
	(281,406)		(281,406)
	(669,643)		(669,643)
	(946,684)		(946,684)
	(470,315)		(470,315)
	(1,663)		(1,663)
	(4,901)		(4,901)
34,985	(4,779,073)	-	(4,779,072)
		1,550	1,550
$ 34,985	(4,779,073)	1,550	(4,777,522)
	4,511,633		4,511,633
	6,323		6,323
	61,869		61,869
	5,180	-	5,180
	4,585,005	-	4,585,005
	(194,068)	1,550	(192,518)
	(3,256,675)	(186,724)	(3,443,398)
	$ (3,450,743)	$ (185,174)	$ (3,635,916)

ERIE COUNTY TECHNICAL SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Capital Projects	Total Governmental Funds
Assets			
Cash & Cash Equivalents	$ 934,514	$ 406,147	$ 1,340,661
Investments	519,617		519,617
Intergovernmental receivables	337,080		337,080
Other receivables	1,091		1,091
Interfund receivable	48,857		48,857
Inventories	131,366		131,366
Total Assets	$ 1,972,525	$ 406,147	$ 2,378,672
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 163,041		$ 163,041
Accrued salaries and benefits	486,444		486,444
Total Liabilities	649,485	-	649,485
Fund Balances			
Nonspendable - Inventory	131,366		131,366
Restricted - Capital Projects		406,147	406,147
Assigned:			
Future PSERS rate increases	382,975		382,975
Professional Unit contract increases	100,000		100,000
New program	250,000		250,000
Regional Career and Technical Center	258,347		258,347
Unassigned	200,352	-	200,352
Total Fund Balances	1,323,040	406,147	1,729,187
Total Liabilities, Deferred Inflows and Fund Balances	$ 1,972,525	$ 406,147	$ 2,378,672

ERIE COUNTY TECHNICAL SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total Fund Balances - Governmental Funds		$ 1,729,187
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 the assets is $14,089,424 and the accumulated depreciation is $10,155,689.		3,933,735
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	$ 2,149,300	
Deferred inflows of resources related to pensions	(612,696)	1,536,604
Long-term liabilities, including post employment benefits, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Net pension liability	(10,344,880)	
Post employment benefits	(58,921)	
Compensated absences (sick pay and vacations)	(246,468)	(10,650,269)
Total Net Position - Governmental Activities		$ (3,450,743)

ERIE COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General	Capital Projects	Total Governmental Funds
Revenues			
Local Sources	$ 683,247	$ 1,751	$ 684,998
State Sources	1,222,683	-	1,222,683
Federal Sources	294,553		294,553
Support - local districts	4,511,633	-	4,511,633
Total Revenues	6,712,116	1,751	6,713,867
Expenditures			
Instruction	3,826,681		3,826,681
Support Services	2,661,445	42,668	2,704,113
Noninstructional services	4,579		4,579
Facilities Acquisition and Construction	73,720	130,952	204,672
Total Expenditures	6,566,425	173,620	6,740,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	145,691	(171,869)	(26,178)
Other Financing Sources (Uses)			
Interfund Transfers	(57,900)	57,900	-
Sale of fixed assets	14,247		14,247
Change in inventory	5,180		5,180
Total Other Financing Sources (Uses)	(38,473)	57,900	19,427
Net Change in Fund Balances	107,218	(113,969)	(6,751)
Fund Balance - July 1, 2016	1,215,822	520,116	1,735,938
Fund Balance - June 30, 2017	$ 1,323,040	$ 406,147	$ 1,729,187

The accompanying notes are an integral part of these financial statements.

ERIE COUNTY TECHNICAL SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net Change in Fund Balance - Governmental Funds		$ (6,751)
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Depreciation Expense	$ (336,609)	
Capital Outlays	270,015	(66,594)
In the statement of activities, certain operating expenses-compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represented the difference between the amount earned versus the amount used.		12,777
Other post-employment benefits are reflected on the statement of net assets, but are not considered a current expenditure for the financial statements.		413
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions	766,563	
Cost of benefits earned net of employee contributions	(900,476)	(133,913)
Change in Net Position of Governmental Activities		$ (194,068)

ERIE COUNTY TECHNICAL SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF JUNE 30, 2017

	Food Service
Assets	
Current Assets:	
Cash and cash equivalents	$ 1,317
Intergovernmental receivables	20,412
Inventories	5,460
Total Current Assets	27,189
Non-current Assets	
Furniture and equipment	125,383
Less accumulated depreciation	(92,432)
Total Non-Current Assets	32,951
Deferred Outflows	43,863
Total Assets and Deferred Outflows	$ 104,003
Liabilities	
Current Liabilities:	
Accounts Payable	$ 16,696
Interfunds payable	48,857
Total Current Liabilities	65,553
Long term Liabilities	
Net pension liability	211,120
Deferred Inflow of Resources	12,504
Net Position	
Invested in capital assets	32,951
Unrestricted	(218,125)
Total Net Position	(185,174)
Total Liabilities, Deferred Inflows and Net Position	$ 104,003

The accompanying notes are an integral part of these financial statements.

ERIE COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Food Service
Operating Revenues	
Food Service Revenue	$ 46,176
Misc Revenue	21,467
	67,643
Operating Expenses	
Personnel services - salaries	38,166
Personnel services - employee benefits	19,711
Management Fees	34,811
Other	4,992
Supplies and food	70,896
Depreciation	5,934
Total Operating Expenses	174,510
Operating Income (Loss)	(106,867)
Non-Operating Revenues (Expenses)	
State Sources	29,662
Federal Sources	78,755
Total Non-Operating Revenues	108,417
Change in Net Position	1,550
Total Net Position - July 1, 2016	(186,724)
Total Net Position - June 30, 2017	$ (185,174)

ERIE COUNTY TECHNICAL SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Food Service
Cash Flows From Operating Activities	
Cash Received from Users	$ 67,643
Cash Payments to Employees for Services	(38,166)
Cash Payments to Suppliers for Goods and Services	(102,771)
Cash Payments for Other Operating Expenses	(4,992)
Net Cash Provided (Used) By Operating Activities	(78,286)
Cash Flows From Investing Activities	
Purchase of Equipment	(18,439)
Net Cash Provided (Used) By Investing Activities	(18,439)
Cash Flows From Non-Capital Financing Activities	
State Sources	29,662
Federal Sources	68,108
Net Cash Provided By Financing Activities	97,770
Net Increase (Decrease) in Cash and Cash Equivalents	1,045
Cash and Cash Equivalents - July 1, 2016	272
Cash and Cash Equivalants - June 30, 2017	$ 1,317

Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities

Operating Income(Loss)	$ (106,867)
Adjustments to Reconcile Operating Income (Loss) to Net cash Provided (Used) in Operating Activities:	
Depreciation	5,934
Change in Assets and Liabilities:	
(Increase) decrease in Inventories	(134)
(Increase) decrease in Accounts Receivables and Accruals	(19,363)
Increase (decrease) in Net Pension Liability	16,200
Increase (decrease) in Accounts Payables and Accruals	25,944
Total Adjustments	28,581
Cash Provided (Used) by Operating Activities	$ (78,286)

Noncash Noncapital Financing Activities

During the year, the School received $4,846 of food commodities from the U.S. Department of Agriculture.

The accompanying notes are an integral part of these financial statements.

ERIE COUNTY TECHNICAL SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Student Activities	Foundation
Assets		
Cash	$ 1,939	$ 348,214
Accounts receivable	-	2,290
Undivided interest in Foundation Assets		229,226
Total Assets	$ 1,939	$ 579,730
Liabilities		
Due to Student groups	$ 864	$ -
School District Funds Held in Trust	-	180,000
Accounts Payable	1,075	3,266
Total Liabilities	1,939	$ 183,266
Net Position		
Held in Trust	-	396,464
Total Liabilities and Net Position	$ 1,939	$ 579,730

The accompanying notes are an integral part of these financial statements.

ERIE COUNTY TECHNICAL SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

		Foundation
Additions		
Grant revenue	$	27,000
Membership dues		42,000
Contributions		26,787
Investment income (loss)		27,301
Other revenue		357
Total Additions		123,445
Deductions		
Awards and scholarships		7,100
Marketing and communications		13,945
School functions		97,164
Gerneral and administrative		21,616
Total Deductions		139,825
Change in Net Position		(16,380)
Total Net Position - July 1, 2016		412,844
Total Net Position - June 30, 2017	$	396,464

The accompanying notes are an integral part of these financial statements.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Erie County Technical School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

A. Reporting Entity

The Erie County Technical School is an area vocational - technical school comprised of eleven participating districts and is governed by an operating committee made up of representatives of the districts. The School is organized for the purpose of providing a program of vocational and technical education to secondary pupils, out-of-school youth, and adults who are residents of the participating districts.

For financial reporting purposes, Erie County Technical School includes all funds that are controlled by or dependent on the School. Control by or dependence on the School was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the School, obligation of the School to finance any deficits that may occur or receipt of significant subsidies from the School. As required by generally accepted accounting principles, the financial statement of the reporting entity includes those of the primary government (Erie County Technical School) and its component unit, the Erie County Vocational Technical School Foundation. Separately issued financial statements for the Foundation are available at the Erie County Technical School.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the school. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

The General Fund is the School's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for transfers from other funds and related investment earnings for capital outlays not accounted for in another fund.

Additionally, the School reports the following other fund types:

Proprietary Funds account for a government's activities that are operated like private businesses, charging customers a fee in return for goods or services. Proprietary funds employ the economic resources measurement focus and accrual basis of accounting.

Trust Funds account for the activities of the government that are fiduciary in nature, except those reported as agency funds. The government acts as a trustee for resources that belong to others. Trust funds employ the economic resources measurement focus and accrual basis of accounting.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are merely clearing accounts for assets held by a government as an agent for individuals, private organizations, or other governments.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first then unrestricted resources as they are needed.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government- wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary Information

An annual budget is adopted for the General Fund. The budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. Project length financial plans are adopted for the capital projects funds.
The School follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, a proposed operating budget is submitted to the Operating Committee for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

2. Prior to June 30, the budget is legally adopted through passage of an ordinance.

3. The Administration is authorized to transfer budgeted amounts within a specific budget object; any other transfers or revisions that alter the total expenditures of any fund must be approved by the Operating Committee.

4. Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgetary integration is not employed by other funds because effective budgetary control is alternatively achieved through direct authorization by the Operating Committee or the expenditures are all fixed in nature.

G. Assets, Liabilities, Deferred Inflows, and Net Position/Fund Balance

1. Cash and cash equivalents and investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, pooled for investment purposes in the Pennsylvania School District Liquid Assets Fund (PSDLAF), investments, and short-term investments with original maturities of three months or less.

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

Obligations of (I) 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, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith credit of the Commonwealth, or (3) 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.

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.

All investments are reported at fair value. Fair value is determined using selected basis as follows: securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market arc reported at estimated fair value.

2. Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first- out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the General Fund. The inventories in the General Fund are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. The General Fund is the only governmental fund that has an inventory balance as of June 30, 2017.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2017. The inventory consisted of government donated commodities, which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School does not have any infrastructure assets. The School maintains a $1,500 threshold for additions to equipment. Buildings and improvements are capitalized when the value is $25,000 or greater. Vehicles are capitalized if over $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Land and construction in progress are not depreciated. Depreciation has been provided using the straight-line method for all other property, plant, and equipment of the primary government. The estimated useful lives of the various classes of depreciable capital assets are as follows:

	Life – Years
Buildings	30-40
Equipment	5-20
Autos, trucks, vans	8
Improvements	20

4. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting on this category. It is the pension contributions.

5. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted -net position is applied.

6. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fond balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow consumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

7. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (operating committee) has by resolution authorized the business manager to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, an additional action is essential to either remove or revise a commitment.

At June 30, 2017, fund balances have been assigned/committed by Board resolution as follows:

Assigned:	
General Fund	
Future PSERS rate increases	$ 382,975
Professional unit contract increases	100,000
Regional career and technical center	258,347
New program	250,000
Capital projects	406,147
	$ 1,397,469

H. Revenues and Expenditures/Expense

1. Program Revenues

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as general revenues.

2. Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at year end.

3. Compensated Absences

The School does not permit the carryover of unused vacation days. Accordingly, the financial statements do not contain any provision for unused vacation time.
Employees are allowed unlimited accumulation of unused sick days and upon retirement can elect to receive compensation as follows:

	Sick Pay Rate/Day	Maximum Benefit
Administrators	$100	$25,000
Professional educators	55	12,000
Support personnel	60	12,000

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Joint Venture

Erie County Area Vocational Technical School exists for the purpose of operating vocational and technical programs for high school students, out of school youths, and adults who are residents of participating districts. The School is a joint venture of eleven member school districts located in the County of Erie, Pennsylvania. Each district elects one member to the Operating Committee (Joint Board). Each district is responsible for a portion of the School's operating budget based on each district's share of student enrollment and market value of real estate.

6. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from Nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the food service fund are charged to customers for goods and services. Operating expenses for the food service fund include cost of sales, admin fees, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

7. Pensions

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.

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The School does not have a policy for custodial credit risk. As of June 30, 2017, $102,048 of the School's bank balance of $486,305 was exposed to custodial credit risk.

Reconcilation of Financial Statements

Insured amount	$ 384,257
Uninsured amount	102,048
Add: Deposits in transit	14,357
Less: Outstanding checks	(87,750)
Carrying amount of bank balances	412,912
Plus: Petty Cash	150
Pooled cash equivalents	928,916
Total cash per financial statements	$ 1,341,978

Uninsured and uncollateralized	$ -
Collaterilzed with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the School's name	486,305
TOTAL	$ 486,305

Investments

As of June 30, 2017, the School had the following investments:

Erie Bank - CD's (all with investment maturity 1-5 years)	$ 519,617
PA School District Liquid Asset Fund-PSDMAX	928,916
	$ 1,448,533

Interest Rate Risk

The School does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The School follows the Pennsylvania School Code's investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2017, the School's investments were rated as:

PA School District Liquid Asset Fund	AAAm

Concentration of Risk

The School places no limit on the amount the School may invest in any one issuer. All of the School's investments are in Erie Bank and PA School District Liquid Asset Fund.

Custodial Credit Risk

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

Reconcilation of Financial Statements

Total investments above	$ 1,448,533
Less: Deposits in investment pool considered cash equivalents	(928,916)
Total Investments per financial statements	$ 519,617

For purposes of the Proprietary Fund cash flow statement, cash and cash equivalents are described as cash on hand, demand deposits, and investments with original maturities of three months or less from the date of acquisition.

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2017, for the government's individual major funds and business-type activities in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General
Federal and state grants	$ 357,492
Other	1,091
Gross receivables	358,583
Less: Allowance for uncollectibles	-
	$ 358,583

At June 30, 2017, management does not believe any of its receivables are non-collectable.

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS

The composition of Interfund balances as of June 30, 2017 is as follows:

Interfund Balance

	Due to	Due From
General Fund	$ 48,857	$ -
Enterprise Fund	-	48,857
	$ 48,857	$ 48,857

The outstanding balances between funds result mainly from the time lag between the date that interfund goods and services are provided to reimbursable expenditures occur and payments between funds are made.

Transfers are used to move fund revenues to finance various other programs and projects in other funds.

Interfund Transfers

	Transfer to Other Funds	Transfer from Other Funds
General Fund	$ 57,900	$ -
Capital projects Fund		57,900
	$ 57,900	$ 57,900

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year was as follows:

	June 30, 2016	Additions	Deletions/ Additions	June 30, 2017
Governmental Activities				
Capital assets not depreciated:				
Land	$ 272,111	$ -	$ -	$ 272,111
Capital assets depreciated:				
Building and improvements	$ 11,052,765	$ 246,024		$ 11,298,789
Machinery and equipment	2,432,923	83,732	(56,449)	2,460,206
Vehicles	61,610	23,318	(26,610)	58,318
Total Assets Depreciated	13,547,298	353,074	(83,059)	13,817,313
Less accumulated depreciation				
Building and improvements	(8,089,907)	(217,904)	-	(8,307,811)
Machinery and equipment	(1,750,623)	(114,818)	56,449	(1,808,992)
Vehicles	(59,946)	(3,887)	24,947	(38,886)
Total Accumulated Depreciation	(9,900,476)	(336,609)	81,396	(10,155,689)
Total Capital Assets, Being Depreciated, Net	$ 3,646,822	$ 16,465	$ (1,663)	$ 3,661,624

	June 30, 2016	Additions	Deletions/ Additions	June 30, 2017
Business-Type Activities				
Capital assets not depreciated:				
Equipment	$ 121,394	$ 18,439	$ (14,450)	$ 125,383
Total Assets Depreciated	121,394	18,439	(14,450)	125,383
Less accumulated depreciation				
Equipment	(100,948)	(3,866)	12,382	(92,432)
Total Accumulated Depreciation	(100,948)	(3,866)	12,382	(92,432)
Total Capital Assets, Being Depreciated, Net	$ 20,446	$ 14,573	$ (2,068)	$ 32,951

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

Governmental Activities:		
Instruction:		
Vocation	$	269,287
Support Services:		
Administration		33,661
Operation and maintenance		33,661
	$	336,609
Business-Type Activities:		
Food service	$	3,866

NOTE 6 - LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2017 was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net Pension Liability	$ 9,746,000	$ 810,000	$ -	$ 10,556,000	$ -
Compensated absenses	259,245	13,510	(26,287)	246,468	14,788
	$ 10,005,245	$ 823,510	$ (26,287)	$ 10,802,468	$ 14,788

The liability for compensated absences is normally liquidated by the General Fund.

NOTE 7 - RETIREMENT PLAN

A. Plan Description

The Erie County Technical School contributes to the Public School Employees' Retirement System (the System), a governmental cost-sharing multiple-employer defined benefit pension plan. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 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 and Membership Class T-F. To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Member Contributions

Public School Employees' Retirement System has four membership classes: T-C, T-D, T-E and T-F. The rate of the contribution an employee pays toward his account is based on the date of hire and/or membership class selected as follows:

- Active members who joined the System prior to July 22, 1983, contribute at 5.25 percent. Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.250% (Membership Class T-C or at 7.50% (Membership Class T-D) of the member's qualifying compensation.
- Members who joined the System after June 30, 2001 and before July 1, 2011, contribute 7.50% (automatic membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.
- Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in the future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The School's contractually required contribution rate for fiscal year ended June 30, 2017 was 27.79% of covered payroll, actuarially determined as an amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were $766,563 for the year ended June 30, 2017.

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

At June 30, 2017, the School reported a liability of $10,556,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2015 to June 30, 2016. The School's proportion of the net pension liability was calculated utilizing the employer's one year reported covered payroll as it relates to the total one year reported covered payroll. At June 30, 2016, the School's proportion was .0213%, which was a decrease from their prior year proportion of .0225% measured at June 30, 2015.

For the year ended June 30, 2017, the School recognized pension expense of $ 1,038,130 in the general fund and $15,843 in the food service fund. At June 30, 2017, the School 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
Change of assumptions	$ 304,800	$ -
Net difference between projected and		12,000
actual investment earnings	470,400	-
Net difference between expected and actual earnings		106,400
Change in proportion	651,400	506,800
Contributions subsequent to the measurement date	766,563	
	$ 2,193,163	$ 625,200

$766,563 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	$ 153,000
2019	153,000
2020	344,000
2021	117,000
	$ 767,000

Actuarial Assumptions

The total pension liability as of June 30, 2016 was determined by rolling forward the PSERS' total pension liability as of June 30, 2015 actuarial valuation to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, as state below.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2016:

- Investment 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%, which was comprised of inflation of 3.0%, real growth and for merit or seniority increases of 2.5%, to an effective average of 5.0%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

  The actuarial assumptions used in the June 30, 2016 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Plan assets are managed with a long term objective of achieving and maintain 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	22.5%	5.3%
Fixed income	28.5%	2.1%
Commodities	8.0%	2.5%
Absolute return	10.0%	3.3%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	5.0%	4.8%
Real estate	12.0%	4.0%
Alternative investments	15.0%	6.6%
Cash	3.0%	0.2%
Financing (LIBOR)	-14.0%	0.5%
	100%	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2016.

Discount Rate

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School's proportionate share of the net pension liability	$ 12,912,000	$ 10,556,000	$ 8,575,000

Pension plan fiduciary net position

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

NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to the pension benefits described in Note 7, the School provides post- employment health, dental, vision, prescription and life insurance benefits available to its retirees through a single-employer defined benefit plan. The benefits are established in accordance with the requirements set forth by the bargaining unit contracts. The Plan is not allocated for as a trust fund, an irrevocable trust has not been established, the Plan does not issue a separate report and activity of the Plan is reported in the School's General Fund.

Hospitalization coverage as a retiree will be equivalent (single or dependent coverage) to that held by the individual at the time of retirement. As of June 30, 2017, 7 retired employees are covered by various school sponsored benefits. The School's net expenses for retired employee benefits were $1,041 in 2016/17.

Funding Policy
The benefits are expensed when incurred and are financed on a pay-as-you-go basis. Retirees currently pay a portion of the monthly premium. The School covers the balance of the premium not paid by the retiree. Retiree and dependent coverage, group plans, and costs to the retiree are subject to change. A spouse may be covered as a dependent until the death of the retiree; thereafter, they are eligible to continue coverage by paying 100% of the monthly insurance premium.

The School's annual OPEB cost is calculated based on the annual required contribution of the employees (ARC), an amount actually determined in accordance with the parameters of GASB Statement No 45. The ARC is the nominal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actually determined in accordance with the requirements so that if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both normal cost for each year and the amortized unfunded liability.

The following table shows the component of the School's annual OPEB cost for the year, the amount actually contributed, and changes in the School's net OPEB asset:

Annual required contribution	$	16,005
Interest		2,633
Adjustment to prior years actual contribution		(4,245)
Annual OPEB Cost		14,393
Contributions made		(13,980)
Increase in net OPEB obligation		413
Net OPEB Obligation - beginning of year-restated		58,508
Net OPEB Obligation - end of year	$	58,921

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

Year Ended		Annual OPEB Cost		Employer Contribution	Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2017	$	14,393	$	13,980	97%	$	58,921
June 30, 2016	$	14,383	$	14,730	102%	$	58,508
June 30, 2015	$	26,656	$	21,438	80%	$	58,855
June 30, 2014	$	26,846	$	15,241	57%	$	53,637
June 30, 2013	$	27,136	$	9,452	35%	$	42,032

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The ARC for the current year was computed as of June 30, 2017 using the following actuarial assumptions: (1) actuarial cost method - entry age normal; (2) amortization method level dollar; (3) amortization period 30 years; (4) discount rate of 4.5% compounded annually; (5) 1983 Group Annuity Mortality Tables for men and women, and (6) health care cost trend rates of 7.5%, grading to 5.3% per year.

NOTE 9 – HEALTH INSURANCE CONSORTIUM

The Erie County Technical School provides medical benefits to its qualified employees through its membership in the Northwestern Region Employee Benefit Trust. The Trust is a public entity risk pool and membership is open to any Pennsylvania school district, Pennsylvania public school employer, or any other unit established by the laws of the Commonwealth of Pennsylvania in the administration of school laws. The School pays premiums to the Trust based upon rates established by the Trustees of the Trust.

The Trust is not intended to function as an insurance company for the members. Rather it is a means of combining the administration of claims, of obtaining lower insurance rates, and of developing a comprehensive loss control program. Although contributions billed to the members are determined on an actuarial basis, ultimate liability for claims remains with the respective members and, accordingly, the insurance risks are not transferred to the Trust.

The Trust agreement provides that the Trust will be self-sustaining and will reinsure for catastrophic risks through the purchase of commercial stop-loss insurance at varying levels based on the individual participant's discretion. The School's stop-loss insurance contract covers individual claims in excess of $40,000.

Employers joining the Trust must remain members for a minimum of five years; a member may withdraw from the Trust after that time by giving ninety days written notice. At June 30, 2016, the date of the most recent annual financial statements, the Trust's net assets were $20,648,807 but these net assets remain subject to claims.

NOTE 10 - RISK MANAGEMENT

The School is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The School has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2017 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE 11 - ECONOMIC DEPENDENCY

The Erie County Technical School is a joint venture of eleven member school districts. The School derives a substantial portion of its revenue from the member districts. For the year ended June 30, 2017, revenue from member districts was $4,511,633, which was 67% of the School's total General Fund revenue.

NOTE 12 – SUBSEQUENT EVENTS

There were no subsequent events that needed to be disclosed in the financial statements. These financial statements considered subsequent events through August 17, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ERIE COUNTY TECHNICAL SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Local sources	$ 597,500	$ 597,500	$ 683,247	$ 85,747
State Sources	1,282,257	1,282,257	1,222,683	(59,574)
Federal Sources	321,168	321,168	294,553	(26,615)
Support - local districts	4,635,349	4,635,349	4,511,633	(123,716)
Total Revenues	6,836,274	6,836,274	6,712,116	(124,158)
Expenditures and Other Financing Uses				
Instruction				
Special education programs	207,357	207,357	192,329	15,028
Vocational education programs	2,809,294	2,809,294	2,600,196	209,098
Other instructional programs	492,586	492,586	416,770	75,816
Adult education programs	491,163	491,163	617,386	(126,223)
Total Instruction	4,000,400	4,000,400	3,826,681	173,719
Support Services				
Pupil personnel	408,154	408,154	440,966	(32,812)
Instructional staff	304,958	304,958	297,267	7,691
Administrative	513,883	513,883	496,889	16,994
Pupil health	44,881	44,881	37,590	7,291
Business	190,809	190,809	198,616	(7,807)
Operation and maintenance of		-		
plant services	823,011	823,011	739,151	83,860
Technology	415,121	415,121	450,966	(35,845)
Total Support Services	2,700,817	2,700,817	2,661,445	39,372
Operation of Noninstructional Services				
Student activities	3,466	3,466	4,579	(1,113)
Total Noninstructional Services	3,466	3,466	4,579	(1,113)
Facilities acquisition, construction and improvement services	30,000	30,000	73,720	(43,720)
Total Expenditures	6,734,683	6,734,683	6,566,425	168,258
Excess of Revenues Over/(Under) Expenditures	101,591	101,591	145,691	44,100
Other Financing Sources (Uses)				
Interfund transfers	(32,900)	(32,900)	(57,900)	(25,000)
Change in inventory	-	-	5,180	5,180
Sale of fixed assets	5,000	5,000	14,247	9,247
Total Other Financing Sources (Uses)	(27,900)	(27,900)	(38,473)	(10,573)
Net Change in Fund Balance	73,691	73,691	107,218	33,527
Fund Balance - July 1, 2016	1,215,822	1,215,822	1,215,822	
Fund Balance - June 30, 2017	$ 1,289,513	$ 1,289,513	$ 1,323,040	$ 33,527

ERIE COUNTY TECHNICAL SCHOOLGENERAL MCLANE SCHOOL DISTIRCT
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2017

	2017	2016	2015	2014
School's proportion of the net pension liability	0.2130%	0.2250%	0.1139%	0.1102%
School's proportionate share of the net pension liability	$ 10,556,000	$ 9,746,000	$ 8,272,000	$ 8,802,000
School's covered payroll	$ 2,758,327	$ 2,899,165	$ 2,670,277	$ 2,757,171
School's proportionate share of the net pension liability as a percentage of its covered employee payroll	382.6957%	336.1658%	309.7806%	319.2403%
Plan fiduciary net position as a percentage of the total pension liability	21.30%	18.89%	15.61%	17.96%

The accompanying notes are an integral part of this statement.

ERIE COUNTY TECHNICAL SCHOOL
SCHOOL CONTRIBUTIONS
SCHOOL PENSION PLAN
JUNE 30, 2017

	2017	2016	2015	2014
Contractually required contribution	$ 766,563	$ 672,937	$ 546,287	$ 424,346
Contributions in relation to the contractually required contribution	766,563	672,937	546,287	424,346
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered payroll	$ 2,758,327	$ 2,899,165	$ 2,670,277	$ 2,757,171
Contributions as a percentage of covered employee payroll	27.79%	23.21%	20.46%	15.39%

The accompanying notes are an integral part of this statement.

ERIE COUNTY TECHNICAL SCHOOL
SCHEDULE OF RETIREE POST EMPLOYMENT BENEFIT PLANS FUNDING PROGRESS
JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as a Percentage of Covered Payroll ([b-a]/c)
2013	$ -	$ 136,354	$ (136,354)	0.0%	$ 2,362,041	5.77%
2010	$ -	$ 213,542	$ (213,542)	0.0%	$ 2,599,128	8.22%
2007	$ -	$ 173,345	$ (173,345)	0.0%	$ 2,320,441	7.47%

The accompanying notes are an integral part of this statement.

Buseck · Barger · Bleil & Co. Inc.

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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
PA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Members of the Operating Committee
Erie County Technical School
Edinboro, PA

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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Erie County Technical School as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Erie County Technical School's basic financial statements, and have issued our report there on dated August 17, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 weakness or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Erie County Technical School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

Buseck, Barger, Bleil & Co. Inc.

Certified Public Accountants
Erie, Pennsylvania

August 17, 2017