

BUCKS COUNTY TECHNICAL HIGH SCHOOL

FINANCIAL STATEMENTS

For the Year Ended June 30, 2017

BUCKS COUNTY TECHNICAL HIGH SCHOOL

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INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors
BUCKS COUNTY TECHNICAL HIGH SCHOOL
Fairless Hills, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of BUCKS COUNTY TECHNICAL HIGH SCHOOL, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, each major fund and the aggregate remaining fund information of the BUCKS COUNTY TECHNICAL HIGH SCHOOL as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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, schedule of funding progress, schedule of the school's proportionate share of the net pension liability, schedule of school contributions on pages 4 through 11 and pages 47-49, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise BUCKS COUNTY TECHNICAL HIGH SCHOOL's basic financial statements. The schedule of expenditures of federal awards and certain state grants is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Report on Summarized Comparative Information

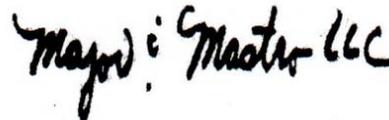
The prior year summarized comparative information has been derived from the School's 2016 financial statements and, in our report dated December 6, 2016, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2018, on our consideration of the BUCKS COUNTY TECHNICAL HIGH 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 BUCKS COUNTY TECHNICAL HIGH SCHOOLS internal control over financial reporting and compliance.

January 23, 2018

MAJOR & MASTRO, LLC
Montgomeryville, Pennsylvania
Certified Public Accountants

A handwritten signature in black ink that reads "Major & Mastro LLC". The signature is written in a cursive, slightly slanted style.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
Management's Discussion and Analysis (Unaudited)

June 30, 2017

The discussion and analysis of Bucks County Technical High School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the 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. Certain comparative information between the current year and the prior year is required to be presented in the MD & A. This report includes prior year information for comparative purposes.

OVERVIEW OF THE SCHOOL

Joint Venture

Bucks County Technical High School is a joint venture of six (6) public school districts in Bucks County, Pennsylvania, organized under the Public School Code of Pennsylvania. The School provides Career and Technical Education programs 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 formula described within the Articles of Agreement. The participating districts include: Bensalem School District, Bristol Borough School District, Bristol Township School District, Morrisville School District, Neshaminy School District and Pennsbury School District. Continuing Education for out of school youths and adults receives no school district funding and operates on student paid tuition and state aid.

Mission Statement

Bucks County Technical High School, in cooperation with participating school districts, is to prepare all students for careers, post-secondary education, and lifelong learning by providing knowledge and practical skills through high quality integrated, standards-driven curriculum, access to current technologies, work-related experiences, and partnerships within the community.

- We believe family is the foundation for human development.
- We believe the use of state-of-the-art and emerging technology is essential to quality education.
- We believe education is a societal responsibility.
- We believe communication is vital for success.
- We believe learning is a life-long process.
- We believe higher expectations lead to higher results.
- We believe an emotionally and physically safe environment is essential for learning.
- We believe all people are unique and have the potential to learn.
- We believe that all students should be given the opportunity to learn to their fullest potential.
- We believe high ethical standards are critical to effective citizenship.

Component Unit

The Bucks County Technical School Authority was incorporated under the Municipal Authorities Act of 1945 of the Commonwealth of Pennsylvania (the “Commonwealth”) as amended by the Act of February 8, 1982 (the “Act”). The Authority is comprised of members appointed by the Schools (the “Schools”) of Bensalem, Bristol Borough, Bristol Township, Morrisville Borough, Neshaminy and Pennsbury. The Authority is a blended component unit of Bucks County Technical High School.

The Bucks County Technical School Authority exists to acquire, hold, construct, improve, maintain, own or lease buildings and facilities for Bucks County Technical High School. The Authority is considered a blended component unit and is shown in the financial statements as part of the Bucks County Technical High School proprietary funds. The Authority is audited by Major and Mastro, LLC, whose report is publicly available through the offices of Bucks County Technical High School.

FINANCIAL HIGHLIGHTS

District Contributions

The participating School Districts provide the largest sum of revenue, which supports the secondary education program and totaled \$19,801,777 for 2016-17. This amount is based on a funding formula that is agreed upon by all districts as part of the Articles of Agreement.

The total contribution from participating school districts was over 81% of the secondary program’s revenue for 2016-17.

FINANCIAL STATEMENTS

The financial statements consist of two (2) parts: Management’s Discussion and Analysis and the basic financial statements. The basic financial statements include two (2) kinds of statements that present different views of Bucks County Technical High School. The first two (2) 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 the School’s services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the School operates like a business. For the School, this is our Food Service Fund. 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 Bucks County Technical School Authority (a blended component unit) is also shown as a proprietary fund. The statements include a section that further explains and reports the financial statements with the comparison of Bucks County Technical High School’s budget for the year.

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

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 (2) government-wide statements report the School's net position and how it has changed. Net position, 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 is an indication of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the School, the reader needs to consider additional facts, such as changes in the member school district contributions and the projected enrollment of the students.

The government-wide financial statements of the School are divided into two (2) categories:

- **Governmental-activities:** All of the School's basic services are included here, such as instruction, administration and financial services, operation and maintenance of plant services and student activities. Participating school district contributions, state and federal subsidies and grants finance 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. The Bucks County Technical School Authority (a blended component unit) is also included.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the School as a whole. Some funds are required by state law and by bond 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 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 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. The School's component unit, the Bucks County Technical School Authority, also is classified as a proprietary fund.

- Internal service funds: The internal service fund accounts for the School’s insurance programs for employee health, dental and vision care insurance programs. Unemployment claims are also accounted for in the internal service fund.
- Fiduciary funds: The School is the trustee, or fiduciary, for assets that belong to others, such as student activity funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

A comparative analysis of fiscal year 2017 to 2016 follows:

Table A-1
Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 10,905,043	\$ 11,697,320	\$ 319,528	\$ 420,607	\$ 11,224,571	\$ 12,117,927
Net Capital assets	3,019,677	2,261,829	25,936,708	27,010,741	28,956,385	29,272,570
Total assets	<u>\$ 13,924,720</u>	<u>\$ 13,959,149</u>	<u>\$ 26,256,236</u>	<u>\$ 27,431,348</u>	<u>\$ 40,180,956</u>	<u>\$ 41,390,497</u>
Deferred Outflows of resources	\$ 8,932,710	\$ 4,323,819	\$ 130,165	\$ 70,228	\$ 9,062,875	\$ 4,394,047
Current and other liabilities	\$ 3,211,061	\$ 3,219,180	\$ 2,642,505	\$ 2,565,279	\$ 5,853,566	\$ 5,784,459
Long-term liabilities	52,083,163	44,338,972	3,382,439	5,869,791	55,465,602	50,208,763
Total liabilities	<u>\$ 55,294,224</u>	<u>\$ 47,558,152</u>	<u>\$ 6,024,944</u>	<u>\$ 8,435,070</u>	<u>\$ 61,319,168</u>	<u>\$ 55,993,222</u>
Deferred Inflows of resources	\$ 305,450	\$ 135,057	\$ 21,650	\$ 34,668	\$ 327,100	\$ 169,725
Net Position:						
Net investment in capital assets	\$ 3,019,677	\$ 2,261,829	\$ 20,761,708	\$ 19,400,741	\$ 23,781,385	\$ 21,662,570
Restricted and Unrestricted	(35,761,921)	(31,672,070)	(421,901)	(368,903)	(36,183,822)	(32,040,973)
Total net position (deficit)	<u>\$ (32,742,244)</u>	<u>\$ (29,410,241)</u>	<u>\$ 20,339,807</u>	<u>\$ 19,031,838</u>	<u>\$ (12,402,437)</u>	<u>\$ (10,378,403)</u>

In comparing the Governmental Activities section of the table, the reader will notice that there is a decrease in total assets. Assets are things of value owned by the School. Examples of these would include cash, investments, equipment and real property. The decrease in total assets can be primarily attributed to cash on hand at year end. As evidenced by Table A-1, there is an increase in total liabilities. Liabilities are the financial obligations of the School. Examples of liabilities are accounts payable, accrued salaries and benefits, long-term debt and accrued compensated absences. In the Governmental Activities section, the increase in total liabilities is attributed to an increase in accounts payables and accrued salaries and benefits at year end.

Most of the School’s net position is invested in capital assets (buildings, land and equipment.) Capital assets are reported at acquisition cost less accumulated depreciation. The negative net position is the result of recording the school’s proportionate share of net pension liability and deferred pension amounts in accordance with GASB Statement No. 68, which was implemented during 2015.

The Business-type Activities section of the table reflects financial data for the Bucks County Technical School Authority and the School's food service operation. The decrease in total assets is primarily the result of a decrease in cash and investments at year end and the additional depreciation on capital assets. Total net position for the Governmental Activities and Business-type Activities combined is a negative (\$12,402,437) for 2017, a decrease of \$2,024,034 over 2016 net position.

Program Revenues and Expenditures

A Statement of Activities presents the results of the School's operations as a whole by presenting program revenues, program expenditures and changes in net position. Table A-2 takes the information from that statement and presents it in a comparative format for the current and prior year. A comparative analysis of fiscal year 2017 to 2016 follows:

Table A-2
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program Revenues						
Charges for services	\$ 19,930,355	\$ 19,539,450	\$ 2,986,496	\$ 2,982,276	\$ 22,916,851	\$ 22,521,726
Operating grants and contributions	4,347,984	3,685,769	279,484	278,106	4,627,468	3,963,875
Capital grants and contributions	116,443	168,848	0	0	116,443	168,848
General revenues	20,781	12,403	16,144	15,909	36,925	28,312
Total Revenues	<u>24,415,563</u>	<u>23,406,470</u>	<u>3,282,124</u>	<u>3,276,291</u>	<u>27,697,687</u>	<u>26,682,761</u>
Expenses:						
Instruction	18,812,230	16,343,518			18,812,230	16,343,518
Instructional student support	3,205,079	2,783,386			3,205,079	2,783,386
Administration and financial support services	3,023,665	2,703,022			3,023,665	2,703,022
Student transportation	360				360	0
Operation and maintenance of plant services	2,564,883	2,594,886			2,564,883	2,594,886
Student activities	141,349	148,433			141,349	148,433
Debt service interest					0	0
Technical School Authority			1,408,534	1,449,783	1,408,534	1,449,783
Food Service			565,621	693,355	565,621	693,355
Total Expenses	<u>27,747,566</u>	<u>24,573,245</u>	<u>1,974,155</u>	<u>2,143,138</u>	<u>29,721,721</u>	<u>26,716,383</u>
Change in Net Position	<u>\$ (3,332,003)</u>	<u>\$ (1,166,775)</u>	<u>\$ 1,307,969</u>	<u>\$ 1,133,153</u>	<u>\$ (2,024,034)</u>	<u>\$ (33,622)</u>

In comparing the Governmental Activities section of the table, the reader will notice an increase in total revenues. Revenues come from three (3) major sources: local, state and federal. The primary source of revenue for the School is charges for services, which is local revenue received from the six (6) participating school districts.

Governmental Activities expenditures can be categorized in terms of major programs, that is, the general purpose of the expenditures. The five (5) major categories are instruction, instructional student support, administrative and financial support, operation and maintenance of plant services and student activities. The primary purpose of expenditures was for instruction at 68% for 2017 as compared to 67% in 2016.

In the Business-type Activities section of the table, 2017 revenues remained fairly constant when

compared to 2016 for the Authority.

The overall decrease of \$2,024,034 in net position is an unfavorable change to the School's overall financial status.

Expenditure data is also presented as "Total Services" in Table A-3 for Governmental Activities and Table A-4 for Business-type Activities. In addition to presenting expenditures by major functions or programs, net cost (total cost less revenues generated by the activities) is presented. The table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local revenue and other miscellaneous revenues.

Table A-3
Governmental Activities

	Total Services <u>2017</u>	Net Services <u>2017</u>	Total Services <u>2016</u>	Net Services <u>2016</u>
Instruction	\$ 18,812,230	\$ 4,826,135	\$ 16,343,518	\$ 6,408,446
Instructional student support	3,205,079	(2,864,258)	2,783,386	(2,491,580)
Administration and financial support services	3,023,665	(2,753,103)	2,703,022	(2,474,971)
Student transportation	360	(360)		
Operation and maintenance of plant services	2,564,883	(2,426,161)	2,594,886	(2,477,960)
Student activities	<u>141,349</u>	<u>(135,037)</u>	<u>148,433</u>	<u>(143,113)</u>
Total Governmental Activities	<u>\$ 27,747,566</u>	<u>\$ (3,352,784)</u>	<u>\$ 24,573,245</u>	<u>\$ (1,179,178)</u>

Table A-4
Business-type Activities

	Total Services <u>2017</u>	Net Services <u>2017</u>	Total Services <u>2016</u>	Net Services <u>2016</u>
Food Service	\$ 565,621	\$ (21,617)	\$ 693,355	\$ (129,763)
Bucks County Technical School Authority	<u>1,408,534</u>	<u>1,313,442</u>	<u>1,449,783</u>	<u>1,247,007</u>
Total Business-type Activities	<u>\$ 1,974,155</u>	<u>\$ 1,291,825</u>	<u>\$ 2,143,138</u>	<u>\$ 1,117,244</u>

Fund Balances

At June 30, 2017, the School's governmental funds reported a combined fund balance of \$3,700,288 which is a decrease of \$437,718 from June 30, 2016.

Capital Projects Fund

The Capital Projects Fund was established in 1993 with a contribution from the Bucks County Technical School Authority. The fund is intended to assist the school in future capital projects, such as building improvements.

General Fund Budget

During the fiscal year, the Joint Board Committee (JBC) authorizes revisions to the original budget to accommodate variances from the original budget estimates to actual expenditures. A schedule of the School’s original and final budget amounts compared with actual revenues and expenditures is presented in the financial statements.

The Budgetary Reserve included amounts that may be transferred into expenditure accounts for unplanned expenditures, only upon approval by the JBC. These amounts will only be appropriated into expenditure categories when the expenditure is necessary for the operation of the School.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the School had \$3,019,677 in Governmental Funds and 25,936,708 in Business - Type activities invested in a broad range of capital assets, including land, building, furniture and equipment. This amount represents an increase (including additions, deletions and depreciation) of \$757,848 from Governmental Activities and a decrease of \$1,074,033 from Business-Type Activities from June 30, 2016. The increase is due to additions of furniture, equipment, machinery and building improvements, and the decrease is due to depreciation expense.

Table A-5
Governmental and Business-type Activities
Capital Assets - Net of Depreciation

	2017	2016
Land	\$ 92,189	\$ 92,189
Buildings and improvements	25,833,914	26,900,163
Furniture and equipment	3,030,282	2,280,218
	<u>\$ 28,956,385</u>	<u>\$ 29,272,570</u>

Debt Administration

Obligations for the School include a capital lease, accrued vacation pay and sick leave for specific employees of the School.

On December 15, 1995, the Authority issued School Revenue Bonds, Series 1995, in the principal amount of \$35,360,000. These bonds were issued to provide funds for the construction of a new school building and renovations to the existing school building. On November 15, 2005, the Authority issued School Revenue Bonds, Series of 2005, in the principal amount of \$27,260,000. These bonds were issued to refund School Revenue Bonds, Series 1995 and to provide new money for the new auditorium project.

At June 30, 2017, the Authority had \$5,175,000 in bonds outstanding.

ECONOMIC FACTORS AND THE 2017-18 BUDGET

The School has prepared its General Fund Budget for the fiscal year ending June 30, 2018. The total General Fund Budget of \$25,978,725 represents an increase of \$765,799 or (3.03%), over the previous year. Unexpended funds as of June 30, 2017, are reflected in reserved fund balance at year end and will be used to offset member districts contributions.

CONTACTING THE SCHOOL FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the School's finances and to show the Joint Board Committee's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, please contact the Business Office, Bucks County Technical High School, 610 Wistar Road, Fairless Hills, PA 19030.

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF NET POSITION

JUNE 30, 2017

(with summarized comparative data for June 30, 2016)

	Governmental Activities	Business-Type Activities	Totals	
			2017	2016
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,226,206	\$ 183,657	\$ 6,409,863	\$ 7,103,741
Investments	517,375		517,375	514,617
Restricted investments		125,534	125,534	154,989
Deposits	2,786,959		2,786,959	3,129,210
Internal balances	95,121	(95,121)	-	-
Due from other governments	1,042,572	12,306	1,054,878	866,574
Other receivables	2,517		2,517	5,061
Interest receivable		87,678	87,678	124,069
Prepaid expenses	234,293		234,293	215,047
Inventories		5,474	5,474	4,619
Total Current Assets	<u>10,905,043</u>	<u>319,528</u>	<u>11,224,571</u>	<u>12,117,927</u>
Noncurrent Assets:				
Capital assets:				
Land and improvements		92,189	92,189	92,189
Buildings and building improvements		45,136,400	45,136,400	45,136,400
Furniture and equipment	6,629,720	2,944,027	9,573,747	8,466,381
Accumulated depreciation	<u>(3,610,043)</u>	<u>(22,235,908)</u>	<u>(25,845,951)</u>	<u>(24,422,400)</u>
Total Noncurrent Assets	<u>3,019,677</u>	<u>25,936,708</u>	<u>28,956,385</u>	<u>29,272,570</u>
TOTAL ASSETS	<u>13,924,720</u>	<u>26,256,236</u>	<u>40,180,956</u>	<u>41,390,497</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>8,932,710</u>	<u>130,165</u>	<u>9,062,875</u>	<u>4,394,047</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	1,052,002	18,678	1,070,680	1,178,545
Accrued salaries and benefits	1,638,291	2,537	1,640,828	1,559,031
Claims payable	113,225		113,225	114,369
Accrued interest payable		87,678	87,678	124,069
Other current liabilities	36,374		36,374	47,935
Unearned revenue	40,429	4,594	45,023	99,298
Portion due or payable within one year				
Bonds payable		2,535,000	2,535,000	2,435,000
Less: Discount on bonds		(10,692)	(10,692)	(10,692)
Capital lease	67,933		67,933	
Accumulated compensated absences	262,807	4,710	267,517	236,904
Total Current Liabilities	<u>3,211,061</u>	<u>2,642,505</u>	<u>5,853,566</u>	<u>5,784,459</u>
Long-term Liabilities:				
Portion due or payable after one year				
Bonds payable		2,640,000	2,640,000	5,175,000
Less: Discount on bonds		(1,347)	(1,347)	(12,039)
Capital lease	142,759		142,759	
Other post-employment benefits	423,062		423,062	381,240
Net pension liability	51,043,214	743,786	51,787,000	44,225,000
Accumulated compensated absences	474,128		474,128	439,562
Total Long-term Liabilities	<u>52,083,163</u>	<u>3,382,439</u>	<u>55,465,602</u>	<u>50,208,763</u>
TOTAL LIABILITIES	<u>55,294,224</u>	<u>6,024,944</u>	<u>61,319,168</u>	<u>55,993,222</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding		17,200	17,200	32,475
Deferred amounts related to pensions	305,450	4,450	309,900	137,250
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>305,450</u>	<u>21,650</u>	<u>327,100</u>	<u>169,725</u>
NET POSITION				
Net investment in capital assets	3,019,677	20,761,708	23,781,385	21,662,570
Restricted for self insurance	2,786,959		2,786,959	3,129,210
Unrestricted	<u>(38,548,880)</u>	<u>(421,901)</u>	<u>(38,970,781)</u>	<u>(35,170,183)</u>
TOTAL NET POSITION	<u>\$ (32,742,244)</u>	<u>\$ 20,339,807</u>	<u>\$ (12,402,437)</u>	<u>\$ (10,378,403)</u>

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

(with summarized comparative data for the year ended June 30, 2016)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
							2017	2016
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 18,812,230	\$ 19,930,355	\$ 3,591,567	\$ 116,443	\$ 4,826,135	\$ 4,826,135	\$ 6,408,446	
Instructional Student Support	3,205,079		340,821		(2,864,258)	(2,864,258)	(2,491,580)	
Administrative and Financial Support Services	3,023,665		270,562		(2,753,103)	(2,753,103)	(2,474,971)	
Student transportation	360				(360)	(360)		
Operation and Maintenance of Plant Services	2,564,883		138,722		(2,426,161)	(2,426,161)	(2,477,960)	
Student Activities	141,349		6,312		(135,037)	(135,037)	(143,113)	
TOTAL GOVERNMENTAL ACTIVITIES	27,747,566	19,930,355	4,347,984	116,443	(3,352,784)	(3,352,784)	(1,179,178)	
BUSINESS-TYPE ACTIVITIES								
Food service	565,621	264,520	279,484			(21,617)	(129,763)	
Bucks County Technical School Authority	1,408,534	2,721,976				1,313,442	1,247,007	
TOTAL BUSINESS-TYPE ACTIVITIES	1,974,155	2,986,496	279,484	-	-	1,291,825	1,117,244	
	\$ 29,721,721	\$ 22,916,851	\$ 4,627,468	\$ 116,443	(3,352,784)	1,291,825	(2,060,959)	
GENERAL REVENUES								
Investment earnings					20,781	16,144	36,925	
Loss on capital asset disposal					-	-	(473)	
TOTAL GENERAL REVENUES					20,781	16,144	36,925	
CHANGE IN NET POSITION					(3,332,003)	1,307,969	(2,024,034)	
NET POSITION AT BEGINNING OF YEAR					(29,410,241)	19,031,838	(10,378,403)	
NET POSITION AT END OF YEAR					\$ (32,742,244)	\$ 20,339,807	\$ (12,402,437)	

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2017

(with summarized comparative data for June 30, 2016)

	General Fund	Capital Projects Fund	Totals	
			2017	2016
ASSETS				
Cash and cash equivalents	\$ 4,898,115	\$	\$ 4,898,115	\$ 5,670,906
Investments		517,375	517,375	514,617
Due from other governments	1,042,572		1,042,572	855,805
Interfund receivables	96,926		96,926	91,673
Other receivables	712		712	4,178
Prepaid expenditures	234,293		234,293	215,047
TOTAL ASSETS	\$ 6,272,618	\$ 517,375	\$ 6,789,993	\$ 7,352,226
LIABILITIES				
Accounts payable	\$ 1,052,002	\$	\$ 1,052,002	\$ 1,177,033
Accrued salaries and benefits	1,638,291		1,638,291	1,557,765
Compensated absences	262,807		262,807	232,902
Interfund payable	75,220		75,220	133,718
Unearned revenues	-		-	42,914
Other current liabilities	20,956		20,956	23,626
TOTAL LIABILITIES	3,049,276	-	3,049,276	3,167,958
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - summer exploratory fees	40,429		40,429	46,262
FUND BALANCES				
Assigned to capital projects		517,375	517,375	514,617
Nonspendable - prepaid expenditures	234,293		234,293	
Committed for future PSERS Retirement increases	642,176		642,176	845,339
Restricted for future expenditures	2,306,444		2,306,444	2,778,050
TOTAL FUND BALANCES	3,182,913	517,375	3,700,288	4,138,006
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,272,618	\$ 517,375	\$ 6,789,993	\$ 7,352,226

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

JUNE 30, 2017

TOTAL GOVERNMENTAL FUND BALANCES	\$ 3,700,288
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:</p>	
Furniture and equipment	6,629,720
Accumulated depreciation	(3,610,043)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:</p>	
Deferred outflows of resources related to pensions	8,932,710
Deferred inflows of resources related to pensions	(305,450)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>	
Capital lease	(210,692)
Other post-employment benefits	(423,062)
Accumulated compensated absences	(474,128)
Net pension liability	(51,043,214)
<p>Internal service funds are used by management to charge the cost of self-insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position</p>	<u>4,061,627</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (32,742,244)</u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

(with summarized comparative data for the year ended June 30, 2016)

	Capital Projects		Totals	
	General Fund	Fund	2017	2016
REVENUES				
Local sources	\$ 19,948,378	\$ 2,758	\$ 19,951,136	\$ 19,552,325
State sources	3,793,869		3,793,869	3,423,281
Federal sources	670,558		670,558	431,336
TOTAL REVENUES	<u>24,412,805</u>	<u>2,758</u>	<u>24,415,563</u>	<u>23,406,942</u>
EXPENDITURES				
Instruction	16,513,255		16,513,255	15,702,498
Support services	8,372,595		8,372,595	7,922,175
Operation of non-instructional services	134,505		134,505	145,046
Capital outlay	43,618		43,618	20,000
Debt service				
Principal	74,981		74,981	-
TOTAL EXPENDITURES	<u>25,138,954</u>	<u>-</u>	<u>25,138,954</u>	<u>23,789,719</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(726,149)</u>	<u>2,758</u>	<u>(723,391)</u>	<u>(382,777)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	285,673		285,673	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>285,673</u>	<u>-</u>	<u>285,673</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(440,476)	2,758	(437,718)	(382,777)
FUND BALANCE AT BEGINNING OF YEAR	<u>3,623,389</u>	<u>514,617</u>	<u>4,138,006</u>	<u>4,520,783</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,182,913</u>	<u>\$ 517,375</u>	<u>\$ 3,700,288</u>	<u>\$ 4,138,006</u>

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

**RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (437,718)
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlays and depreciation expense for the current period.</p>	
Capital outlay	1,126,544
Depreciation expense	(368,696)
<p>Internal service funds are used by management to charge the cost of self-insurance to individual funds. The expenditures related to this service is reported with governmental activities.</p>	
	(278,507)
<p>Repayment of capital lease obligations is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
	74,981
<p>The issuance of long-term debt provides current financial resources to governmental funds. This transaction has no impact on net position. This amount represents capital lease issuance.</p>	
	(285,673)
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension related benefits earned net of employee contributions is reported as pension expense.</p>	
District pension contributions	4,015,387
Cost of pension benefits earned, net of employee contributions	(7,101,933)
<p>In the statement of activities, certain operating expenses - compensated absences (vacation and sick leave) and other post-employment benefits - 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 (essentially, the amounts actually paid).</p>	
	<u>(76,388)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (3,332,003)</u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL

BUDGETARY COMPARISON STATEMENT
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 19,972,304	\$ 19,975,434	\$ 19,948,378	\$ (27,056)
State sources	3,687,068	3,766,303	3,793,869	27,566
Federal sources	780,263	1,120,414	670,558	(449,856)
TOTAL REVENUES	<u>24,439,635</u>	<u>24,862,151</u>	<u>24,412,805</u>	<u>(449,346)</u>
EXPENDITURES				
Instruction				
Regular programs	7,585,399	7,575,557	7,435,828	139,729
Special programs	3,385,794	3,385,794	3,259,687	126,107
Vocational programs	5,773,557	5,793,212	5,433,994	359,218
Other programs	234,672	431,858	225,265	206,593
Adult education programs	200,631	203,761	158,481	45,280
Total Instruction	<u>17,180,053</u>	<u>17,390,182</u>	<u>16,513,255</u>	<u>876,927</u>
Support Services				
Pupil personnel services	1,732,210	1,899,647	1,621,409	278,238
Instructional staff services	1,132,225	1,132,545	1,048,648	83,897
Administration services	1,531,731	1,530,231	1,394,668	135,563
Pupil health	162,118	162,118	124,171	37,947
Business services	649,121	649,121	621,674	27,447
Operation and maintenance of plant services	2,971,886	2,947,886	2,670,442	277,444
Student transportation	18,000	20,500	360	20,140
Central support services	631,812	633,442	891,223	(257,781)
Total Support Services	<u>8,829,103</u>	<u>8,975,490</u>	<u>8,372,595</u>	<u>602,895</u>
Operation of Non-instructional Services				
Student activities	<u>105,664</u>	<u>147,664</u>	<u>134,505</u>	<u>13,159</u>
Capital outlay	<u>20,000</u>	<u>44,000</u>	<u>43,618</u>	<u>382</u>
Debt service	<u>84,000</u>	<u>84,000</u>	<u>74,981</u>	<u>9,019</u>
TOTAL EXPENDITURES	<u>26,218,820</u>	<u>26,641,336</u>	<u>25,138,954</u>	<u>1,502,382</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,779,185)	(1,779,185)	(726,149)	1,053,036
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	285,673	285,673
Budgetary Reserve	<u>(25,000)</u>	<u>(25,000)</u>	-	<u>25,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	(25,000)	(25,000)	285,673	310,673
NET CHANGE IN FUND BALANCE	<u>\$ (1,804,185)</u>	<u>\$ (1,804,185)</u>	(440,476)	<u>\$ 1,363,709</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>3,623,389</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 3,182,913</u>	

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2017

(with summarized comparative data for June 30, 2016)

	Business-type Activities				Governmental Activities	
	Food Service Fund	Bucks County	Total Enterprise Funds		Internal Service Fund 2017	Internal Service Fund 2016
		Technical School Authority	2017	2016		
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 132,401	\$ 51,256	\$ 183,657	\$ 216,951	\$ 1,328,091	\$ 1,215,884
Restricted investments		125,534	125,534	154,989		
Deposits			-	-	2,786,959	3,129,210
Due from other governments	12,306		12,306	10,769		
Interfund receivables			-	-	59,802	109,409
Interest receivable		87,678	87,678	124,069		
Inventories	5,474		5,474	4,619		
Total Current Assets	150,181	264,468	414,649	511,397	4,174,852	4,454,503
Noncurrent Assets:						
Capital Assets						
Land and improvements		92,189	92,189	92,189		
Buildings and building improvements		45,136,400	45,136,400	45,136,400		
Furniture and equipment	45,469	2,898,558	2,944,027	2,942,831		
Accumulated depreciation	(43,619)	(22,192,289)	(22,235,908)	(21,160,679)		
Total Noncurrent Assets	1,850	25,934,858	25,936,708	27,010,741	-	-
TOTAL ASSETS	152,031	26,199,326	26,351,357	27,522,138	4,174,852	4,454,503
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts related to pensions	130,165		130,165	70,228	-	-
Current Liabilities:						
Accounts payable	104	18,574	18,678	1,512		
Interfund payable	95,121		95,121	90,790		
Claims payable			-	-	113,225	114,369
Accrued salaries and benefits	2,537		2,537	1,266		
Compensated absences	4,710		4,710	4,002		
Accrued interest payable		87,678	87,678	124,069		
Unearned revenue	4,594		4,594	10,122		
Portion due or payable within one year						
Bonds payable		2,535,000	2,535,000	2,435,000		
Less: Discount on bonds		(10,692)	(10,692)	(10,692)		
Total Current Liabilities	107,066	2,630,560	2,737,626	2,656,069	113,225	114,369
Long-term Liabilities:						
Portion due or payable after one year						
Bonds payable		2,640,000	2,640,000	5,175,000		
Less: Discount on bonds		(1,347)	(1,347)	(12,039)		
Net pension liability	743,786		743,786	706,830		
Total Long-term Liabilities	743,786	2,638,653	3,382,439	5,869,791	-	-
TOTAL LIABILITIES	850,852	5,269,213	6,120,065	8,525,860	113,225	114,369
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding		17,200	17,200	32,475		
Deferred amounts related to pensions	4,450		4,450	2,193		
TOTAL DEFERRED INFLOWS OF RESOURCES	4,450	17,200	21,650	34,668	-	-
NET POSITION						
Net investment in capital assets	1,850	20,759,858	20,761,708	19,400,741		
Restricted for self-insurance			-	-	2,786,959	3,129,210
Unrestricted	(574,956)	153,055	(421,901)	(368,903)	1,274,668	1,210,924
TOTAL NET POSITION	\$ (573,106)	\$ 20,912,913	\$ 20,339,807	\$ 19,031,838	\$ 4,061,627	\$ 4,340,134

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

(with summarized comparative data for the year ended June 30, 2016)

	Business-type Activities				Governmental Activities	
	Food Service Fund	Bucks County Technical School Authority	Totals		Internal Service Fund 2017	Internal Service Fund 2016
			2017	2016		
OPERATING REVENUES						
Food service revenues	\$ 264,520	\$	\$ 264,520	\$ 285,486	\$	\$
Premium revenue			-	-	2,957,374	3,292,685
Interest income		198	198	69		
Lease rentals		2,701,976	2,701,976	2,696,790		
Administrative fees		20,000	20,000	-		
Total Operating Revenues	264,520	2,722,174	2,986,694	2,982,345	2,957,374	3,292,685
OPERATING EXPENSES						
Claims					3,238,680	2,681,662
Advertising		214	214	583		
Amortization expense		10,692	10,692	10,692		
Audit		3,615	3,615	3,500		
Legal and administrative		27,963	27,963	7,425		
Executive assistant		3,700	3,700	3,700		
Salaries	214,685		214,685	217,354		
Interest		246,976	246,976	346,790		
Bonding		100	100	100		
Employee benefits	83,893		83,893	183,050		
Purchased professional and technical services	8,446	41,411	49,857	7,772		
Supplies	257,170		257,170	282,983		
Dues	60		60	1,000		
Depreciation	1,367	1,073,863	1,075,230	1,078,189		
Total Operating Expenses	565,621	1,408,534	1,974,155	2,143,138	3,238,680	2,681,662
OPERATING INCOME (LOSS)	(301,101)	1,313,640	1,012,539	839,207	(281,306)	611,023
NONOPERATING REVENUES (EXPENSES)						
Earnings on investments	424	15,522	15,946	15,840	2,799	1,424
State sources	13,196		13,196	12,630		
Federal sources	266,288		266,288	265,476		
Total Nonoperating Revenues (Expenses)	279,908	15,522	295,430	293,946	2,799	1,424
CHANGE IN NET POSITION	(21,193)	1,329,162	1,307,969	1,133,153	(278,507)	612,447
NET POSITION, BEGINNING	(551,913)	19,583,751	19,031,838	17,898,685	4,340,134	3,727,687
NET POSITION AT END OF YEAR	\$ (573,106)	\$ 20,912,913	\$ 20,339,807	\$ 19,031,838	\$ 4,061,627	\$ 4,340,134

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

(with summarized comparative data for the year ended June 30, 2016)

	Business-type Activities				Governmental Activities	
	Food Service Fund	Bucks County Technical School Authority	Totals		Internal Service Fund 2017	Internal Service Fund 2016
			2017	2016		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 258,992	\$ 2,738,565	\$ 2,997,557	\$ 3,018,456	\$ 3,006,981	\$ 3,310,486
Cash received for interfund services						
Cash received from administrative fees		20,000	20,000	-		
Cash paid for interest		(283,367)	(283,367)	(390,318)		
Cash payments to suppliers	(254,013)		(254,013)	(280,046)	(2,897,573)	(3,183,276)
Cash payments to employees	(317,323)		(317,323)	(325,052)		
Cash payments for other operating expenses	(8,506)	(59,520)	(68,026)	(23,589)		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(320,850)	2,415,678	2,094,828	1,999,451	109,408	127,210
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Bond repayments		(2,435,000)	(2,435,000)	(2,330,000)		
State sources	13,141		13,141	12,663		
Federal sources	264,807		264,807	265,727		
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	277,948	(2,435,000)	(2,157,052)	(2,051,610)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(1,196)	-	(1,196)	(49,900)		
Purchase / sale of investments		29,455	29,455	40,440		
Investment income		247	247	43		
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,196)	29,702	28,506	(9,417)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Earnings on investments	424		424	521	2,799	1,424
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(43,674)	10,380	(33,294)	(61,055)	112,207	128,634
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	176,075	40,876	216,951	278,006	1,215,884	1,087,250
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 132,401	\$ 51,256	\$ 183,657	\$ 216,951	\$ 1,328,091	\$ 1,215,884
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (301,101)	\$ 1,313,640	\$ 1,012,539	\$ 839,207	\$ (281,306)	\$ 611,023
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation and amortization	1,367	1,084,555	1,085,922	1,088,881		
(Increase) decrease in assets:						
Deposits					342,251	(460,417)
Interfund receivable					49,607	17,801
Interest receivable on lease rentals		36,391	36,391	43,528	-	-
Inventories	(855)		(855)	936		
Increase (decrease) in liabilities:						
Accounts payable	(319)	17,483	17,164	775		
Interest payable		(36,391)	(36,391)	(43,528)		
Accrued salaries and benefits	1,271		1,271	201		
Pension liability	(20,724)		(20,724)	74,527		
Claims payable					(1,144)	(41,197)
Compensated absences	708		708	624		
Unearned revenues	(5,528)		(5,528)	(7,417)		
Interfund payable	4,331		4,331	1,717		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (320,850)	\$ 2,415,678	\$ 2,094,828	\$ 1,999,451	\$ 109,408	\$ 127,210
Noncash supplemental disclosures:						
Donated commodities received	\$ 39,960	\$ -	\$ 39,960	\$ 34,796	\$ -	\$ -
Donated commodities used	\$ 38,945	\$ -	\$ 38,945	\$ 34,931	\$ -	\$ -

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 7,178	\$ 80,511
Investments	6,154	
Due from other funds	<u>15,418</u>	
TOTAL ASSETS	<u>28,750</u>	<u>80,511</u>
LIABILITIES		
Accounts payable	3,160	
Due to other funds		1,805
Due to student organizations		<u>78,706</u>
TOTAL LIABILITIES	<u>3,160</u>	<u>80,511</u>
NET POSITION		
Reserved for trust	<u>25,590</u>	
TOTAL NET POSITION	<u><u>\$ 25,590</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

(with comparative data for the year ended June 30, 2016)

	Private-Purpose Trust	
	2017	2016
ADDITIONS		
Local contributions	\$ 42,228	\$ 43,006
Interest earnings	55	40
TOTAL ADDITIONS	<u>42,283</u>	<u>43,046</u>
DEDUCTIONS		
Operating expenses	<u>45,160</u>	<u>42,275</u>
CHANGE IN NET POSITION	(2,877)	771
NET POSITION AT BEGINNING OF YEAR	<u>28,467</u>	<u>27,696</u>
NET POSITION AT END OF YEAR	<u>\$ 25,590</u>	<u>\$ 28,467</u>

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Bucks County Technical High 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 significant accounting principles and policies utilized by the School are described below:

Financial Reporting Entity

Consistent with guidance contained in Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity* (GASB No. 14) as amended by GASB Statement No. 61, the criteria used by the School to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the School reviews the applicability of the following criteria. The School is responsible for:

- Schools that make up the School entity.
- Legally separate entities if School officials appoint a voting majority of the entity's governing body and the School is able to impose its will on the entity or if there is a potential for the School to provide specific financial benefits to, or impose specific burdens on, the entity as defined below.
 - Impose its will – If the school can significantly influence the programs, projects or activities of, or the level of services performed or provided by the entity.
 - Financial benefit or burden – Exists if the School (1) is entitled to the entity's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the entity or (3) is obligated in some manner for the debt of the entity.
- Entities that are fiscally dependent on the School. Fiscal dependency is established if the entity is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without guarantee by or in the name of the School.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Financial Reporting Entity, continued

Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, Bucks County Technical School Authority (the “Authority”) is a component unit. This component unit is described in Note 6 to the financial statements. The Authority is audited by Major & Mastro, LLC, whose report is publicly available through the offices of Bucks County Technical High School.

Basis of Presentation and Accounting

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School as a whole. The statements distinguish between those activities of the School that are governmental and those that are considered business-type activities. These statements exclude fiduciary activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School and for each function or program of the School’s governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation and Accounting, continued

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

Net position is classified into three components – invested in capital assets, net of related debt; restricted; and unrestricted. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt”. It is the School’s policy to use restricted resources first then unrestricted resources as they are needed.

Fund Financial Statements

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Government Funds are accounted for 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 School considers revenues to be available if they are collected within 60 days of the end of the 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. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. Allocations of costs, such as depreciation and amortization are not recognized in the governmental funds.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation and Accounting, continued

All Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. Allocations of certain costs, such as depreciation are recorded in proprietary funds. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its proprietary activities.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the government's proprietary fund are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds are reported using the economic resources measurement focus.

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

Fund Accounting

The accounts of the School are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts. The various funds of the School are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Fund Types

The General Fund is the government's primary operating fund. It accounts for the general operations of the School and all financial transactions not required to be accounted for in another fund.

The Capital Projects Fund is used to provide funds for various capital improvement projects.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation and Accounting, continued

Proprietary Fund Types

The School's proprietary funds are the food service fund and the Bucks County Technical School Authority. These are both major enterprise funds. The food service fund accounts for the revenues and costs of feeding students. The principal operating revenues of this fund are food service charges. Operating expenses for this fund include food production costs, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses. The Bucks County Technical School Authority is a component unit of the Bucks County Technical High School and is described in more detail in note 6. The internal service fund accounts for the School's insurance programs for employee health, dental and vision care insurance programs. Unemployment claims are also accounted for in internal service funds.

All proprietary activities are accounted for using GASB pronouncements as established by GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Fiduciary Fund Types

Fiduciary funds are restricted to account for assets held by the School in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds.

The School has a trust fund which includes an expendable trust fund comprised of donations from patrons. Funds are used at the School's discretion. The School has one agency fund, the Student Activity Fund, which accounts for funds held on behalf of students of the School. The agency fund is unlike all other types of funds, reporting only assets and liabilities. Therefore, this fund cannot be said to have a measurement focus. It does, however, use the accrual basis of accounting to recognize receivables and payables.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash, Cash Equivalents, and Investments

For purposes of reporting cash flows, cash and cash equivalents include all highly-liquid investments with original maturities of less than 90 days. Investments are stated at fair value, the amount at which a financial instrument could be exchanged in a current transaction between parties, other than in a forced or liquidation sale. This method of valuation is in compliance with GASB 31, as amended by GASB 72, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

Intergovernmental Revenues

State subsidies represent current year entitlements and are recognized as revenue in the current fiscal year even though funds may be received in the following year. Federal program funds applicable to expenditures of the current fiscal year but expected to be received in the next fiscal year are accrued as current year revenues. These receivables are classified as due from other governments on the balance sheet. An allowance for doubtful accounts has not been established, because all receivables are believed to be collectible.

Inventories

Inventories of the Food service fund consist of USDA donated commodities and commodities purchased by the School. Inventories are stated at cost except for USDA donated commodities which are carried at average fair market value. Cost is determined on a first in first out basis.

Capital Assets

Capital assets include land and improvements, buildings and improvements, and property and equipment, and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

The School defines capital assets as assets with an initial, individual cost equal to or greater than \$2,500 and an estimated useful life in excess of one year. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

	<u>Years</u>
Site improvements	20
School buildings	40
Building components	20-30
Equipment	5-20
Vehicles	10

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Budgetary Data

The School follows the following procedures in establishing the budgetary data reflected in the financial statements:

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. The Pennsylvania School Code dictates specific procedures relative to adoption of the School's budget and reporting of its financial statements. Bucks County Technical High School is required to prepare an operating budget for the succeeding fiscal year. The budget is prepared via the use of budgetary request forms prepared by School personnel in conjunction with a comparison of the most recent audited prior year's budget to actual. Legal budgetary control is maintained by the Bucks County Technical High School Joint Board Committee (BCTSJBC) at the department level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund must be approved by the BCTSJBC. Budget information in the combined operating statements is presented at or below the legal level of budgetary control.

Budgetary data are included in the School's management information system and are employed as a management control device during the year. The BCTSJBC may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of eight out of the fourteen members of the BCTSJBC is required. Fund balances in budgetary funds may be appropriated based on resolutions passed by the BCTSJBC which authorizes the School to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of applicable appropriations for which the expenditure of monies has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. There were no outstanding encumbrances.

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program-by-program basis by the federal and state funding agencies.

Fund Balance

For the year ended June 30, 2011, the School implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund Balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because they are not in spendable form. Restricted fund balance are amounts restricted to specific purposes – the fund balance in the general fund is restricted by the member schools agreement to offset future payments from member schools. Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the board. Assigned fund balance is reported in the capital projects fund for capital projects. The school does not have a written fund balance policy, since there are no unrestricted resources.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

GASB Statement No. 16 provides accrual basis standards for measuring vacation leave, sick leave and other compensated absence liabilities. It states that vacation leave, sick leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if the leave is attributed to past service and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The School's policies permit employees to accumulate an indefinite number of sick days. Unused personal days convert to sick days at the end of each year. Vacation day carryover is limited by date of hire, which varies. These days are based upon an employee's years of service. Employees are vested in their sick time at the time of retirement. Vacation days are payable upon termination of employment, whereas both sick days and personal days are payable only if an employee retires while employed by the School. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the School's financial statements for the year ending June 30, 2016, from which the summarized information was derived.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, Cash Equivalents and Investments

Under Act No. 72 enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the depository are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit in excess of the Federal Depository Insurance limit. These may be bonds of the United States, any State of the United States, or bonds of any political subdivision of Pennsylvania, or the general state authority or other authorities created by the General Assembly of the Commonwealth of Pennsylvania or insured by the Federal Deposit Insurance Corporation.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH , CASH EQUIVALENTS AND INVESTMENTS, continued

Cash

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School’s deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2017, the carrying amount of the School’s deposits was \$6,333,618 and the bank balance was \$6,551,195. Of the bank balance, \$260,691 was covered by federal depository insurance, and \$6,290,504 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository’s agent was not in the School’s name.

Investments

Statutes authorize the School to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, State Treasurer’s investment pools or mutual funds.

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy; measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3. All of the School’s investments are Level 1.

Interest Rate Risk. The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2017, the weighted average maturity of the investments in PLGIT PSDLAF, and INVEST are all less than 90 days.

Custodial Credit Risk – Investments. 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 investments subject to custodial credit risk.

Credit Risk. The School has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2017, PLGIT, PSDLAF, and INVEST were rated as AAAM by a nationally recognized statistical rating organization.

Restricted Cash and Investments

Cash and investments of the Bucks County Technical School Authority in the amount of \$125,534 represents proceeds of bonds and are restricted to the specified use of bond proceeds, namely capital construction.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets being depreciated:				
Furniture and equipment	\$ 5,523,550	\$ 1,126,544	\$ 20,374	\$ 6,629,720
Total capital assets being depreciated	<u>5,523,550</u>	<u>1,126,544</u>	<u>20,374</u>	<u>6,629,720</u>
Less accumulated depreciation:				
Furniture and equipment	3,261,721	368,696	20,374	3,610,043
Total accumulated depreciation	<u>3,261,721</u>	<u>368,696</u>	<u>20,374</u>	<u>3,610,043</u>
Total capital assets being depreciated, net	<u>2,261,829</u>	<u>757,848</u>	<u>-</u>	<u>3,019,677</u>
Governmental Activities Capital Assets, net	<u>\$ 2,261,829</u>	<u>\$ 757,848</u>	<u>\$ -</u>	<u>\$ 3,019,677</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Land and improvements	\$ 92,189	\$ -	\$ -	\$ 92,189
Total capital assets not being depreciated	<u>92,189</u>	<u>-</u>	<u>-</u>	<u>92,189</u>
Capital assets being depreciated:				
Buildings and improvements	45,136,400	-		45,136,400
Furniture and equipment	2,942,831	1,196		2,944,027
Total capital assets being depreciated	<u>48,079,231</u>	<u>1,196</u>	<u>-</u>	<u>48,080,427</u>
Less accumulated depreciation:				
Buildings and improvements	18,236,237	1,066,249		19,302,486
Furniture and equipment	2,924,442	8,980		2,933,422
Total accumulated depreciation	<u>21,160,679</u>	<u>1,075,229</u>	<u>-</u>	<u>22,235,908</u>
Total capital assets being depreciated, net	<u>26,918,552</u>	<u>(1,074,033)</u>	<u>-</u>	<u>25,844,519</u>
Business-type Capital Assets, net	<u>\$ 27,010,741</u>	<u>\$ (1,074,033)</u>	<u>\$ -</u>	<u>\$ 25,936,708</u>

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

<u>Governmental Activities:</u>	
Instruction	\$ 233,236
Instructional student support	11,213
Administration and financial support services	49,356
Operation and maintenance of plant services	<u>74,891</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 368,696</u>
Business-type Activities - Food Service	<u>\$ 1,367</u>
Business-type Activities - Bucks County School Authority	<u>\$ 1,073,862</u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. INTERNAL RECEIVABLES AND PAYABLES

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

	Interfund Receivable	Interfund Payable
General Fund	\$ 96,926	\$ 75,220
Food Service Fund		95,121
Private-Purpose Trust Fund	15,418	
Agency Fund		1,805
Internal Service Fund	59,802	
	\$ 172,146	\$ 172,146

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

5. PENSION PLAN

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/deduction 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.

General Information about the Pension Plan

Plan description

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

General Information about the Pension Plan, continued

Benefits provided

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

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

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

Contributions

Member Contributions:

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

Contributions, continued

Member Contributions, continued

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

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

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

Employer Contributions:

The school's contractually required contribution rate for fiscal year ended June 30, 2017 was 29.20% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were \$4,133,230 for the year ended June 30, 2017.

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

At June 30, 2017, the School reported a liability of \$51,787,000 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 related to the total one-year reported covered payroll. At June 30, 2016, the School's proportion was .1045% percent, which was an increase of .0024% percent from its proportion measured as of June 30, 2015.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

For the year ended June 30, 2017, the School recognized pension expense of \$7,259,282. At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportions	\$ 1,050,200	\$
Net difference between projected and actual investment earnings	2,399,800	
Difference between expected and actual experience		309,900
Changes in assumptions	1,402,200	
Difference between employer contributions and proportionate share of total contributions	136,776	
Contributions subsequent to the measurement date	<u>4,073,899</u>	
	<u>\$ 9,062,875</u>	<u>\$ 309,900</u>

\$4,073,899 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as 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	\$ 1,426,203
2019	1,929,204
2020	1,323,669

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

Actuarial assumptions

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

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

- The Investment Rate of Return was adjusted from 7.5% to 7.25%
- The inflation assumption was decreased from 3.0% to 2.75%
- Salary growth changed from an effective average of 5.5%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were 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 Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

Actuarial assumptions, continued

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100%</u>	

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

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%
District's proportionate share of the net pension liability	\$ 63,349,000	\$ 51,787,000	\$ 42,071,000

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.

6. BUCKS COUNTY TECHNICAL SCHOOL AUTHORITY

The Bucks County Technical School Authority was incorporated under the Municipal Authorities Act of 1945 of the Commonwealth of Pennsylvania (the “Commonwealth”) as amended by the Act of February 8, 1982 (the “Act”). The Authority is comprised of members appointed by the School Districts (the “Districts”) of Bensalem, Bristol Borough, Bristol Township, Morrisville Borough, Neshaminy and Pennsbury. The Districts provide vocational and technical education for grades nine through twelve through Bucks County Technical High School. The Authority is a component unit of Bucks County Technical High School.

The Authority may acquire, hold, construct, improve, maintain, own or lease, either in the capacity of lessor or lessee, buildings and facilities for “eligible educational institutions” as defined by the Act. The Authority has no stock or equity holders and all bond proceeds, revenues or other cash received must be applied for specific purposes in accordance with the provisions of the bond indentures for security on the bondholders.

Bonds payable consist of School Revenue bonds – Series of 2005 issued in the amount of \$27,260,000. These bonds were issued on November 15, 2005 in order to refund the Series 1995 bonds and to provide funds for the construction of a new auditorium and improvements to the existing building. The 2005 Revenue Bonds bear interest at rates ranging from three percent to five percent and mature in varying amounts beginning November 15, 2005 and ending August 15, 2018.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

6. BUCKS COUNTY TECHNICAL SCHOOL AUTHORITY, continued

A schedule of changes in bonded debt is as follows:

	<u>Outstanding July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2017</u>	<u>Due within One Year</u>
2005 Bonds	\$ 7,610,000	\$ _____	\$ 2,435,000	\$ 5,175,000	\$ 2,535,000

Presented below is a summary of maturities by years:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,535,000	\$ 183,334	\$ 2,718,334
2019	<u>2,640,000</u>	<u>66,000</u>	<u>2,706,000</u>
Total	<u>\$ 5,175,000</u>	<u>\$ 249,334</u>	<u>\$ 5,424,334</u>

Interest expense for the year ended June 30, 2017 was \$246,976.

7. COMMITMENTS / FINANCING ARRANGEMENT

The Authority has entered into a lease which began in August 2006. Future lease rentals to be received are applicable to administrative cost, the semi-annual interest payments and the annual principal retirement of the 2005 bonds outstanding.

The respective proportions of lease rental payments to be paid on each semi-annual payment date by the School Districts are as follows:

<u>School</u>	<u>Percentage of Rental</u>
Township of Bensalem	21.61%
Bristol Borough	2.64%
Bristol Township	13.65%
Borough of Morrisville	3.12%
Neshaminy	27.64%
Pennsbury	31.34%

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

7. COMMITMENTS / FINANCING ARRANGEMENT, continued

The Authority assigned the lease and all rentals payable to the Trustee, in trust, to secure payment of the 1995 Bonds of the Authority. The schedule of semi-annual rentals for the next five years and thereafter are as follows:

Payment Date	Net Lease Rental
8/15/2017	\$ 2,662,334
2/15/2018	76,000
8/15/2018	2,716,000
	5,454,334
Less: Interest	249,334
Administrative Cost	30,000
Total	\$ 5,175,000

8. LONG TERM DEBT

On September 30, 2016 the School entered into a lease-purchase agreement with HP Financial for computer equipment. The present value of the lease payments is \$285,673. The lease provides for four annual payments of \$74,981. The implicit interest rate is 3.35%

The following is a summary of governmental long-term liability activity of the School for the year ending June 30, 2017:

	Outstanding July 1, 2016	Additions	Retirements	Outstanding June 30, 2017	Due within One Year
Capital Lease	\$	\$ 285,673	\$ 74,981	\$ 210,692	\$ 67,933
Compensated Absences	672,464	81,957	17,486	736,935	262,807
Other Post-employment Benefits	381,240	122,471	80,649	423,062	
	\$ 1,053,704	\$ 490,101	\$ 173,116	\$ 1,370,689	\$ 330,740

Presented below is a summary of maturities for the capital lease by years:

Year Ending June 30	Principal	Interest	Total
2018	\$ 67,933	\$ 7,048	\$ 74,981
2019	70,205	4,776	74,981
2020	72,554	2,427	74,981
Total	\$ 210,692	\$ 14,251	\$ 224,943

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

9. POST-EMPLOYMENT BENEFITS

For the year ended June 30, 2009, the School implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for postemployment health care benefits provided by the School. The requirements of this Statement were implemented prospectively, with the actuarially accrued liability for benefits of amortized over 30 years on the level dollar open method.

Plan Description: Plan provisions are as follows:

- Current Administrators and Coordinators and spouses are eligible to participate when eligible for PSERS retirement. Coverage includes medical, dental, prescription, and life insurance. The School will pay up to \$2,500 annually towards the medical and prescription premiums. Dental coverage may be elected by paying the full premium. The School will pay for a \$10,000 term life insurance policy. Coverage for all benefits continue until Medicare age.
- Former director 1 receives life insurance. The School pays 100% of the full premium for a \$100,000 term life insurance policy until age 70. After age 70, the member must pay for the full premium to continue coverage.
- Former director 2 receives life insurance. The School pays 100% of the full premium for a \$50,000 term life insurance policy until age 70.
- Current director and spouses are eligible to participate when eligible for PSERS retirement. Coverage includes medical, dental, prescription, and life insurance. The School will pay up to \$2,500 annually towards the medical and prescription premiums. Dental coverage may be elected by paying the full premium. The School will pay for a \$50,000 term life insurance policy. Coverage for all benefits continue until Medicare age.
- Teachers retired under 2010/2011 ERIP and spouses receive medical, prescription, and dental insurance. The School pays up to \$7,400 annually towards medical, prescription and dental coverage for a maximum of 10 years from date of retirement, or until Medicare age is reached, whichever is earlier. If 10 years are exhausted and the member is still under Medicare age, the member may elect coverage by paying the full premiums determined for the purpose of COBRA. Upon death of the retiree, spouse and eligible dependents may continue coverage by paying the full premiums determined for the purpose of COBRA.
- All other teachers and employees, including spouses and eligible dependents, are eligible to receive medical, prescription, and dental insurance coverage in accordance with the provisions of Act 110/43 which is upon retirement with 30 years of PSERS service or upon superannuation retirement. The member may continue coverage by paying the full premiums determined for the purpose of COBRA.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

9. POST-EMPLOYMENT BENEFITS, continued

- The School subsidizes the premium rates paid by retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Separate financial statements are not issued for the plan.

Funding Policy: The School has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2016-17 fiscal year, 8 retirees and eligible dependents received postemployment benefits. Retiree contributions are based on weighted averages for the medical premiums, increasing at the same rate as the health care cost trend rate. The School's pay-as-you-go cost, including implicit rate subsidy of \$80,649 has been applied toward the annual OPEB cost.

Annual OPEB Cost and Net OPEB Obligation: The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 123,772	62%	\$ 349,034
6/30/2016	122,999	74%	381,240
6/30/2017	122,471	66%	423,062

The following table shows the School's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School's net OPEB obligation:

Description	
Normal cost (service cost for one year)	\$ 62,753
Interest on Normal Cost	2,824
Amortization of Unfunded Actuarial Accrued Liability	<u>63,143</u>
Annual Required Contribution (ARC)	128,720
Interest on net OPEB Obligation	17,156
Adjustment to Annual Required Contribution	<u>(23,405)</u>
Annual OPEB Cost (expense)	122,471
Contributions toward the OPEB Cost	<u>(80,649)</u>
Increase in Net OPEB Obligation	41,822
Net OPEB Obligation, Beginning of Year	<u>381,240</u>
Net OPEB Obligation, End of Year	<u><u>\$ 423,062</u></u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

9. POST-EMPLOYMENT BENEFITS, continued

Funded Status and Funding Progress: As of March 1, 2014, the date of the latest actuarial valuation, the actuarial accrued liability for benefits was \$1,028,531, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$1,028,531. The covered payroll (annual payroll of active participating employees) was \$12,269,074, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.38 percent.

Actuarial Methods and Assumptions: 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 and termination, mortality, and the healthcare cost trends. 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. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. 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 schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The School's OPEB actuarial valuation as of March 1, 2014, used the entry age normal actuarial cost method to estimate both the unfunded liability as of June 30, 2015 and to estimate the School's 2016-17 fiscal year annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4.5 percent rate of return on invested assets. The actuarial assumptions include a payroll growth of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to .25%. The actuarial assumptions also include an annual health care cost trend rate of 6.5% for 2014, reduced by .5% per year to an ultimate rate of 5.5% in 2016. The unfunded actuarial liability is being amortized as a level dollar of projected payroll growth on an open basis over 30 years. The remaining amortization period at June 30, 2017 is 21 years.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

10. RISK MANAGEMENT

The School is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages for the fiscal year ending June 30, 2017.

The School is a participant in the Bucks and Montgomery County Schools Healthcare Consortium, which is a pooled trust fund for the purpose of providing health and related benefits up to \$1,000,000 per participant. The School pays the Consortium a monthly contribution as determined by the trustees. This pool is self-sustaining through member premiums. The Consortium self-insures for claims in excess of the amount covered by the pool.

11. FUND BALANCE COMMITMENTS

The Bucks County Technical School Joint Board has established a Stabilization arrangement reflected as committed fund balance for future projected Public School Employees' Retirement System (PSERS) rate increases. The current balance is \$642,176 and the board began funding the projected PSERS rate increases beginning with the 2014-2015 year and will continue over the next several years as the retirement contribution rate is projected to increase significantly.

REQUIRED

SUPPLEMENTARY INFORMATION

BUCKS COUNTY TECHNICAL HIGH SCHOOL

**SCHEDULE OF FUNDING PROGRESS FOR THE
POSTEMPLOYMENT BENEFITS PLAN**

JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
3/1/2014	\$ 0	\$ 1,028,531	\$ 1,028,531	0%	\$ 12,269,074	8.38%
3/1/2012	\$ 0	\$ 1,277,072	\$ 1,277,072	0%	\$ 11,472,162	11.13%
3/1/2010	\$ 0	\$ 923,287	\$ 923,287	0%	\$ 12,321,327	7.49%

BUCKS COUNTY TECHNICAL HIGH SCHOOL

**SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY**

Last 10 Fiscal Years*

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.1045%	0.1021%	0.1015%	0.0980%
District's proportionate share of the net pension liability	\$ 51,787,000	\$ 44,225,000	\$ 40,174,000	\$ 40,118,000
District's covered-employee payroll	\$ 13,539,229	\$ 13,133,279	\$ 12,947,507	\$ 12,581,333
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	382.50%	336.74%	310.28%	318.87%
Plan fiduciary net position as a percentage of the total pension liability	50.14%	54.36%	57.24%	54.49%

Amounts were determined as of the cost-sharing plan's June 30, 2016 fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is complete, available information is presented.

BUCKS COUNTY TECHNICAL HIGH SCHOOL

**SCHEDULE OF SCHOOL CONTRIBUTIONS
PENSION PLAN**

Last 10 Fiscal Years*

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	4,073,898	3,385,589	2,464,675	2,068,454
Contributions in relation to the contractually required contribution	<u>(4,073,898)</u>	<u>(3,385,589)</u>	<u>(2,464,675)</u>	<u>(2,068,454)</u>
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	13,951,705	13,542,356	12,022,805	12,947,507
Contributions as a percentage of covered-employee payroll	29.20%	25.00%	20.50%	15.98%

Amounts are based on actual contributions during the fiscal year.

* This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is complete, available information is presented.

BUCKS COUNTY TECHNICAL HIGH SCHOOL

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2017

1. Pension Data

The amounts reported in the schedule of the district's proportionate share of the net pension liability are determined as of June 30, 2016 by The Commonwealth of Pennsylvania Public School Employees' Retirement System (the cost-sharing plan). There were no changes in benefit terms. The changes in assumptions are: investment rate of return was adjusted from 7.5% to 7.25%; inflation assumption was decreased from 3% to 2.75%, salary growth changed from an effective average of 5.5% to 5.0%; mortality rates were modified from the RP-2000 combined healthy annuitant tables to the RP-2014 Mortality tables adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

SUPPLEMENTARY INFORMATION

BUCKS COUNTY TECHNICAL HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANT
FOR THE YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period	Award or Grant Amount	Accrued or (Deferred) at July 1, 2016	Total Received For the Year	Expenditures	Accrued or (Deferred) at June 30, 2017	Revenue Recognized
FEDERAL AWARDS										
U.S. DEPT. OF EDUCATION										
Passed Through the PA Dept. of Education										
Secondary Vocational (Carl D. Perkins)	I	84.048	3830-16-0035	7/1/15-6/30/16	\$ 380,663	\$ 25,409	\$ 25,409	\$ -	\$ -	\$ -
Secondary Vocational (Carl D. Perkins)	I	84.048	380-17-0031	7/1/16-6/30/17	378,200	-	346,683	367,736	21,053	367,736
Total CFDA 84.048						<u>25,409</u>	<u>372,092</u>	<u>367,736</u>	<u>21,053</u>	<u>367,736</u>
21st Century Community Learning Centers	I	84.287c	S287C1500034	1/1/16-12/31/16	399,600	(42,914)	129,863	172,777	-	172,777
21st Century Community Learning Centers	I	84.287c	S287C1500038	1/1/17-12/31/17	399,600	-	82,265	130,045	47,780	130,045
Total CFDA 84.048						<u>(42,914)</u>	<u>212,128</u>	<u>302,822</u>	<u>47,780</u>	<u>302,822</u>
TOTAL U.S. DEPT. OF EDUCATION						<u>(17,505)</u>	<u>584,220</u>	<u>670,558</u>	<u>68,833</u>	<u>670,558</u>
U.S. DEPT. OF AGRICULTURE										
Passed Through the PA Dept. of Education										
National School Breakfast Program	I	10.553		7/1/15-6/30/16	N/A	2,098	2,098	-	-	-
National School Breakfast Program	I	10.553		7/1/16-6/30/17	N/A	-	35,504	37,485	1,981	37,485
National School Lunch Program	I	10.555		7/1/15-6/30/16	N/A	8,099	8,099	-	-	-
National School Lunch Program	I	10.555		7/1/16-6/30/17	N/A	-	179,380	188,657	9,277	188,657
Passed Through the PA Dept. of Agriculture										
National School Lunch - USDA Commodities	I	10.555		7/1/16-6/30/17	N/A	(2,561)	39,960	38,945	(3,576)	38,945
Total Child Nutrition Cluster						<u>7,636</u>	<u>265,041</u>	<u>265,087</u>	<u>7,682</u>	<u>265,087</u>
Passed Through the PA Dept. of Education, through Project PA										
PA Smarter Lunchrooms	I	10.574		11/21/16-6/1/17	1,200	-	780	1,200	420	1,200
TOTAL U.S. DEPT. OF AGRICULTURE						<u>7,636</u>	<u>265,821</u>	<u>266,287</u>	<u>8,102</u>	<u>266,287</u>
TOTAL FEDERAL AWARDS						<u>(9,869)</u>	<u>850,041</u>	<u>936,845</u>	<u>76,935</u>	<u>936,845</u>
CERTAIN STATE GRANTS										
PA DEPARTMENT OF AGRICULTURE										
National School Lunch Program	S	N/A		7/1/15-6/30/16		572	572	-	-	-
National School Lunch Program	S	N/A		7/1/16-6/30/17		-	12,569	13,196	627	13,196
TOTAL CERTAIN STATE GRANTS						<u>572</u>	<u>13,141</u>	<u>13,196</u>	<u>627</u>	<u>13,196</u>
TOTAL FEDERAL AWARDS AND CERTAIN STATE GRANTS						<u>\$ (9,297)</u>	<u>\$ 863,182</u>	<u>\$ 950,041</u>	<u>\$ 77,562</u>	<u>\$ 950,041</u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

FOR THE YEAR ENDED JUNE 30, 2017

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and certain state grants (the Schedule) includes the federal award activity of BUCKS COUNTY TECHNICAL HIGH SCHOOL under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of BUCKS COUNTY TECHNICAL HIGH SCHOOL, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BUCKS COUNTY TECHNICAL HIGH SCHOOL.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*) wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

BUCKS COUNTY TECHNICAL HIGH SCHOOL has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.



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 Board of School Directors
BUCKS COUNTY TECHNICAL HIGH SCHOOL
Fairless Hills, Pennsylvania

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of BUCKS COUNTY TECHNICAL HIGH SCHOOL as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise BUCKS COUNTY TECHNICAL HIGH SCHOOL's basic financial statements and have issued our report thereon dated January 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BUCKS COUNTY TECHNICAL HIGH 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 BUCKS COUNTY TECHNICAL HIGH SCHOOL's internal control. Accordingly, we do not express an opinion on the effectiveness of the BUCKS COUNTY TECHNICAL HIGH 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

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

Compliance and Other Matters

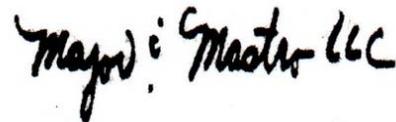
As part of obtaining reasonable assurance about whether BUCKS COUNTY TECHNICAL HIGH SCHOOL's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have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

Purpose of this Report

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

January 23, 2018

MAJOR & MASTRO, LLC
Montgomeryville, Pennsylvania
Certified Public Accountants

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

To the Board of School Directors
BUCKS COUNTY TECHNICAL HIGH SCHOOL
Fairless Hills, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited BUCKS COUNTY TECHNICAL HIGH SCHOOL's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of BUCKS COUNTY TECHNICAL HIGH SCHOOL's major federal programs for the year ended June 30, 2017. BUCKS COUNTY TECHNICAL HIGH SCHOOL's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of BUCKS COUNTY TECHNICAL HIGH SCHOOL's compliance.

Basis for Qualified Opinion on CFDA 84.287c 21st Century Community Learning Center Grant and CFDA 10.555 & 10.553 Child Nutrition Cluster

As described in items 2017-001 and 2017-002 in the accompanying schedule of findings and questioned costs, the BUCKS COUNTY TECHNICAL HIGH SCHOOL did not comply with requirements regarding allowable costs and cash management applicable to the 21st Century Community Learning Center Grant and the Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the Bucks County Technical High School to comply with the requirements applicable to these programs.

Qualified Opinion on CFDA 84.287c, 21st Century Community Learning Center Grant and CFDA 10.555 & 10.553 Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the BUCKS COUNTY TECHNICAL HIGH SCHOOL complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

Bucks County Technical High School's response to the noncompliance finding identified in our audit, is described in the accompanying schedule of findings and questioned costs. BUCKS COUNTY TECHNICAL HIGH SCHOOL's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002 to be material weaknesses.

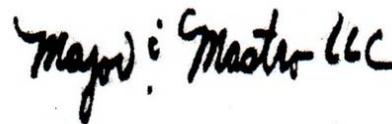
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Bucks County Technical High School's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bucks County Technical High School's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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

January 23, 2018

MAJOR & MASTRO, LLC
Montgomeryville, Pennsylvania
Certified Public Accountants

A handwritten signature in black ink that reads "Major & Mastro LLC". The signature is written in a cursive, slightly slanted style.

BUCKS COUNTY TECHNICAL HIGH SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of BUCKS COUNTY TECHNICAL HIGH SCHOOL were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of BUCKS COUNTY TECHNICAL HIGH SCHOOL which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies and two material weakness in internal control over major federal award programs are reported in the Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance expresses a qualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs include:

Child Nutrition Cluster:

- National School Lunch 10.555
- National School Breakfast 10.553

21st Century Community Learning 84.287c

BUCKS COUNTY TECHNICAL HIGH SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued

FOR THE YEAR ENDED JUNE 30, 2017

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. BUCKS COUNTY TECHNICAL HIGH SCHOOL did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT.

Material Weakness

DEPARTMENT OF EDUCATION

Passed through PA Department of Education

2017-001- 21ST Century Community Learning -CFDA No. 84.287c-Year ended June 30, 2017

Criteria: The financial management requirements under 2 CFR 200.302 require each nonfederal entity to maintain effective internal control over and accountability for all funds, property and other assets, including having certain written procedures in place. Specifically the school is required to maintain written procedures to implement the requirements of Section 200.305 and written procedures for determining allowability of costs in accordance with Subpart E-Cost Principles and the terms and conditions of federal awards.

Condition: The school lacks the required written procedure documentation for the federal cash management in accordance with Section 205.305 and for determining the allowability of costs in accordance with Subpart E-Cost Principles and the terms and conditions of federal awards.

Cause: The school lacks a system of proper internal controls that include written documented procedures covering management of federal funds.

BUCKS COUNTY TECHNICAL HIGH SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued

FOR THE YEAR ENDED JUNE 30, 2017

Effect: The school is not in compliance with 2 CFR 200.302 Financial Management, which requires specific written financial management procedures to be in place.

Recommendation: We recommend that the school adopt written procedures for financial management in accordance with 2 CFR 200.302 and cost principles in accordance with Subpart E of the Uniform Guidance.

View of Responsible Officials: Bucks County Technical High School agrees with the finding and the recommended written procedures will be adopted.

DEPARTMENT OF AGRICULTURE

Passed through PA Department of Agriculture

2017-002- Child Nutrition Cluster CFDA 10.555 and 10.553-Year ended June 30, 2017

Material Weakness: The material weakness at Finding 2017-001 also applies to this grant.