

BUCKS COUNTY TECHNICAL HIGH SCHOOL

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

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, 2019, 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, 2019, 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, schedules of the district's proportionate share of the net pension liability and net other post-employment benefits liability, schedules of district contributions, and schedule of changes in other post-employment benefits liability on pages 4 through 11 and pages 51-55, 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

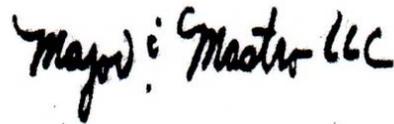
The prior year summarized comparative information has been derived from the School's 2018 financial statements and, in our report dated January 15, 2019, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund 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 November 22, 2019 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.

November 22, 2019

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, 2019

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, 2019. 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 \$21,318,430 for 2018-19. 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 80% of the secondary program’s revenue for 2018-19.

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 2019 to 2018 follows:

Table A-1
Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 11,818,478	\$ 11,554,320	\$ 164,769	\$ 197,799	\$ 11,983,247	\$ 11,752,119
Net Capital assets	2,912,408	3,058,458	23,795,742	24,865,110	26,708,150	27,923,568
Total assets	<u>\$ 14,730,886</u>	<u>\$ 14,612,778</u>	<u>\$ 23,960,511</u>	<u>\$ 25,062,909</u>	<u>\$ 38,691,397</u>	<u>\$ 39,675,687</u>
Deferred Outflows of resources	<u>\$ 5,492,240</u>	<u>\$ 7,622,224</u>	<u>\$ 77,005</u>	<u>\$ 117,729</u>	<u>\$ 5,569,245</u>	<u>\$ 7,739,953</u>
Current and other liabilities	\$ 3,810,592	\$ 3,344,353	\$ 13,156	\$ 2,705,595	\$ 3,823,748	\$ 6,049,948
Long-term liabilities	53,414,277	54,620,027	733,190	824,620	54,147,467	55,444,647
Total liabilities	<u>\$ 57,224,869</u>	<u>\$ 57,964,380</u>	<u>\$ 746,346</u>	<u>\$ 3,530,215</u>	<u>\$ 57,971,215</u>	<u>\$ 61,494,595</u>
Deferred Inflows of resources	<u>\$ 989,461</u>	<u>\$ 667,126</u>	<u>\$ 8,902</u>	<u>\$ 6,117</u>	<u>\$ 998,363</u>	<u>\$ 673,243</u>
Net Position:						
Net investment in capital assets	\$ 2,912,408	\$ 3,058,458	\$ 23,795,742	\$ 22,225,110	\$ 26,708,150	\$ 25,283,568
Restricted and Unrestricted	(40,903,612)	(39,454,962)	(513,474)	(580,804)	(41,417,086)	(40,035,766)
Total net position (deficit)	<u>\$ (37,991,204)</u>	<u>\$ (36,396,504)</u>	<u>\$ 23,282,268</u>	<u>\$ 21,644,306</u>	<u>\$ (14,708,936)</u>	<u>\$ (14,752,198)</u>

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

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 and net other post-employment benefits liabilities and deferred pension and other post-employment benefits amounts in accordance with GASB Statement Nos. 68 and 75, which were implemented during 2015 and 2018, respectively. 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 (\$14,708,936) for 2019, an increase of \$43,262 over 2018 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 2019 to 2018 follows:

Table A-2
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for services	\$ 21,438,590	\$ 20,928,141	\$ 2,927,920	\$ 2,964,181	\$ 24,366,510	\$ 23,892,322
Operating grants and contributions	5,180,032	4,685,816	320,349	284,562	5,500,381	4,970,378
Capital grants and contributions	101,557	103,011	0	0	101,557	103,011
General revenues	100,928	55,166	6,745	17,698	107,673	72,864
Total Revenues	<u>26,821,107</u>	<u>25,772,134</u>	<u>3,255,014</u>	<u>3,266,441</u>	<u>30,076,121</u>	<u>29,038,575</u>
Expenses:						
Instruction	19,098,924	18,127,033			19,098,924	18,127,033
Instructional student support	3,370,728	3,228,115			3,370,728	3,228,115
Administration and financial support services	3,057,203	2,710,166			3,057,203	2,710,166
Student transportation	3,780	0			3,780	0
Operation and maintenance of plant services	2,732,940	2,330,413			2,732,940	2,330,413
Student activities	147,457	139,945			147,457	139,945
Debt service interest	4,775	7,048			4,775	7,048
Technical School Authority			1,097,568	1,264,321	1,097,568	1,264,321
Food Service			519,484	666,954	519,484	666,954
Total Expenses	<u>28,415,807</u>	<u>26,542,720</u>	<u>1,617,052</u>	<u>1,931,275</u>	<u>30,032,859</u>	<u>28,473,995</u>
Change in Net Position	<u>\$ (1,594,700)</u>	<u>\$ (770,586)</u>	<u>\$ 1,637,962</u>	<u>\$ 1,335,166</u>	<u>\$ 43,262</u>	<u>\$ 564,580</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 67% for 2019 as compared to 68% in 2018.

In the Business-type Activities section of the table, 2019 revenues remained fairly constant when compared to 2018 for the Authority.

The overall increase of \$43,262 in net position is a favorable 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>2019</u>	Net Services <u>2019</u>	Total Services <u>2018</u>	Net Services <u>2018</u>
Instruction	\$ 19,098,924	\$ 6,791,614	\$ 18,127,033	\$ 6,809,993
Instructional student support	3,370,728	(2,981,619)	3,228,115	(2,855,626)
Administration and financial support services	3,057,203	(2,761,779)	2,710,166	(2,439,380)
Student transportation	3,780	(3,780)	0	0
Operation and maintenance of plant services	2,732,940	(2,595,323)	2,330,413	(2,199,730)
Student activities	147,457	(139,966)	139,945	(133,961)
Interest expense	4,775	(4,775)	7,048	(7,048)
Total Governmental Activities	<u>\$ 28,415,807</u>	<u>\$ (1,695,628)</u>	<u>\$ 26,542,720</u>	<u>\$ (825,752)</u>

Table A-4
Business-type Activities

	Total Services <u>2019</u>	Net Services <u>2019</u>	Total Services <u>2018</u>	Net Services <u>2018</u>
Food Service	\$ 519,484	\$ 54,834	\$ 666,954	\$ (138,185)
Bucks County Technical School Authority	<u>1,097,568</u>	<u>1,576,383</u>	<u>1,264,321</u>	<u>1,455,653</u>
Total Business-type Activities	<u>\$ 1,617,052</u>	<u>\$ 1,631,217</u>	<u>\$ 1,931,275</u>	<u>\$ 1,317,468</u>

Fund Balances

At June 30, 2019, the School's governmental funds reported a combined fund balance of \$4,118,409 which is an increase of \$58,867 from June 30, 2018.

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, 2019, the School had \$2,912,408 in Governmental Funds and 23,795,742 in Business - Type activities invested in a broad range of capital assets, including land, building, furniture and equipment. This amount represents a decrease (including additions, deletions and depreciation) of \$146,050 from Governmental Activities and a decrease of \$1,069,368 from Business-Type Activities from June 30, 2018. The net decrease is due to the difference between additions of furniture, equipment, machinery and building improvements, and the depreciation expense.

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

	2019	2018
Land	\$ 92,189	\$ 92,189
Buildings and improvements	23,701,414	24,767,665
Furniture and equipment	2,914,547	3,063,714
	<u>\$ 26,708,150</u>	<u>\$ 27,923,568</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, 2019, the Authority had paid the bonds in full.

ECONOMIC FACTORS AND THE 2019-20 BUDGET

The School has prepared its General Fund Budget for the fiscal year ending June 30, 2020. The total General Fund Budget of \$27,856,405 represents an increase of \$1,128,473 or (4.61%), over the previous year. Unexpended funds as of June 30, 2019, 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, 2019

(with summarized comparative data for June 30, 2018)

	Governmental	Business-Type	Totals	
	Activities	Activities	2019	2018
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 7,518,468	\$ 197,683	\$ 7,716,151	\$ 7,478,130
Investments	535,230	-	535,230	523,697
Restricted investments	-	-	-	112,078
Deposits	2,355,570	922	2,356,492	2,423,310
Internal balances	45,593	(45,593)	-	-
Due from other governments	1,345,911	9,159	1,355,070	1,134,753
Other receivables	16,936	-	16,936	15,016
Interest receivable	-	-	-	49,318
Prepaid expenses	770	-	770	13,187
Inventories	-	2,598	2,598	2,630
Total Current Assets	11,818,478	164,769	11,983,247	11,752,119
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	7,206,812	2,938,091	10,144,903	9,926,467
Accumulated depreciation	(4,294,404)	(24,370,938)	(28,665,342)	(27,231,488)
Total Noncurrent Assets	2,912,408	23,795,742	26,708,150	27,923,568
TOTAL ASSETS	14,730,886	23,960,511	38,691,397	39,675,687
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	5,270,188	74,653	5,344,841	7,576,366
Deferred amounts - other post-employment benefits	222,052	2,352	224,404	163,587
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,492,240	77,005	5,569,245	7,739,953
LIABILITIES				
Current Liabilities:				
Accounts payable	1,138,497	4,592	1,143,089	964,446
Accrued salaries and benefits	1,872,336	2,319	1,874,655	1,803,456
Claims payable	248,941	-	248,941	133,698
Accrued interest payable	-	-	-	49,319
Other current liabilities	64,911	-	64,911	58,618
Unearned revenue	62,608	470	63,078	54,270
Portion due or payable within one year				
Bonds payable	-	-	-	2,640,000
Less: Discount on bonds	-	-	-	(1,347)
Capital lease	72,554	-	72,554	70,205
Accumulated compensated absences	350,745	5,775	356,520	277,283
Total Current Liabilities	3,810,592	13,156	3,823,748	6,049,948
Long-term Liabilities:				
Portion due or payable after one year				
Capital lease	-	-	-	72,554
Other post-employment benefits	3,148,131	30,512	3,178,643	3,078,161
Net pension liability	49,606,322	702,678	50,309,000	51,808,000
Accumulated compensated absences	659,824	-	659,824	485,932
Total Long-term Liabilities	53,414,277	733,190	54,147,467	55,444,647
TOTAL LIABILITIES	57,224,869	746,346	57,971,215	61,494,595
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	-	-	-	1,925
Deferred amounts related to pensions	561,645	7,955	569,600	191,350
Deferred amounts - other post-employment benefits	427,816	947	428,763	479,968
TOTAL DEFERRED INFLOWS OF RESOURCES	989,461	8,902	998,363	673,243
NET POSITION				
Net investment in capital assets	2,912,408	23,795,742	26,708,150	25,283,568
Restricted for self insurance	2,355,570	-	2,355,570	2,423,310
Unrestricted	(43,259,182)	(513,474)	(43,772,656)	(42,459,076)
TOTAL NET POSITION	\$ (37,991,204)	\$ 23,282,268	\$ (14,708,936)	\$ (14,752,198)

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

(with summarized comparative data for the year ended June 30, 2018)

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	
							2019	2018
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 19,098,924	\$ 21,438,590	\$ 4,350,391	\$ 101,557	\$ 6,791,614	\$	\$ 6,791,614	\$ 6,809,993
Instructional student support	3,370,728		389,109		(2,981,619)		(2,981,619)	(2,855,626)
Administrative and financial support services	3,057,203		295,424		(2,761,779)		(2,761,779)	(2,439,380)
Student transportation	3,780				(3,780)		(3,780)	-
Operation and maintenance of plant services	2,732,940		137,617		(2,595,323)		(2,595,323)	(2,199,730)
Student activities	147,457		7,491		(139,966)		(139,966)	(133,961)
Interest expense	4,775				(4,775)		(4,775)	(7,048)
TOTAL GOVERNMENTAL ACTIVITIES	28,415,807	21,438,590	5,180,032	101,557	(1,695,628)		(1,695,628)	(825,752)
BUSINESS-TYPE ACTIVITIES								
Food service	519,484	253,969	320,349			54,834	54,834	(138,185)
Bucks County Technical School Authority	1,097,568	2,673,951				1,576,383	1,576,383	1,455,653
TOTAL BUSINESS-TYPE ACTIVITIES	1,617,052	2,927,920	320,349	-	-	1,631,217	1,631,217	1,317,468
	\$ 30,032,859	\$ 24,366,510	\$ 5,500,381	\$ 101,557	(1,695,628)	1,631,217	(64,411)	491,716
GENERAL REVENUES								
Investment earnings					100,928	6,745	107,673	72,864
TOTAL GENERAL REVENUES					100,928	6,745	107,673	72,864
CHANGE IN NET POSITION					(1,594,700)	1,637,962	43,262	564,580
NET POSITION AT BEGINNING OF YEAR					(36,396,504)	21,644,306	(14,752,198)	(15,316,778)
NET POSITION AT END OF YEAR					\$ (37,991,204)	\$ 23,282,268	\$ (14,708,936)	\$ (14,752,198)

BUCKS COUNTY TECHNICAL HIGH SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2019

(with summarized comparative data for June 30, 2018)

	General Fund	Capital Projects Fund	Totals 2019	Totals 2018
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 5,567,703	\$	\$ 5,567,703	\$ 5,506,226
Investments		535,230	535,230	523,697
Due from other governments	1,345,911		1,345,911	1,120,969
Interfund receivables	144,003		144,003	95,813
Other receivables	13,889		13,889	13,059
Prepaid expenditures	770		770	13,187
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 7,072,276</u>	<u>\$ 535,230</u>	<u>\$ 7,607,506</u>	<u>\$ 7,272,951</u>
LIABILITIES				
Accounts payable	\$ 1,138,497	\$	\$ 1,138,497	\$ 962,059
Accrued salaries and benefits	1,872,336		1,872,336	1,797,017
Compensated absences	350,745		350,745	271,973
Interfund payable	41,879		41,879	107,403
Unearned revenues	19,274		19,274	8,263
Other current liabilities	23,032		23,032	24,174
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>3,445,763</u>	<u>-</u>	<u>3,445,763</u>	<u>3,170,889</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - summer exploratory fees	43,334		43,334	42,520
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES				
Assigned to capital projects		535,230	535,230	523,697
Nonspendable - prepaid expenditures	770		770	13,187
Committed for future PSERS Retirement increases	223,618		223,618	436,346
Committed for capital projects	500,000		500,000	250,000
Restricted for future expenditures	2,858,791		2,858,791	2,836,312
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>3,583,179</u>	<u>535,230</u>	<u>4,118,409</u>	<u>4,059,542</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,072,276</u>	<u>\$ 535,230</u>	<u>\$ 7,607,506</u>	<u>\$ 7,272,951</u>

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, 2019

TOTAL GOVERNMENTAL FUND BALANCES	\$	4,118,409
<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		7,206,812
Accumulated depreciation		(4,294,404)
<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		5,270,188
Deferred outflows of resources - other post-employment benefits		222,052
Deferred inflows of resources related to pensions		(561,645)
Deferred inflows of resources - other post-employment benefits		(427,816)
<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		(72,554)
Other post-employment benefits		(3,148,131)
Accumulated compensated absences		(659,824)
Net pension liability		(49,606,322)
<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>3,962,031</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(37,991,204)</u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

(with summarized comparative data for the year ended June 30, 2018)

	General Fund	Capital Projects Fund	Totals	
			2019	2018
REVENUES				
Local sources	\$ 21,658,276	\$ 11,533	\$ 21,669,809	\$ 20,991,075
State sources	4,164,827		4,164,827	3,917,212
Federal sources	986,472		986,472	863,848
TOTAL REVENUES	<u>26,809,575</u>	<u>11,533</u>	<u>26,821,108</u>	<u>25,772,135</u>
EXPENDITURES				
Instruction	17,841,152		17,841,152	17,154,283
Support services	8,690,838		8,690,838	8,028,130
Operation of non-instructional services	144,445		144,445	137,140
Capital outlay	10,826		10,826	18,347
Debt service				
Principal	70,205		70,205	67,933
Interest	4,775		4,775	7,048
TOTAL EXPENDITURES	<u>26,762,241</u>	<u>-</u>	<u>26,762,241</u>	<u>25,412,881</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>47,334</u>	<u>11,533</u>	<u>58,867</u>	<u>359,254</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>3,535,845</u>	<u>523,697</u>	<u>4,059,542</u>	<u>3,700,288</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,583,179</u>	<u>\$ 535,230</u>	<u>\$ 4,118,409</u>	<u>\$ 4,059,542</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, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	58,867
<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		258,335
Depreciation expense		(404,385)
<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>		
		(258,599)
<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>		
		70,205
<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		4,410,276
Cost of pension benefits earned, net of employee contributions		(5,564,132)
<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>(165,267)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(1,594,700)</u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL

BUDGETARY COMPARISON STATEMENT
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 21,487,401	\$ 21,704,181	\$ 21,658,276	\$ (45,905)
State sources	4,056,078	4,114,225	4,164,827	50,602
Federal sources	1,169,985	1,839,291	986,472	(852,819)
TOTAL REVENUES	<u>26,713,464</u>	<u>27,657,697</u>	<u>26,809,575</u>	<u>(848,122)</u>
EXPENDITURES				
Instruction				
Regular programs	8,016,598	7,991,098	7,822,528	168,570
Special programs	3,694,987	3,699,887	3,587,129	112,758
Vocational programs	6,031,570	6,296,338	5,885,383	410,955
Other programs	525,122	965,469	410,132	555,337
Adult education programs	191,100	196,700	135,980	60,720
Total Instruction	<u>18,459,377</u>	<u>19,149,492</u>	<u>17,841,152</u>	<u>1,308,340</u>
Support services				
Pupil personnel services	1,955,284	2,180,780	1,858,954	321,826
Instructional staff services	1,249,363	1,252,363	1,169,761	82,602
Administration services	1,555,077	1,543,486	1,471,402	72,084
Pupil health	149,891	152,391	149,507	2,884
Business services	713,983	746,206	717,747	28,459
Operation and maintenance of plant services	3,008,416	2,927,635	2,629,494	298,141
Student transportation	2,310	4,620	3,780	840
Central support services	703,218	743,279	690,193	53,086
Total Support services	<u>9,337,542</u>	<u>9,550,760</u>	<u>8,690,838</u>	<u>859,922</u>
Operation of non-instructional services				
Student activities	122,098	162,998	144,445	18,553
Capital outlay	20,000	20,000	10,826	9,174
Debt service	75,000	75,000	74,980	20
TOTAL EXPENDITURES	<u>28,014,017</u>	<u>28,958,250</u>	<u>26,762,241</u>	<u>2,196,009</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,300,553)	(1,300,553)	47,334	1,347,887
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	(25,000)	(25,000)	-	25,000
TOTAL OTHER FINANCING SOURCES (USES)	(25,000)	(25,000)	-	25,000
NET CHANGE IN FUND BALANCE	<u>\$ (1,325,553)</u>	<u>\$ (1,325,553)</u>	47,334	<u>\$ 1,372,887</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>3,535,845</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 3,583,179</u>	

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2019

(with summarized comparative data for June 30, 2018)

	Business-type Activities				Governmental Activities	
	Food Service Fund	Bucks County Technical School Authority	Total Enterprise Funds		Internal Service Fund 2019	Internal Service Fund 2018
			2019	2018		
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 19,585	\$ 178,098	\$ 197,683	\$ 113,845	\$ 1,950,765	\$ 1,858,059
Restricted investments		-	-	112,078		
Deposits	922		922	-	2,355,570	2,423,310
Due from other governments	9,159		9,159	13,784		
Interfund receivables			-	-	-	72,959
Interest receivable			-	49,318		
Inventories	2,598		2,598	2,630		
Total Current Assets	32,264	178,098	210,362	291,655	4,306,335	4,354,328
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	39,533	2,898,558	2,938,091	2,938,091		
Accumulated depreciation	(37,392)	(24,333,546)	(24,370,938)	(23,301,570)		
Total Noncurrent Assets	2,141	23,793,601	23,795,742	24,865,110	-	-
TOTAL ASSETS	34,405	23,971,699	24,006,104	25,156,765	4,306,335	4,354,328
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts related to pensions	74,653		74,653	115,815	-	-
Deferred amounts - other post-employment benefits	2,352		2,352	1,914		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	77,005	-	77,005	117,729	-	-
Current Liabilities:						
Accounts payable	342	4,250	4,592	2,387		
Interfund payable	45,593		45,593	93,856	95,363	
Claims payable			-	-	248,941	133,698
Accrued salaries and benefits	2,319		2,319	6,439		
Compensated absences	5,775		5,775	5,310		
Accrued interest payable			-	49,319		
Unearned revenue	470		470	3,487		
Portion due or payable within one year						
Bonds payable			-	2,640,000		
Less: Discount on bonds			-	(1,347)		
Total Current Liabilities	54,499	4,250	58,749	2,799,451	344,304	133,698
Long-term Liabilities:						
Portion due or payable after one year						
Other post-employment benefits	30,512		30,512	32,667		
Net pension liability	702,678		702,678	791,953		
Total Long-term Liabilities	733,190	-	733,190	824,620	-	-
TOTAL LIABILITIES	787,689	4,250	791,939	3,624,071	344,304	133,698
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding				1,925		
Deferred amounts related to pensions	7,955		7,955	2,924		
Deferred amounts - other post-employment benefits	947		947	1,268		
TOTAL DEFERRED INFLOWS OF RESOURCES	8,902	-	8,902	6,117	-	-
NET POSITION						
Net investment in capital assets	2,141	23,793,601	23,795,742	22,225,110		
Restricted for self-insurance					2,355,570	2,423,310
Unrestricted	(687,322)	173,848	(513,474)	(580,804)	1,606,461	1,797,320
TOTAL NET POSITION	\$ (685,181)	\$ 23,967,449	\$ 23,282,268	\$ 21,644,306	\$ 3,962,031	\$ 4,220,630

BUCKS COUNTY TECHNICAL HIGH SCHOOL

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

FOR THE YEAR ENDED JUNE 30, 2019

(with summarized comparative data for the year ended June 30, 2018)

	Business-type Activities				Governmental Activities	
	Food Service Fund	Bucks County Technical School Authority	Totals		Internal Service Fund 2019	Internal Service Fund 2018
			2019	2018		
OPERATING REVENUES						
Food service revenues	\$ 253,969	\$ -	\$ 253,969	\$ 244,207	\$ -	\$ -
Premium revenue			-	-	2,649,082	3,145,773
Interest income		2,613	2,613	580		
Lease rentals		2,673,951	2,673,951	2,699,974		
Administrative fees		-	-	20,000		
Total Operating Revenues	253,969	2,676,564	2,930,533	2,964,761	2,649,082	3,145,773
OPERATING EXPENSES						
Claims					2,927,428	2,996,057
Advertising		-	-	154		
Amortization expense		1,347	1,347	10,692		
Audit		3,615	3,615	3,615		
Legal and administrative		700	700	22,304		
Executive assistant		3,900	3,900	4,300		
Salaries	206,058		206,058	225,247		
Interest		16,681	16,681	144,974		
Bonding		100	100	100		
Employee benefits	65,775		65,775	180,782		
Purchased professional and technical services	-	2,500	2,500	11,496		
Supplies	247,008		247,008	254,633		
Dues	-		-	-		
Depreciation	643	1,068,725	1,069,368	1,072,978		
Total Operating Expenses	519,484	1,097,568	1,617,052	1,931,275	2,927,428	2,996,057
OPERATING INCOME (LOSS)	(265,515)	1,578,996	1,313,481	1,033,486	(278,346)	149,716
NONOPERATING REVENUES (EXPENSES)						
Earnings on investments	1,066	3,066	4,132	17,118	19,747	9,287
State sources	54,724		54,724	12,955		
Federal sources	265,625		265,625	271,607		
Total Nonoperating Revenues (Expenses)	321,415	3,066	324,481	301,680	19,747	9,287
CHANGE IN NET POSITION	55,900	1,582,062	1,637,962	1,335,166	(258,599)	159,003
NET POSITION, BEGINNING	(741,081)	22,385,387	21,644,306	20,309,140	4,220,630	4,061,627
NET POSITION AT END OF YEAR	\$ (685,181)	\$ 23,967,449	\$ 23,282,268	\$ 21,644,306	\$ 3,962,031	\$ 4,220,630

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

(with summarized comparative data for the year ended June 30, 2018)

	Business-type Activities				Governmental Activities	
	Food Service Fund	Bucks County Technical School Authority	Totals		Internal Service Fund 2019	Internal Service Fund 2018
			2019	2018		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 250,030	\$ 2,725,882	\$ 2,975,912	\$ 2,982,014	\$ 2,817,404	\$ 3,132,616
Cash received for interfund services						
Cash received from administrative fees		-	-	20,000		
Cash paid for interest		(66,000)	(66,000)	(183,334)		
Cash payments to suppliers	(295,034)		(295,034)	(253,021)	(2,744,445)	(2,611,935)
Cash payments to employees	(321,484)		(321,484)	(339,182)		
Cash payments for other operating expenses	-	(8,815)	(8,815)	(58,292)		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(366,488)	2,651,067	2,284,579	2,168,185	72,959	520,681
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Bond repayments		(2,640,000)	(2,640,000)	(2,535,000)		
State sources	54,965		54,965	12,857		
Federal sources	270,009		270,009	270,227		
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	324,974	(2,640,000)	(2,315,026)	(2,251,916)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	-	-	-	(1,380)		
Purchase / sale of investments		112,078	112,078	13,456		
Investment income		1,141	1,141	966		
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	113,219	113,219	13,042	-	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Earnings on investments	1,066		1,066	877	19,747	9,287
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(40,448)	124,286	83,838	(69,812)	92,706	529,968
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	60,033	53,812	113,845	183,657	1,858,059	1,328,091
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 19,585	\$ 178,098	\$ 197,683	\$ 113,845	\$ 1,950,765	\$ 1,858,059
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (265,515)	\$ 1,578,996	\$ 1,313,481	\$ 1,033,486	\$ (278,346)	\$ 149,716
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation and amortization	643	1,070,072	1,070,715	1,083,670		
(Increase) decrease in assets:						
Deposits					67,740	363,649
Interfund receivable					72,959	(13,157)
Interest receivable on lease rentals		49,318	49,318	38,360	-	-
Inventories	32		32	2,844		
Increase (decrease) in liabilities:						
Accounts payable	205	2,000	2,205	(16,291)		
Interest payable		(49,319)	(49,319)	(38,359)		
Accrued salaries and benefits	(4,120)		(4,120)	3,902		
Other post-employment benefits	(2,914)		(2,914)	1,354		
Pension liability	(43,082)		(43,082)	60,991		
Claims payable					115,243	20,473
Compensated absences	465		465	600		
Unearned revenues	(3,939)		(3,939)	(1,107)		
Interfund payable	(48,263)		(48,263)	(1,265)	95,363	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (366,488)	\$ 2,651,067	\$ 2,284,579	\$ 2,168,185	\$ 72,959	\$ 520,681
Noncash supplemental disclosures:						
Donated commodities received	\$ 34,189	\$ -	\$ 34,189	\$ 38,154	\$ -	\$ -
Donated commodities used	\$ 34,748	\$ -	\$ 34,748	\$ 40,701	\$ -	\$ -

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 9,792	\$ 78,964
Investments	6,154	
Due from other funds	41,879	
	<u>57,825</u>	<u>78,964</u>
TOTAL ASSETS	<u>57,825</u>	<u>78,964</u>
LIABILITIES		
Accounts payable	3,072	
Accrued salaries and benefits	7,107	
Due to other funds		3,047
Due to student organizations		75,917
	<u>10,179</u>	<u>78,964</u>
TOTAL LIABILITIES	<u>10,179</u>	<u>78,964</u>
NET POSITION		
Reserved for trust	47,646	
	<u>47,646</u>	<u>-</u>
TOTAL NET POSITION	<u><u>\$ 47,646</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, 2019

(with comparative data for the year ended June 30, 2018)

	Private-Purpose Trust	
	2019	2018
ADDITIONS		
Local contributions	\$ 41,642	\$ 51,773
Interest earnings	129	86
TOTAL ADDITIONS	<u>41,771</u>	<u>51,859</u>
DEDUCTIONS		
Operating expenses	<u>34,122</u>	<u>37,452</u>
CHANGE IN NET POSITION	7,649	14,407
NET POSITION AT BEGINNING OF YEAR	<u>39,997</u>	<u>25,590</u>
NET POSITION AT END OF YEAR	<u>\$ 47,646</u>	<u>\$ 39,997</u>

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow if resources (expense/expenditures) until then. The School has two items that qualify for reporting under this category on the Statement of Net Position. These are proportionate share of the collective deferred outflows of resources related to the School's net pension and other post-employment benefit obligations ("OPEB"). Pension and OPEB contributions made after the measurement date are required to be reported as deferred outflows.

Deferred inflows of resources represent an acquisition of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School has three items that qualify for reporting in this category. Unavailable revenue from fees, reported in the governmental balance sheet, are deferred and recognized as an inflow from resources in the period that the amounts become available. The other two items are proportionate share of the collective deferred inflows of resources related to the School's net pension and OPEB obligations are reported on the Statement of Net Position.

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, 2018, from which the summarized information was derived.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

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, 2019, the carrying amount of the School's deposits was \$7,556,716 and the bank balance was \$7,768,944. Of the bank balance, \$263,214 was covered by federal depository insurance, and \$7,505,730 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.

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, 2019, 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, 2019, PLGIT, PSDLAF, and INVEST were rated as AAAM by a nationally recognized statistical rating organization.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets being depreciated:				
Furniture and equipment	\$ 6,988,376	\$ 258,335	\$ 39,899	\$ 7,206,812
Total capital assets being depreciated	<u>6,988,376</u>	<u>258,335</u>	<u>39,899</u>	<u>7,206,812</u>
Less accumulated depreciation:				
Furniture and equipment	3,929,918	404,385	39,899	4,294,404
Total accumulated depreciation	<u>3,929,918</u>	<u>404,385</u>	<u>39,899</u>	<u>4,294,404</u>
Total capital assets being depreciated, net	<u>3,058,458</u>	<u>(146,050)</u>	<u>-</u>	<u>2,912,408</u>
Governmental Activities Capital Assets, net	<u>\$ 3,058,458</u>	<u>\$ (146,050)</u>	<u>\$ -</u>	<u>\$ 2,912,408</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	2,938,091	-	-	2,938,091
Total capital assets being depreciated	<u>48,074,491</u>	<u>-</u>	<u>-</u>	<u>48,074,491</u>
Less accumulated depreciation:				
Buildings and improvements	20,368,735	1,066,250	-	21,434,985
Furniture and equipment	2,932,835	3,118	-	2,935,953
Total accumulated depreciation	<u>23,301,570</u>	<u>1,069,368</u>	<u>-</u>	<u>24,370,938</u>
Total capital assets being depreciated, net	<u>24,772,921</u>	<u>(1,069,368)</u>	<u>-</u>	<u>23,703,553</u>
Business-type Capital Assets, net	<u>\$ 24,865,110</u>	<u>\$ (1,069,368)</u>	<u>\$ -</u>	<u>\$ 23,795,742</u>

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

<u>Governmental Activities:</u>	
Instruction	\$ 252,051
Instructional student support	11,742
Administration and financial support services	55,985
Operation and maintenance of plant services	<u>84,607</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 404,385</u>
Business-type Activities - Food Service	<u>\$ 643</u>
Business-type Activities - Bucks County School Authority	<u>\$ 1,068,725</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, 2019 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 144,003	\$ 41,879
Food Service Fund		45,593
Private-Purpose Trust Fund	41,879	
Agency Fund		3,047
Internal Service Fund		95,363
	\$ 185,882	\$ 185,882

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

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.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

General Information about the Pension Plan, continued

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.

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, 2019 was 32.60% 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 \$4,739,524 for the year ended June 30, 2019.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

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

At June 30, 2019, the School reported a liability of \$50,309,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. 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, 2019, the School's proportion was .1048% percent, which was a decrease of .0001% percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School recognized pension expense of \$5,833,269. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportions	\$ 282,000	\$ 28,200
Net difference between projected and actual investment earnings	(485,397)	
Difference between expected and actual experience	270,244	541,400
Changes in assumptions	467,400	
Difference between employer contributions and proportionate share of total contributions	71,070	
Contributions subsequent to the measurement date	4,739,524	
	\$ 5,344,841	\$ 569,600

\$4,739,524 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$	857,220
2021		(470,053)
2022		(351,450)

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, 2018 was determined by rolling forward the System's total pension liability as of the June 30, 2017 actuarial valuation to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return 7.25%, includes inflation at 2.75%
- Salary growth - effective average of 5.0%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

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

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

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	20.0%	5.2%
Fixed Income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute return	10.0%	3.5%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real estate	10.0%	4.2%
Alternative investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	-20.0%	0.9%
	<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, 2018.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

Discount rate

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

Sensitivity of the 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	\$ 62,362,000	\$ 50,309,000	\$ 40,118,000

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.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

6. BUCKS COUNTY TECHNICAL SCHOOL AUTHORITY, continued

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.

A schedule of changes in bonded debt is as follows:

	Outstanding July 1, 2018	Additions	Retirements	Outstanding June 30, 2019	Due within One Year
2005 Bonds	\$ 2,640,000	\$	\$ 2,640,000	\$ -	\$ -

Interest expense for the year ended June 30, 2019 was \$16,681.

7. 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, 2019:

	Outstanding July 1, 2018	Additions	Retirements	Outstanding June 30, 2019	Due within One Year
Capital Lease	\$ 142,759	\$	\$ 70,205	\$ 72,554	\$ 72,554
Compensated Absences	757,905	299,308	46,644	1,010,569	350,745
	<u>\$ 900,664</u>	<u>\$ 299,308</u>	<u>\$ 116,849</u>	<u>\$ 1,083,123</u>	<u>\$ 423,299</u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

7. LONG TERM DEBT, continued

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

Year Ending June 30	Principal	Interest	Total
2020	\$ 72,554	\$ 2,427	\$ 74,981
Total	\$ 72,554	\$ 2,427	\$ 74,981

8. OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

The School's other post-employment benefits ("OPEB") include a single-employer defined benefit plan that provides medical, prescription drug, dental and life insurance benefits to eligible retirees and their dependents. Current Administrators and Coordinators and spouses are eligible to participate when eligible for PSERS retirement through Medicare age and coverage includes medical, dental, prescription, and life insurance - the School will pay up to \$2,500 annually towards the medical and prescription premiums and the School will pay for a \$10,000 term life insurance policy. Former director receives life insurance premiums paid by the School for a \$50,000 term life insurance policy until age 70. Current director and spouses are eligible to participate when eligible for PSERS retirement through Medicare age and coverage includes medical, dental, prescription, and life insurance - the School will pay up to \$2,500 annually towards the medical and prescription premiums and the School will pay for a \$50,000 term life insurance policy. 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. Teachers retired under 2013/2014 ERIP and spouses receive medical, prescription, and dental insurance - the School pays up to \$6,100 annually towards medical, prescription and dental coverage for a maximum of 5 years from date of retirement, or until Medicare age is reached, whichever is earlier. 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 and the member may continue coverage by paying the full premiums determined for the purpose of COBRA.

The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS, continued

Single-Employer Defined Benefit OPEB Plan, continued

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2017:

Active participants	192
Vested former participants	0
Retired participants	<u>6</u>
Total	198

Funding Policy

The School's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

The School's OPEB liability has been measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, and by rolling forward the liabilities from the July 1, 2017 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is \$993,643, all of which is unfunded.

The School's change in its OPEB liability for the year ended June 30, 2019 was as follows:

Balances as of July 1, 2018	<u>\$ 941,161</u>
Changes for the year:	
Service cost	59,733
Interest on total OPEB liability	30,678
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	416
Benefit payments	<u>(38,345)</u>
Net changes	<u>52,482</u>
Balances as of June 30, 2019	<u><u>993,643</u></u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS, continued

Single-Employer Defined Benefit OPEB Plan, continued

OPEB Expense and Deferred Outflows Related to OPEB

For the year ended June 30, 2018, the School recognized OPEB expense of \$54,358. At June 30, 2019, the School had deferred inflows and outflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 381	\$ 164,609
Differences between expected and actual experience		196,273
Contributions subsequent to the measurement date	55,558	
	<u>\$ 55,939</u>	<u>\$ 360,882</u>

\$55,558 reported as deferred outflows of resources related to the OPEB plan resulting from School contributions subsequent to the measurement date will be recognized as reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$	(36,053)
2021		(36,053)
2022		(36,053)
2023		(36,053)
2024		(36,053)
Thereafter		(180,236)

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

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
OPEB Liability	\$ 878,771	\$ 993,643	\$ 1,131,252

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS, continued

Single-Employer Defined Benefit OPEB Plan, continued

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School calculated using the discount rate of 2.98%, as well as what the OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (1.98%) or 1 percentage point higher (3.98%) than the current rate:

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
OPEB Liability	\$ 1,065,746	\$ 993,643	\$ 925,570

Actuarial Methods and Significant Assumptions

The OPEB Liability as of June 30, 2019, was determined by rolling forward the OPEB Liability as of July 1, 2017 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal
- Discount rate - 2.98% - S&P Municipal Bond 20 year high-grade municipal rate index at July 1, 2018. The discount rate changed from 3.13% to 2.98%.
- Salary growth - an annual rate of 2.50% cost of living, 1% real wage growth, and for teachers and administrators a merit increase ranging from 2.75% to 0%.
- Assumed healthcare cost trends – 6.00% in 2018, and 5.5% in 2019 through 2021. Rates gradually decrease from 5.4% in 2022 to 3.8% in 2075 and later.
- Mortality rates – separate rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS, continued

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan, continued

Health Insurance Premium Assistance Program

The System (PSERS) provides premium assistance which is a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2018 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2018 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School's contractually required contribution rate for the fiscal year ended June 30, 2019 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School were \$120,669 for the year ended June 30, 2019.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS, continued

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan, continued

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

At June 30, 2019, the School reported a liability of \$2,185,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2017 to June 30, 2018. The School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the School's proportion was 0.1048 percent, which was a decrease of 0.0001 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School recognized OPEB expense of \$109,894. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportions	\$ 5,142	\$ 1,428
Changes in assumptions	28,788	66,302
Difference between expected and actual experience	11,242	
Net difference between projected and actual investment earnings	2,625	
Difference between employer contributions and proportionate share of total contributions		151
Contributions subsequent to the measurement date	120,668	
	<u>\$ 168,465</u>	<u>\$ 67,881</u>

\$120,668 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$	(6,570)
2021		(6,570)
2022		(7,096)
2023		(7,570)
2024		7,722

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS, continued

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan, continued

Actuarial Assumptions

The OPEB liability as of June 30, 2018, was determined by rolling forward the PSERS' OPEB liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal - level % of pay
- Investment return - 2.98% - Standard & Poor's 20-year municipal bond rate
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%
 - Eligible retirees will elect to participate post age 65 at 70%

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 combined healthy annuitant tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 combined disabled tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 combined healthy annuitant tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS, continued

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan, continued

Actuarial Assumptions, continued

The OPEB plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year.

<u>OPEB Asset Class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.9%	0.03%
US Core Fixed Income	92.8%	1.2%
Non-US Developed Fixed	1.3%	0.4%
	<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, 2018.

Discount Rate

The discount rate used to measure the OPEB liability was 2.98%. Under the OPEB plan’s funding policy, contributions are structured for short term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 2.98% which represents the Standard & Poor’s 20-year municipal bond rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. OTHER POST-EMPLOYMENT BENEFITS, continued

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan, continued

Sensitivity of School's Proportionate Share of the Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 2018, retirees premium assistance benefits are not subject to future healthcare cost increases. The premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2017, 93,380 total retirees of the plan were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1,077 total members of the plan were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2018, calculated using current healthcare cost trends as well as what net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
PSERS net OPEB liability	\$ 2,185,000	\$ 2,185,000	\$ 2,185,000

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

The following presents the net OPEB liability, calculated using the discount rate of 2.98%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.98%) or 1-percentage-point higher (3.98%) than the current rate:

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
District's proportionate share of the net OPEB liability	\$ 2,485,000	\$ 2,185,000	\$ 1,936,000

OPEB Plan Fiduciary Net Position

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

9. 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, 2019.

The School is a participant in the Delaware Valley Health Trust for the year ending June 30, 2019, which is a self-insured governmental multiple employer welfare arrangement and public employer health benefits Trust organized under the laws of Pennsylvania. The School pays the Trust a monthly contribution as determined by the trustees.

10. 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 \$223,618 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.

The Bucks County Technical School Joint Board has established that \$500,000 be committed for capital expenses.

REQUIRED

SUPPLEMENTARY INFORMATION

BUCKS COUNTY TECHNICAL HIGH SCHOOL

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

Last 10 Fiscal Years*

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<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	0.1048%	0.1049%	0.1045%	0.1021%	0.1015%	0.0980%
District's proportionate share of the net pension liability	\$ 50,309,000	\$ 51,808,000	\$ 51,787,000	\$ 44,225,000	\$ 40,174,000	\$ 40,118,000
District's covered-employee payroll	\$ 14,118,139	\$ 13,962,751	\$ 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	356.34%	371.04%	382.50%	336.74%	310.28%	318.87%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

Amounts were determined as of the cost-sharing plan's June 30, 2018 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, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	4,739,524	4,478,740	4,073,898	3,385,589	2,464,675	2,068,454
Contributions in relation to the contractually required contribution	<u>(4,739,524)</u>	<u>(4,478,740)</u>	<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	14,538,417	14,118,139	13,951,705	13,542,356	12,022,805	12,947,507
Contributions as a percentage of covered-employee payroll	32.60%	31.72%	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
SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFITS LIABILITY
SINGLE EMPLOYER PLAN
Last Ten Fiscal Years *

	2019	2018
Total Other Post-employment Benefits Liability		
Service Cost	\$ 59,733	\$ 97,947
Interest	30,678	33,294
Changes of Benefit Terms	-	40,776
Differences Between Expected and Actual Experience	-	(235,527)
Changes of Assumptions	416	(197,531)
Benefit Payments, Including Refunds of Member Contributions	(38,345)	(80,649)
Net Change in Total Other Post-employment Benefits Liability	52,482	(341,690)
Total Other Post-employment Benefits Liability - Beginning	941,161	1,282,851
Total Other Post-employment Benefits Liability - Ending	\$ 993,643	\$ 941,161
 Covered Employee Payroll	 \$ 13,720,211	 \$ 13,720,211
 Total Other Post-employment Benefits Liability as a Percentage of Covered Employee Payroll	 7.24%	 6.86%

* 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 THE SCHOOL'S PROPORTIONATE SHARE OF THE
NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY
PSERS COST SHARING PLAN

Last 10 Fiscal Years*

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's proportion of the net Other Post-employment Benefits liability	0.1048%	0.1049%	0.1045%
District's proportionate share of the net Other Post-employment Benefits liability	\$ 2,185,000	\$ 2,137,000	\$ 2,251,000
District's covered-employee payroll	\$ 14,118,139	\$ 13,962,751	\$ 13,539,229
District's proportionate share of the net Other Post-employment Benefits liability as a percentage of its covered-employee payroll	15.48%	15.31%	16.63%
System fiduciary net position as a percentage of the total Other Post-employment Benefits liability	5.56%	5.73%	5.47%

Amounts were determined as of the cost-sharing plan's June 30, 2018 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 OTHER POST-EMPLOYMENT BENEFIT PLAN CONTRIBUTIONS
PSERS COST SHARING PLAN

Last 10 Fiscal Years*

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 120,669	\$ 117,119	\$ 115,799
Contributions in relation to the contractually required contribution	<u>(120,669)</u>	<u>(117,119)</u>	<u>(115,799)</u>
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	\$ 14,538,434	\$ 14,118,139	\$ 13,962,751
Contributions as a percentage of covered-employee payroll	0.83%	0.83%	0.83%

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, 2019

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, 2018 by The Commonwealth of Pennsylvania Public School Employees' Retirement System (the cost-sharing plan). There were no changes in benefit terms or assumptions.

2. Other Post-employment Benefits Data – Single Employer Plan

The amounts reported in the schedule of changes in other post-employment benefits liability – single employer plan are determined by an actuarial valuation as of July 1, 2017 for fiscal year ending June 30, 2019. There were no changes in benefit terms. The changes in assumptions are: The discount rate changed from 3.13% to 2.98%; and the trend assumption was updated.

3. Other Post-employment Benefits Data – Cost Sharing Plan (PSERS)

The amounts reported in the schedule of the district's proportionate share of the net other post-employment benefits liability are determined as of June 30, 2018 by The Commonwealth of Pennsylvania Public School Employees' Retirement System (PSERS) (the cost-sharing plan). There were no changes in benefit terms. The change in actuarial assumptions is the discount rate decreased from 3.13% as of June 30, 2017 to 2.98% as of June 30, 2018.

SUPPLEMENTARY INFORMATION

BUCKS COUNTY TECHNICAL HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2018	Total Received For the Year	Expenditures	Accrued or (Deferred) at June 30, 2019	Revenue Recognized	Amounts Passed-Through to Subrecipients
FEDERAL AWARDS											
U.S. DEPT. OF EDUCATION											
Passed Through the PA Dept. of Education											
Secondary Vocational (Carl D. Perkins)	I	84.048	380-18-0025	7/1/17-6/30/18	\$ 370,485	\$ 30,874	\$ 30,874	\$ -	\$ -	\$ -	\$ -
Secondary Vocational (Carl D. Perkins)	I	84.048	380-19-0045	7/1/17-6/30/18	404,784	-	371,052	381,297	10,245	381,297	-
Total CFDA 84.048						<u>30,874</u>	<u>401,926</u>	<u>381,297</u>	<u>10,245</u>	<u>381,297</u>	<u>-</u>
21st Century Community Learning Centers	I	84.287c	S287C1500038	01/01/18-12/31/18	399,600	47,611	230,039	182,428	-	182,428	182,428
21nd Century Community Learning Centers	I	84.287c	S287C1500038	01/06/19-12/31/19	466,988	-	98,825	154,608	55,783	154,608	154,608
21st Century Community Learning Centers	I	84.287c	S287C1500038	10/17/17-9/30/18	399,600	24,988	115,919	90,931	-	90,931	90,931
21st Century Community Learning Centers	I	84.287c	S287C1500038	10/17/18-9/30/19	399,600	-	125,764	177,209	51,445	177,209	177,209
Total CFDA 84.048						<u>72,599</u>	<u>570,547</u>	<u>605,176</u>	<u>107,228</u>	<u>605,176</u>	<u>605,176</u>
TOTAL U.S. DEPT. OF EDUCATION						<u>103,473</u>	<u>972,473</u>	<u>986,473</u>	<u>117,473</u>	<u>986,473</u>	<u>605,176</u>
U.S. DEPT. OF AGRICULTURE											
Passed Through the PA Dept. of Education											
National School Breakfast Program	I	10.553		7/1/18-6/30/19	N/A	2,180	35,455	34,743	1,468	34,743	-
National School Lunch Program	I	10.555		7/1/18-6/30/19	N/A	10,879	199,807	196,134	7,207	196,134	-
Passed Through the PA Dept. of Agriculture											
National School Lunch - USDA Commodities	I	10.555		7/1/16-6/30/17	N/A	(1,029)	34,189	34,748	(470)	34,748	-
Total Child Nutrition Cluster						<u>12,030</u>	<u>269,451</u>	<u>265,625</u>	<u>8,205</u>	<u>265,625</u>	<u>-</u>
TOTAL FEDERAL AWARDS						<u>115,503</u>	<u>1,241,924</u>	<u>1,252,098</u>	<u>125,678</u>	<u>1,252,098</u>	<u>605,176</u>
CERTAIN STATE GRANTS											
PA DEPARTMENT OF AGRICULTURE											
National School Lunch Program	S	N/A		7/1/18-6/30/19		725	13,395	13,154	484	13,154	-
TOTAL CERTAIN STATE GRANTS						<u>725</u>	<u>13,395</u>	<u>13,154</u>	<u>484</u>	<u>13,154</u>	<u>-</u>
TOTAL FEDERAL AWARDS AND CERTAIN STATE GRANTS						<u>\$ 116,228</u>	<u>\$ 1,255,319</u>	<u>\$ 1,265,252</u>	<u>\$ 126,162</u>	<u>\$ 1,265,252</u>	<u>\$ 605,176</u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019. 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, 2019, 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 November 22, 2019.

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

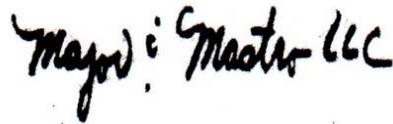
As part of obtaining reasonable assurance about whether BUCKS COUNTY TECHNICAL HIGH SCHOOL's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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.

November 22, 2019

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.



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, 2019. 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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

Opinion on Each Major Federal Program

In our opinion, 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, 2019.

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.

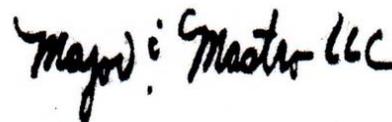
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

November 22, 2019

MAJOR & MASTRO, LLC
Montgomeryville, Pennsylvania
Certified Public Accountants



BUCKS COUNTY TECHNICAL HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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 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 an unmodified opinion on all major federal programs.
6. No audit findings were disclosed relating to major programs that are that are required to be reported under 2 CFR section 200.516(a).
7. The programs tested as major programs include:

Secondary Vocational

CFDA #84.048

BUCKS COUNTY TECHNICAL HIGH SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued

FOR THE YEAR ENDED JUNE 30, 2019

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.

None