

BUCKS COUNTY TECHNICAL HIGH SCHOOL

FINANCIAL STATEMENTS

For the Year Ended June 30, 2016

BUCKS COUNTY TECHNICAL HIGH SCHOOL

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
<i>Governmental Funds</i>	
Balance Sheet	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Budgetary Comparison Statement – General Fund	17
<i>Proprietary Funds</i>	
Statement of Net Position	18
Statement of Revenues, Expenses and Changes in Net Position	19
Statement of Cash Flows	20

BUCKS COUNTY TECHNICAL HIGH SCHOOL

TABLE OF CONTENTS, continued

	<u>Page</u>
<i>Fiduciary Funds</i>	
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position	22
Notes to the Basic Financial Statements	23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress for the Postemployment Benefits Plan	46
Schedule of the School's Proportionate Share of the Net Pension Liability	47
Schedule of School Contributions – Pension Plan	48
Notes to Required Supplementary Information	49



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, 2016, 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. 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, schedule of the school's proportionate share of the net pension liability, schedule of school contributions on pages 3 through 10 and pages 46-48, 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.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the School's 2015 financial statements and, in our report dated December 8, 2015, 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.

December 6, 2016

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, 2016

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, 2016. The intent of this discussion and analysis is to look at the financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD & A. This report includes prior year information for comparative purposes.

OVERVIEW OF THE SCHOOL

Joint Venture

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

Mission Statement

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

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

Component Unit

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

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

FINANCIAL HIGHLIGHTS

District Contributions

The participating School Districts provide the largest sum of revenue, which supports the secondary education program and totaled \$19,413,621 for 2015-16. 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 83% of the secondary program’s revenue for 2015-16.

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 2016 to 2015 follows:

Table A-1
Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 11,697,320	\$ 11,093,877	\$ 420,607	\$ 568,567	\$ 12,117,927	\$ 11,662,444
Net Capital assets	2,261,829	2,240,021	27,010,741	28,039,030	29,272,570	30,279,051
Total assets	<u>\$ 13,959,149</u>	<u>\$ 13,333,898</u>	<u>\$ 27,431,348</u>	<u>\$ 28,607,597</u>	<u>\$ 41,390,497</u>	<u>\$ 41,941,495</u>
Deferred Outflows of resources	<u>\$ 4,323,819</u>	<u>\$ 3,760,754</u>	<u>\$ 70,228</u>	<u>\$ 55,922</u>	<u>\$ 4,394,047</u>	<u>\$ 3,816,676</u>
Current and other liabilities	\$ 3,219,180	\$ 2,845,407	\$ 2,565,279	\$ 2,509,624	\$ 5,784,459	\$ 5,355,031
Long-term liabilities	44,338,972	40,370,271	5,869,791	8,175,899	50,208,763	48,546,170
Total liabilities	<u>\$ 47,558,152</u>	<u>\$ 43,215,678</u>	<u>\$ 8,435,070</u>	<u>\$ 10,685,523</u>	<u>\$ 55,993,222</u>	<u>\$ 53,901,201</u>
Deferred Inflows of resources	<u>\$ 135,057</u>	<u>\$ 2,122,440</u>	<u>\$ 34,668</u>	<u>\$ 79,311</u>	<u>\$ 169,725</u>	<u>\$ 2,201,751</u>
Net Position:						
Net investment in capital assets	\$ 2,261,829	\$ 2,240,021	\$ 19,400,741	\$ 18,099,030	\$ 21,662,570	\$ 20,339,051
Restricted and Unrestricted	(31,672,070)	(30,483,487)	(368,903)	(200,345)	(32,040,973)	(30,683,832)
Total net position (deficit)	<u>\$ (29,410,241)</u>	<u>\$ (28,243,466)</u>	<u>\$ 19,031,838</u>	<u>\$ 17,898,685</u>	<u>\$ (10,378,403)</u>	<u>\$ (10,344,781)</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 subsidy receivables and prepaid expenses at year end. As evidenced by Table A-1, there is an increase in total liabilities. Liabilities are the financial obligations of the School. Examples of liabilities are accounts payable, accrued salaries and benefits, long-term debt and accrued compensated absences. In the Governmental Activities section, the increase in total liabilities is attributed to an increase in accounts payables and accrued salaries and benefits at year end.

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

The Business-type Activities section of the table reflects financial data for the BCTS 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 (\$10,378,403) for 2016, a decrease of \$33,622 over 2015 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 2016 to 2015 follows:

Table A-2
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues:						
Program Revenues						
Charges for services	\$ 19,539,450	\$ 18,910,303	\$ 2,982,276	\$ 3,034,607	\$ 22,521,726	\$ 21,944,910
Operating grants and contributions	3,685,769	3,263,326	278,106	249,108	3,963,875	3,512,434
Capital grants and contributions	168,848	119,716	0	0	168,848	119,716
General revenues	12,403	2,443	15,909	15,734	28,312	18,177
Total Revenues	<u>23,406,470</u>	<u>22,295,788</u>	<u>3,276,291</u>	<u>3,299,449</u>	<u>26,682,761</u>	<u>25,595,237</u>
Expenses:						
Instruction	16,343,518	14,930,459			16,343,518	14,930,459
Instructional student support	2,783,386	2,167,781			2,783,386	2,167,781
Administration and financial support services	2,703,022	2,564,979			2,703,022	2,564,979
Operation and maintenance of plant services	2,594,886	2,378,808			2,594,886	2,378,808
Student activities	148,433	140,294			148,433	140,294
Debt service interest					0	0
Technical School Authority			1,449,783	1,582,579	1,449,783	1,582,579
Food Service			693,355	640,081	693,355	640,081
Total Expenses	<u>24,573,245</u>	<u>22,182,321</u>	<u>2,143,138</u>	<u>2,222,660</u>	<u>26,716,383</u>	<u>24,404,981</u>
Change in Net Position	<u>\$ (1,166,775)</u>	<u>\$ 113,467</u>	<u>\$ 1,133,153</u>	<u>\$ 1,076,789</u>	<u>\$ (33,622)</u>	<u>\$ 1,190,256</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 2016 as compared to 67% in 2015.

In the Business-type Activities section of the table, 2016 revenues remained fairly constant when compared to 2015 for the Authority.

The overall decrease of \$33,622 in net position is an unfavorable change to the School's overall financial status.

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

Table A-3
Governmental Activities

	Total Services <u>2016</u>	Net Services <u>2016</u>	Total Services <u>2015</u>	Net Services <u>2015</u>
Instruction	\$ 16,343,518	\$ 6,408,446	\$ 14,930,459	\$ 6,844,867
Instructional student support	2,783,386	(2,491,580)	2,167,781	(1,960,132)
Administration and financial support services	2,703,022	(2,474,971)	2,564,979	(2,359,361)
Operation and maintenance of plant services	2,594,886	(2,477,960)	2,378,808	(2,278,585)
Student activities	<u>148,433</u>	<u>(143,113)</u>	<u>140,294</u>	<u>(135,765)</u>
Total Governmental Activities	<u>\$ 24,573,245</u>	<u>\$ (1,179,178)</u>	<u>\$ 22,182,321</u>	<u>\$ 111,024</u>

Table A-4
Business-type Activities

	Total Services <u>2016</u>	Net Services <u>2016</u>	Total Services <u>2015</u>	Net Services <u>2015</u>
Food Service	\$ 693,355	\$ (129,763)	\$ 640,081	\$ (53,929)
Bucks County Technical School Authority	<u>1,449,783</u>	<u>1,247,007</u>	<u>1,582,579</u>	<u>1,114,984</u>
Total Business-type Activities	<u>\$ 2,143,138</u>	<u>\$ 1,117,244</u>	<u>\$ 2,222,660</u>	<u>\$ 1,061,055</u>

Fund Balances

At June 30, 2016, the School's governmental funds reported a combined fund balance of \$4,138,006 which is a decrease of \$382,777 from June 30, 2015.

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, 2016, the School had \$2,261,829 in Governmental Funds and 27,010,741 in Business - Type activities invested in a broad range of capital assets, including land, building, furniture and equipment. This amount represents an increase (including additions, deletions and depreciation) of \$21,808 from Governmental Activities and a decrease of \$1,028,289 from Business-Type Activities from June 30, 2015. The increase is due to additions of furniture, equipment, machinery and building improvements, and the decrease is due to depreciation expense.

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

	2016	2015
Land	\$ 92,189	\$ 92,189
Buildings and improvements	26,900,163	27,914,017
Furniture and equipment	2,280,218	2,272,845
	<u>\$ 29,272,570</u>	<u>\$ 30,279,051</u>

Debt Administration

Obligations include 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, 2016, the Authority had \$7,610,000 in bonds outstanding.

ECONOMIC FACTORS AND THE 2016-17 BUDGET

The School has prepared its General Fund Budget for the fiscal year ending June 30, 2017. The total General Fund Budget of \$25,212,926 represents an increase of \$968,148 or (3.99%), over the previous year. Unexpended funds as of June 30, 2016, 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, 2016

(with summarized comparative data for June 30, 2015)

	Governmental Activities	Business-Type Activities	Totals	
			2016	2015
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,886,790	\$ 216,951	\$ 7,103,741	\$ 7,422,771
Investments	514,617		514,617	513,454
Restricted investments		154,989	154,989	195,429
Deposits	3,129,210		3,129,210	2,668,793
Internal balances	90,790	(90,790)	-	-
Due from other governments	855,805	10,769	866,574	672,522
Other receivables	5,061		5,061	9,673
Interest receivable		124,069	124,069	167,597
Prepaid expenses	215,047		215,047	6,650
Inventories		4,619	4,619	5,555
Total Current Assets	<u>11,697,320</u>	<u>420,607</u>	<u>12,117,927</u>	<u>11,662,444</u>
Noncurrent Assets:				
Capital assets:				
Land and improvements		92,189	92,189	92,189
Buildings and building improvements		45,136,400	45,136,400	45,086,500
Furniture and equipment	5,523,550	2,942,831	8,466,381	8,121,465
Accumulated depreciation	<u>(3,261,721)</u>	<u>(21,160,679)</u>	<u>(24,422,400)</u>	<u>(23,021,103)</u>
Total Noncurrent Assets	<u>2,261,829</u>	<u>27,010,741</u>	<u>29,272,570</u>	<u>30,279,051</u>
TOTAL ASSETS	<u>13,959,149</u>	<u>27,431,348</u>	<u>41,390,497</u>	<u>41,941,495</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts related to pensions	<u>4,323,819</u>	<u>70,228</u>	<u>4,394,047</u>	<u>3,816,676</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	1,177,033	1,512	1,178,545	1,113,659
Accrued salaries and benefits	1,557,765	1,266	1,559,031	1,258,530
Claims payable	114,369		114,369	155,566
Accrued interest payable		124,069	124,069	167,597
Other current liabilities	47,935		47,935	48,504
Unearned revenue	89,176	10,122	99,298	62,826
Portion due or payable within one year				
Bonds payable		2,435,000	2,435,000	2,330,000
Less: Discount on bonds		(10,692)	(10,692)	(10,692)
Accumulated compensated absences	232,902	4,002	236,904	229,041
Total Current Liabilities	<u>3,219,180</u>	<u>2,565,279</u>	<u>5,784,459</u>	<u>5,355,031</u>
Long-term Liabilities:				
Portion due or payable after one year				
Bonds payable		5,175,000	5,175,000	7,610,000
Less: Discount on bonds		(12,039)	(12,039)	(22,731)
Other post-employment benefits	381,240		381,240	349,034
Net pension liability	43,518,170	706,830	44,225,000	40,174,000
Accumulated compensated absences	439,562		439,562	435,867
Total Long-term Liabilities	<u>44,338,972</u>	<u>5,869,791</u>	<u>50,208,763</u>	<u>48,546,170</u>
TOTAL LIABILITIES	<u>47,558,152</u>	<u>8,435,070</u>	<u>55,993,222</u>	<u>53,901,201</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding		32,475	32,475	47,751
Deferred amounts related to pensions	135,057	2,193	137,250	2,154,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>135,057</u>	<u>34,668</u>	<u>169,725</u>	<u>2,201,751</u>
NET POSITION				
Net investment in capital assets	2,261,829	19,400,741	21,662,570	20,339,051
Restricted for self insurance	3,129,210		3,129,210	2,668,793
Unrestricted	<u>(34,801,280)</u>	<u>(368,903)</u>	<u>(35,170,183)</u>	<u>(33,352,625)</u>
TOTAL NET POSITION	<u>\$ (29,410,241)</u>	<u>\$ 19,031,838</u>	<u>\$ (10,378,403)</u>	<u>\$ (10,344,781)</u>

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

(with summarized comparative data for the year ended June 30, 2015)

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	
							2016	2015
GOVERNMENTAL ACTIVITIES								
Instruction	\$ 16,343,518	\$ 19,539,450	\$ 3,043,666	\$ 168,848	\$ 6,408,446	\$	\$ 6,408,446	\$ 6,844,867
Instructional Student Support	2,783,386		291,806		(2,491,580)		(2,491,580)	(1,960,132)
Administrative and Financial Support Services	2,703,022		228,051		(2,474,971)		(2,474,971)	(2,359,361)
Operation and Maintenance of Plant Services	2,594,886		116,926		(2,477,960)		(2,477,960)	(2,278,585)
Student Activities	148,433		5,320		(143,113)		(143,113)	(135,765)
TOTAL GOVERNMENTAL ACTIVITIES	24,573,245	19,539,450	3,685,769	168,848	(1,179,178)		(1,179,178)	111,024
BUSINESS-TYPE ACTIVITIES								
Food service	693,355	285,486	278,106			(129,763)	(129,763)	(53,929)
Bucks County Technical School Authority	1,449,783	2,696,790				1,247,007	1,247,007	1,114,984
TOTAL BUSINESS-TYPE ACTIVITIES	2,143,138	2,982,276	278,106	-	-	1,117,244	1,117,244	1,061,055
	\$ 26,716,383	\$ 22,521,726	\$ 3,963,875	\$ 168,848	(1,179,178)	1,117,244	(61,934)	1,172,079
GENERAL REVENUES								
Investment earnings					12,876	15,909	28,785	26,337
Loss on capital asset disposal					(473)		(473)	(8,160)
TOTAL GENERAL REVENUES					12,403	15,909	28,312	18,177
CHANGE IN NET POSITION					(1,166,775)	1,133,153	(33,622)	1,190,256
NET POSITION AT BEGINNING OF YEAR					(28,243,466)	17,898,685	(10,344,781)	(11,535,037)
NET POSITION AT END OF YEAR					\$ (29,410,241)	\$ 19,031,838	\$ (10,378,403)	\$ (10,344,781)

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2016

(with summarized comparative data for June 30, 2015)

	General Fund	Capital Projects Fund	Totals	
			2016	# 2015
ASSETS				
Cash and cash equivalents	\$ 5,670,906	\$	\$ 5,670,906	\$ 6,057,515
Investments		514,617	514,617	513,454
Due from other governments	855,805		855,805	661,469
Interfund receivables	91,673		91,673	89,073
Other receivables	4,178		4,178	9,673
Prepaid expenditures	215,047		215,047	6,650
TOTAL ASSETS	\$ 6,837,609	\$ 514,617	\$ 7,352,226	\$ 7,337,834
LIABILITIES				
Accounts payable	\$ 1,177,033	\$	\$ 1,177,033	\$ 1,112,922
Accrued salaries and benefits	1,557,765		1,557,765	1,257,465
Compensated absences	232,902		232,902	225,663
Interfund payable	133,718		133,718	156,285
Unearned revenues	42,914		42,914	
Other current liabilities	23,626		23,626	19,429
TOTAL LIABILITIES	3,167,958	-	3,167,958	2,771,764
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - summer exploratory fees	46,262		46,262	45,287
FUND BALANCES				
Assigned to capital projects		514,617	514,617	513,454
Committed for future PSERS Retirement increases	845,339		845,339	1,042,127
Restricted for future expenditures	2,778,050		2,778,050	2,965,202
TOTAL FUND BALANCES	3,623,389	514,617	4,138,006	4,520,783
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,837,609	\$ 514,617	\$ 7,352,226	\$ 7,337,834

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, 2016

TOTAL GOVERNMENTAL FUND BALANCES	\$ 4,138,006
Amounts reported for governmental activities on the statement of net position are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Furniture and equipment	5,523,550
Accumulated depreciation	(3,261,721)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	4,323,819
Deferred inflows of resources related to pensions	(135,057)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Other post-employment benefits	(381,240)
Accumulated compensated absences	(439,562)
Net pension liability	(43,518,170)
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	<u>4,340,134</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (29,410,241)</u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

(with summarized comparative data for the year ended June 30, 2015)

	Capital Projects		Totals	
	General Fund	Fund	2016	2015
REVENUES				
Local sources	\$ 19,551,162	\$ 1,163	\$ 19,552,325	\$ 18,922,122
State sources	3,423,281		3,423,281	3,023,379
Federal sources	431,336		431,336	358,447
TOTAL REVENUES	<u>23,405,779</u>	<u>1,163</u>	<u>23,406,942</u>	<u>22,303,948</u>
EXPENDITURES				
Instruction	15,702,498		15,702,498	15,035,771
Support services	7,922,175		7,922,175	7,286,525
Operation of non-instructional services	145,046		145,046	139,011
Capital outlay	20,000		20,000	2,752
TOTAL EXPENDITURES	<u>23,789,719</u>	<u>-</u>	<u>23,789,719</u>	<u>22,464,059</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(383,940)	1,163	(382,777)	(160,111)
FUND BALANCE AT BEGINNING OF YEAR	<u>4,007,329</u>	<u>513,454</u>	<u>4,520,783</u>	<u>4,680,894</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,623,389</u>	<u>\$ 514,617</u>	<u>\$ 4,138,006</u>	<u>\$ 4,520,783</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, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (382,777)

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.

Capital outlay 372,751
Depreciation expense (350,943)

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.

612,447

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.

District pension contributions 3,385,589
Cost of pension benefits earned, net of employee contributions (4,767,941)

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).

(35,901)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (1,166,775)

BUCKS COUNTY TECHNICAL HIGH SCHOOL

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 19,589,116	\$ 19,586,626	\$ 19,551,162	\$ (35,464)
State sources	3,337,706	3,456,553	3,423,281	(33,272)
Federal sources	358,447	780,263	431,336	(348,927)
TOTAL REVENUES	<u>23,285,269</u>	<u>23,823,442</u>	<u>23,405,779</u>	<u>(417,663)</u>
EXPENDITURES				
Instruction				
Regular programs	7,322,974	7,312,574	7,125,551	187,023
Special programs	3,274,461	3,274,461	3,186,903	87,558
Vocational programs	5,465,809	5,562,715	5,198,966	363,749
Other programs	15,473	240,797	40,346	200,451
Adult education programs	203,520	201,030	150,732	50,298
Total Instruction	<u>16,282,237</u>	<u>16,591,577</u>	<u>15,702,498</u>	<u>889,079</u>
Support Services				
Pupil personnel services	1,504,812	1,668,700	1,474,719	193,981
Instructional staff services	1,126,520	1,126,465	1,070,336	56,129
Administration services	1,495,834	1,490,109	1,365,380	124,729
Pupil health	155,114	160,614	156,493	4,121
Business services	646,050	646,050	612,192	33,858
Operation and maintenance of plant services	2,803,324	2,803,324	2,602,341	200,983
Student transportation	-	18,000	-	18,000
Central support services	607,635	691,860	640,714	51,146
Total Support Services	<u>8,339,289</u>	<u>8,605,122</u>	<u>7,922,175</u>	<u>682,947</u>
Operation of Non-instructional Services				
Student activities	106,219	153,219	145,046	8,173
Capital outlay	20,000	20,000	20,000	-
Debt service	84,000	-	-	-
TOTAL EXPENDITURES	<u>24,831,745</u>	<u>25,369,918</u>	<u>23,789,719</u>	<u>1,580,199</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,546,476)	(1,546,476)	(383,940)	1,162,536
OTHER FINANCING USES				
Budgetary Reserve	(25,000)	(25,000)	-	25,000
NET CHANGE IN FUND BALANCE	<u>\$ (1,571,476)</u>	<u>\$ (1,571,476)</u>	(383,940)	<u>\$ 1,187,536</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>4,007,329</u>	
FUND BALANCE AT END OF YEAR			<u>\$ 3,623,389</u>	

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2016

(with summarized comparative data for June 30, 2015)

	Business-type Activities				Governmental Activities	
	Food Service Fund	Bucks County	Total Enterprise Funds		Internal Service Fund 2016	Internal Service Fund 2015
		Technical School Authority	2016	2015		
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 176,075	\$ 40,876	\$ 216,951	\$ 278,006	\$ 1,215,884	\$ 1,087,250
Restricted investments		154,989	154,989	195,429		
Deposits			-	-	3,129,210	2,668,793
Due from other governments	10,769		10,769	11,053		
Interfund receivables			-	-	109,409	127,210
Interest receivable		124,069	124,069	167,597		
Inventories	4,619		4,619	5,555		
Total Current Assets	191,463	319,934	511,397	657,640	4,454,503	3,883,253
Noncurrent Assets:						
Capital Assets						
Land and improvements		92,189	92,189	92,189		
Buildings and building improvements		45,136,400	45,136,400	45,086,500		
Furniture and equipment	44,273	2,898,558	2,942,831	2,942,831		
Accumulated depreciation	(42,253)	(21,118,426)	(21,160,679)	(20,082,490)		
Total Noncurrent Assets	2,020	27,008,721	27,010,741	28,039,030	-	-
TOTAL ASSETS	193,483	27,328,655	27,522,138	28,696,670	4,454,503	3,883,253
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amounts related to pensions	70,228		70,228	55,922	-	-
Current Liabilities:						
Accounts payable	421	1,091	1,512	737		
Interfund payable	90,790		90,790	89,073		
Claims payable			-	-	114,369	155,566
Accrued salaries and benefits	1,266		1,266	1,065		
Compensated absences	4,002		4,002	3,378		
Accrued interest payable		124,069	124,069	167,597		
Unearned revenue	10,122		10,122	17,539		
Portion due or payable within one year						
Bonds payable		2,435,000	2,435,000	2,330,000		
Less: Discount on bonds		(10,692)	(10,692)	(10,692)		
Total Current Liabilities	106,601	2,549,468	2,656,069	2,598,697	114,369	155,566
Long-term Liabilities:						
Portion due or payable after one year						
Bonds payable		5,175,000	5,175,000	7,610,000		
Less: Discount on bonds		(12,039)	(12,039)	(22,731)		
Net pension liability	706,830		706,830	588,630		
Total Long-term Liabilities	706,830	5,162,961	5,869,791	8,175,899	-	-
TOTAL LIABILITIES	813,431	7,712,429	8,525,860	10,774,596	114,369	155,566
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on refunding		32,475	32,475	47,751		
Deferred amounts related to pensions	2,193		2,193	31,560		
TOTAL DEFERRED INFLOWS OF RESOURCES	2,193	32,475	34,668	79,311	-	-
NET POSITION						
Net investment in capital assets	2,020	19,398,721	19,400,741	18,099,030		
Restricted for self-insurance			-	-	3,129,210	2,668,793
Unrestricted	(553,933)	185,030	(368,903)	(200,345)	1,210,924	1,058,894
TOTAL NET POSITION	\$ (551,913)	\$ 19,583,751	\$ 19,031,838	\$ 17,898,685	\$ 4,340,134	\$ 3,727,687

BUCKS COUNTY TECHNICAL HIGH SCHOOL

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

FOR THE YEAR ENDED JUNE 30, 2016

(with summarized comparative data for the year ended June 30, 2015)

	Business-type Activities				Governmental Activities	
	Food Service Fund	Bucks County Technical School Authority	Totals		Internal Service Fund 2016	Internal Service Fund 2015
			2016	2015		
OPERATING REVENUES						
Food service revenues	\$ 285,486	\$	\$ 285,486	\$ 337,044	\$	\$
Premium revenue			-	-	3,292,685	3,335,668
Interest income		69	69	8		
Lease rentals		2,696,790	2,696,790	2,677,563		
Administrative fees		-	-	20,000		
Total Operating Revenues	285,486	2,696,859	2,982,345	3,034,615	3,292,685	3,335,668
OPERATING EXPENSES						
Claims					2,681,662	2,353,370
Advertising		583	583	-		
Amortization expense		10,692	10,692	10,692		
Audit		3,500	3,500	3,500		
Legal and administrative		7,425	7,425	22,036		
Executive assistant		3,700	3,700	3,700		
Salaries	217,354		217,354	202,443		
Interest		346,790	346,790	462,563		
Bonding		100	100	144		
Employee benefits	183,050		183,050	139,747		
Purchased professional and technical services	7,772		7,772	9,742		
Supplies	282,983		282,983	285,227		
Dues	1,000		1,000	1,726		
Depreciation	1,196	1,076,993	1,078,189	1,081,140		
Total Operating Expenses	693,355	1,449,783	2,143,138	2,222,660	2,681,662	2,353,370
OPERATING INCOME (LOSS)	(407,869)	1,247,076	839,207	811,955	611,023	982,298
NONOPERATING REVENUES (EXPENSES)						
Earnings on investments	521	15,319	15,840	15,726	1,424	900
State sources	12,630		12,630	12,960		
Federal sources	265,476		265,476	236,148		
Total Nonoperating Revenues (Expenses)	278,627	15,319	293,946	264,834	1,424	900
CHANGE IN NET POSITION	(129,242)	1,262,395	1,133,153	1,076,789	612,447	983,198
NET POSITION, BEGINNING	(422,671)	18,321,356	17,898,685	16,821,896	3,727,687	2,744,489
NET POSITION AT END OF YEAR	\$ (551,913)	\$ 19,583,751	\$ 19,031,838	\$ 17,898,685	\$ 4,340,134	\$ 3,727,687

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

(with summarized comparative data for the year ended June 30, 2015)

	Business-type Activities				Governmental Activities	
	Food Service Fund	Bucks County Technical School Authority	Totals		Internal Service Fund 2016	Internal Service Fund 2015
			2016	2015		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 278,069	\$ 2,740,387	\$ 3,018,456	\$ 3,062,890	\$ 3,310,486	\$ 3,400,260
Cash received for interfund services						
Cash received from administrative fees		-	-	20,000		
Cash paid for interest		(390,318)	(390,318)	(503,934)		
Cash payments to suppliers	(280,046)		(280,046)	(286,065)	(3,183,276)	(3,086,458)
Cash payments to employees	(325,052)		(325,052)	(295,411)		
Cash payments for other operating expenses	(8,772)	(14,817)	(23,589)	(45,724)		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(335,801)	2,335,252	1,999,451	1,951,756	127,210	313,802
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Bond repayments		(2,330,000)	(2,330,000)	(2,215,000)		
State sources	12,663		12,663	14,482		
Federal sources	265,727		265,727	259,714		
Refund prior year revenues	-		-	49,800		
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	278,390	(2,330,000)	(2,051,610)	(1,891,004)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	-	(49,900)	(49,900)	(54,993)		
Purchase / sale of investments		40,440	40,440	73,328		
Investment income		43	43	40		
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(9,417)	(9,417)	18,375	-	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Earnings on investments	521		521	411	1,424	900
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(56,890)	(4,165)	(61,055)	79,538	128,634	314,702
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	232,965	45,041	278,006	198,468	1,087,250	772,548
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 176,075	\$ 40,876	\$ 216,951	\$ 278,006	\$ 1,215,884	\$ 1,087,250
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (407,869)	\$ 1,247,076	\$ 839,207	\$ 811,955	\$ 611,023	\$ 982,298
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation and amortization	1,196	1,087,685	1,088,881	1,091,832		
(Increase) decrease in assets:						
Deposits					(460,417)	(739,133)
Interfund receivable					17,801	64,592
Interest receivable on lease rentals		43,528	43,528	41,379	-	-
Inventories	936		936	(513)		
Increase (decrease) in liabilities:						
Accounts payable	284	491	775	(4,739)		
Interest payable		(43,528)	(43,528)	(41,379)		
Accrued salaries and benefits	201		201	(11)		
Pension liability	74,527		74,527	46,196		
Claims payable					(41,197)	6,045
Compensated absences	624		624	594		
Unearned revenues	(7,417)		(7,417)	6,904		
Interfund payable	1,717		1,717	(462)		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (335,801)	\$ 2,335,252	\$ 1,999,451	\$ 1,951,756	\$ 127,210	\$ 313,802
Noncash supplemental disclosures:						
Donated commodities received	\$ 34,796	\$ -	\$ 34,796	\$ 24,161	\$ -	\$ -
Donated commodities used	\$ 34,931	\$ -	\$ 34,931	\$ 22,139	\$ -	\$ -

BUCKS COUNTY TECHNICAL HIGH SCHOOL

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 9,442	\$ 100,579
Investments	6,154	
Due from other funds	<u>24,309</u>	
TOTAL ASSETS	<u>39,905</u>	<u>100,579</u>
LIABILITIES		
Accounts payable	3,160	
Accrued salaries	8,278	
Due to other funds		883
Due to student organizations		<u>99,696</u>
TOTAL LIABILITIES	<u>11,438</u>	<u>100,579</u>
NET POSITION		
Reserved for trust	<u>28,467</u>	
TOTAL NET POSITION	<u><u>\$ 28,467</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, 2016

(with comparative data for the year ended June 30, 2015)

	Private-Purpose Trust	
	2016	2015
ADDITIONS		
Local contributions	\$ 43,006	\$ 46,880
Interest earnings	40	29
TOTAL ADDITIONS	<u>43,046</u>	<u>46,909</u>
DEDUCTIONS		
Operating expenses	<u>42,275</u>	<u>50,633</u>
CHANGE IN NET POSITION	771	(3,724)
NET POSITION AT BEGINNING OF YEAR	<u>27,696</u>	<u>31,420</u>
NET POSITION AT END OF YEAR	<u>\$ 28,467</u>	<u>\$ 27,696</u>

See accompanying notes to the basic financial statements

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

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

The School has adopted GASB Statement No. 31, “Accounting and Financial Reporting for Certain Investments and for External Investment Pools”. The statement establishes fair value standards for investments held by governmental entities, except for certain money market investments, as defined, which are recorded at amortized cost. The statement also establishes reporting standards for investment income. The funds in the financial statements classify all highly liquid investments with original maturities of less than 90 days as cash equivalents.

Intergovernmental Revenues

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

Inventories

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

Capital Assets

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

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

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Budgetary Data

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

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

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

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

Fund Balance

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

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

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

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the School's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the School's financial statements for the year ending June 30, 2015, from which the summarized information was derived.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, Cash Equivalents and Investments

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH , CASH EQUIVALENTS AND INVESTMENTS, continued

Cash

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School’s deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2016, the carrying amount of the School’s deposits was \$7,046,684 and the bank balance was \$7,281,524. Of the bank balance, \$260,457 was covered by federal depository insurance, and \$7,021,067 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository’s agent was not in the School’s name.

Investments

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

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, 2016, 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, 2016, PLGIT, PSDLAF, and INVEST were rated as AAAM by a nationally recognized statistical rating organization.

Restricted Cash and Investments

Cash and investments of the Bucks County Technical School Authority in the amount of \$154,989 represents proceeds of bonds and are restricted to the specified use of bond proceeds, namely capital construction.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets being depreciated:				
Furniture and equipment	\$ 5,178,634	\$ 373,224	\$ 28,308	\$ 5,523,550
Total capital assets being depreciated	<u>5,178,634</u>	<u>373,224</u>	<u>28,308</u>	<u>5,523,550</u>
Less accumulated depreciation:				
Furniture and equipment	2,938,613	350,943	27,835	3,261,721
Total accumulated depreciation	<u>2,938,613</u>	<u>350,943</u>	<u>27,835</u>	<u>3,261,721</u>
Total capital assets being depreciated, net	<u>2,240,021</u>	<u>22,281</u>	<u>473</u>	<u>2,261,829</u>
Governmental Activities Capital Assets, net	<u>\$ 2,240,021</u>	<u>\$ 22,281</u>	<u>\$ 473</u>	<u>\$ 2,261,829</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	45,086,500	49,900		45,136,400
Furniture and equipment	2,942,831	-		2,942,831
Total capital assets being depreciated	<u>48,029,331</u>	<u>49,900</u>	<u>-</u>	<u>48,079,231</u>
Less accumulated depreciation:				
Buildings and improvements	17,172,483	1,063,754		18,236,237
Furniture and equipment	2,910,007	14,435		2,924,442
Total accumulated depreciation	<u>20,082,490</u>	<u>1,078,189</u>	<u>-</u>	<u>21,160,679</u>
Total capital assets being depreciated, net	<u>27,946,841</u>	<u>(1,028,289)</u>	<u>-</u>	<u>26,918,552</u>
Business-type Capital Assets, net	<u>\$ 28,039,030</u>	<u>\$ (1,028,289)</u>	<u>\$ -</u>	<u>\$ 27,010,741</u>

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

<u>Governmental Activities:</u>	
Instruction	\$ 228,526
Instructional student support	11,344
Administration and financial support services	50,667
Operation and maintenance of plant services	<u>60,406</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 350,943</u>
Business-type Activities - Food Service	<u>\$ 1,196</u>
Business-type Activities - Bucks County School Authority	<u>\$ 1,076,993</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, 2016 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 91,673	\$ 133,718
Food Service Fund		90,790
Private-Purpose Trust Fund	24,309	
Agency Fund		883
Internal Service Fund	109,409	
	\$ 225,391	\$ 225,391

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.state.pa.us.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

General Information about the Pension Plan, continued

Benefits provided

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

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

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

Contributions

Member Contributions:

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

Contributions, continued

Member Contributions, continued

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

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

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

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2016 was 25.00% 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 District were \$3,385,589 for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$44,225,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014 to June 30, 2015. 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, 2015, the School's proportion was .1021% percent, which was an increase of .0060% percent from its proportion measured as of June 30, 2014.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

For the year ended June 30, 2016, the School recognized pension expense of \$4,912,521. At June 30, 2016, 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	\$ 751,400	\$
Net difference between projected and actual investment earnings	114,000	
Difference between expected and actual experience		137,250
Difference between employer contributions and proportionate share of total contributions	143,058	
Contributions subsequent to the measurement date	3,385,589	
	\$ 4,394,047	\$ 137,250

\$3,385,589 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, 2016. 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:

2017	\$	123,685
2018		123,685
2019		608,686
2020		15,152

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, 2015 was determined by rolling forward the System's total pension liability as of the June 30, 2014 actuarial valuation to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.50%, includes inflation at 3.00%
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females.

The actuarial assumptions used in the June 30, 2014 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

Actuarial assumptions, continued

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public markets global equity	22.5%	4.8%
Private markets (equity)	15.0%	6.6%
Private real estate	12.0%	4.5%
Global fixed income	7.5%	2.4%
U.S. long treasuries	3.0%	1.4%
TIPS	12.0%	1.1%
High yield bonds	6.0%	3.3%
Cash	3.0%	0.7%
Absolute return	10.0%	4.9%
Risk parity	10.0%	3.7%
MLPs/Infrastructure	5.0%	5.2%
Commodities	8.0%	3.1%
Financing (LIBOR)	-14.0%	1.1%
	<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, 2015.

Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN, continued

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

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
District's proportionate share of the net pension liability	\$ 54,511,000	\$ 44,225,000	\$ 35,579,000

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.state.pa.us.

6. BUCKS COUNTY TECHNICAL SCHOOL AUTHORITY

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

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

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

6. BUCKS COUNTY TECHNICAL SCHOOL AUTHORITY, continued

A schedule of changes in bonded debt is as follows:

	<u>Outstanding July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2016</u>	<u>Due within One Year</u>
2005 Bonds	\$ 9,940,000	\$	\$ 2,330,000	\$ 7,610,000	\$ 2,435,000

Presented below is a summary of maturities by years:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,435,000	\$ 283,368	\$ 2,718,368
2018	2,535,000	183,334	2,718,334
2019	<u>2,640,000</u>	<u>66,000</u>	<u>2,706,000</u>
Total	<u>\$ 7,610,000</u>	<u>\$ 532,702</u>	<u>\$ 8,142,702</u>

Interest expense for the year ended June 30, 2016 was \$346,790.

7. COMMITMENTS / FINANCING ARRANGEMENT

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

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

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

7. COMMITMENTS / FINANCING ARRANGEMENT, continued

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

<u>Payment Date</u>	<u>Net Lease Rental</u>
8/15/2016	\$ 2,611,034
2/15/2017	127,334
8/15/2017	2,662,334
2/15/2018	76,000
8/15/2018	2,716,000
	<u>8,192,702</u>
Less: Interest	532,702
Administrative Cost	50,000
Total	<u><u>\$ 7,610,000</u></u>

8. LONG TERM DEBT

The following is a summary of governmental long-term liability activity of the School for the year ending June 30, 2016:

	<u>Outstanding July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2016</u>	<u>Due within One Year</u>
Compensated Absences	\$ 661,530	\$ 55,749	\$ 44,815	\$ 672,464	\$ 232,902
Other Post-employment Benefits	349,034	122,999	90,793	381,240	
	<u>\$ 1,010,564</u>	<u>\$ 178,748</u>	<u>\$ 135,608</u>	<u>\$ 1,053,704</u>	<u>\$ 232,902</u>

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

9. POST-EMPLOYMENT BENEFITS

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

Plan Description: Plan provisions are as follows:

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

9. POST-EMPLOYMENT BENEFITS, continued

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

Funding Policy: The School has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2015-16 fiscal year, 10 retirees and eligible dependents received postemployment benefits. Retiree contributions are based on weighted averages for the medical premiums, increasing at the same rate as the health care cost trend rate. The School's pay-as-you-go cost, including implicit rate subsidy of \$90,793 has been applied toward the annual OPEB cost.

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

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 151,901	72%	\$ 301,879
6/30/2015	123,772	62%	349,034
6/30/2016	122,999	74%	381,240

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

Description	
Normal cost (service cost for one year)	\$ 62,753
Interest on Normal Cost	2,824
Amortization of Unfunded Actuarial Accrued Liability	63,143
Annual Required Contribution (ARC)	128,720
Interest on net OPEB Obligation	15,707
Adjustment to Annual Required Contribution	(21,428)
Annual OPEB Cost (expense)	122,999
Contributions toward the OPEB Cost	(90,793)
Increase in Net OPEB Obligation	32,206
Net OPEB Obligation, Beginning of Year	349,034
Net OPEB Obligation, End of Year	\$ 381,240

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

9. POST-EMPLOYMENT BENEFITS, continued

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

Actuarial Methods and Assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The School's OPEB actuarial valuation as of March 1, 2014, used the entry age normal actuarial cost method to estimate both the unfunded liability as of June 30, 2015 and to estimate the School's 2015-16 fiscal year annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost. Because the OPEB liability is currently unfunded, the actuarial assumptions include a 4.5 percent rate of return on invested assets. The actuarial assumptions include a payroll growth of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to .25%. The actuarial assumptions also include an annual health care cost trend rate of 6.5% for 2014, reduced by .5% per year to an ultimate rate of 5.5% in 2016. The unfunded actuarial liability is being amortized as a level dollar of projected payroll growth on an open basis over 30 years. The remaining amortization period at June 30, 2016 is 22 years.

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS

10. RISK MANAGEMENT

The School is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages for the fiscal year ending June 30, 2016.

The School is a participant in the Bucks and Montgomery County Schools Healthcare Consortium, which is a pooled trust fund for the purpose of providing health and related benefits up to \$200,000 per participant. The School pays the Consortium a monthly contribution as determined by the trustees. This pool is self-sustaining through member premiums. The Consortium self-insures for claims in excess of the amount covered by the pool.

11. FUND BALANCE COMMITMENTS

The Bucks County Technical School Joint Board has established a Stabilization arrangement reflected as committed fund balance for future projected Public School Employees' Retirement System (PSERS) rate increases. The current balance is \$845,339 and the board began funding the projected PSERS rate increases beginning with the 2014-2015 year and will continue over the next several years as the retirement contribution rate is projected to increase significantly.

REQUIRED

SUPPLEMENTARY INFORMATION

BUCKS COUNTY TECHNICAL HIGH SCHOOL

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

JUNE 30, 2016

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL

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

Last 10 Fiscal Years*

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.1021%	0.1015%	0.0980%
District's proportionate share of the net pension liability	\$ 44,225,000	\$ 40,174,000	\$ 40,118,000
District's covered-employee payroll	\$ 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	336.74%	310.28%	318.87%
Plan fiduciary net position as a percentage of the total pension liability	54.36%	57.24%	54.49%

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

Amounts are based on actual contributions during the fiscal year.

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

BUCKS COUNTY TECHNICAL HIGH SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2016

1. Pension Data

The amounts reported in the schedule of the school's proportionate share of the net pension liability are determined as of June 30, 2015 by The Commonwealth of Pennsylvania Public School Employees' Retirement System (the cost-sharing plan). There were no changes in benefit terms and no changes in assumptions.