



JOINT OPERATING COMMITTEE MEETING

November 5, 2025

6:30 P.M.

DIRECTOR'S REPORT

ITEM 1: Recommend approval of thirty-one students and three advisors to attend the SkillsUSA Fall Leadership Conference. (Attachment #1)

Event:	SkillsUSA Fall Leadership Conference
Location:	Kalahari Hotel and Conference Center, PA
Dates:	November 12 to November 14, 2025
No. of Students:	30
Cost:	\$10,125.00
Bus:	\$1,490.00
Chaperones:	Lisa Baranek, Colleen Kriebel, Jerry Mackerth

First name	Last Name	Program	High School
Zameena	Abdussalaam	Cosmetology	Norristown High School
Alana	Colson	Public Safety	Norristown High School
Chloe	DeGama	Public Safety	Norristown High School
Khalil	Dillard-Jordan	Networking Technology	Norristown High School
July	Dunn	Early Childhood Education	Norristown High School
David	Lugo	Video Sound Music Production	Norristown High School
Miley	Palma Castillo	Building Trades	Norristown High School
Tionne	Patterson	Early Childhood Education	Norristown High School
Angelique	Reyes Dominguez	Baking & Pastry Arts	Norristown High School
Anne-Sarah	Seide	Building Trades	Norristown High School
Jimi	Trejo-Velazquez	Automotive Technology	Norristown High School
Vladia	Araujo	Public Safety	Plymouth Whitemarsh High School
Lilly	Gordy	Baking & Pastry Arts	Plymouth Whitemarsh High School
Justus	Lee	Baking & Pastry Arts	Plymouth Whitemarsh High School
Dillon	Olszewski	Networking Technology	Plymouth Whitemarsh High School
Gabriella	Salerno	Healthcare Sciences	Plymouth Whitemarsh High School
Tyler	Shoemaker	Building Trades	Plymouth Whitemarsh High School
Nathaniel	Van Dyke	Video Sound Music Production	Plymouth Whitemarsh High School
Ramona	Allison	Baking & Pastry Arts	Upper Merion High School
Hunter	Anderson	Baking & Pastry Arts	Upper Merion High School
Randi	D'Angelo	Visual Communications	Upper Merion High School
Archer	Haye	Building Trades	Upper Merion High School
Aniya	Hill	Early Childhood Education	Upper Merion High School
Joseph	Kim-Maria	Public Safety	Upper Merion High School
Jayden	Noren	Networking Technology	Upper Merion High School

Melanie	Nunez	Early Childhood Education	Upper Merion High School
Arshveer	Singh	Healthcare Sciences	Upper Merion High School
Aiden	Staller	Networking Technology	Upper Merion High School
Bailey	Wanner	Healthcare Sciences	Upper Merion High School
Jayda	West	Healthcare Sciences	Upper Merion High School

ITEM # 2: Recommend approval for Public Safety program seniors to attend field trip to Montgomery County Correctional Facility on February 24, 2025. Trip is at no cost to CMTHS or students. (Attachment # 2)

ITEM # 3: Recommend approval for the following supplemental contracts for the 2025-2026 school year:

<u>Name</u>	<u>Supplemental</u>	<u>Amount</u>
David Ayres	Dual Enrollment	\$2,000.00
Debora Broderick	Dual Enrollment	\$2,000.00
Gerald Damon	Dual Enrollment	\$2,000.00
Kevin Folk	Dual Enrollment	\$2,000.00
Eileen Lawler	Dual Enrollment	\$2,000.00
Ed Titus	Dual Enrollment	\$2,000.00
Melissa Trocheck	Dual Enrollment	\$2,000.00
Jarrett Young	Dual Enrollment	\$2,000.00

ITEM # 4: Recommend approval of the 2023-2024 Budget Audit performed by CLA. (Attachment # 3)

DR. ANGELA KING
EXECUTIVE DIRECTOR

 Field Trip Request

Sent 08/26/2025 At 6:26 PM By Colleen Kriebel

Workflow Step 1 | Form Entry | Colleen Kriebel

Submitted by Colleen Kriebel on 08/26/2025 at 6:30 PM

Complete this form as the first step in any field trip process. You must have this form completed and approved before moving ahead with any planning.

Legal Name

Staff Submitting Form

First Name

Colleen

Last Name

Kriebel

Purpose of trip*



Field Trip - One time

Work-based Learning -
Multiple times

Student Organization

Date of First or Only Trip*

11/12/2025

Select Program/CTSO *

SkillsUSA

Other Group Name

Which session(s) attending field trip?*



AM Session



PM Session



BOTH



Multi-Group

Name of the Location

Kalahari Resort

Address

Trip Location

Address 1

250 Kalahari Blvd, Pocono Manor, PA 18349

City

Pocono Manor

State

Pennsylvania

Zip Code

18349

Are there Multiple Trips to Same Location?

☐ Yes

☐ No

Please enter the date of the first of multiple trips or one-time trip. Please notify Ms. Mason of the additionally scheduled trips.

Departure Time from CMTHS*

7am 11/12

Pick up Time from Trip Location*

12pm 11/14

Return Time back to CMTHS*

3pm 11/14

Bus Transportation Cost

☐ Program Fan Pledge Fund

☒ Other Fund

Other Fund Account

SkillsUSA

Van - Reserve in Skedda

Large Van

Approximate # Students*

35

Approximate # of Chaperones*

3

Head Chaperone's First & Last Name*

Colleen Kriebel

Head Chaperone's Cell Phone #*

6105135146

Approximate Cost of Trip*

tbd

File Upload(s)

Upload Information

No files uploaded

 Link will display here

Comments - Visible to all participants

Workflow Step 2 | Review & Approve (Or Deny) | Angela King

Submitted by Angela King on 08/27/2025 at 9:27 AM

Angela King 

Signed:

Angela King

Time:

08/27/2025 at 9:27 AM

IP Address:

216.162.93.11, 107.154.68.28

User:

Angela King

Email:

aking@cmths.org

Comments - Visible to all participants (required for deny action)

Workflow Step 3 | Review Form | Tamara Washington

Submitted by Tamara Washington on 08/27/2025 at 9:54 AM

Comments - Visible to all participants

 Field Trip Request

Sent 10/21/2025 At 10:08 AM By Joseph Renzi

Workflow Step 1 | Review & Approve (Or Deny) | Joseph Renzi

Submitted by Joseph Renzi on 10/21/2025 at 10:12 AM

Complete this form as the first step in any field trip process. You must have this form completed and approved before moving ahead with any planning.

Legal Name

Staff Submitting Form

First Name
Joseph

Last Name
Renzi

Purpose of trip*

- ☒ Field Trip - One time
- ☐ Work-based Learning - Multiple times
- ☐ Student Organization

Date of Trip*
02/24/2026

Is this an overnight trip?*

No

If yes, what is the return date?

Select Program/CTSO *

Public Safety

Other Group Name

Which session(s) attending field trip?*

- ☐ AM Session
- ☐ PM Session
- ☒ BOTH
- ☐ Multi-Group

Name of the Destination/Event
Montgomery County Correctional Facility

Address

Trip Location

Address 1
60 Eagleville Rd

City
Eagleville

State
Pennsylvania

Zip Code
19403

Are there Multiple Trips to Same Location?*

☐ Yes*

☒ No*

If yes, enter additional dates of trip:

Departure Time from CMTHS*

8:30am

Pick up Time from Trip Location*

11:30am

Return Time back to CMTHS*

12:00pm

Do you need a bus?*

Yes

Van - Reserve in Skedda

Large Van

Approximate # Students*

8

Head Chaperone's First & Last Name*

Joe Renzi

Head Chaperone's Cell Phone #**

6103426029

Approximate # of Chaperones/Names of Chaperones*

1

Approximate Cost of Trip*

0.00

File Upload(s)

Upload Information

No files uploaded

Maximum file size: 50 MB

Add any additional information here:

THIS IS A SENIOR ONLY TRIP..... The starts around 9:30 am and they last about 2 hours. We ask that all people on the tour leave keys, wallets, cell phones, smart watches at school or on the bus. We do have lockers to secure the items if need be. We do have

Comments - Visible to all participants (required for deny action)

Workflow Step 2 | Review & Approve (Or Deny) | Valerie Popov

Submitted by Valerie Popov on 10/28/2025 at 1:16 PM

Valerie Popov 

Signed:

Valerie Popov

Time:

Today at 1:16 PM

IP Address:

216.162.93.11, 107.154.68.28

User:

Valerie Popov

Email:

Vpopov@cmths.org

Comments - Visible to all participants (required for deny action)

Workflow Step 3 | Review & Approve (Or Deny) | Angela King

Comments - Visible to all participants (required for deny action)

Workflow Step 4 | Review & Approve (Or Deny) | Tamara Washington

Is this Perkins Funded?

☐

Yes

☐

No

Comments - Visible to all participants (required for deny action)



CENTRAL MONTCO TECHNICAL HIGH SCHOOL
Plymouth Meeting, Pennsylvania
Montgomery County
Financial Statements
June 30, 2024
With Independent Auditors' Reports



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAAconnect.com

Central Montco Technical High School
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INDEPENDENT AUDITORS' REPORT

Joint Operating Committee
Central Montco Technical High School
Plymouth Meeting, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Montco Technical High School (the Technical School), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Technical School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Technical School as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Montco Technical High School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Technical School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the Technical School's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, and the schedules of the Technical School's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions – PSERS be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited

procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Technical School's basic financial statements. The combining fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining fiduciary fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

The Technical School's 2023 financial statements were audited by other auditors and expressed unmodified opinions on those audited financial statements in their report dated June 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2025, on our consideration of the Technical School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Technical Schools internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Technical School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 13, 2025

Central Montco Technical High School Management's Discussion and Analysis - Unaudited June 30, 2024

Management's discussion and analysis ("MD&A") of the financial performance of Central Montco Technical High School, Plymouth Meeting, Pennsylvania (the "Technical School") provides an overview of the Technical School's financial performance for fiscal year ended June 30, 2024. Readers should also review the basic financial statements and related notes to enhance their understanding of the Technical School's financial performance.

TECHNICAL SCHOOL PROFILE

The Technical School is a vocational-technical school, located in Montgomery County, Pennsylvania, serving Colonial, Norristown Area and Upper Merion Area School Districts and consists of approximately 919 students. There are approximately 58 employees at the Technical School including 33 teachers, 4 administrators and 5 support personnel, including secretaries, clerks, maintenance and custodial staff and instructional aides.

The mission of the Technical School is to deliver technical and academic programs that meet the needs of our students and prospective employers. This will be accomplished through a perpetual improvement system that ensures stakeholders an educated, competent individual capable of contributing to the welfare of the community.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, including all governmental activities, the assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources of the Technical School resulting in total net position at the close of the 2023-2024 fiscal year of \$3,058,661. During the 2023-2024 fiscal year the Technical School had an increase in total net position of \$1,031,616.
- The General Fund reported no change in fund balance which remained at \$550,000 at the conclusion of the 2023-2024 fiscal year. At June 30, 2024, the General Fund fund balance includes \$250,000 committed to retirement rate stabilization and \$300,000 was unassigned and represented 2.71 % of the 2024-2025 General Fund expenditures budget of \$ 11,051,027.
- The Capital Projects Fund reported a decrease in fund balance of \$549,539, resulting in a fund balance of \$1,475,634 at June 30, 2024. The current year decrease is the result of transfers to the General Fund for planned building renovations.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the Technical School's basic financial statements. The Technical School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Technical School's finances, in a manner similar to a private-sector business.

The Statement of Net Position (Deficit) presents information on all of the Technical School's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Technical School is improving or deteriorating. To assess the Technical School's overall health, the reader needs to consider additional nonfinancial factors such as changes in the Technical School's revenue base and the condition of the Technical School's assets.

**Central Montco Technical High School
Management's Discussion and Analysis - Unaudited
June 30, 2024**

The Statement of Activities presents information showing how the Technical School's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish the functions of the Technical School that are principally supported by receipts from member districts and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

In the government-wide financial statements, all of the Technical School's activities are classified as governmental activities and include its basic services such as vocational education, support services, maintenance and administration.

The government-wide financial statements can be found on Pages 11 and 12 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Technical School's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Technical School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Technical School's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Most of the Technical School's basic services are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Technical School's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Technical School maintains two major individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for each of the two major funds.

The Technical School adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on Pages 13 through 16 of this report.

**Central Montco Technical High School
Management's Discussion and Analysis - Unaudited
June 30, 2024**

Fiduciary Funds

The Technical School is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The Technical School is responsible for ensuring that the assets reported in these funds are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the Technical School. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Technical School's own programs.

The fiduciary fund financial statements can be found on Pages 17 and 18 and the consolidation of this fund can be found on Pages 53 and 54 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on pages 19 through 38 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the general fund, schedules of the Technical School's proportionate share of the net pension liability - PSERS and pension plan contributions-PSERS and the schedules of the Technical School's proportionate share of the net OPEB liability - PSERS and OPEB plan contributions-PSERS. The required supplementary information can be found on pages 39 through 43 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the Technical School's financial condition. At the close of the 2023-2024 fiscal year the Technical School's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,058,661. The following table presents condensed information for the Statement of Net Position (Deficit) of the Technical School at June 30, 2024 and 2023.

**Central Montco Technical High School
Management's Discussion and Analysis - Unaudited
June 30, 2024**

	Governmental Activities	
	2024	2023
Assets		
Current assets	\$ 4,482,517	\$ 3,759,225
Noncurrent assets	<u>15,923,753</u>	<u>16,058,002</u>
Total assets	<u>20,406,270</u>	<u>19,817,227</u>
Deferred Outflows		
Deferred amount on debt refunding	45,853	98,947
Deferred charges - OPEB	130,968	166,517
Deferred charges - pensions	<u>2,488,351</u>	<u>2,684,225</u>
Total deferred outflows	<u>2,665,172</u>	<u>2,949,689</u>
Liabilities		
Current liabilities	2,460,594	1,194,434
Noncurrent liabilities	<u>16,620,187</u>	<u>18,750,437</u>
Total liabilities	<u>19,080,781</u>	<u>19,944,871</u>
Deferred inflows		
Deferred credits - OPEB	144,000	156,000
Deferred credits - pensions	<u>788,000</u>	<u>639,000</u>
Total deferred outflows	<u>932,000</u>	<u>795,000</u>
Net position		
Net investment in capital assets	14,408,969	13,647,234
Restricted	281,954	243,197
Unrestricted (deficit)	<u>(11,632,262)</u>	<u>(11,863,386)</u>
Total net position	<u>\$ 3,058,661</u>	<u>\$ 2,027,045</u>

The Technical School's total assets as of June 30, 2024 were \$20,406,270 of which \$3,598,496 or 17.63% consisted of cash and \$15,923,753 or 78.03% consisted of the Technical School's investment in capital assets. The Technical School's total liabilities as of June 30, 2024 were \$19,080,781 of which \$2,660,000 or 14% consisted of a school revenue note payable, proceeds from which were used to acquire and construct capital assets, and \$13,612,718 or 71% consisted of the actuarially determined net pension and net OPEB liabilities.

The Technical School had a deficit in unrestricted net position of \$11,632,263 as of June 30, 2024. The Technical School's unrestricted net position increased by \$231,124 during 2023-2024 primarily due to the current year change in the net pension liability and related deferred outflows and inflows of resources.

A portion of the Technical School's net position reflects its restricted net position which totaled \$281,954 as of June 30, 2024. All of the Technical School's restricted net position is related to amounts restricted for capital expenditures.

Central Montco Technical High School
Management's Discussion and Analysis - Unaudited
June 30, 2024

The largest portion of the Technical School's net position reflect its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The Technical School uses these capital assets to provide services to students of the Technical School; consequently, these assets are not available for future spending. Although the Technical School's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. During 2023-2024, the Technical School's net investment in capital assets increased by \$761,735 because the debt used to acquire capital assets was being repaid faster than the capital assets acquired with the long-term debt were being depreciated.

The following table presents condensed information for the Statement of Activities of the Technical School for 2024 and 2023:

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Charges for services	\$ 115,163	\$ 140,362
Operating grants and contributions	2,881,128	3,924,259
Capital grants and contributions	195,494	70,038
General revenues		
Receipts from member districts	6,516,159	5,853,212
Receipts from nonmember districts	905,201	814,213
Investment earnings	59,369	54,722
Total revenues	<u>10,672,514</u>	<u>10,856,806</u>
Expenses		
Instruction	5,298,105	5,284,115
Instructional student support services	1,377,250	1,443,228
Administrative and financial support services	1,530,391	1,581,213
Operation and maintenance of plant services	1,211,324	1,543,980
Student activities	71,043	53,573
Interest and amortization expense related to noncurrent liabilities	152,784	107,572
Total expenses	<u>9,640,898</u>	<u>10,013,681</u>
Change in net position	<u>\$ 1,031,616</u>	<u>\$ 843,125</u>

Overall, the Technical School's financial position continues to improve but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset those gain in future years. Management of the Technical School continues to aggressively implement cost efficiencies and revenue generating strategies to combat these factors.

**Central Montco Technical High School
Management's Discussion and Analysis - Unaudited
June 30, 2024**

GOVERNMENTAL FUNDS

The governmental fund financial statements provide detailed information of the Technical School's major funds. Some funds are required to be established by State statute while other funds are established by the Technical School to manage monies restricted for a specific purpose. As of June 30, 2024, the Technical School's governmental funds reported a combined fund balance of \$2,025,634 which is a decrease of \$ 549,539 from the prior year. The following table summarizes the Technical School's total governmental fund balances as of June 30, 2024 and 2023 and the total 2024 change in governmental fund balances.

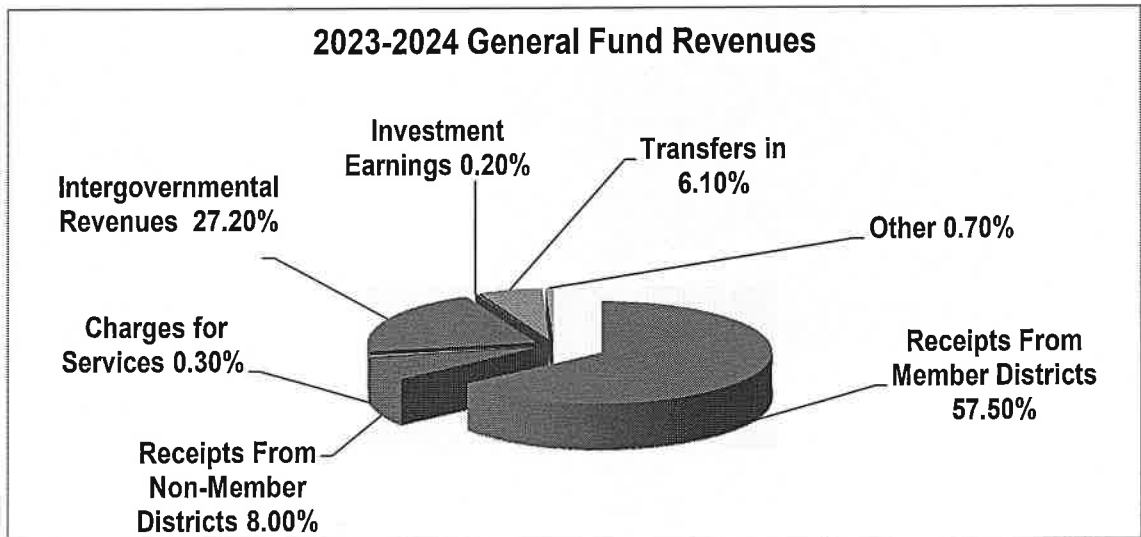
	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>
General fund	\$ 550,000	\$ 550,000	\$ -
Capital projects fund	1,475,634	2,025,173	(549,539)
	<u>\$ 2,025,634</u>	<u>\$ 2,575,173</u>	<u>\$ (549,539)</u>

GENERAL FUND

The General Fund is the Technical School's primary operating fund. At both June 30, 2024 and 2023, the General Fund unassigned fund balance was \$550,000. The General Fund's unassigned fund balance is maintained at approximately \$300,000 as approved by the participating member districts. Any annual excess or deficiency above \$300,000 is allocated to each participating member district and recorded as due to or from member school districts at year end. Additionally, the participating member districts permitted the Technical School to commit excess General Fund fund balance of \$250,000 for employer retirement rate stabilization.

The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2023-2024 fiscal year.

The Technical School's reliance upon receipts from member districts is demonstrated by the graph below that indicates 57.5% of General Fund revenues are derived from this source.



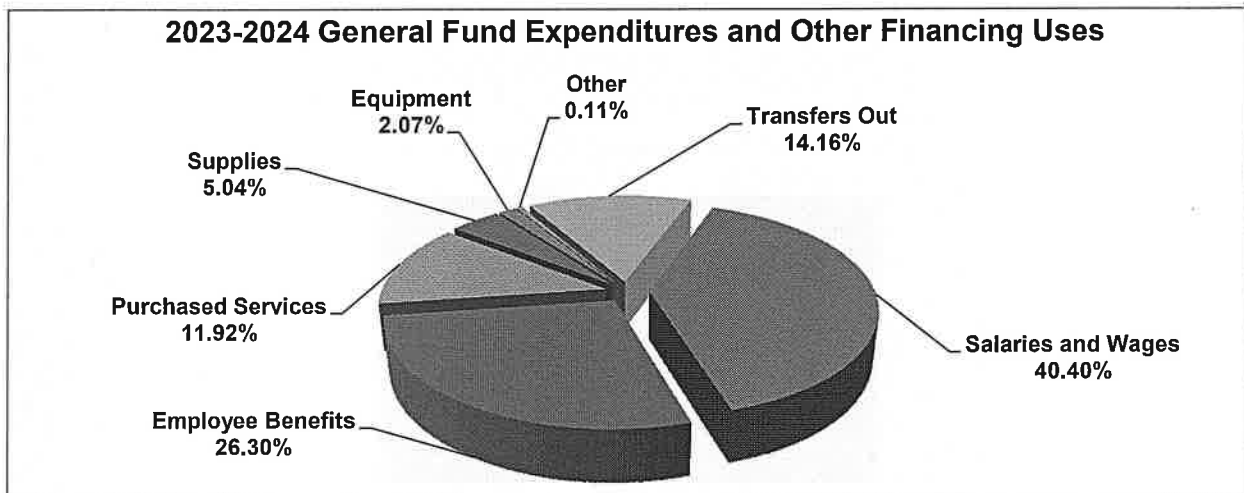
**Central Montco Technical High School
Management's Discussion and Analysis - Unaudited
June 30, 2024**

General Fund Revenues and Other Financing Sources

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Receipts from member districts	\$ 6,516,159	\$ 7,451,973	\$ (935,814)	-12.56%
Receipts from nonmember districts	905,201	814,213	90,988	11.17%
Charges for services	35,824	63,579	(27,755)	-43.65%
Intergovernmental revenues	3,076,621	2,395,534	681,087	28.43%
Investment earnings	20,613	13,571	7,042	51.89%
Transfers in & proceeds	692,879	697,241	(4,362)	-0.63%
Miscellaneous	79,339	76,784	2,555	3.33%
	<u>\$ 11,326,636</u>	<u>\$ 11,512,895</u>	<u>\$ (186,259)</u>	<u>-1.62%</u>

Receipts from member districts decreased \$935,814 or 12.56% as members districts were not charged the full tuition rates. Make-up payments will be spread through FYE25 and FYE26. Intergovernmental revenues increased by \$681,087 or 28.43% due to three new grants. Transfers in represent transfers from the Capital Projects Fund to reimburse for capital expenditures incurred.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The Technical School is an educational entity and as such is labor intensive.



**Central Montco Technical High School
Management's Discussion and Analysis - Unaudited
June 30, 2024**

General Fund Expenditures and Other Financing Uses

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$ 4,575,829	\$ 4,579,045	\$ (3,216)	-0.07%
Employee benefits	2,978,668	3,167,523	(188,855)	-5.96%
Purchased services	1,350,043	1,444,766	(94,723)	-6.56%
Supplies	570,980	492,102	78,878	16.03%
Equipment	234,835	175,873	58,962	33.53%
Other	12,770	54,824	(42,054)	-76.71%
Transfers out	<u>1,603,511</u>	<u>1,598,762</u>	<u>4,749</u>	<u>0.30%</u>
	<u>\$ 11,326,636</u>	<u>\$ 11,512,895</u>	<u>\$ (186,259)</u>	<u>-1.62%</u>

Employee benefits decreased by \$188,855 or 5.96% due to a healthcare changes and tuition reimbursement decreases. Transfers out represent transfers to the Capital Projects Fund to subsidize debt service requirements under the Technical School's lease rental payable.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for the construction and renovation activity associated with the Technical School's buildings and major equipment purchases. The Capital Projects Fund received the majority of its revenues from the issuance of long-term debt, transfers from the General Fund and special assessments to member districts. The Capital Projects Fund fund balance decreased by \$549,539. The current year decrease was due to transfers to the General Fund in the amount of \$588,296 for planned building renovations. The remaining fund balance of \$1,475,634 as of June 30, 2024 is restricted for future capital expenditures.

GENERAL FUND BUDGET INFORMATION

The Technical School maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The Technical School budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the Joint Operating Committee for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

CAPITAL ASSETS

The Technical School's net investment in capital assets for its governmental activities as of June 30, 2024 amounted to \$15,923,753, net of accumulated depreciation. This net investment in capital assets includes land, site improvements, buildings and building improvements, furniture and equipment, vehicles and right-to-use lease assets. The total decrease in the Technical School's investment in capital assets for the current fiscal year was \$134,294 or 0.84%. Current year capital additions were \$ 806,974 and depreciation expense was \$941,223.

Major capital additions for the current fiscal year consisted of construction in progress related to planned building renovations and various instructional, maintenance and information technology equipment.

**Central Montco Technical High School
Management's Discussion and Analysis - Unaudited
June 30, 2024**

NONCURRENT LIABILITIES

The Technical School had entered into a lease rental payable arrangement with the State Public School Building Authority to finance renovations, additions and improvements to the Technical School's existing facilities. Payment of the lease rental payable has been guaranteed by participating member districts. The final lease rental payment of \$1,515,000 was made during the fiscal year. The premium on the lease rental payable was fully amortized as of June 30, 2024.

The Technical School has entered into a school revenue note payable through the Hatfield Township Industrial Development Authority to finance renovations, additions and improvements to its facilities. All operating revenues of the Technical School are pledged for the repayment of the note payable. The school revenue note payable was \$2,660,000 at June 30, 2024 and decreased by \$5,000 in the current fiscal year.

The Technical School reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. The Technical School's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$13,078,996 as of June 30, 2024. The Technical School's net pension liability decreased by \$614,290 or 4.5% during the fiscal year.

The Technical School reports a liability for its other post-employment benefits ("OPEB") related to its participation in the PSERS health insurance premium assistance program. The Technical School's OPEB liability is an actuarially determined estimate of the unfunded cost of the total OPEB liability which totaled \$533,722 as of June 30, 2024. The Technical School's OPEB liability decreased by \$35,076 or 6.2%% during the fiscal year.

Other noncurrent liabilities consist of the Technical School's liability for compensated absences and a leases payable which totaled \$347,469 as of June 30, 2024. This liability increased by \$103,306 or 42.3% during the current fiscal year.

FACTORS BEARING ON THE TECHNICAL SCHOOL'S FUTURE

- The Technical School adopted a balanced 2024-2025 budget totaling \$ 11,051,027
- In November 2010, and again in 2017, legislation was signed into law to implement a series of actuarial and funding changes to PSERS. The 2017 law took effect in July of 2019. The law will change the pension plans for all new hires effective July 1, 2019. It does not impact the pension benefits of current or retired PSERS members. Based on available projections, school districts will not see relief from the new legislation until 10-20 years in the future. The employer contribution rate for 2025-2026 is certified at 34.0%. Currently, the employer contribution rate for 2024-2025 is 33.90%.
- The Technical School continues to evaluate facility capital needs and how to finance them.
- The Technical School continues to evaluate current programming including expanding existing programs while exploring new programs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Technical School's finances for all those with an interest in the Technical School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor of Business Operations, Central Montco Technical High School, 821 Plymouth Road, Plymouth Meeting, Pennsylvania 19462.

Central Montco Technical High School
Statement of Net Position (Deficit)
June 30, 2024 With Summarized Comparative Totals for 2023

	Governmental Activities	
	2024	2023
Assets and Deferred Outflows of Resources		
Current assets		
Cash	\$ 3,598,496	\$ 2,789,201
Due from member districts	-	278,515
Due from nonmember school districts	408,562	366,184
Due from other governments	475,459	294,293
Other receivables	-	31,032
Total current assets	<u>4,482,517</u>	<u>3,759,225</u>
Noncurrent assets		
Capital assets, non-depreciable	907,149	796,292
Capital assets, net	<u>15,016,604</u>	<u>15,261,710</u>
Total assets	<u>20,406,270</u>	<u>19,817,227</u>
Deferred outflows of resources		
Deferred amount on debt refunding	45,853	98,947
Deferred charges on proportionate share of OPEB - PSERS	130,968	166,517
Deferred charges on proportionate share of pension - PSERS	<u>2,488,351</u>	<u>2,684,225</u>
Total deferred outflows of resources	<u>2,665,172</u>	<u>2,949,689</u>
Liabilities, Deferred Inflows of Resources and		
Net Position (Deficit)		
Current liabilities		
Due to member school districts	918,146	-
Accounts payable	111,923	39,471
Accrued salaries, payroll withholdings and benefits	1,206,235	1,073,445
Unearned revenues	220,579	71,136
Accrued interest payable	<u>3,711</u>	<u>10,382</u>
Total current liabilities	<u>2,460,594</u>	<u>1,194,434</u>

The Notes to Financial Statements are an integral part of this statement.

Central Montco Technical High School
Statement of Net Position (Deficit)
June 30, 2024 With Summarized Comparative Totals for 2023 (continued)

	Governmental Activities	
	2024	2023
Noncurrent liabilities		
Due within one year	699,178	1,605,670
Due in more than one year	15,921,009	17,144,767
Total noncurrent liabilities	16,620,187	18,750,437
Total liabilities	19,080,781	19,944,871
Deferred inflows of resources		
Deferred credits on proportionate share of OPEB - PSERS	144,000	156,000
Deferred credits on proportionate share of pension - PSERS	788,000	639,000
Total deferred inflows of resources	932,000	795,000
Net position (deficit)		
Net investment in capital assets	14,408,969	13,647,234
Restricted	281,954	243,197
Unrestricted (deficit)	(11,632,262)	(11,863,386)
Total net position (deficit)	\$ 3,058,661	\$ 2,027,045

The Notes to Financial Statements are an integral part of this statement.

**Central Montco Technical High School
Statement of Activities**

Year Ended June 30, 2024 With Summarized Comparative Totals for 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position (Deficit)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2024	2023
Governmental Activities						
Instruction	\$ 5,298,105	\$ 115,163	\$ 641,048	\$ 195,494	\$ (4,346,400)	\$ (3,149,975)
Instructional student support services	1,377,250	-	142,340	-	(1,234,910)	(1,292,366)
Administrative and financial support services	1,530,391	-	153,504	-	(1,376,887)	(1,416,565)
Operation and maintenance of plant services	1,211,324	-	333,564	-	(877,760)	(1,460,648)
Student activities	71,043	-	7,161	-	(63,882)	(50,658)
Interest and amortization related to noncurrent liabilities	152,784	-	1,603,511	-	1,450,727	1,491,190
Total government activities	\$ 9,640,898	\$ 115,163	\$ 2,881,128	\$ 195,494	(6,449,113)	(5,879,022)
General revenues						
Receipts from member districts					6,516,159	5,853,212
Receipts from nonmember districts					905,201	814,213
Investment earnings					59,369	54,722
Total general revenues					7,480,729	6,722,147
Change in net position (deficit)					1,031,616	843,125
Net position (deficit)						
Beginning of year					2,027,045	1,183,920
End of year					\$ 3,058,661	\$ 2,027,045

The Notes to Financial Statements are an integral part of this statement.

Central Montco Technical High School
Balance Sheet – Governmental Funds
June 30, 2024 With Summarized Comparative Totals for 2023

	General Fund	Capital Projects Fund	Totals	
			2024	2023
Assets				
Cash	\$ 2,222,862	\$ 1,375,634	\$ 3,598,496	\$ 2,789,201
Due from member school districts	-	-	-	278,515
Due from nonmember school districts	408,562	-	408,562	366,184
Due from other governments	475,459	-	475,459	294,293
Due from other funds	-	100,000	100,000	65,362
Other receivables	-	-	-	31,032
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,106,883</u>	<u>\$ 1,475,634</u>	<u>\$ 4,582,517</u>	<u>\$ 3,824,587</u>
Liabilities and Fund Balances				
Liabilities				
Due to member school districts	\$ 918,146	\$ -	\$ 918,146	\$ -
Accounts payable	111,923	-	111,923	39,471
Due to other funds	100,000	-	100,000	65,362
Accrued salaries, payroll withholdings and benefits	1,206,235	-	1,206,235	1,073,445
Unearned revenues	<u>220,579</u>	<u>-</u>	<u>220,579</u>	<u>71,136</u>
Total liabilities	<u>2,556,883</u>	<u>-</u>	<u>2,556,883</u>	<u>1,249,414</u>
Fund balances				
Restricted to capital projects	-	1,475,634	1,475,634	2,025,173
Committed for employer retirement stabilization	250,000	-	250,000	250,000
Unassigned	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total fund balances	<u>550,000</u>	<u>1,475,634</u>	<u>2,025,634</u>	<u>2,575,173</u>
Total liabilities and fund balances	<u>\$ 3,106,883</u>	<u>\$ 1,475,634</u>	<u>\$ 4,582,517</u>	<u>\$ 3,824,587</u>

The Notes to Financial Statements are an integral part of this statement.

Central Montco Technical High School
Reconciliation of Governmental Funds Balance Sheet to Net Position (Deficit) of
Governmental Activities on the Statement of Net Position (Deficit)
June 30, 2024

TOTAL GOVERNMENTAL FUND BALANCES **\$ 2,025,634**

Amounts reported for governmental activities in the statement of net position (deficit) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.

Capital assets, non-depreciable	907,149
Capital assets, net	15,016,604
Total capital assets	15,923,753

Deferred outflows of resources for deferred amount on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	45,853
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Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are not reported as assets and liabilities in the governmental funds balance sheet.	1,687,319
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Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.	(16,620,187)
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Accrued interest payable on long-term liabilities is included in the government-wide statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	(3,711)
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NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,058,661</u>
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The Notes to Financial Statements are an integral part of this statement.

Central Montco Technical High School
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
Year Ended June 30, 2024 With Summarized Comparative Totals for 2023

	General Fund	Capital Projects Fund	Totals	
			2024	2023
Revenues				
Local sources				
Receipts from member school districts	\$ 6,516,159	\$ -	\$ 6,516,159	\$ 7,451,973
Receipts from nonmember school districts	905,201	-	905,201	814,213
Other	135,776	38,757	174,533	195,085
State sources	2,505,370	-	2,505,370	1,863,034
Federal sources	571,251	-	571,251	532,500
Total revenues	<u>10,633,757</u>	<u>38,757</u>	<u>10,672,514</u>	<u>10,856,805</u>
Expenditures				
Current				
Instruction	4,922,481	-	4,922,481	4,950,865
Support services	4,108,661	-	4,108,661	4,216,914
Operation of noninstructional services	66,463	-	66,463	49,113
Facilities acquisition, construction and improvement services	588,296	-	588,296	697,241
Debt service	37,224	1,603,511	1,640,735	1,598,762
Total expenditures	<u>9,723,125</u>	<u>1,603,511</u>	<u>11,326,636</u>	<u>11,512,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>910,632</u>	<u>(1,564,754)</u>	<u>(654,122)</u>	<u>(656,090)</u>
Other financing sources (uses)				
Lease proceeds	104,583	-	104,583	-
Transfers in	588,296	1,603,511	2,191,807	2,296,003
Transfers out	<u>(1,603,511)</u>	<u>(588,296)</u>	<u>(2,191,807)</u>	<u>(2,296,003)</u>
Total other financing sources (uses)	<u>(910,632)</u>	<u>1,015,215</u>	<u>104,583</u>	<u>-</u>
Net change in fund balances	-	(549,539)	(549,539)	(656,090)
Fund balances				
Beginning of year	<u>550,000</u>	<u>2,025,173</u>	<u>2,575,173</u>	<u>3,231,263</u>
End of year	<u>\$ 550,000</u>	<u>\$ 1,475,634</u>	<u>\$ 2,025,634</u>	<u>\$ 2,575,173</u>

The Notes to Financial Statements are an integral part of this statement.

Central Montco Technical High School
Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Change in Net Position (Deficit)
of Governmental Activities on the Statement of Activities
Year Ended June 30, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS

\$ (549,539)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay expenditures	\$ 806,974	
Depreciation expense	<u>(941,223)</u>	(134,249)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of lease payable	(104,583)	
Repayment of lease rental payable	1,515,000	
Repayment of school revenue note payable	5,000	
Repayment of leases payable	54,767	
Amortization of premium on lease rental payable	64,190	
Amortization of deferred amount on refunding	<u>(53,094)</u>	1,481,280

Some expenses are reported in the statement of activities but are not reported as expenditures in the governmental funds because they do not require the use of current financial resources.

Current year change in accrued interest payable	6,671	
Current year change in compensated absences	(53,490)	
Current year change in net OPEB liability - PSERS and deferred outflows and inflows	11,527	
Current year change in net pension liability - PSERS and deferred outflows and inflows	<u>269,416</u>	234,124

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES

\$ 1,031,616

The Notes to Financial Statements are an integral part of this statement.

Central Montco Technical High School
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2024 With Summarized Comparative Totals for 2023

	Custodial Funds Total	
	2024	2023
Assets		
Cash	\$ 222,404	\$ 260,148
Investments	227,155	170,382
Total assets	<u>449,559</u>	<u>430,530</u>
Liabilities and Net Position		
Liabilities	<u>-</u>	<u>-</u>
Net position		
Held for scholarships	406,536	369,667
Held for student activities	<u>43,023</u>	<u>60,863</u>
Total net position	<u>\$ 449,559</u>	<u>\$ 430,530</u>

The Notes to Financial Statements are an integral part of this statement.

Central Montco Technical High School
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended June 30, 2024 With Summarized Comparative Totals for 2023

	Custodial Funds Total	
	2024	2023
Additions		
Receipts from student groups	\$ 3,929	\$ 30,654
Local contributions	1,916	-
Investment income (loss)	88,082	2,613
Total additions	<u>93,927</u>	<u>33,267</u>
Deductions		
Scholarships awarded and fees paid	53,129	6,841
Disbursements for student activities	21,769	21,317
Total deductions	<u>74,898</u>	<u>28,158</u>
Change in net position	19,029	5,109
Net position		
Beginning of year	<u>430,530</u>	<u>425,421</u>
End of year	<u>\$ 449,559</u>	<u>\$ 430,530</u>

The Notes to Financial Statements are an integral part of this statement.

Central Montco Technical High School
Notes to Financial Statements
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Central Montco Technical High School (the "Technical School") is a joint venture of three public school Technical Schools in Montgomery County, Pennsylvania, which was formed to provide vocational and technical education programs for students of member districts and various nonmember districts. Member districts consist of the Colonial, Norristown Area and Upper Merion Area School Technical Schools. The Technical School operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the school laws of Pennsylvania. The Technical School operates under the Joint Operating Committee (the "JOC") which is comprised of School Board members from each member district.

The financial statements of the Technical School have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the Technical School as a reporting entity, management has addressed all potential component units which may or may not fall within the Technical School's accountability. The criteria used to evaluate component units for possible inclusion as part of the Technical School's reporting entity are financial accountability and the nature and significance of the relationship. The Technical School is considered to be an independent reporting entity and has no component units.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position (deficit) and the statement of activities display information about the Technical School as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This approach differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position (deficit) presents the financial position of the Technical School which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the Technical School is reported as restricted when constraints placed on net position use is 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 is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Central Montco Technical High School
Notes to Financial Statements
June 30, 2024

The statement of net position (deficit) includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The government-wide statement of activities presents a comparison between expenses and program revenues for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the Technical School.

Fund Financial Statements

During the school year, the Technical School segregates transactions related to certain Technical School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the Technical School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The Technical School reports the following major governmental funds:

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

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, 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 Technical School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Unearned revenue is reported in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific Technical School expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

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Notes to Financial Statements
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Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are, therefore, not available to support the Technical School's own programs. The Technical School has two custodial funds consisting of funds held on behalf of the students and funds held to provide annual scholarships to particular students as described by donor stipulations .

Cash and Cash Equivalents

The Technical School's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Technical School. Unobservable inputs reflect the Technical School's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Technical School has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Technical School's own assumptions.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Receipts from Member Districts

Each participating member district is responsible for its proportionate share of the Technical School's expenditures. Operating expenditures are allocated to each member district in proportion to the average daily membership of students attending the Technical School from each member district. Debt service and capital projects expenditures are allocated based upon an agreed-upon allocation by the member districts.

Central Montco Technical High School
Notes to Financial Statements
June 30, 2024

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The Technical School maintains a capitalization threshold of \$5,000.

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.

Property, plant and equipment (net of salvage value) of the Technical School is depreciated using the straight-line method over the following estimated useful lives: site improvements – 15-30 years, buildings and improvements – 20-40 years, furniture and equipment – 5-20 years and vehicles – 8-20 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to debt refunding, pensions, and other postemployment benefits. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows on pension and other postemployment benefits are more fully discussed in Note 12 and 13.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements. The category of deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Note 12 and 13.

Unearned Revenue

Unearned revenues are reported in connection with resources that have been received but not yet earned.

Compensated Absences

Technical School policies permit employees to accumulate earned but unused sick days. The liability for this compensated absence is recorded as a noncurrent liability in the government-wide financial statements. The portion of the liability resulting from employee resignations and retirements, if applicable, is reported as a liability in the governmental funds' financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and uses. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures expected for refundings paid from proceeds which are reported as other financing costs.

Central Montco Technical High School
Notes to Financial Statements
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Fund Balance

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the Technical School is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The Technical School reports the following fund balance classifications:

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the Technical School's highest level of decision-making authority, the JOC. Committed amounts cannot be used for any other purpose unless the JOC removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the Technical School's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Business Manager or (b) an appointed body (e.g., finance committee) or (c) an official to which the Technical School has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the Technical School's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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Notes to Financial Statements
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Restricted Net Position - Is reported when there are constraints placed on use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Unrestricted Net Position - Is the amount of net position that does not meet the definition of the two preceding categories. When both restricted and unrestricted resources are available for use, it is the Technical School's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates

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

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 Technical School's financial position and operations. However, presentation of prior year totals by fund and activity type has 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 Technical School's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

New Accounting Pronouncements

GASB Statement No. 101, Compensated Absences, will be effective for the Technical School for the year ended June 30, 2025. GASB Statement No. 101 will update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 will require that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects fund.

The final proposed operating budget must be approved by the Board of School Directors of each participating member districts prior to final adoption by the JOC.

After the legal adoption of the budget, the JOC is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The JOC may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the JOC. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and include the effect of approved budget amendments.

3. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2024, the carrying amount of the Technical School's deposits was \$3,820,900 and the bank balance was \$3,903,666. The Technical School is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$309,726 was covered by federal depository insurance, and \$3,593,939 was collateralized by the Technical School's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds.

Investments

State statutes authorize the Technical School to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit 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.

At June 30, 2024, the Technical School's Scholarship Fund had investments of \$227,155, consisting entirely of common stocks. Common stock is valued using Level 1 inputs.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Technical 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 Technical School's investments were subject to custodial credit risk as of June 30, 2024.

Interest Rate Risk

The Technical School does not have an investment policy that limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Technical School does not have an investment policy that limits its investments that are not backed by the "full faith and credit" of the federal or state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization.

Concentration of Credit Risk

The Technical School does not have an investment policy that limits the amount the Technical School may invest in any one issuer. At June 30, 2024, the Technical School had no concentrations of investments greater than 5% in any one issuer.

Central Montco Technical High School
Notes to Financial Statements
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4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 15,432	\$ -	\$ -	\$ 15,432
Construction in progress	780,860	495,314	384,457	891,717
Total capital assets not being depreciated	<u>796,292</u>	<u>495,314</u>	<u>384,457</u>	<u>907,149</u>
Capital assets being depreciated				
Site improvements	276,522	-	-	276,522
Buildings and building improvements	28,738,106	235,783	-	28,973,889
Right-to-use lease asset	149,797	104,583	-	254,380
Furniture and equipment	3,015,416	355,751	-	3,371,167
Total capital assets being depreciated	<u>32,179,841</u>	<u>696,117</u>	<u>-</u>	<u>32,875,958</u>
Less accumulated depreciation for				
Site improvements	(137,545)	(9,163)	-	(146,708)
Buildings and building improvements	(14,496,774)	(651,020)	-	(15,147,794)
Right-to-use lease asset	(104,106)	(57,860)	-	(161,966)
Furniture and equipment	(2,179,706)	(223,180)	-	(2,402,886)
Total accumulated depreciation	<u>(16,918,131)</u>	<u>(941,223)</u>	<u>-</u>	<u>(17,859,354)</u>
Total capital assets being depreciated, net	<u>15,261,710</u>	<u>(245,106)</u>	<u>-</u>	<u>15,016,604</u>
Governmental activities, net	<u>\$ 16,058,002</u>	<u>\$ 250,208</u>	<u>\$ 384,457</u>	<u>\$ 15,923,753</u>

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

Governmental activities

Instruction	\$ 470,612
Instructional student support services	131,771
Administrative and financial support services	141,183
Operation and maintenance of plan services	188,245
Student activities	9,412
Total depreciation/amortization expense - governmental activities	<u>\$ 941,223</u>

As of June 30, 2024, the Technical School had outstanding construction commitments totaling \$238,647 for roof and security capital projects.

5. INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund transfers for the year ended June 30, 2024 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital projects fund	\$ 1,603,511	General fund	\$ 1,603,511
General fund	588,296	Capital projects fund	588,296
	<u>\$ 2,191,807</u>		<u>\$ 2,191,807</u>

Transfers between the General Fund and Capital Projects Fund represent transfers to subsidize debt service requirements and capital expenditures.

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Notes to Financial Statements
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The composition of interfund balances as of June 30, 2024 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
Capital projects fund	<u>\$ 100,000</u>	General fund	<u>\$ 100,000</u>

Interfund balances between funds represent amounts for capital expenditures paid by the Capital Projects fund and to be reimbursed by the General Fund.

6. DUE FROM NONMEMBER SCHOOL DISTRICTS

The amount due from nonmember school districts at June 30, 2024 was calculated as follows:

	<u>Lower Merion</u>	<u>Marple Newtown</u>	<u>Spring-Ford Area</u>	<u>Total</u>
Average daily membership 2023-2024	67.3094	-	-	67.3094
Net operating expenses to be funded	\$ 971,611	\$ -	\$ -	971,611
Contributions received during 2023-2024	(493,497)	-	(1,069)	(494,566)
Vocational education subsidy	<u>(65,341)</u>	<u>-</u>	<u>-</u>	<u>(65,341)</u>
Net due for 2023-2024 school year	<u>412,773</u>	<u>-</u>	<u>(1,069)</u>	<u>411,704</u>
Remaining due from nonmember schools for 2022-2023 school year	<u>-</u>	<u>(7,079)</u>	<u>3,937</u>	<u>(3,142)</u>
Due from nonmember schools at June 30, 2024	<u>\$ 412,773</u>	<u>\$ (7,079)</u>	<u>\$ 2,868</u>	<u>\$ 408,562</u>

7. DUE FROM/TO MEMBER SCHOOL DISTRICTS

The amount due from/to member school districts at June 30, 2024 was calculated as follows:

	<u>Colonial</u>	<u>Norristown Area</u>	<u>Upper Merion Area</u>	<u>Total</u>
% of average daily membership	27.38%	48.29%	24.33%	100.00%
Net operating expenses to be funded	\$ 1,645,567	\$ 2,902,037	\$ 1,462,272	\$ 6,009,876
Contributions received during 2023-2024	(1,826,851)	(3,079,085)	(1,224,068)	(6,130,004)
Due from (to) district for June 30, 2022	515,072	(791,548)	467,527	191,051
Vocational education subsidy	<u>(230,107)</u>	<u>(673,071)</u>	<u>(173,355)</u>	<u>(1,076,533)</u>
Due from (to) districts for 2023-2024	103,681	(1,641,667)	532,376	(1,005,610)
Due from (to) districts at June 30, 2023	854,286	(1,602,248)	1,026,477	278,515
Repayment of due (from) to districts for June 30, 2022	<u>(515,072)</u>	<u>791,548</u>	<u>(467,527)</u>	<u>(191,051)</u>
Due from (to) districts at June 30, 2024	<u>\$ 442,895</u>	<u>\$ (2,452,367)</u>	<u>\$ 1,091,326</u>	<u>\$ (918,146)</u>

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Notes to Financial Statements
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Debt service requirements under the lease rental payable capital projects are funded by the member school districts based on agreed-upon allocations. Contributions received from member districts for debt service and capital projects for the year ended June 30, 2024 were as follows:

	<u>Colonial</u>	<u>Norristown Area</u>	<u>Upper Merion Area</u>	<u>Total</u>
Debt service allocation %	35%	30%	35%	100.00%
Debt service contribution	<u>\$ 561,229</u>	<u>\$ 481,053</u>	<u>\$ 561,229</u>	<u>\$ 1,603,511</u>

8. NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2024:

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>	<u>Amount Due Within One Year</u>
Governmental activities					
Lease rental payable	\$ 1,515,000	\$ -	\$ 1,515,000	\$ -	\$ -
Premium on lease rental payable	64,190	-	64,190	-	-
School revenue note payable	2,665,000	-	5,000	2,660,000	655,000
Leases payable	44,501	104,583	54,767	94,317	44,178
Compensated absences	199,662	53,490	-	253,152	-
Net OPEB liability - PSERS	568,798	-	35,076	533,722	-
Net pension liability - PSERS	<u>13,693,286</u>	<u>-</u>	<u>614,290</u>	<u>13,078,996</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 18,750,437</u>	<u>\$ 158,073</u>	<u>\$ 2,288,323</u>	<u>\$ 16,620,187</u>	<u>\$ 699,178</u>

Noncurrent liabilities are generally liquidated by the General Fund.

9. LEASES PAYABLE

In December 2021, the Technical School entered into a 5-year lease agreement for multi-function devices. An initial lease liability was recorded in the amount of \$45,385. As of June 30, 2024, the value of the lease liability is \$23,021. The Technical School is required to make monthly fixed payments of \$836. The lease has an imputed interest rate of 3.00% and the estimated useful life of the equipment was 5 years as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$22,692 with accumulated amortization of \$22,692 and is included with noncurrent assets on the statement of net position.

In July 2023, the Technical School entered into a 3-year lease agreement for computer equipment. An initial lease liability was recorded in the amount of \$104,583. As of June 30, 2024, the value of the lease liability is \$71,296. The Technical School is required to make monthly fixed payments of \$3,102. The lease has an imputed interest rate of 4.56% and the estimated useful life of the equipment was 3 years as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$69,722 with accumulated amortization of \$34,861 and is included with noncurrent assets on the statement of net position.

Future minimum lease payments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 44,178	\$ 3,079	\$ 47,257
2026	46,081	1,175	47,256
2027	<u>4,058</u>	<u>122</u>	<u>4,180</u>
	<u>\$ 94,317</u>	<u>\$ 4,376</u>	<u>\$ 98,693</u>

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Notes to Financial Statements
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10. LEASE RENTAL PAYABLE

The Technical School entered into a lease with the State Public School Building Authority (the "**SPSBA**") to finance renovations, additions and improvements to its facilities (the "**project**"). The SPSBA was formed by the Commonwealth of Pennsylvania for the purpose of financing the construction and improvement of public school facilities under the jurisdiction of the Pennsylvania Department of Education. The SPSBA finances projects through the issuance of bonds, the principal and interest of which are paid by the annual lease rental payments from public schools. The SPSBA has no general liability with respect to these obligations and has no beneficial interest in the related assets. Acting solely in an agency capacity, the SPSBA serves as a financing conduit, bringing the ultimate borrower and lender together. The goal of the SPSBA is to make lower cost financings available to public schools.

The lease between the Technical School and the SPSBA provided for the Technical School to lease the real and personal property of the Technical School to the SPSBA, for a term at least as long as the term of the bonds issued to finance the project, and the SPSBA made available to the Technical School the proceeds of the bonds to pay for the costs of financing the project. The SPSBA subleased the leased real and personal property back to the Technical School for rental payments in amounts sufficient to provide for the debt services of the bonds. Each of the participating member districts has pledged its full faith, credit and taxing power for its proportionate share of the rental payments due under the sublease.

On April 10, 2013, the SPSBA issued \$13,060,000 of its Series of 2013 Revenue Bonds (the "**2013 Bonds**"), the proceeds from which were used to advance refund its Series of 2004 Revenue Bonds and to pay for the costs of issuance. Principal payments of the 2013 Bonds were payable annually from May 2015 through May 2024 and interest was payable semiannually at rates ranging from 0.90% to 4.00%. Simultaneously with the issuance of the 2013 Bonds, the Technical School and SPSBA entered into a lease and sublease agreement identical to the lease and sublease agreements described in the previous paragraph. The final payment for the 2013 Bonds were made during the fiscal year ended June 30, 2024.

11. SCHOOL REVENUE NOTE PAYABLE

The Technical School entered into a conduit debt agreement with the Hatfield Township Industrial Development Authority (the "**HTIDA**") to finance renovations, additions and improvements to its facilities (the "**project**"). The HTIDA was formed by Hatfield Township, Pennsylvania for the purpose, inter alia, of acquiring, financing, refinancing, constructing, improving, furnishing, and equipping, maintaining and operating buildings for public schools and other educational facilities. The HTIDA finances projects through the issuance of bonds, which are in turn loaned to the local educational agency who will fulfill the principal and interest payments on the debt. The HTIDA has no general liability with respect to these obligations and has no beneficial interest in the related assets. Acting solely in an agency capacity, the HTIDA serves as a financing conduit, bringing the ultimate borrower and lender together. The goal of the HTIDA is to make lower cost financings available to public schools and other educational facilities.

On July 29, 2021, the HTIDA issued \$2,675,000 of its School Revenue Note, Series of 2021 (the "**2021 Note**"), the proceeds from which were used to fund the various repairs, renovations and additions to the Technical School. Principal payments on the 2021 Note are payable annually from May 2022 through May 2028 and interest is payable semiannually at a rate 1.110%. All operating revenues of the Technical School are pledged for the payment of the 2021 Note. Annual debt service requirements under the 2021 Note are as follows:

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<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 655,000	\$ 29,526	\$ 684,526
2026	660,000	22,256	682,256
2027	670,000	14,930	684,930
2028	675,000	7,493	682,493
	<u>\$ 2,660,000</u>	<u>\$ 74,205</u>	<u>\$ 2,734,205</u>

12. PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees Retirement System ("PSERS") and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 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 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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally equal to 1.00% or 2.50%, 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.

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Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

Member Contributions

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
				7.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/-0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

Employer Contributions

The Technical School's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.36% 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 Technical School were \$1,666,351 for the year ended June 30, 2024.

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

At June 30, 2024, the Technical School reported a liability of \$13,078,996 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2022 to June 30, 2023. The Technical School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the Technical School's proportion was 0.0294 percent, which was a decrease of 0.0014 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Technical School recognized net pension expense of \$1,398,000. At June 30, 2024, the Technical School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,000	\$ 179,000
Changes in assumptions	195,000	-
Net difference between projected and actual investment earnings	370,000	-
Changes in proportions	254,000	609,000
Contributions subsequent to the measurement date	1,666,351	-
	<u>\$ 2,488,351</u>	<u>\$ 788,000</u>

\$1,666,351 reported as deferred outflows of resources related to pensions resulting from the Technical School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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,

2025	\$ (43,000)
2026	(285,000)
2027	238,000
2028	124,000
	<u>\$ 34,000</u>

Actuarial Assumptions

The total pension liability as of June 30, 2023 was determined by rolling forward PSERS' total pension liability at June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

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- Valuation date – June 30, 2022
- Actuarial cost method – entry age normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.75%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	<u>-10.5%</u>	1.2%
	<u>100.0%</u>	

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The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Technical School's proportionate share of the net pension liability	<u>\$ 16,953,984</u>	<u>\$ 13,078,996</u>	<u>\$ 9,809,665</u>

Pension Plan Fiduciary Net Position

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

13. OTHER POST-EMPLOYMENT BENEFITS

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

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

PSERS provides Premium Assistance which is a governmental cost-sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

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Retirees of PSERS can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

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

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Employer Contributions

The Technical School's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the Technical School were \$31,968 for the year ended June 30, 2024.

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

At June 30, 2024, the Technical School reported a liability of \$533,722 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. The Technical School's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the Technical School's proportion was 0.0295 percent, which was a decrease of 0.0014 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Technical School recognized OPEB expense of \$21,000. At June 30, 2024, the Technical School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,000	\$ 5,000
Changes of assumptions	46,000	101,000
Net difference between projected and actual investment earnings	1,000	-
Changes in proportions	48,000	38,000
Contributions subsequent to the measurement date	31,968	-
	<u>\$ 130,968</u>	<u>\$ 144,000</u>

Central Montco Technical High School
Notes to Financial Statements
June 30, 2024

\$31,968 reported as deferred outflows of resources related to OPEB resulting from Technical School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,

2025	\$ (3,000)
2026	(5,000)
2027	(10,000)
2028	(21,000)
2029	(6,000)
	<u>\$ (45,000)</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined by rolling forward the PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return/Discount rate – 4.13% – S&P 20-Year Municipal Bond Rate. The discount rate changed from 4.06% to 4.13%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost method - Amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: the actual data for retirees benefiting under the OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.00%</u>	1.20%

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, 2023.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. Under the OPEB plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 4.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Technical School's proportionate share of the net OPEB liability	<u>\$ 533,672</u>	<u>\$ 533,722</u>	<u>\$ 533,762</u>

Central Montco Technical High School
Notes to Financial Statements
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Sensitivity of the Technical Schoo’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Technical School's proportionate share of the net OPEB liability	<u>\$ 603,435</u>	<u>\$ 533,722</u>	<u>\$ 475,367</u>

OPEB Plan Fiduciary Net Position

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

14. CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The Technical School receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. Technical School officials do not expect any significant adjustments as a result of these examinations.

Litigation

The Technical School is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

15. RISK MANAGEMENT

Property and Liability

The Technical School is exposed to various risks of loss 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 for all major programs. For insured programs, there were no significant reductions in insurance coverages for the year ended June 30, 2024. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Health Insurance

The Technical School along with other governmental entities from Pennsylvania and Delaware participate in the Delaware Valley Health Trust (the "Trust"). The Trust is a public entity risk pool designed to provide healthcare coverage for eligible employees, spouses and dependents. The Trust was established for the sole and exclusive benefit of the employees of the member governmental entities. While the Trust is self-funded, each member governmental entity receives a fully-insured equivalent rate which is guaranteed for twelve months and represents a total risk transfer to the Trust. The Technical School is not responsible for any additional assessments upon termination. The Trust assumes the risk for all claims including large claims and purchases commercial reinsurance for claims over \$1 million.

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Notes to Financial Statements
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16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 13, 2025, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2024 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**Central Montco Technical High School
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2024**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Local sources	\$ 9,002,092	\$ 7,557,136	\$ (1,444,956)
State sources	1,914,955	2,505,370	590,415
Federal sources	580,000	571,251	(8,749)
Total revenues	11,497,047	10,633,757	(863,290)
Expenditures			
Instructional services			
Vocational programs	5,161,205	4,920,917	240,288
Other instructional programs	14,873	1,564	13,309
Total instructional services	5,176,078	4,922,481	253,597
Support services			
Pupil support services	1,413,206	1,217,236	195,970
Administrative services	855,368	959,894	(104,526)
Pupil health	129,244	104,583	24,661
Business services	375,592	359,452	16,140
Operation and maintenance of plant services	1,393,193	1,295,475	97,718
Support services - central	271,305	172,021	99,284
Total support services	4,437,908	4,108,661	329,247
Operation of noninstructional services			
Student activities	68,752	66,463	2,289
Community services	10,000	-	10,000
Total operation of noninstructional services	78,752	66,463	12,289
Building acquisition and construction services	-	588,296	(588,296)
Debt Service	-	37,224	(37,224)
Total expenditures	9,692,738	9,723,125	(30,387)
Excess (deficiency) of revenues over (under) expenditures	1,804,309	910,632	(893,677)
Other financing sources (uses)			
Lease proceeds	-	104,583	104,583
Transfers out	(1,754,309)	(1,603,511)	150,798
Transfers in	-	588,296	588,296
Budgetary reserve	(50,000)	-	50,000
Total other financing sources (uses)	(1,804,309)	(910,632)	893,677
Net change in fund balance	\$ -	-	\$ -
Fund balances			
Beginning of year		550,000	
End of year		\$ 550,000	

See accompanying Notes to Required Supplementary Information

Central Montco Technical High School
Schedule of the Technical School's Proportionate Share of the Net Pension Liability -
PSERS
Year Ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement Date	06/30/2023	06/30/2022	06/30/2021	06/30/2020	06/30/2019
Technical School's proportion of the net pension liability	0.0294%	0.0308%	0.0297%	0.0309%	0.0280%
Technical School's proportionate share of the net pension liability	\$ 13,078,996	\$ 13,693,286	\$ 12,193,849	\$ 15,214,856	\$ 13,099,130
Technical School's covered-employee payroll	\$ 4,468,922	\$ 4,549,810	\$ 4,224,518	\$ 4,330,716	\$ 3,861,412
Technical School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	292.67%	300.96%	288.64%	351.32%	339.23%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement Date	06/30/2018	06/30/2017	06/30/2016	06/30/2015	06/30/2014
Technical School's proportion of the net pension liability	0.0270%	0.0271%	0.0277%	0.0280%	0.0280%
Technical School's proportionate share of the net pension liability	\$ 12,961,341	\$ 13,384,258	\$ 13,727,241	\$ 12,128,000	\$ 11,083,000
Technical School's covered-employee payroll	\$ 3,635,545	\$ 3,613,082	\$ 3,587,600	\$ 3,600,761	\$ 3,570,590
Technical School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	356.52%	370.44%	382.63%	336.82%	310.40%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	52.00%	50.00%	54.00%	57.00%

See accompanying Notes to Required Supplementary Information

Central Montco Technical High School
Schedule of the Technical School's Pension Plan Contributions - PSERS
Year Ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,666,351	\$ 1,542,225	\$ 1,537,181	\$ 1,413,753	\$ 1,441,586
Contributions in relation to the contractually required contribution	<u>1,666,351</u>	<u>1,542,225</u>	<u>1,537,181</u>	<u>1,413,753</u>	<u>1,441,586</u>
Contribution deficiency (excess)	-	-	-	-	-
Technical School's covered-employee payroll	\$ 4,995,057	\$ 4,468,922	\$ 4,549,810	\$ 4,224,518	\$ 4,330,716
Contributions as a percentage of covered-employee payroll	33.36%	34.51%	33.79%	33.47%	33.29%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,253,906	\$ 1,145,699	\$ 1,036,550	\$ 881,000	\$ 723,000
Contributions in relation to the contractually required contribution	<u>1,253,906</u>	<u>1,145,699</u>	<u>1,036,550</u>	<u>910,000</u>	<u>723,000</u>
Contribution deficiency (excess)	-	-	-	(29,000)	-
Technical School's covered-employee payroll	\$ 3,861,412	\$ 3,635,545	\$ 3,613,082	\$ 3,587,600	\$ 3,600,761
Contributions as a percentage of covered-employee payroll	32.47%	31.51%	28.69%	25.37%	20.08%

See accompanying Notes to Required Supplementary Information

Central Montco Technical High School
Schedule of the Technical School's Proportionate Share of the Net OPEB Liability -
PSERS
Year Ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement Date	06/30/2023	06/30/2022	06/30/2021	06/30/2020	06/30/2019
Technical School's proportion of the net OPEB liability	0.0295%	0.0309%	0.0298%	0.0309%	0.0280%
Technical School's proportionate share of the net OPEB liability	\$ 533,722	\$ 568,798	\$ 706,285	\$ 667,655	\$ 595,516
Technical School's covered-employee payroll	\$ 4,524,559	\$ 4,549,810	\$ 4,224,518	\$ 4,330,716	\$ 3,861,412
Technical School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.80%	12.50%	16.72%	15.42%	15.42%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%
	<u>2019</u>	<u>2018</u>			
Measurement Date	06/30/2018	06/30/2017			
Technical School's proportion of the net OPEB liability	0.0270%	0.0271%			
Technical School's proportionate share of the net OPEB liability	\$ 562,936	\$ 552,139			
Technical School's covered-employee payroll	\$ 3,635,545	\$ 3,613,082			
Technical School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.48%	15.28%			
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	6.00%			

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**Central Montco Technical High School
Schedule of the Technical School's OPEB Plan Contributions - PSERS
Year Ended June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 31,968	\$ 33,517	\$ 36,083	\$ 34,677	\$ 36,376	\$ 31,979	\$ 30,017	\$ 23,594
Contributions in relation to the contractually required contribution	31,968	33,517	36,083	34,677	36,376	31,979	30,017	23,594
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Technical School's covered-employee payroll	\$ 4,995,057	\$ 4,524,559	\$ 4,549,810	\$ 4,224,518	\$ 4,330,716	\$ 3,861,412	\$ 3,635,545	\$ 3,613,082
Contributions as a percentage of covered-employee payroll	0.64%	0.74%	0.79%	0.82%	0.84%	0.83%	0.83%	0.65%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

Central Montco Technical High School
Notes to Required Supplementary Information
Year Ended June 30, 2024

PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison for the General Fund

A budgetary comparison is presented for the general fund. This schedule presents the final budget as of the fiscal year-end, actual amounts at fiscal year-end, and any adjustments needed to present the amounts in accordance with generally accepted accounting principles (U.S. GAAP).

Schedule of the Technical School's Proportionate Share of the Net Pension Liability – PSERS

The schedule presents information on the Technical School's proportionate share of the net pension liability for the last 10 years.

Change in Benefit Terms

There were no changes in benefit terms since the previous valuations for Net Pension Liability - PSERS.

Changes in Assumptions

There were no changes in economic assumptions since the previous valuations for Net Pension Liability - PSERS.

Schedule of the Technical School's Proportionate Share of the Net OPEB Liability – PSERS

The schedule presents information on the Technical School's proportionate share of the net OPEB liability for the last 10 years.

Change in Benefit Terms

There were no changes in benefit terms since the previous valuation for OPEB – PSERS.

Change in Assumptions

There were no changes in economic assumptions since the previous valuations for OPEB – PSERS. The discount rate changed from 4.09% to 4.13% since the previous measurement for OPEB – PSERS.

Schedule of the Technical School's OPEB Plan Contributions – PSERS

The schedule presents information on the Technical School's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution for the last 10 years.

SUPPLEMENTARY INFORMATION

Central Montco Technical High School
Combining Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2024

	<u>Scholarship Fund</u>	<u>Student Activity Fund</u>	<u>Custodial Total</u>
Assets			
Cash	\$ 179,381	\$ 43,023	\$ 222,404
Investments	<u>227,155</u>	<u>-</u>	<u>227,155</u>
Total assets	<u>406,536</u>	<u>43,023</u>	<u>449,559</u>
Liabilities and Net Position			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Held for scholarships	406,536	-	406,536
Held for student activities	<u>-</u>	<u>43,023</u>	<u>43,023</u>
Total net position	<u>\$ 406,536</u>	<u>\$ 43,023</u>	<u>\$ 449,559</u>

Central Montco Technical High School
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended June 30, 2024

	Scholarship Fund	Student Activity Fund	Custodial Total
Additions			
Receipts from student groups	\$ -	\$ 3,929	\$ 3,929
Local contributions	1,916	-	1,916
Investment income (loss)	88,082	-	88,082
Total additions	<u>89,998</u>	<u>3,929</u>	<u>93,927</u>
Deductions			
Scholarships awarded and fees paid	53,129	-	53,129
Disbursements for student activities	-	21,769	21,769
Total deductions	<u>53,129</u>	<u>21,769</u>	<u>74,898</u>
Change in net position	36,869	(17,840)	19,029
Net position			
Beginning of year	<u>369,667</u>	<u>60,863</u>	<u>430,530</u>
End of year	<u>\$ 406,536</u>	<u>\$ 43,023</u>	<u>\$ 449,559</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Joint Operating Committee
Central Montco Technical High School
Plymouth Meeting, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Montco Technical High School (the Technical School), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Technical School's basic financial statements, and have issued our report thereon dated October 13, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Central Montco Technical High School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Technical School's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Technical School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 13, 2025

**Central Montco Technical High School
Schedule of Findings and Responses
June 30, 2024**

**Finding 2024-001
Internal Control Over Financial Reporting
Material Weakness in Internal Control**

Condition: As part of the audit, we proposed material audit adjustments to correct the Technical School's financial statements at year-end that had a significant effect on the Technical School's financial reporting.

The Student Activity Fund cash balance was overstated by \$29,206 due to revenues of \$9,354 recorded in the current year which were already recorded in the prior year, and an unrecorded/unreconciled transfer of \$19,852 from the Student Activity Fund to the General Fund. The unreconciled amount has been carried forward on the bank reconciliation from August 2023 through the current period.

In addition, various entries were required to reverse prior year accruals and record current year amounts.

Criteria: The Technical School's management is responsible for establishing and maintaining internal controls for the proper recording of all transactions in the financial statements. In particular revenues and expenditures should be recognized in the proper accounting period in line with generally accepted accounting principles.

Effect: The financial statements misrepresent the actual cash position, revenues, and expenditures of various funds.

Cause: The errors stemmed from challenges encountered during the implementation of the accounting system and the use of interim staffing during the year.

Repeat Finding: No

Recommendation: We recommend that the Technical School investigate and resolve variances in the bank reconciliation and establish a final review procedure for year-end balances to ensure the timely and accurate preparation of financial information in accordance with generally accepted accounting principles.

Auditee Response: Management is in agreement that resolving variances in the bank reconciliation process and implementing a final review of year-end balances are essential steps toward strengthening our financial reporting. To address this, we will enhance our reconciliation procedures to ensure timely identification and resolution of discrepancies. Additionally, we will establish a formal year-end review protocol to verify the accuracy and completeness of financial balances prior to reporting.



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