

JOINT OPERATING COMMITTEE

DIRECTOR'S REPORT

DECEMBER 16, 2020

NOTE: In addition to our regular business items, our meeting will focus on the reorganization of the Joint Operating Committee. This includes the election of a Chairperson and Vice-Chairperson for a one-year term.

ITEM 1: Recommend approval of Auditor's Report ending June 30, 2020. (Attachment #1)

ITEM 2: Recommend approval of Audit Engagement Letter. (Attachment #2)

SETH SCHRAM
ADMINISTRATIVE DIRECTOR

Att.# 1



November 25, 2020

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Central Montco Technical High School, Plymouth Meeting, Pennsylvania (the "*Technical School*") for the year ended June 30, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and the Uniform Guidance

As stated in our engagement letter dated October 17, 2019, our responsibility as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the Technical School's internal control. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Technical School's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

We are responsible for communicating significant matters, related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Technical School are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Technical School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation expense and the long-term liabilities recorded for the Technical School's net pension and net other post-employment benefit liabilities. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable to the financial statement as a whole.

The disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 25, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Technical School's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Joint Operating Committee
Central Montco Technical High School
November 25, 2020
Page Three

Other Matters

We applied certain limited procedures to required supplementary information ("**RSI**") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Joint Operating Committee and management of the Technical School and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

BBD, LLP

BBD, LLP



**Central Montco
Technical High School
Plymouth Meeting,
Pennsylvania
Montgomery County**

Financial Statements
Year Ended June 30, 2020



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Philadelphia, PA 19103

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Montco Technical High School, Plymouth Meeting, Pennsylvania, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Central Montco Technical High School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Central Montco Technical High School, Plymouth Meeting, Pennsylvania, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Central Montco Technical High School's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 OPEB liability - PSERS and OPEB plan contributions - PSERS on pages 3 through 9 and pages 37 through 41 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020, on our consideration of the Central Montco Technical High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Central Montco Technical High School's internal control over financial reporting and compliance.

BBD, LLP

Philadelphia, Pennsylvania
November 25, 2020

CENTRAL MONTCO TECHNICAL HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2020

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, 2020. 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 900 students. There are approximately 58 employees at the Technical School including 23 teachers, 3 administrators and 32 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

- In December 2019, an outbreak of a novel strain of coronavirus ("**COVID-19**") was identified and has since spread worldwide including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 14, 2020, Pennsylvania Governor Tom Wolf ordered the closure of the physical location of every "non-essential business" in Montgomery County, Pennsylvania for what was an extended period of time resulting in a disruption of Technical School services.
- On a government-wide basis, including all governmental activities, the liabilities and deferred inflows of resources of the Technical School exceeded assets and deferred outflows of resources of the Technical School resulting in a deficit in total net position at the close of the 2019-2020 fiscal year of \$176,197. During the 2019-2020 fiscal year the Technical School had an increase in total net position of \$809,104.
- The General Fund reported no change in fund balance which remained at \$550,001 at the conclusion of the 2019-2020 fiscal year. At June 30, 2020, the General Fund fund balance includes \$250,000 committed to retirement rate stabilization and \$300,001 was unassigned and represented 2.85% of the 2020-2021 General Fund expenditures budget of \$10,527,900.
- The Capital Projects Fund reported a decrease in fund balance of \$57,986, resulting in a fund balance of \$231,196 at June 30, 2020.

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, 2020

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 10 and 11 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 three categories: governmental funds, proprietary 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 12 through 15 of this report.

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.

CENTRAL MONTCO TECHNICAL HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2020

The fiduciary fund financial statements can be found on Pages 16 and 17 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 18 through 36 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 37 through 41 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 2019-2020 fiscal year the Technical School's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$176,197. The following table presents condensed information for the *Statement of Net Position (Deficit)* of the Technical School at June 30, 2020 and 2019.

	Governmental Activities	
	2020	2019
ASSETS		
Current assets	\$ 3,251,618	\$ 3,624,423
Noncurrent assets	<u>17,364,752</u>	<u>17,901,694</u>
Total assets	<u>20,616,370</u>	<u>21,526,117</u>
DEFERRED OUTFLOWS		
Deferred amount on debt refunding	258,223	311,315
Deferred charges – OPEB	78,304	44,979
Deferred charges - pension	<u>1,992,798</u>	<u>1,666,023</u>
Total deferred outflows	<u>2,329,325</u>	<u>2,022,317</u>
LIABILITIES		
Current liabilities	2,497,383	2,818,738
Noncurrent liabilities	<u>19,967,509</u>	<u>21,223,997</u>
Total liabilities	<u>22,464,892</u>	<u>24,042,735</u>
DEFERRED INFLOWS		
Deferred credits – OPEB	27,000	32,000
Deferred credits - pension	<u>630,000</u>	<u>459,000</u>
Total deferred outflows	<u>657,000</u>	<u>491,000</u>
NET POSITION (DEFICIT)		
Net investment in capital assets	11,603,713	10,820,390
Restricted	231,196	289,182
Unrestricted (deficit)	<u>(12,011,106)</u>	<u>(12,094,873)</u>
Total net position (deficit)	<u>\$ (176,197)</u>	<u>\$ (985,301)</u>

CENTRAL MONTCO TECHNICAL HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2020

The Technical School's total assets as of June 30, 2020 were \$20,616,370 of which \$2,574,227 or 12.49% consisted of cash and \$17,364,752 or 84.23% consisted of the Technical School's investment in capital assets. The Technical School's total liabilities as of June 30, 2020 were \$22,464,892 of which \$6,019,262 or 26.79% consisted of a lease rental payable, proceeds from which were used to acquire and construct capital assets and \$13,099,130 or 58.31% consisted of the actuarially determined net pension liability.

The Technical School had a deficit in unrestricted net position of \$12,011,106 as of June 30, 2020. The Technical School's unrestricted net position increased by \$83,767 during 2019-2020 primarily due to the current year results of operations.

A portion of the Technical School's net position reflects its restricted net position which totaled \$231,196 as of June 30, 2020. All of the Technical School's restricted net position is related to amounts restricted for capital expenditures.

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 2019-2020, the Technical School's net investment in capital assets increased by \$783,323 because the debt used to acquire the capital assets was being repaid faster than the capital assets were being depreciated and capital assets were acquired with funding sources other than long-term debt.

The following table presents condensed information for the *Statement of Activities* of the Technical School for 2020 and 2019:

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
REVENUES		
Program revenues		
Charges for services	\$ 96,558	\$ 83,870
Operating grants and contributions	3,369,944	3,098,568
Capital grants and contributions	60,805	24,608
General revenues		
Receipts from member districts	5,846,192	5,634,918
Receipts from nonmember districts	498,227	364,609
Investment earnings	13,771	28,696
Total revenues	<u>9,885,497</u>	<u>9,235,269</u>
EXPENSES		
Instruction	4,672,345	4,147,501
Instructional student support services	1,303,416	1,066,875
Administrative and financial support services	1,649,017	1,597,888
Operation and maintenance of plant services	1,185,239	1,256,001
Student activities	29,694	54,194
Community services	(3,042)	7,025
Interest and amortization related to long-term debt	239,724	279,310
Total expenses	<u>9,076,393</u>	<u>8,408,794</u>
CHANGE IN NET POSITION (DEFICIT)	<u>\$ 809,104</u>	<u>\$ 826,475</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, 2020

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, 2020, the Technical School's governmental funds reported a combined fund balance of \$781,197 which is a decrease of \$57,986 from the prior year. The following table summarizes the Technical School's total governmental fund balances as of June 30, 2020 and 2019 and the total 2020 change in governmental fund balances.

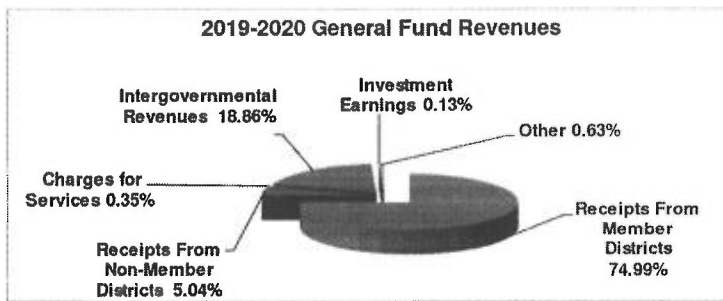
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>
General Fund	\$550,001	\$550,001	\$ -
Capital Projects Fund	231,196	289,182	(57,986)
	<u>\$781,197</u>	<u>\$839,183</u>	<u>\$(57,986)</u>

GENERAL FUND

The General Fund is the Technical School's primary operating fund. At both June 30, 2020 and 2019, the General Fund unassigned fund balance was \$300,001. 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. During 2019-2020, 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 2019-2020 fiscal year.

The Technical School's reliance upon receipts from member districts is demonstrated by the graph below that indicates 74.99% of General Fund revenues are derived from this source.



General Fund Revenues

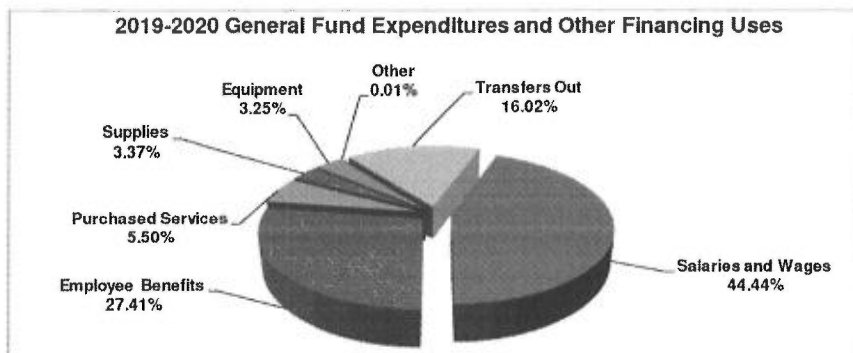
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Receipts from member districts	\$7,412,696	\$7,199,241	\$213,455	2.96
Receipts from nonmember districts	498,227	364,609	133,618	36.65
Charges for services	34,330	54,170	(19,840)	(36.63)
Intergovernmental revenues	1,864,245	1,558,853	305,392	19.59
Investment earnings	12,812	26,357	(13,545)	(51.39)
Miscellaneous	62,227	29,699	32,528	109.53
	<u>\$9,884,537</u>	<u>\$9,232,929</u>	<u>\$651,608</u>	<u>7.06</u>

CENTRAL MONTCO TECHNICAL HIGH SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2020

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.



General Fund Expenditures and Other Financing Uses

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$4,393,151	\$3,923,670	\$ 469,481	11.97
Employee benefits	2,709,011	2,386,745	322,266	13.50
Purchased services	543,266	662,718	(119,452)	(18.02)
Supplies	333,317	328,396	4,921	1.50
Equipment	321,660	366,208	(44,548)	(12.60)
Other	932	867	65	7.50
Transfers out	<u>1,583,200</u>	<u>1,564,325</u>	<u>18,875</u>	<u>1.21</u>
	<u>\$9,884,537</u>	<u>\$9,232,929</u>	<u>\$ 651,608</u>	<u>7.06</u>

Transfers out represent transfers to the Capital Projects Fund to subsidize debt service requirements under the Technical School's lease rental payable and capital expenditures.

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 \$57,986. The remaining fund balance of \$231,196 as of June 30, 2020 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.