

## MIDDLE BUCKS MEMORANDUM

TO: Middle Bucks Area Vocational Technical School Authority Members

FROM: Dr. Mark Covelle, Administrative Director

DATE: April 14, 2023

SUBJECT: April 20, 2023 – Middle Bucks Area Vocational Technical School Authority Meeting

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Attached please find the packet for the April 20, 2023 Middle Bucks Area Vocational Technical School Authority meeting. The meeting will be held in Room 101 at 5:30 pm. If you have any questions or concerns, please feel free to call me.

MC/rj

### Attachments

Distribution: Barry L. Pflueger, Jr., Chairperson  
David Ely  
Charles Kleinschmidt  
Hon. Bernie O'Neill  
Greg Rodgers  
Christopher Mahoney, Esquire

cc: Warren Anders  
Frank Ayata

# MIDDLE BUCKS AVTS AUTHORITY

April 20, 2023 – 5:30 p.m.

Room 101

## MEETING AGENDA

1. Approval of January 12, 2023 Minutes. (Attachment 1)
2. Review of Cash Activity – Authority & Bond Accounts (To Be Distributed)
3. A motion to approve payment of invoices/bills (To Be Distributed)
4. Culinary Arts – Refrigerator/Freezer Update
5. Welding Lab Project Update
6. Roof Update
  - Roof A,B,C
  - Garage Roof
  - MBIT v Carlisle
7. A motion to receive and file the Annual Independent Local Auditors' Report and SAS 114 Letter prepared by Maillie, LLP for fiscal year ended June 30, 2022 (Attachment 2)
8. Discuss next meeting date
9. Adjournment

**MINUTES OF MIDDLE BUCKS AREA**  
**VOCATIONAL TECHNICAL SCHOOL AUTHORITY**  
**MEETING OF January 12, 2023**

A duly advertised meeting of the Middle Bucks Area Vocational Technical School Authority was called to order at 5:30 P.M. on Thursday, January 12, 2023, by Chairman Barry L. Pflueger, Jr. In addition to Mr. Pflueger, Jr., the following persons were present at the meeting: Authority Members David Ely, Honorable Bernie O'Neill, and Greg Rodgers. Also present at the meeting were Dr. Mark Covelle, Administrative Director; Frank Ayata, Business Manager; Warren Anders, Facility Supervisor; and Christopher S. Mahoney, for the Solicitor.

After discussion, and upon motion made by Mr. Ely, seconded by Mr. O'Neill and carried, all Members present voting aye, the Minutes of the October 13, 2022 meeting were approved.

Frank Ayata reviewed the cash activity of the Authority for the period through November 30, 2022.

Copies of the bills submitted to the Authority for payment were circulated to the Authority Members for review prior to the meeting. The bills presented constituted bills to be paid from the U.S. Bank Bond Administration Expense Fund, Series 2020. Upon motion made by Mr. Ely, seconded by Mr. O'Neill and carried, all Members voting aye, the bills were approved for payment out of that account contingent on Mr. Ayata confirming with the Trustee that the Administrative Account could pay the bills and if paying the bills out of the

Administrative account proved problematic, they would be paid out of the local First National Bank account. A true and correct copy of a list of the bills being authorized to be paid is attached hereto, made a part hereof and marked Exhibit "A."

Mr. Anders provided updates on the culinary arts, refrigerator/freezer project and the welding lab project. The same contractor, Speedwell Construction, submitted a proposal on each job and is the only entity having submitted a proposal/bid on either project. The bid process was completed and closed on both projects. Mr. Anders has been happy with Speedwell's responsiveness and their qualifications for both jobs. The bids were approved by the Executive Counsel and attached to the packet circulated to the Members. On motion made by Mr. O'Neill, seconded by Mr. Ely, all members present voting aye, the Board approved Speedwell's bid on the Culinary Arts, Refrigerator/Freezer project. On Motion made by Mr. Ely, seconded by Mr. Rodgers, all members present voting aye, the Board approved Speedwell's bid on the welding lab project.

Mr. Anders provided an update on Roof Sections LMNO. The project was largely complete, but for some minor punch list items and a small patch. Mr. Anders was happy with Munn Roofing's work.

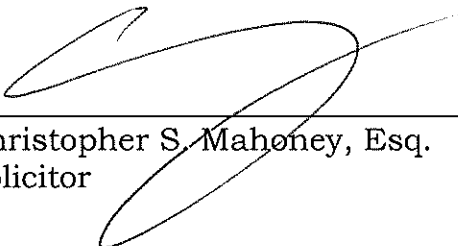
Mr. Anders provided an update on Roof Sections A-B-C and the roof over the garage. The Executive Counsel has approved the contracts proposed by Munn Roofing, which were obtained through RoofConnect Logistics. The Contracts were provided with the Member's packets in advance of the Meeting.

On Motion made by Mr. Ely and seconded by Mr. O'Neill, all members present voting aye, the Contracts were approved.

Mr. Anders provided an update on the North Plaza Concrete project. The project was completed. There is a small issue with the inability to utilize sodium products on the completed concrete for months, but the school and Mr. Anders have a system for both clearing snow/ice and closing off the area to keep students away.

The next meeting has been tentatively scheduled for Thursday, April 20, 2023.

There being no further business to come before the Authority the regular meeting was duly adjourned at 6:17 o'clock P.M. and the Members entered Executive Session to discuss a matter of ongoing litigation. The Members returned from Executive Session at 6:27 P.M. No further action was taken and the meeting was concluded.



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Christopher S. Mahoney, Esq.  
Solicitor

**REPORT DATE**

To the Board of Directors  
Middle Bucks Area  
Vocational-Technical School Authority  
Jamison, Pennsylvania

We have audited the financial statements of the Middle Bucks Area Vocational-Technical School Authority as of and for the year ended June 30, 2022, and have issued our report thereon dated AUDITORS REPORT DATE. Professional standards require that we advise you of the following matters relating to our audit.

**OUR RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENT AUDIT**

As communicated in our engagement letter dated April 27, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with the modified cash basis of accounting. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Middle Bucks Area Vocational-Technical School Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also 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 for the purpose of identifying other matters to communicate to you.

To the Board of Directors  
Middle Bucks Area  
Vocational-Technical School Authority - 2 -

REPORT DATE

## **PLANNED SCOPE AND TIMING OF THE AUDIT**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## **SIGNIFICANT RISKS IDENTIFIED**

We have identified the following significant risks:

- Risk of Management Override of Internal controls - Even though internal control over financial reporting may appear to be well-designed, controls that are otherwise effective can be overridden by management.
- Risk of improper revenue recognition: Risk that revenue will improperly be recognized due to management override of controls or fraud.

## **QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES**

### **Significant Accounting Policies**

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Middle Bucks Area Vocational-Technical School Authority is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the Board of Directors  
Middle Bucks Area  
Vocational-Technical School Authority

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REPORT DATE

### **Significant Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

There are no sensitive accounting estimates affecting the financial statements.

### **Financial Statement Disclosures**

The financial statement disclosures are neutral, consistent and clear.

### **SIGNIFICANT UNUSUAL TRANSACTIONS**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures that were brought to the attention of management

### **SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **UNCORRECTED AND CORRECTED MISSTATEMENTS**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances, or disclosures and the financial statements as a whole. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as whole.

### **DISAGREEMENTS WITH MANAGEMENT**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Middle Bucks Area Vocational-Technical School Authority's financial statements or the auditors' report. No such disagreements arose during the course of the audit.



To the Board of Directors  
Middle Bucks Area  
Vocational-Technical School Authority

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REPORT DATE

## **REPRESENTATIONS REQUESTED FROM MANAGEMENT**

We have requested certain written representations from management, which are included in the management representation letter dated REPORT DATE.

## **MANAGEMENT'S CONSULTATIONS WITH OTHER ACCOUNTANTS**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **OTHER SIGNIFICANT MATTERS, FINDINGS OR ISSUES**

In the normal course of our professional association with the Middle Bucks Area Vocational-Technical School Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Middle Bucks Area Vocational-Technical School Authority's auditors.

This report is intended solely for the information and use of the Board of School Directors and management of the Middle Bucks Area Vocational-Technical School Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

MAILLIE LLP  
*Certified Public Accountants and  
Business Consultants*

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

*Year Ended June 30, 2022*

## **INTRODUCTORY SECTION**

DRAFT

# MIDDLE BUCKS AREA VOCATIONAL- TECHNICAL SCHOOL AUTHORITY

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YEAR ENDED JUNE 30, 2022

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**FINANCIAL SECTION**

DRAFT

## ***Independent Auditors' Report***

To the Board of Directors  
Middle Bucks Area  
Vocational-Technical School Authority  
Jamison, Pennsylvania

### ***Opinions***

We have audited the modified cash basis financial statements of the business-type activities of Middle Bucks Area Vocational-Technical School Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Middle Bucks Area Vocational-Technical School Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities of Middle Bucks Area Vocational-Technical School Authority as of June 30, 2022, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Middle Bucks Area Vocational-Technical School Authority 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.

### ***Emphasis of Matter — Basis of Accounting***

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

To the Board of Directors  
 Middle Bucks Area  
 Vocational-Technical School Authority  
 Jamison, Pennsylvania

### ***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 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, 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 Middle Bucks Area Vocational-Technical School Authority'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 Middle Bucks Area Vocational-Technical School Authority'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 on **page 5** 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 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.

To the Board of Directors  
Middle Bucks Area  
Vocational-Technical School Authority  
Jamison, Pennsylvania

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Middle Bucks Area Vocational-Technical School Authority's basic financial statements. The bond and lease schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Limerick, Pennsylvania  
DATE



**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
YEAR ENDED JUNE 30, 2022

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Middle Bucks Area Vocational-Technical School Authority's discussion and analysis offers readers of the Authority's financial statements a narrative overview and analysis of the Authority's financial activities for the fiscal years ended June 30, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements, notes to the financial statements and supplementary information that immediately follow this discussion.

**FINANCIAL HIGHLIGHTS**

The assets of the Authority exceeded its liabilities as of June 30, 2022 and 2021, respectively, by \$345,280 and \$810,016. The net position may be used for Authority operations except for funds held in trust, which are restricted. As of June 30, 2022 and 2021, restricted trust funds were \$340,399 and \$807,959, respectively.

The Authority's net assets decreased by \$464,736 in the fiscal year ended June 30, 2022, compared to an increase of \$678,308 for the fiscal year ended June 30, 2021. The decrease was from the issuance and proceeds of the 2020 Bond in the prior year and funds being used to fund concrete and roof projects.

The Authority's long-term debt consists of the Series of 2015 and 2020 bonds which totaled \$9,485,000 and \$10,755,000 at June 30, 2022 and 2021, respectively.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. These basic financial statements are comprised of the government-wide financial statements presented in the statement of net position, similar to businesses in the private sector. This report also contains other supplementary information in addition to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide reader with an overview of the Authority's financial position in a manner similar to a business in the private sector.

The statement of net position-modified cash basis presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. The statement of activities – modified cash basis presents information the Authority's revenues and expenditures, with the difference reported as the change in net position.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Authority's financial statements. The notes can be found immediately following the basic financial statements in this report.

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**

STATEMENT OF NET POSITION--MODIFIED CASH BASIS  
JUNE 30, 2022

**ASSETS**
**CURRENT ASSETS**

Cash - operating	\$ 1,774
Funds held by trustee	343,506
Lease rentals receivable	<u>9,485,000</u>

TOTAL ASSETS	\$ <u><u>9,830,280</u></u>
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**LIABILITIES AND NET POSITION**
**LIABILITIES**
**CURRENT LIABILITIES**

Bonds payable - guaranteed lease revenue bonds	\$ 1,290,000
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**NONCURRENT LIABILITIES**

Bonds payable - guaranteed lease revenue bonds	<u>8,195,000</u>
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TOTAL LIABILITIES	<u>9,485,000</u>
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**NET POSITION**

Restricted	340,399
Unrestricted	<u>4,881</u>

TOTAL NET POSITION	<u>345,280</u>
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TOTAL LIABILITIES AND NET POSITION	\$ <u><u>9,830,280</u></u>
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See accompanying notes to the basic financial statements.

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**
**STATEMENT OF ACTIVITIES--MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2022**
**OPERATING REVENUES**

Lease rental interest collected	\$ 189,462
Administrative fees collected	8,000
<b>TOTAL OPERATING REVENUES</b>	<b><u>197,462</u></b>

**OPERATING EXPENDITURES**

Advertising	808
Construction services	464,222
Legal and professional fees	4,260
Trustee fees	3,750
Interest paid on bonds	189,462
<b>TOTAL OPERATING EXPENDITURES</b>	<b><u>662,502</u></b>

**OPERATING INCOME (LOSS)** (465,040)

**NONOPERATING REVENUES**

Interest	<u>304</u>
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**CHANGE IN NET POSITION** (464,736)

**NET POSITION AT BEGINNING OF YEAR** 810,016

**NET POSITION AT END OF YEAR** \$ 345,280

*See accompanying notes to the basic financial statements.*

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Middle Bucks Area Vocational-Technical School Authority was incorporated under the Pennsylvania Municipality Authorities Act of 1945, pursuant to resolutions and agreements adopted by the Middle Bucks Institute of Technology (formerly the Middle Bucks Area Vocational-Technical School) and the Centennial School District, Central Bucks School District, New Hope-Solebury School District and Council Rock School District.

**Basis of Accounting**

The Authority prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 as business-type activities and the statements are prepared on the modified cash basis that includes the recording of lease rentals receivable and bonds payable. Under the modified cash basis of accounting, revenues and the related assets are generally recognized when received and expenses are generally recognized when paid.

**Leases**

Middle Bucks Area Vocational-Technical School Authority uses the "financing method" for accounting for leases. This method considers that fixed assets acquired by the Authority are in reality assets of the technical school or the member districts, and that the Authority should include in its assets only that portion of future rentals which will be collected and applied to retire the outstanding debt.

**Subsequent Events**

Management has evaluated subsequent events through \_\_\_\_\_, which is the date the financial statements were available to be issued.

**NOTE B - CASH/FUNDS HELD BY TRUSTEE**

**Deposits**

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk.

The Authority's cash as of June 30, 2022, had a carrying balance of \$1,774 and bank balance of \$1,774. Cash held in banks is insured up to \$250,000.

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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**NOTE B - CASH/FUNDS HELD BY TRUSTEE (Continued)**

**Investments**

Funds held by Trustee as of June 30, 2022, consisted of the following:

Series of 2015 and 2020	
U.S. Bank	
Money market account	\$ <u>343,506</u>
Total Funds Held by Trustee	\$ <u>343,506</u>

Funds are held in the name of the trustee, collateralized with securities held by the trustee, in accordance with applicable state law. Investments are carried at cost, which approximates market value.

**Interest Rate Risk** - The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - The Authority has no investment policy that would limit its investment choices to certain credit ratings.

**Concentration of Credit Risk** - The Authority places no limit on the amount the Authority may invest in any one issuer. As of June 30, 2022, the Authority did not have any investments subject to concentration of credit risk.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of June 30, 2022, the bank balance of investments is covered by federal depository insurance up to \$250,000 and the amount in excess of the FDIC insurance was \$93,506. Under Act 72 of 1971, public funds are collateralized under substantially the same term as deposits of the Federal Government and are held in a special custodian account of pooled assets. All deposits are secured by the pool.

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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**NOTE C - LEASE AGREEMENTS**

On December 1, 2015, the Authority advance refunded the remaining portion of its Series of 2006 and called 2003 bonds. The Authority issued \$6,345,000 of bonds to call \$610,000 of the 2003 bonds and refund \$5,390,000 of the 2006 bonds with higher interest rates and generated excess funds of \$414,716 to use for renovations. Additional lease rental payments will equal the debt service on the new bond issue dated December 1, 2015. This lease has also been assigned as collateral to the indenture trustee, U.S. Bank. As of June 2022, the remaining rentals to be paid under the leases total \$178,720 plus \$4,000 annually for administrative expenses), as follows:

	Lease Dated December 1, 2015
Total minimum lease payments to be received	\$ 178,720
Less unearned income	<u>(3,720)</u>
Net investment in direct financing leases	<u>\$ 175,000</u>

At June 30, 2022, minimum lease payments the remaining fiscal year are as follows:

Year Ending June 30,	
<u>2023</u>	\$ <u>178,720</u>

The rental payments necessary to service the Authority's bond issue are shared by the four participating School Districts on the basis of real estate market values furnished by the Pennsylvania Tax Equalization Division, formerly known as the State Tax Equalization Board.

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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**NOTE C - LEASE AGREEMENTS (Continued)**

On December 30, 2020, the Authority advance refunded the remaining portion of its Series of 2014 bonds. The Authority issued \$9,810,000 of bonds to refund \$9,145,000 of the 2014 bonds with higher interest rates and generated excess funds of \$809,758 to use for renovations. Additional lease rental payments will equal the debt service on the new bond issue dated December 30, 2020. This lease has also been assigned as collateral to the indenture trustee, U.S. Bank. As of June 2022, the remaining rentals to be paid under the leases total \$10,019,375 plus \$4,000 annually for administrative expenses), as follows:

	Lease Dated December 30, 2020
Total minimum lease payments to be received	\$ 10,019,375
Less unearned income	<u>(709,375)</u>
Net investment in direct financing leases	<u>\$ 9,310,000</u>

At June 30, 2022, minimum lease payments for the succeeding fiscal years are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 1,275,725
2024	1,454,000
2025	1,459,350
2026	1,456,000
2027	1,459,100
2028-2029	<u>2,915,200</u>
	<u>\$ 10,019,375</u>

The rental payments necessary to service the Authority's bond issue are shared by the four participating School Districts on the basis of real estate market values furnished by the Pennsylvania Tax Equalization Division, formerly known as the State Tax Equalization Board.

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE C - LEASE AGREEMENTS (Continued)**

For the year ending June 30, 2023, the estimated base rental distribution for the four participating School Districts will be:

	Proportionate Share of Real Estate Market Value	Estimated Gross Rental	
		Lease Dated December 1, 2015	Lease Dated December 30, 2020
Centennial	13.3805%	\$ 23,914	\$ 170,698
Central Bucks	46.6939%	83,451	595,686
Council Rock	32.0356%	57,254	408,686
New Hope-Solebury	7.8900%	14,101	100,655
	<u>100.0000%</u>	<u>\$ 178,720</u>	<u>\$ 1,275,725</u>

**NOTE D - BONDS PAYABLE**

**Series of 2015**

On October 27, 2015, the Authority authorized the issuance of Guaranteed Revenue Bonds, Series of 2015, totaling \$6,345,000. The purpose of the issue was to finance the redemption of \$610,000 of outstanding Guaranteed Lease Revenue Bonds, Series of 2003 and advance refund \$5,390,000 of outstanding guaranteed Lease Revenue Bonds, Series of 2006 and generate excess funds of \$414,716 to use for renovations. These bonds were issued pursuant to and secured by the Authority's Trust Indenture dated December 1, 2015.

The Series of 2015 bonds are dated December 1, 2015 and pay interest semi-annually on February 15 and August 15 of each year until maturity or redemption. The bonds carry interest rates ranging from .75% to 4.0%. They will mature on various dates between February 15, 2020 and February 15, 2023. The bonds maturing on and after February 15, 2022 are subject to early redemption.

Maturities for future years are as follows:

<u>Maturing on February 15</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
2023	\$ <u>175,000</u>	<u>3,720</u>	\$ <u>178,720</u>



**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022

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**NOTE D - BONDS PAYABLE (Continued)**

**Series of 2020**

On December 30, 2020, the Authority authorized the issuance of Guaranteed Revenue Bonds, Series of 2020, totaling \$9,810,000. The purpose of the issue was to finance the refund of \$9,145,000 of outstanding guaranteed Lease Revenue Bonds, Series of 2014 and generate excess funds of \$809,758 to use for renovations. These bonds were issued pursuant to and secured by the Authority's Trust Indenture dated December 30, 2020.

The Series of 2020 bonds are dated December 30, 2020 and pay interest semi-annually on February 15 and August 15 of each year until maturity or redemption. The bonds carry interest rates ranging from 1.0% to 2.0%. They will mature on various dates between February 15, 2021 and February 15, 2029. The bonds maturing on and after February 15, 2027 are subject to early redemption.

Maturities for future years are as follows:

<u>Maturing on February 15</u>	<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>
2023	\$ 1,115,000	\$ 160,725	\$ 1,275,725
2024	1,310,000	144,000	1,454,000
2025	1,335,000	124,350	1,459,350
2026	1,345,000	111,000	1,456,000
2027	1,375,000	84,100	1,459,100
2028-2029	2,830,000	85,200	2,915,200
	<u>\$ 9,310,000</u>	<u>\$ 709,375</u>	<u>\$ 10,019,375</u>

**SUPPLEMENTARY INFORMATION**

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**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**

GUARANTEED LEASE REVENUE BONDS - SERIES OF 2015  
JUNE 30, 2022

<u>Original Amount</u>	<u>Maturing on February 15 of Year</u>	<u>Interest Rate</u>	<u>Interest Due For Year-End June 30</u>
\$ <u>175,000</u>	2023	2.13%	\$ <u>3,720</u>

**NOTES**

1) The amount of Bonds Outstanding at June 30, 2022 was \$175,000.

2) Redemption Prior to Maturity

The bonds maturing on or after February 15, 2022 are subject to redemption prior to maturity upon payment of the principal amount plus accrued interest on any date on or after February 15, 2021.

3) Trustee - U.S. Bank, Philadelphia, Pennsylvania

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**

SUMMARY OF REMAINING OBLIGATIONS UNDER THE BOND ISSUE -  
SERIES OF 2015  
JUNE 30, 2022

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Date of Final Maturity	February 15, 2023
Obligations to be met	
Bonds outstanding	\$ 175,000
Interest payments due to final maturity	3,720
Estimated Authority expenses to final maturity	4,000
Total obligations to be met	<u>182,720</u>
Less amount to be provided	
Rents to be collected to final maturity	178,720
Additional rents to be collected for administration expenses	4,000
Total deductions	<u>182,720</u>
Excess of amounts to be provided over obligations to be met	\$ <u><u>-</u></u>

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**

SUMMARY OF LEASE PAYMENTS DUE - SERIES OF 2015  
JUNE 30, 2022

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Rentals due under the lease dated December 1, 2015

<u>School Year Ending June 30,</u>	<u>August 15</u>	<u>February 15</u>	<u>Annual Rentals</u>
2023	\$ 1,860	\$ 176,860	\$ <u>178,720</u>
Future rents to be received			\$ <u><u>178,720</u></u>

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**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**

GUARANTEED LEASE REVENUE BONDS - SERIES OF 2020  
JUNE 30, 2022

Original Amount	Maturing on February 15 of Year	Interest Rate	Interest Due For Year-End June 30
\$ 1,115,000	2023	1.50%	\$ 160,725
1,310,000	2024	1.50%	144,000
1,335,000	2025	1.00%	124,350
1,345,000	2026	2.00%	111,000
1,375,000	2027	2.00%	84,100
1,400,000	2028	2.00%	56,600
1,430,000	2029	2.00%	28,600
<u>\$ 9,310,000</u>			<u>\$ 709,375</u>

**NOTES**

1) The amount of Bonds Outstanding at June 30, 2022 was \$9,310,000

2) Redemption Prior to Maturity

The bonds maturing on or after February 15, 2027 are subject to redemption prior to maturity upon payment of the principal amount plus accrued interest on any date on or after February 15, 2026.

3) Trustee - U.S. Bank, Philadelphia, Pennsylvania

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**

SUMMARY OF REMAINING OBLIGATIONS UNDER THE BOND ISSUE -  
SERIES OF 2020  
JUNE 30, 2022

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Date of Final Maturity	February 15, 2029
Obligations to be met	
Bonds outstanding	\$ 9,310,000
Interest payments due to final maturity	709,375
Estimated Authority expenses to final maturity	28,000
Total obligations to be met	<u>10,047,375</u>
Less amount to be provided	
Rents to be collected to final maturity	10,019,375
Additional rents to be collected for administration expenses	28,000
Total deductions	<u>10,047,375</u>
Excess of amounts to be provided over obligations to be met	\$ <u><u>-</u></u>

**MIDDLE BUCKS AREA VOCATIONAL-  
TECHNICAL SCHOOL AUTHORITY**

SUMMARY OF LEASE PAYMENTS DUE - SERIES OF 2020  
JUNE 30, 2022

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Rentals due under the lease dated December 30, 2020

<u>School Year Ending June 30,</u>	<u>August 15</u>	<u>February 15</u>	<u>Annual Rentals</u>
2023	\$ 80,362	\$ 1,195,363	\$ 1,275,725
2024	72,000	1,382,000	1,454,000
2025	62,175	1,397,175	1,459,350
2026	55,500	1,400,500	1,456,000
2027	42,050	1,417,050	1,459,100
2028	28,300	1,428,300	1,456,600
2029	14,300	1,444,300	1,458,600
			<u>\$ 10,019,375</u>