Monroe Career and Technical Institute
Bartonsville, Pennsylvania
Monroe County

Financial Statements
Year Ended June 30, 2019

1835 Market Street, 3rd Floor
Philadelphia, PA 19103

215/567-7770 | bbdcpa.com

MONROE CAREER AND TECHNICAL INSTITUTE

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INDEPENDENT AUDITOR'S REPORT

Joint Operating Committee
Monroe Career and Technical Institute
Bartonsville, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe Career and Technical Institute, Bartonsville, Pennsylvania, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Monroe Career and Technical Institute'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Monroe Career and Technical Institute, Bartonsville, Pennsylvania, as of June 30, 2019, 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 Monroe Career and Technical Institute's 2018 financial statements, and we expressed unmodified opinions on those audited financial statements in our report dated January 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 MCTI's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of MCTI's proportionate share of the net OPEB liability -PSERS and OPEB plan contributions - PSERS on pages 3 through 11 and 43 through 48 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 January 21, 2020, on our consideration of the Monroe Career and Technical Institute'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 Monroe Career and Technical Institute's internal control over financial reporting and compliance.

BBD, LLP

Philadelphia, Pennsylvania
January 21, 2020

Management's discussion and analysis (***"MD&A"***) of the financial performance of Monroe Career and Technical Institute, Bartonsville, Pennsylvania (***"MCTI"***) provides an overview of MCTI's financial performance for fiscal year ended June 30, 2019. Readers should also review the basic financial statements and related notes to enhance their understanding of MCTI's financial performance.

MCTI PROFILE

MCTI is a career and technical school, located in Monroe County, Pennsylvania, serving Pocono Mountain, East Stroudsburg, Pleasant Valley and Stroudsburg Area school districts and consists of approximately 1,068 students. In addition, MCTI has an adult education program consisting of approximately 592 students. The adult education program provides career and technical training, customized job training, self-improvement courses and special interest courses to members of the community. There are approximately 75 full-time employees at MCTI including 37 teachers, 7 administrators and 31 support personnel, including secretaries, clerks, maintenance and custodial staff, cafeteria staff and instructional aides. Also, there are approximately 27 part-time teachers for the adult education program.

The mission of MCTI is to educate students for successful careers and to inspire lifelong learning in a changing 21st century global economy.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, including all governmental activities and business-type activities, the liabilities and deferred inflows of resources of MCTI exceeded assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2018-2019 fiscal year of $1,369,478. During the 2018-2019 fiscal year, MCTI had an increase in total net position of $774,505. The net position of the governmental activities increased by $1,012,844 and the net position of business-type activities decreased by $238,339.

- The General Fund reported a decrease in fund balance of $155,763, bringing the cumulative balance to $942,475 at the conclusion of the 2018-2019 fiscal year.

- At June 30, 2019, the General Fund fund balance includes $8,979 which is considered nonspendable, $56,783 committed to grant matching, $325,845 committed to house construction, $248,256 committed to anticipated increases in MCTI's required share of retirement contributions, $302,562 committed to adult education and unassigned amounts of $50.

  - ♦ Unassigned fund balance amounts remaining in excess of $50 at June 30 are credited to each member district in the same proportion as operating expenditures were allocated and recorded as due to member districts in accordance with the Articles of Agreement.

  - ♦ Committed grant matching represents amounts committed to matching Commonwealth of Pennsylvania grants.

  - ♦ Amounts committed to house construction represent proceeds from the sale of student-built houses deposited in a designated interest-bearing cash account to be used to construct current and future student-built housing projects.

  - ♦ In 2009, the Joint Operating Committee (the ***"JOC"***) committed the excess revenue over expenditures in the General Fund totaling $771,000 to offset anticipated increases in MCTI's required share of retirement contributions in lieu of crediting the excess to member districts. This amount was deposited in a designated interest-bearing cash account. During the 2018-2019 budgeting process, the JOC used $105,000 of the committed fund balance to balance the General Fund.

- The adult education program is a self-sustaining program which operates within the General Fund. Amounts committed to the adult education program as of June 30, 2019 represent an accumulation of revenues over expenditures from prior years to be used to fund future adult education program budgets.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to MCTI's basic financial statements. MCTI'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 MCTI's finances, in a manner similar to a private-sector business.

The Statement of Net Position (Deficit) presents information on all of MCTI'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 position of MCTI is improving or deteriorating. To assess MCTI's overall health, the reader will need to consider additional nonfinancial factors such as changes in MCTI's revenue base and the condition of MCTI's assets.

The Statement of Activities presents information showing how MCTI'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 MCTI 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, MCTI's activities are divided into two categories:

Governmental Activities

Most of MCTI's basic services are included here, such as vocational education, support services, maintenance and administration.

Business-type Activities

MCTI’s business-type activities charge a fee to customers to help cover all or most of the cost of certain services it provides. MCTI’s food service program is reported within the business-type activities. MCTI also includes a separate legal entity in its report – Monroe County Area Vocational-Technical School Authority (the ***"Authority"***). The Authority exists for the purpose of acquiring, holding, constructing, improving, maintaining, owning or leasing, either in the capacity of lessor or lessee, buildings and facilities solely for the benefit of MCTI. The Authority is considered a blended component unit and is included with the business-type activities.

The government-wide financial statements can be found on pages 12 and 13 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about MCTI'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. MCTI, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of MCTI's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of MCTI'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 MCTI'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.

MCTI 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.

MCTI 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 14 through 17 of this report.

Proprietary Funds

MCTI maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. MCTI uses Enterprise funds to account for the Food Service Fund and the Building Authority Fund. The Internal Service Fund is used to accumulate and allocate certain costs internally among MCTI's various functions. MCTI uses an Internal Service Fund to account for its participation in a consortium with other participating school districts and educational agencies to provide self-insurance programs for health and prescription insurance coverage. Because the Internal Service Fund predominately benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 18 through 20 of this report.

Fiduciary Funds

MCTI is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. MCTI 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 MCTI. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support MCTI's own programs.

The fiduciary fund financial statements can be found on pages 21 and 22 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 23 through 42 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 MCTI's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of MCTI's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS.

The required supplementary information can be found on pages 43 through 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of MCTI's financial position. At the close of the 2018-2019 fiscal year MCTI's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $1,369,478. The following table presents condensed information for the *Statement of Net Position (Deficit)* of MCTI at June 30, 2019 and 2018.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current assets	$ 7,398,046	$ 6,625,551	$ 125,735	$ 58,308	$ 7,523,781	$ 6,683,859
Noncurrent assets	3,426,965	3,148,518	7,152,474	7,483,675	10,579,439	10,632,193
Total assets	10,825,011	9,774,069	7,278,209	7,541,983	18,103,220	17,316,052
DEFERRED OUTFLOWS						
Deferred charges - OPEB	111,443	106,377	-	6,575	111,443	112,952
Deferred charges - pensions	1,968,802	2,357,683	-	-	1,968,802	2,357,683
Total deferred outflows	2,080,245	2,464,060	-	6,575	2,080,245	2,470,635
LIABILITIES						
Current liabilities	2,157,324	2,118,251	7,579	-	2,164,903	2,118,251
Noncurrent liabilities	18,216,533	18,401,622	-	37,816	18,216,533	18,439,438
Total liabilities	20,373,857	20,519,873	7,579	37,816	20,381,436	20,557,689
DEFERRED INFLOWS						
Deferred credits - OPEB	113,705	136,211	-	1,773	113,705	137,984
Deferred credits - pensions	1,057,802	1,234,997	-	-	1,057,802	1,234,997
Total deferred inflows	1,171,507	1,371,208	-	1,773	1,171,507	1,372,981
NET POSITION (DEFICIT)						
Net investment in capital assets	3,418,567	3,140,120	7,152,474	7,483,675	10,571,041	10,623,795
Restricted	2,848,372	2,255,216	-	-	2,848,372	2,255,216
Unrestricted (deficit)	(14,907,047)	(15,048,288)	118,156	25,294	(14,788,891)	(15,022,994)
Total net position	$ (8,640,108)	$ (9,652,952)	$7,270,630	$7,508,969	$ (1,369,478)	$ (2,143,983)

MCTI's total assets as of June 30, 2019 were $18,103,220 of which $5,690,241 or 31.43% consisted of cash and $10,571,041 or 58.39% consisted of MCTI's investment in capital assets. MCTI's total liabilities as of June 30, 2019 were $20,381,436 of which $15,505,604 or 76.08% consisted of the actuarially determined net pension liability.

MCTI had a deficit in unrestricted net position of $14,788,891 at June 30, 2019. MCTI's unrestricted net position decreased by $234,103 during 2018-2019 due to the results of current year operations.

A portion of MCTI's net position is its restricted net position which totaled $2,848,372 as of June 30, 2019, which was restricted for capital expenditures.

The largest portion of MCTI's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. MCTI uses these capital assets to provide services to students of MCTI; consequently, these assets are not available for future spending. Although MCTI's net 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 2018-2019, MCTI's net investment in capital assets decreased by $52,754 because the capital assets were being depreciated faster than the acquisition of new capital assets with funding sources other than long-term debt.

The following table presents condensed information for the *Statement of Activities* of MCTI for 2019 and 2018.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues						
Charges for services	$ 374,699	$ 364,190	$ 166,880	$ 143,016	$ 541,579	$ 507,206
Operating grants and contributions	2,648,103	2,657,614	211,763	219,824	2,859,866	2,877,438
Capital grants and contributions	80,333	51,723	-	-	80,333	51,723
General revenues						
Receipts from member districts	7,915,575	7,596,776	-	-	7,915,575	7,596,776
Investment earnings	116,467	50,523	341	221	116,808	50,744
Gain on disposal of capital assets	760	-	-	-	760	-
Total revenues	11,135,937	10,720,826	378,984	363,061	11,514,921	11,083,887
EXPENSES						
Instruction	5,709,289	5,951,445	-	-	5,709,289	5,951,445
Instructional student support services	1,068,341	1,020,002	-	-	1,068,341	1,020,002
Administrative and financial support services	1,614,703	1,795,646	-	-	1,614,703	1,795,646
Operation and maintenance of plant services	1,702,681	1,477,709	-	-	1,702,681	1,477,709
Student activities	28,079	33,228	-	-	28,079	33,228
Food service	-	-	285,622	366,832	285,622	366,832
Building authority	-	-	331,701	331,700	331,701	331,700
Total expenses	10,123,093	10,278,030	617,323	698,532	10,740,416	10,976,562
CHANGE IN NET POSITION (DEFICIT)	$ 1,012,844	$ 442,796	$(238,339)	$(335,471)	$ 774,505	$ 107,325

Overall, MCTI's financial position has been improving but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of MCTI continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors.

GOVERNMENTAL FUNDS

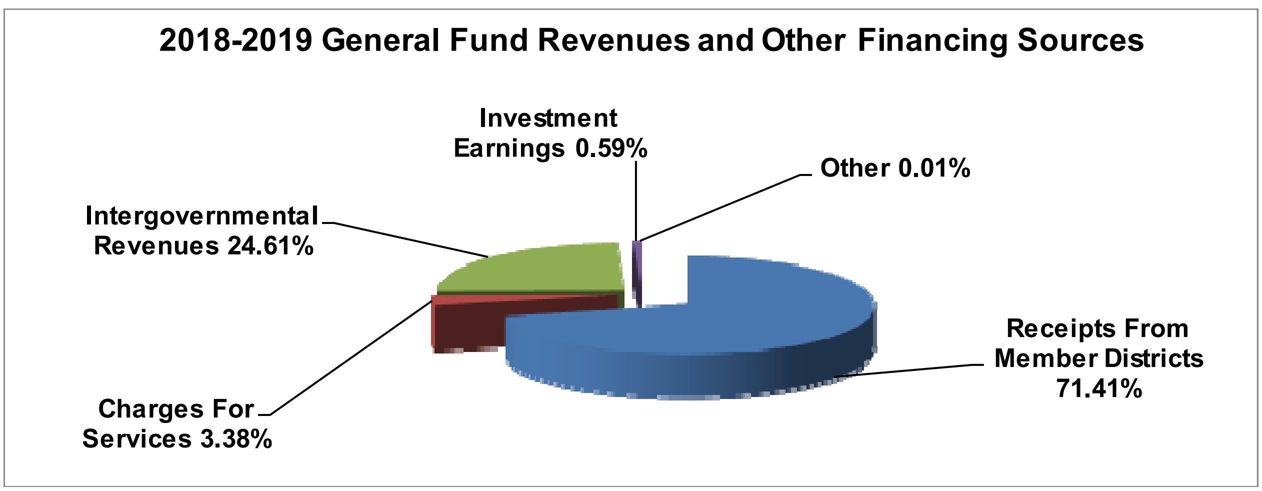
The governmental fund financial statements provide detailed information of MCTI's major funds. Some funds are required to be established by State statute while other funds are established by MCTI to manage monies restricted for a specific purpose. As of June 30, 2019, MCTI's governmental funds reported a combined fund balance of $3,790,847 which is an increase of $437,393 from the prior year. The following table summarizes MCTI's total governmental fund balances as of June 30, 2019 and 2018 and the total 2018 change in governmental fund balances.

	2019	2018	$ Change
General Fund	$ 942,475	$1,098,238	$(155,763)
Capital Projects Fund	2,848,372	2,255,216	593,156
	$3,790,847	$3,353,454	$ 437,393

GENERAL FUND

The General Fund is MCTI's primary operating fund. At the conclusion of the 2018-2019 fiscal year the General Fund fund balance was $942,475 representing a decrease of $155,763 in relation to the prior year. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2018-2019 fiscal year.

MCTI's reliance upon receipts from member districts is demonstrated by the graph below that indicates 71.41% of General Fund revenues are derived from this source.

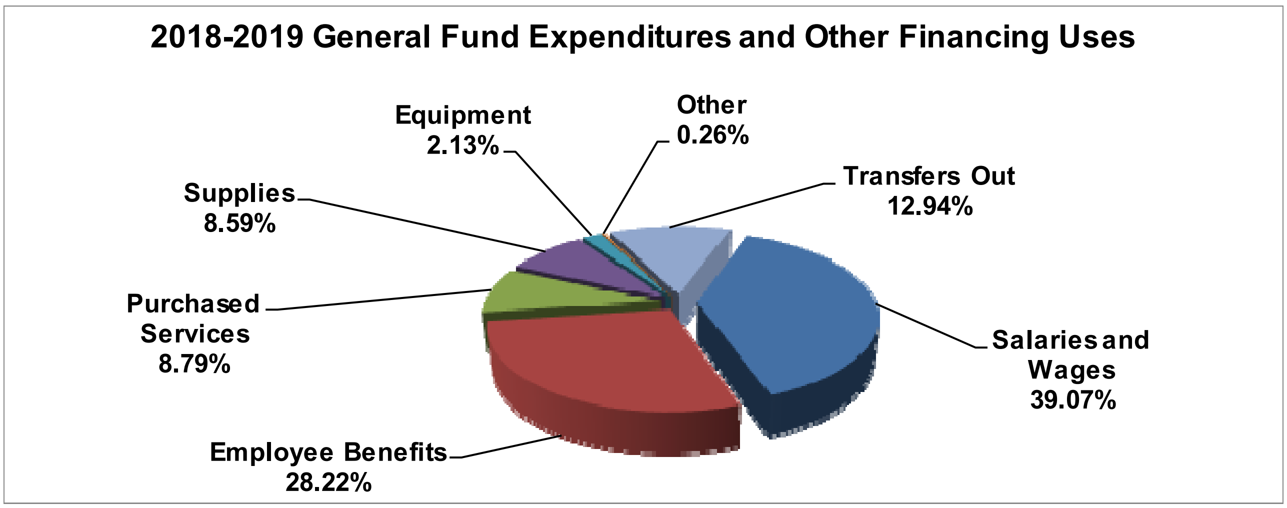


General Fund Revenues and Other Financing Sources

	2019	2018	$ Change	% Change
Receipts from member districts	$ 7,915,575	$ 7,596,776	$318,799	4.20
Charges for services	374,699	364,190	10,509	2.89
Intergovernmental revenues	2,728,435	2,694,055	34,380	1.28
Investment earnings	65,630	33,214	32,416	97.60
Other	760	3,964	(3,204)	(80.83)
	$11,085,099	$10,692,199	$392,900	3.67

The largest source of General Fund revenues comes from the member districts to support the secondary education program. The amount funded is apportioned to each member district based on a funding formula that is agreed upon by all member districts as part of the Articles of Agreement. The formula reflects each member district's proportionate share based on the individual member district ratio determined by the total returning students plus the assigned student quota established for each member district, in accordance with the percentage of average daily membership of public and resident non-public pupils in grades 9, 10 and 11 of member districts. This ratio is applied to the total operating expenditures resulting in a fixed total funding for each member district. The calculated funding amount for each member district is paid in twelve installments. Receipts from member districts in 2018-2019 and 2017-2018 included one-time appropriations of excess revenues over expenditures to be used for future capital expenditures in lieu of being returned to each member district.

Intergovernmental revenues increased by $34,380 or 1.28% primarily due to increases in state funding for reimbursement of MCTI’s required share of retirement contributions and vocational education subsidy.



General Fund Expenditures and Other Financing Uses

	2019	2018	$ Change	% Change
Salaries and wages	$ 4,391,851	$ 4,383,779	$ 8,072	0.18
Employee benefits	3,172,033	3,172,677	(644)	(0.02)
Purchased services	988,002	876,228	111,774	12.76
Supplies	965,826	873,669	92,157	10.55
Equipment	239,325	326,394	(87,069)	(26.68)
Other	28,938	30,786	(1,848)	(6.00)
Transfers out	1,454,887	1,103,716	351,171	31.82
	$11,240,862	$10,767,249	$473,613	4.40

Purchased services increased by $111,774 or 12.76% over the prior year primarily due to more maintenance and renovation to the existing building and infrastructure.

Supplies increased by $92,157 or 10.55% over the prior year primarily due to increased costs for software, program supplies and materials and electricity.

Equipment expenditures decreased by $87,069 or 26.68% compared to the prior year in direct correlation with a decrease in available grant funding for these purchases.

Transfers out represent revenues in excess of expenditures from prior years restricted for future capital expenditures by the JOC in lieu of being returned to each member district.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with MCTI's buildings and major equipment purchases and was funded with transfers from excess revenues over expenditures in the General Fund and capital grants. During 2018-2019, the Capital Projects Fund reported an increase in fund balance of $593,156 due to transfers from the General Fund and capital grants in excess of capital expenditures. The remaining fund balance of $2,848,372 as of June 30, 2019 is restricted for future capital expenditures.

GENERAL FUND BUDGET INFORMATION

MCTI maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. MCTI 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 JOC for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

During the fiscal year the JOC authorizes revisions to the original budget to accommodate differences from the original budget to actual revenues and expenditures. A schedule of MCTI's original and final budgeted amounts compared with actual results is provided in the required supplementary information.

MCTI applies for federal, state and local grants that cannot always be anticipated during the budgeting process. As a result, budgeted revenue and expenditures can change for grants awarded to MCTI after the budget has been finalized. Other changes in the original to final budget occur due to such circumstances as unanticipated changes in staffing, unresolved contracts and cost saving measures employed subsequent to finalizing the budget. MCTI uses budget transfers during the fiscal year to account for these deviations from the original budget.

Amounts budgeted in the budgetary reserve may be appropriated by the JOC for specific expenditures that are considered necessary for the operation of MCTI. Budgetary reserve amounts are billed to each member district in the same proportion as operating expenditures were allocated during the fiscal year on an as needed basis.

BUSINESS-TYPE ACTIVITIES AND PROPRIETARY FUNDS

During 2018-2019, the net position of the Food Service Fund increased by $93,360. As of June 30, 2019, the Food Service Fund had a net position of $115,257.

At June 30, 2019, the Authority's assets exceeded its liabilities by $7,155,373. During 2018-2019, the Authority's net position decreased by $331,699. The decrease was the result of depreciation expense on the capital assets.

CAPITAL ASSETS

MCTI's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounted to $10,571,041, net of accumulated depreciation. The net investment in capital assets includes land, buildings and improvements and furniture and equipment. The total decrease in MCTI's investment in capital assets for the current fiscal year was $52,754 or 0.50%. The decrease was the result of current year depreciation expense in excess of current year additions. Current year additions consisted primarily of costs related to instructional, administrative, maintenance and technology equipment and capital improvements associated with the welding shop, cafeteria egress and HVAC projects.

The land and buildings and improvements owned by the Authority are operated by the MCTI under a long-term lease rental agreement. Pursuant to the lease rental agreement, each member district has pledged its full faith, credit and taxing power to pay for its proportionate share of debt service obligations and administrative fees incurred by the Authority to acquire, hold, construct, improve, maintain, own or lease, in the capacity of lessor lessee, buildings and facilities for the benefit of the MCTI. The minimum annual lease rental payments to be received under the agreements are equivalent to the annual debt service requirements under the Guaranteed School Revenue Bonds payable as described below.

NONCURRENT LIABILITIES

MCTI reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. MCTI's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled $15,505,604 as of June 30, 2019. MCTI's net pension liability decreased by $348,396 or 2.20% during the fiscal year.

MCTI also reports a liability for its other post-employment benefits (***"OPEB"***) related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. MCTI's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled $2,424,802 as of June 30, 2019. MCTI's OPEB liability increased by $154,500 or 6.81% during the fiscal year.

Other noncurrent liabilities consist of MCTI's liabilities for compensated absences which totaled $286,127 as of June 30, 2019. These liabilities increased by $8,807 or 3.18% during the current fiscal year.

FACTORS BEARING ON THE MCTI'S FUTURE

- MCTI adopted a balanced 2019-2020 budget totaling $10,442,088 which used $105,000 of General Fund fund balance committed for anticipated increases in MCTI's required share of retirement contributions to balance the budget.

- In November 2010 and, again, in 2017 legislation was signed into law to implement a series of actuarial and funding changes to the Public School Employees' Retirement System (***"PSERS"***). The 2017 law will not take effect until 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, relief from the new legislation until 10-20 years in the future. The employer contribution rate for 2020-2021 is projected at 34.51%. Currently, the employer contribution rate for 2019-2020 is 34.29%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of MCTI's finances for all those with an interest in MCTI's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Monroe Career and Technical Institute, 194 Laurel Lake Road, Bartonsville, Pennsylvania 18321.

MONROE CAREER AND TECHNICAL INSTITUTE

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2019 with summarized comparative totals for 2018

	Governmental Activities	Business-type Activities	Totals 2019	Totals 2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	$ 5,573,709	$ 116,532	$ 5,690,241	$ 4,570,682
Due from other governments	356,112	3,920	360,032	943,864
Other receivables	9,371	924	10,295	921
Prepaid expenses	1,458,854	-	1,458,854	1,162,244
Inventories	-	4,359	4,359	6,148
Total current assets	7,398,046	125,735	7,523,781	6,683,859
NONCURRENT ASSETS				
Property held for resale	8,398	-	8,398	8,398
Capital assets, net	3,418,567	7,152,474	10,571,041	10,623,795
Total noncurrent assets	3,426,965	7,152,474	10,579,439	10,632,193
Total assets	10,825,011	7,278,209	18,103,220	17,316,052
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges - OPEB	111,443	-	111,443	112,952
Deferred charges - pension	1,968,802	-	1,968,802	2,357,683
Total deferred outflows	2,080,245	-	2,080,245	2,470,635
LIABILITIES , DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	74,747	7,579	82,326	35,027
Due to member districts	894,328	-	894,328	784,163
Accrued salaries, payroll withholdings and benefits	1,079,714	-	1,079,714	1,044,550
Unearned revenues	108,535	-	108,535	254,511
Total current liabilities	2,157,324	7,579	2,164,903	2,118,251
NONCURRENT LIABILITIES				
Due within one year	-	-	-	-
Due in more than one year	18,216,533	-	18,216,533	18,439,438
Total noncurrent liabilities	18,216,533	-	18,216,533	18,439,438
Total liabilities	20,373,857	7,579	20,381,436	20,557,689
DEFERRED INFLOWS OF RESOURCES				
Deferred credits - OPEB	113,705	-	113,705	137,984
Deferred credits - pension	1,057,802	-	1,057,802	1,234,997
Total deferred inflows	1,171,507	-	1,171,507	1,372,981
NET POSITION (DEFICIT)				
Net investment in capital assets	3,418,567	7,152,474	10,571,041	10,623,795
Restricted	2,848,372	-	2,848,372	2,255,216
Unrestricted (deficit)	(14,907,047)	118,156	(14,788,891)	(15,022,994)
Total net position (deficit)	$ (8,640,108)	$ 7,270,630	$ (1,369,478)	$ (2,143,983)

See accompanying notes

MONROE CAREER AND TECHNICAL INSTITUTE

STATEMENT OF ACTIVITIES

Year ended June 30, 2019 with summarized comparative totals for 2018

		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	Business-type Activities	Totals 2019	Totals 2018
GOVERNMENTAL ACTIVITIES								
Instruction	$ 5,709,289	$ 374,699	$ 2,174,364	$ 80,333	$ (3,079,893)	$ -	$ (3,079,893)	$ (3,345,396)
Instructional student support services	1,068,341	-	100,380	-	(967,961)	-	(967,961)	(935,057)
Administrative and financial support services	1,614,703	-	152,128	-	(1,462,575)	-	(1,462,575)	(1,639,201)
Operation and maintenance of plant services	1,702,681	-	221,231	-	(1,481,450)	-	(1,481,450)	(1,251,621)
Student activities	28,079	-	-	-	(28,079)	-	(28,079)	(33,228)
Total governmental activities	10,123,093	374,699	2,648,103	80,333	(7,019,958)	-	(7,019,958)	(7,204,503)
BUSINESS-TYPE ACTIVITIES								
Food service	285,622	166,880	211,763	-	-	93,021	93,021	(3,992)
Building authority	331,701	-	-	-	-	(331,701)	(331,701)	(331,700)
Total business-type activities	617,323	166,880	211,763	-	-	(238,680)	(238,680)	(335,692)
Total primary government	$ 10,740,416	$ 541,579	$ 2,859,866	$ 80,333	(7,019,958)	(238,680)	(7,258,638)	(7,540,195)
GENERAL REVENUES								
Receipts from member districts					7,915,575	-	7,915,575	7,596,776
Investment earnings					116,467	341	116,808	50,744
Gain on disposal of capital assets					760	-	760	-
Total general revenues					8,032,802	341	8,033,143	7,647,520
CHANGE IN NET POSITION (DEFICIT)					1,012,844	(238,339)	774,505	107,325
NET POSITION (DEFICIT)								
Beginning of year					(9,652,952)	7,508,969	(2,143,983)	(2,251,308)
End of year					$ (8,640,108)	$ 7,270,630	$ (1,369,478)	$ (2,143,983)

See accompanying notes

MONROE CAREER AND TECHNICAL INSTITUTE

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019 with summarized comparative totals for 2018

	General Fund	Capital Projects Fund	Totals 2019	Totals 2018
ASSETS				
Cash	$ 2,725,337	$ 2,848,372	$ 5,573,709	$ 4,505,667
Due from other funds	-	-	-	1,144,942
Due from other governments	356,112	-	356,112	915,762
Other receivables	9,371	-	9,371	652
Prepaid items	581	-	581	-
Property held for resale	8,398	-	8,398	8,398
Total assets	3,099,799	2,848,372	5,948,171	6,575,421
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	74,747	-	74,747	35,027
Due to other funds	-	-	-	1,103,716
Due to member districts	894,328	-	894,328	784,163
Accrued salaries, payroll withholdings and benefits	1,079,714	-	1,079,714	1,044,550
Unearned revenues	108,535	-	108,535	254,511
Total liabilities	2,157,324	-	2,157,324	3,221,967
FUND BALANCES				
Nonspendable				
Property held for resale	8,398	-	8,398	8,398
Prepaid items	581	-	581	-
Restricted for				
Capital projects	-	2,848,372	2,848,372	2,255,216
Committed to				
Grant matching	56,783	-	56,783	56,783
House construction	325,845	-	325,845	318,302
Retirement rate stabilization	248,256	-	248,256	348,624
Adult education	302,562	-	302,562	366,081
Unassigned	50	-	50	50
Total fund balances	942,475	2,848,372	3,790,847	3,353,454
Total liabilities and fund balances	$ 3,099,799	$ 2,848,372	$ 5,948,171	$ 6,575,421

See accompanying notes

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2019

TOTAL GOVERNMENTAL FUND BALANCES	$ 3,790,847
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.	3,418,567
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	908,738
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(18,216,533)
The Internal Service Fund is used by management to charge health and prescription insurance premiums and claims to the General Fund. The assets and liabilities of the Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	1,458,273
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	$ (8,640,108)

See accompanying notes

MONROE CAREER AND TECHNICAL INSTITUTE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2019 with summarized comparative totals for 2018

	General Fund	Capital Projects Fund	Totals 2019	Totals 2018
REVENUES				
Local sources	$ 8,355,904	$ 40,525	$ 8,396,429	$ 8,030,733
State sources	2,253,180	-	2,253,180	2,241,076
Federal sources	475,255	-	475,255	452,980
Total revenues	11,084,339	40,525	11,124,864	10,724,789
EXPENDITURES				
Current				
Instruction	5,664,429	-	5,664,429	5,650,553
Support services	4,093,467	-	4,093,467	3,980,784
Operation of noninstructional services	28,079	-	28,079	32,196
Facilities acquisition, construction and improvement services	-	902,256	902,256	925,410
Total expenditures	9,785,975	902,256	10,688,231	10,588,943
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,298,364	(861,731)	436,633	135,846
OTHER FINANCING SOURCES (USES)				
Sale of/compensation for capital assets	760	-	760	-
Transfers in	-	1,454,887	1,454,887	1,103,716
Transfers out	(1,454,887)	-	(1,454,887)	(1,103,716)
Total other financing sources (uses)	(1,454,127)	1,454,887	760	-
NET CHANGE IN FUND BALANCES	(155,763)	593,156	437,393	135,846
FUND BALANCES				
Beginning of year	1,098,238	2,255,216	3,353,454	3,217,608
End of year	$ 942,475	$ 2,848,372	$ 3,790,847	$ 3,353,454

See accompanying notes

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, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 437,393
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 capital outlays exceeded depreciation expense in the current period.		
Capital outlay expenditures	$ 652,232	
Depreciation expense	(373,785)	278,447
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds.		
Current year change in compensated absences	(8,807)	
Current year change in net pension liability and deferred outflows and inflows	136,710	
Current year change in net post-employment benefit (OPEB) liability and deferred outflows and inflows	(126,928)	975
The Internal Service Fund is used by management to charge the cost of health and prescription insurance premiums and claims to the General Fund. The change in net position (deficit) of the Internal Service Fund is included in the governmental activities on the government-wide statement of net position.		296,029
CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES		$ 1,012,844

See accompanying notes

MONROE CAREER AND TECHNICAL INSTITUTE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2019 with summarized comparative totals for 2018

	Major Funds			Totals	
	Food Service Fund	Building Authority	Internal Service Fund	2019	2018
ASSETS AND DEFERRED OUTFLOW OF RESOURCES					
CURRENT ASSETS					
Cash	$113,633	$ 2,899	$ -	$ 116,532	$ 65,015
Other receivables	924	-	-	924	269
Due from other governments	3,920	-	-	3,920	28,102
Prepaid expenses	-	-	1,458,273	1,458,273	1,162,244
Inventories	4,359	-	-	4,359	6,148
Total current assets	122,836	2,899	1,458,273	1,584,008	1,261,778
NONCURRENT ASSETS					
Capital assets, net	-	7,152,474	-	7,152,474	7,483,675
Total assets	122,836	7,155,373	1,458,273	8,736,482	8,745,453
DEFERRED OUTFLOW OF RESOURCES					
Deferred charges - OPEB	-	-	-	-	6,575
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION					
LIABILITIES					
Accounts payable	7,579	-	-	7,579	-
Due to other funds	-	-	-	-	41,226
Total liabilities	7,579	-	-	7,579	41,226
NONCURRENT LIABILITIES					
Compensated absences	-	-	-	-	4,310
Other post-employment benefits	-	-	-	-	33,506
Total noncurrent liabiliites	-	-	-	-	37,816
Total liabilities	7,579	-	-	7,579	79,042
DEFERRED INFLOW OF RESOURCES					
Deferred credits - OPEB	-	-	-	-	1,773
NET POSITION					
Net investment in capital assets	-	7,152,474	-	7,152,474	7,483,675
Unrestricted	115,257	2,899	1,458,273	1,576,429	1,187,538
Total net position	$115,257	$ 7,155,373	$1,458,273	$8,728,903	$8,671,213

See accompanying notes

MONROE CAREER AND TECHNICAL INSTITUTE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) - PROPRIETARY FUNDS

Year ended June 30, 2019 with summarized comparative totals for 2018

	Major Funds				
	Food Service Fund	Building Authority	Internal Service Fund	Totals 2019	Totals 2018
OPERATING REVENUES					
Charges for services	$ 166,880	$ -	$ 1,420,435	$ 1,587,315	$ 1,736,895
Total operating revenues	166,880	-	1,420,435	1,587,315	1,736,895
OPERATING EXPENSES					
Salaries	-	-	-	-	64,798
Employee benefits	(28,704)	-	1,124,644	1,095,940	1,559,478
Purchased services	282,160	500	10,075	292,735	253,759
Supplies	32,166	-	-	32,166	28,415
Depreciation	-	331,201	-	331,201	331,200
Total operating expenses	285,622	331,701	1,134,719	1,752,042	2,237,650
Operating income (loss)	(118,742)	(331,701)	285,716	(164,727)	(500,755)
NONOPERATING REVENUES					
Earnings on investments	339	2	10,313	10,654	6,916
State sources	9,045	-	-	9,045	22,455
Federal sources	202,718	-	-	202,718	197,369
Total nonoperating revenues	212,102	2	10,313	222,417	226,740
CHANGE IN NET POSITION (DEFICIT)	93,360	(331,699)	296,029	57,690	(274,015)
NET POSITION (DEFICIT)					
Beginning of year	21,897	7,487,072	1,162,244	8,671,213	8,945,228
End of year	$ 115,257	$ 7,155,373	$ 1,458,273	$ 8,728,903	$ 8,671,213

See accompanying notes

MONROE CAREER AND TECHNICAL INSTITUTE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2019 with summarized comparative totals for 2018

	Major Funds			Totals	
	Food Service Fund	Building Authority	Internal Service Fund	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from charges for services	$ 124,999	$ -	$ -	$ 124,999	$ 144,686
Cash received from assessments made to other funds	-	-	1,420,435	1,420,435	1,593,879
Cash paid for operating expenses	-	(500)	(10,075)	(10,575)	(56,667)
Cash paid for insurance claims	-	-	(1,420,673)	(1,420,673)	(1,544,407)
Cash payments to suppliers for goods and services	(272,640)	-	-	(272,640)	(197,092)
Cash paid to employees for services	(4,310)	-	-	(4,310)	(131,879)
Net cash used for operating activities	(151,951)	(500)	(10,313)	(162,764)	(191,480)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State sources	10,271	-	-	10,271	22,925
Federal sources	193,356	-	-	193,356	167,711
Net cash provided by noncapital financing activities	203,627	-	-	203,627	190,636
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	339	2	10,313	10,654	6,916
Net increase (decrease) in cash	52,015	(498)	-	51,517	6,072
CASH					
Beginning of year	61,618	3,397	-	65,015	58,943
End of year	$ 113,633	$ 2,899	$ -	$ 116,532	$ 65,015
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ (118,742)	$ (331,701)	$ 285,716	$ (164,727)	$ (500,755)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities					
Depreciation	-	331,201	-	331,201	331,200
Donated commodities used	32,318	-	-	32,318	29,250
(Increase) decrease in					
Other receivables	(655)	-	-	(655)	(164)
Inventories	1,789	-	-	1,789	(835)
Prepaid expenses	-	-	(296,029)	(296,029)	(61,456)
Deferred outflows of resources	6,575	-	-	6,575	(5,709)
Increase (decrease) in					
Accounts payable	7,579	-	-	7,579	-
Due to other funds	(41,226)	-	-	(41,226)	4,191
Unearned revenue	-	-	-	-	(2,357)
Accumulated compensated absences	(4,310)	-	-	(4,310)	(2,103)
Other post-employment benefits	(33,506)	-	-	(33,506)	15,485
Deferred inflows of resources	(1,773)	-	-	(1,773)	1,773
Net cash provided by (used for) operating activities	$ (151,951)	$ (500)	$ (10,313)	$ (162,764)	$ (191,480)
SUPPLEMENTAL DISCLOSURE					
Noncash noncapital financing activity					
USDA donated commodities	$ 32,318	$ -	$ -	$ 32,318	$ 29,250

See accompanying notes

MONROE CAREER AND TECHNICAL INSTITUTE

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2019

	Private-Purpose Trust	Agency
ASSETS		
Cash	$ 814	$ 61,996
LIABILITIES		
Due to student groups	-	$ 61,996
NET POSITION		
Net position held in trust for scholarships	$ 814	

See accompanying notes

MONROE CAREER AND TECHNICAL INSTITUTE

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND

Year ended June 30, 2019 with summarized comparative totals for 2018

	Private-Purpose Trust	
	2019	**2018**
ADDITIONS		
Local contributions	$ 4,502	$ 2,908
DEDUCTIONS		
Scholarships awarded and fees paid	4,530	2,907
CHANGE IN NET POSITION	(28)	1
NET POSITION		
Beginning of year	842	841
End of year	$ 814	$ 842

See accompanying notes

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Monroe Career and Technical Institute (***"MCTI"***) is a joint venture of four public school districts in Monroe County, Pennsylvania, which was formed to provide career and technical education programs for students of member districts and out of school youths and adults. Member districts consist of the Pocono Mountain, East Stroudsburg, Pleasant Valley and Stroudsburg school districts. MCTI operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the school laws of Pennsylvania. MCTI operates under the Joint Operating Committee (the ***"JOC"***) which is comprised of School Board members from each member district.

The financial statements of MCTI 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 MCTI as a reporting entity, management has addressed all potential component units which may or may not fall within MCTI's accountability. The criteria used to evaluate component units for possible inclusion as part of MCTI's reporting entity are financial accountability and the nature and significance of the relationship. Based upon the application of these criteria, the Monroe County Area Vocational-Technical School Authority (the ***"Authority"***) is the only component unit of MCTI. The Authority was formed for the purpose of acquiring, holding, constructing, improving, maintaining, owning or leasing, either in the capacity of lessor or lessee, buildings and facilities solely for the benefit of MCTI. Therefore, the financial activities of the Authority have been blended with those of MCTI in the accompanying financial statements. The Authority issues separate audited financial statements which are available to the public through the MCTI office.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position (deficit) and the statement of activities display information about MCTI 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 the related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but 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 MCTI 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 MCTI 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."

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 function of the business-type activities of MCTI and 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 MCTI.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the school year, MCTI segregates transactions related to certain MCTI functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about MCTI. The focus of governmental and proprietary 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. MCTI 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. Deferred inflows of resources are 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 MCTI expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenue 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.

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. MCTI reports the following proprietary funds:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year.

The Building Authority Fund accounts for the activities of the Monroe County Area Vocational-Technical School Authority which is a blended component unit of MCTI.

The Internal Service Fund is used to account for MCTI's participation in a consortium with other participating school districts and educational agencies to provide self-insurance programs for health and prescription coverage.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of MCTI's proprietary funds are charges for services and lease rental income. Operating expenses for MCTI's proprietary funds include payroll, employee benefits, purchased services, supplies, depreciation and other costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds account for the assets held by MCTI as a trustee or agent for individuals, private organizations and/or governmental units and are, therefore, not available to support MCTI's own programs. MCTI accounts for these assets in a private-purpose trust and an agency fund. The private-purpose trust fund accounts for activities in various scholarship accounts whose sole purpose is to provide annual scholarships to particular students as prescribed by donor stipulations. The Agency Fund accounts for funds held on behalf of students of MCTI. The measurement focus and basis of accounting for the private-purpose trust is the same as that used for proprietary funds. The Agency Fund is custodial in nature, such that assets equal liabilities, and does not report results of operations.

Cash and Cash Equivalents

MCTI'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.

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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Receipts from Member Districts

Each participating member district is responsible for its proportionate share of operating and debt service expenditures of MCTI. Operating expenditures are allocated to each member district in accordance with a funding formula that is based upon the average daily membership of students attending MCTI from each member district. Debt service expenditures are allocated to each member district in proportion to the current market value of all property and the average daily membership for each member district.

Inventories and Prepaid Items

All inventories are valued at the lower of cost (first-in, first-out method) or market.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by MCTI as assets with an initial individual cost of more than $1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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 MCTI is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 45 years and furniture and equipment – 5-25 years.

Impairment of Long-Lived Assets

MCTI evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by MCTI. No impairment losses were recognized in the year ended June 30, 2019.

Compensated Absences

MCTI policies permit employees to accumulate earned but unused vacation and sick days. The liability for these compensated absences 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 except for refunding paid from proceeds which are reported as other financing costs.

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which MCTI is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. MCTI 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 MCTI'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 MCTI'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 MCTI 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 MCTI's policy to use externally restricted resources first, then unrestricted resources–committed, assigned or unassigned–in order as needed.

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 MCTI's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the MCTI's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

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.

Implementation of New Accounting Pronouncements

Effective July 1, 2018, the MCTI adopted the provisions of GASB Statement No. 83 *"Certain Asset Retirement Obligations"* and GASB Statement No 88 *"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"*.

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (***"AROs"***). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB Statement No. 83. The implementation of GASB Statement No. 83 had no impact on the financial statements of the MCTI for the year ended June 30, 2019.

The objective of GASB Statement No. 88 is to improve the information that is disclosed in the notes to financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The implementation of GASB Statement No. 88 had no impact on the financial statements of the MCTI for the year ended June 30, 2019.

New Accounting Pronouncements

GASB Statement No. 84, *"Fiduciary Activities"* will be effective for the MCTI for the year ended June 30, 2020. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, *"Leases"* will be effective for the MCTI for the year ended June 30, 2021. The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

GASB Statement No. 89, *"Accounting for Interest Cost Incurred Before the End of a Construction Period"*, will be effective for the MCTI for the year ended June 30, 2021. The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs includes all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements",* which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with government fund accounting principles.

GASB Statement No. 90, *"Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61"*, will be effective for the MCTI for the year ended June 30, 2020. The primary objects of GASB Statement No. 90 are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

(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 district 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 includes the effect of approved budget amendments.

(3) 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. At June 30, 2019, the carrying amount of MCTI's deposits was $5,753,051 and the bank balance was $6,090,022. MCTI 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, $499,534 was covered by federal depository insurance, and $1,359,808 was collateralized by MCTI's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the MCTI are in the Pennsylvania School District Liquid Asset Fund (***"PSDLAF"***) and the Pennsylvania Local Government Investment Trust (***"PLGIT"***). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that their objective is to maintain a stable net assets value of $1 per share, are rated by a nationally recognized statistical rating organization and are subject to an independent annual audit. As of June 30, 2019, PSDLAF and PLGIT were rated as AAA by a nationally recognized statistical rating agency.

(4) CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Construction in progress	$ 303,713	$ 174,785	$303,713	$ 174,785
Capital assets being depreciated				
Buildings and improvements	1,928,877	534,287	-	2,463,164
Furniture and equipment	7,517,549	246,873	-	7,764,422
Total capital assets being depreciated	9,446,426	781,160	-	10,227,586
Less accumulated depreciation for				
Buildings and improvements	(252,595)	(118,441)	-	(371,036)
Furniture and equipment	(6,357,424)	(255,344)	-	(6,612,768)
Total accumulated depreciation	(6,610,019)	(373,785)	-	(6,983,804)
Total capital assets being depreciated, net	2,836,407	407,375	-	3,243,782
Governmental activities, net	$ 3,140,120	$ 582,160	$303,713	$ 3,418,567

Business-type activities				
Capital assets not being depreciated				
Land	$ 474,677	$ -	$ -	$ 474,677
Capital assets being depreciated				
Buildings and improvements	14,429,378	-	-	14,429,378
Furniture and equipment	11,441	-	-	11,441
Total capital assets being depreciated	14,440,819	-	-	14,440,819
Less accumulated depreciation for				
Buildings and improvements	(7,420,380)	(331,201)	-	(7,751,581)
Furniture and equipment	(11,441)	-	-	(11,441)
Total accumulated depreciation	(7,431,821)	(331,201)	-	(7,763,022)
Total capital assets being depreciated, net	7,008,998	(331,201)	-	6,677,797
Business-type activities, net	$ 7,483,675	$(331,201)	$ -	$ 7,152,474

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

Governmental activities	
Instruction	$198,617
Instructional student support services	37,116
Administrative and financial support services	56,250
Operation and maintenance of plant services	81,802
Total depreciation expense – governmental activities	$373,785
Business-type activities	
Building authority	$331,201

As of June 30, 2019, the MCTI had outstanding construction projects to be completed. Construction commitments and the amounts completed as of June 30, 2019 are as follows:

	Project Amount	Completed Through June 30, 2019	Remaining Commitments
Emergency generator project	$ 172,200	$ 21,420	$ 150,780
HVAC project	1,967,000	153,365	1,813,635
	$2,139,200	$174,785	$1,964,415

(5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund transfers for the year ended June 30, 2019 is as follows:

Transfers In	Amount	Transfers Out	Amount
Capital Projects Fund	$1,454,887	General Fund	$1,454,887

Transfers from the General Fund to the Capital Projects Fund represent a one-time appropriation of excess revenues over expenditures to be used for future capital expenditures in lieu of being returned to each member district.

(6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Amount Due Within One Year
Governmental activities,					
Compensated absences	$ 277,320	$ 8,807	$ -	$ 286,127	$ -
Net pension liability - PSERS	15,854,000	-	348,396	15,505,604	-
OPEB liability	1,632,207	190,077	70,921	1,751,363	-
Net OPEB liability – PSERS	638,095	35,344	-	673,439	-
Total noncurrent liabilities governmental activities	18,401,622	234,228	419,317	18,216,533	-
Business-type activities					
Compensated absences	4,310	-	4,310	-	-
OPEB liability	17,601	-	17,601	-	-
Net OPEB liability – PSERS	15,905	-	15,905	-	-
Total noncurrent liabilities business-type activities	37,816	-	37,816	-	-
Total noncurrent liabilities	$18,439,438	$234,228	$457,133	$18,216,533	$ -

(7) OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

MCTI's other post-employment benefits include a single-employer defined benefit plan that provides medical insurance to certain eligible retirees and their spouses. The JOC has the authority to establish and amend benefit provisions. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

OPEB Plan Membership

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

Active participants	76
Vested former participants	-
Retired participants	2
Total	78

Funding Policy

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

OPEB Liability

The MCTI's OPEB liability has been measured as of June 30, 2019. The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, and by rolling forward the liabilities from the July 1, 2017 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The OPEB liability is $1,751,363, all of which is unfunded. As of June 30, 2019, the OPEB liability of $1,751,363 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

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

Balance as of July 1, 2018	$1,649,808
Changes for the year	
Service cost	113,208
Interest on total OPEB liability	53,980
Changes in assumptions	5,288
Benefit payments	(70,921)
Net changes	101,555
Balance as of June 30, 2019	$1,751,363

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

For the year ended June 30, 2019, the MCTI recognized OPEB expense of $161,114. At June 30, 2019, the MCTI had deferred inflows of resources and deferred outflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual experience	$ -	$38,056
Changes in assumptions	4,759	14,771
Contributions subsequent to the measurement date	51,395	-
	$56,154	$52,827

$51,395 reported as deferred outflows of resources related to OPEB resulting from MCTI contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	$ (6,074)
2021	(6,074)
2022	(6,074)
2023	(6,074)
2024	(6,074)
Thereafter	(17,698)
	$(48,068)

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

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

	1% Decrease	Trend Rate	1% Increase
OPEB liability	$1,562,168	$1,751,363	$1,972,009

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
OPEB Liability	$1,865,163	$1,751,363	$1,642,867

Actuarial Methods and Significant Assumptions

The OPEB Liability as of June 30, 2019, was determined by rolling forward the OPEB Liability as of July 1, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal
- Discount rate – 2.98% – Standard and Poor's 20-year municipal bond rate. The discount rate changed from 3.13% to 2.98%.
- Salary growth – effective average of 6.25%, comprised of inflation of 2.50%, 1.00% for real wage growth and 0.00 to 2.75% for merit or seniority increases.
- Assumed healthcare cost trends – 5.50% in 2019 through 2023.
- Mortality rates were based on the RP-2014 mortality tables for males and females, adjusted to reflect experience and projected using a modified version of the MP-2015 mortality improvement scale.

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.

Plan Description

PSERS provides health insurance 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 health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees.

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

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

Benefits Provided

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

Employer Contributions

The MCTI's contractually required contribution rate for the fiscal year ended June 30, 2019 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the MCTI were $35,705 for the year ended June 30, 2019.

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

At June 30, 2019, the MCTI reported a liability of $673,439 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2017 to June 30, 2018. The MCTI'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, 2018, the MCTI's proportion was 0.0323 percent, which was an increase of 0.0002 percent from its proportion measured as of June 30, 2017. As of June 30, 2019, the OPEB liability of $673,439 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2019, the MCTI recognized OPEB expense of $25,000. At June 30, 2019, the MCTI reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	$ 4,158	$ -
Changes in assumptions	10,647	25,520
Net difference between projected and actual investment earnings	1,136	-
Changes in proportions	3,643	35,358
Contributions subsequent to the measurement date	35,705	-
	$55,289	$60,878

$35,705 reported as deferred outflows of resources related to OPEB resulting from MCTI contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	$ (8,773)
2020	(8,773)
2021	(8,774)
2022	(8,949)
2023	(9,101)
Thereafter	3,076
	$(41,294)

Actuarial Assumptions

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

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

Participation rate:

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

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

The following assumptions were used to determine the contribution rate:

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

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

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 health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

OPEB – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.9%	0.03%
US Core Fixed Income	92.8%	1.20%
Fixed income	1.3%	0.40%
	100.00%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

Discount Rate

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

Sensitivity of MCTI'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 health insurance premium assistance. As of June 30, 2018, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance 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, 2018, calculated using current healthcare cost trends as well as what net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Trend Rate	1% Increase
MCTI's proportionate share of the net OPEB liability	$673,305	$673,439	$673,545

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

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

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
MCTI's proportionate share of the net OPEB liability	$765,871	$673,439	$596,713

OPEB Plan Fiduciary Net Position

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

(8) 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.

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public 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 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.00% 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.

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

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

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

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

Members who joined the system after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Employer Contributions

The MCTI's contractually required contribution rate for fiscal year ended June 30, 2019 was 32.60% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from MCTI were $1,402,385 for the year ended June 30, 2019.

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

At June 30, 2019, MCTI reported a liability of $15,505,604 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2017 to June 30, 2018. MCTI'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, 2018, MCTI's proportion was 0.0323 percent, which was an increase of 0.0002 percent from its proportion measured as of June 30, 2017. As of June 30, 2019, the net pension liability of $15,505,604 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2019, MCTI recognized pension expense of $1,267,000. At June 30, 2019, MCTI reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual experience	$ 124,817	$ 240,002
Changes in assumptions	288,906	-
Net difference between projected and actual investment earnings	75,995	-
Changes in proportions	71,750	817,800
Difference between employer contributions and proportionate share of total contributions	4,949	-
Contributions subsequent to the measurement date	1,402,385	-
	$1,968,802	$1,057,802

$1,402,385 reported as deferred outflows of resources related to pensions resulting from MCTI contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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:	
2019	$ 19,450
2020	(96,981)
2021	(353,151)
2022	(60,703)
	$(491,385)

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0 %	5.2%
Fixed income	36.0 %	2.2%
Commodities	8.0 %	3.2%
Absolute return	10.0 %	3.5%
Risk parity	10.0 %	3.9%
Infrastructure/MLPs	8.0 %	5.2%
Real estate	10.0 %	4.2%
Alternative investments	15.0 %	6.7%
Cash	3.0 %	0.4%
Financing (LIBOR)	(20.0)%	0.9%
	100.0 %	

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, 2018.

Discount Rate

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

Sensitivity of the MCTI'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 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) that the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
MCTI's proportionate share of the net pension liability	$19,220,338	$15,505,604	$12,364,688

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 the system's website at www.psers.state.pa.us.

(9) DUE FROM/TO MEMBER SCHOOL DISTRICTS

Member district contributions are determined annually and are based upon budgeted operating revenues and expenditures which are allocated based upon projected average daily membership. Any deficiency or excess of contributions are either billed or credited to each member district at year end. The amount due to member districts at June 30, 2019 was calculated as follows:

	Pocono Mountain	East Stroudsburg	Pleasant Valley	Stroudsburg Area	Total
Calculated % of budget	31.940%	22.350%	26.900%	18.810%	100.00%
Net operating expenses to be funded	$ 2,378,389	$ 1,664,277	$ 2,003,089	$ 1,400,673	$ 7,446,428
Contributions received during 2019	(2,664,468)	(1,863,744)	(2,243,844)	(1,568,700)	(8,340,756)
Due to member districts at June 30, 2019	$ (286,079)	$ (199,467)	$ (240,755)	$ (168,027)	$ (894,328)

The land and buildings and improvements owned by the Authority are operated by the MCTI under a long-term lease rental agreement. Pursuant to the lease rental agreement, each member district has pledged its full faith, credit and taxing power to pay for its proportionate share of debt service obligations and administrative fees incurred by the Authority to acquire, hold, construct, improve, maintain, own or lease, in the capacity of lessor or lessee, buildings and facilities for the benefit of the MCTI. The prior lease rental agreement expired November 2016.

(10) OPERATING LEASES

MCTI leases computer and copier equipment under non-cancelable operating leases expiring at various dates through June 2021. Rent expense for all operating leases for 2018-2019 was $169,026.

Future minimum lease payments under these leases are as follows:

Year ending June 30,	
2020	$129,567
2021	54,260
	$183,827

(11) CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

MCTI 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. MCTI officials do not expect any significant adjustments as a result of these examinations.

Litigation

MCTI 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.

(12) RISK MANAGEMENT

MCTI 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 including workers compensation. For insured programs, there were no significant reductions in insurance coverages during the 2018-2019 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

MCTI participates in a consortium with other participating school districts and educational agencies from Northampton, Monroe and Pike County to provide self-insurance programs for medical and prescription insurance coverage and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third party administrator, who approves and processes all claims. Since MCTI has not transferred its risk to the other participants in the consortium, GASB requires that it recognize and measure its claims, liabilities and related expenses. MCTI accounts for its participation in the consortium in the Internal Service Fund in the accompanying financial statements.

The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2019 and 2018:

	2019	2018
Insurance claims liability – beginning of year	$ 1,162,244	$ 1,100,788
Current year insurance claims and changes in estimates	(1,124,406)	(1,532,423)
Insurance claims paid	1,420,435	1,593,879
Insurance claims liability – end of year	$ 1,458,273	$ 1,162,244

(14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 21, 2020, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2019 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

MONROE CAREER AND TECHNICAL INSTITUTE

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local sources	$ 8,995,989	$ 8,995,989	$ 8,355,904	$ (640,085)
State sources	955,205	955,205	2,253,180	1,297,975
Federal sources	479,060	479,060	475,255	(3,805)
Total revenues	10,430,254	10,430,254	11,084,339	654,085
EXPENDITURES				
Instruction				
Regular programs	504,830	504,830	497,798	7,032
Special programs	613,146	596,271	445,691	150,580
Vocational programs	4,343,224	4,358,049	4,197,598	160,451
Adult education programs	465,233	465,233	523,342	(58,109)
Total instruction	5,926,433	5,924,383	5,664,429	259,954
Support services				
Pupil support services	589,677	591,124	585,626	5,498
Instructional staff services	393,311	391,564	375,912	15,652
Administrative services	802,353	804,003	716,625	87,378
Pupil health	97,692	97,692	97,002	690
Business services	373,782	374,282	374,136	146
Operation and maintenance of plant services	1,429,498	1,429,198	1,430,693	(1,495)
Support services - central	548,808	549,308	513,473	35,835
Total support services	4,235,121	4,237,171	4,093,467	143,704
Operation of non-instructional services				
Student activities	48,700	48,700	28,079	20,621
Total expenditures	10,210,254	10,210,254	9,785,975	424,279
Excess (deficiency) of revenues over (under) expenditures	220,000	220,000	1,298,364	1,078,364
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,454,887)	(1,454,887)
Sale of/compensation for capital assets	-	-	760	760
Budgetary reserve	(220,000)	(220,000)	-	220,000
Total other financing sources (uses)	(220,000)	(220,000)	(1,454,127)	(1,234,127)
NET CHANGE IN FUND BALANCE	$ -	$ -	(155,763)	$ (155,763)
FUND BALANCE				
Beginning of year			1,098,238	
End of year			$ 942,475	

MONROE CAREER AND TECHNICAL INSTITUTE

SCHEDULE OF MCTI'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS

Year ended June 30

	Measurement Date				
	2018	**2017**	**2016**	**2015**	**2014**
MCTI's proportion of the net pension liability	0.0323%	0.0321%	0.0344%	0.0353%	0.0357%
MCTI's proportionate share of the net pension liability	$ 15,505,604	$ 15,854,000	$ 17,048,000	$ 15,290,000	$ 14,130,000
MCTI's covered-employee payroll	$ 4,350,362	$ 4,278,966	$ 4,455,155	$ 4,544,346	$ 4,553,041
MCTI's proportionate share of the net pension liability as a percentage of its covered-employee payroll	356.42%	370.51%	382.66%	336.46%	310.34%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	52.00%	50.00%	54.00%	57.00%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MONROE CAREER AND TECHNICAL INSTITUTE

SCHEDULE OF MCTI'S PENSION PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date				
	2018	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	$ 1,370,595	$ 1,228,000	$ 1,094,000	$ 911,000	$ 711,000
Contributions in relation to the contractually required contribution	1,363,264	1,253,195	1,086,795	901,249	707,711
Contribution deficiency (excess)	7,331	(25,195)	7,205	9,751	3,289
MCTI's covered-employee payroll	$ 4,350,362	$ 4,278,966	$ 4,455,155	$ 4,544,346	$ 4,553,041
Contributions as a percentage of covered-employee payroll	31.34%	29.29%	24.39%	19.83%	15.54%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

MONROE CAREER AND TECHNICAL INSTITUTE

SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	2019	2018
TOTAL OPEB LIABILITY		
Service cost	$ 113,208	$ 74,971
Interest on total OPEB liability	53,980	24,464
Changes of benefit terms	-	729,359
Differences between expected and actual experience	-	(47,570)
Changes of assumptions	5,288	(18,463)
Benefit payments	(70,921)	(44,659)
Net change in total OPEB liability	101,555	718,102
Total OPEB liability, beginning	1,649,808	931,706
Total OPEB liability, ending	$ 1,751,363	$ 1,649,808
Fiduciary net position as a % of total OPEB liability	0.00%	0.00%
Covered payroll	$ 4,211,880	$ 4,211,880
Net OPEB liability as a % of covered payroll	41.58%	39.17%

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.

MONROE CAREER AND TECHNICAL INSTITUTE

SCHEDULE OF MCTI'S PROPORTIONATE SHARE OF THE OPEB LIABILITY -PSERS

Year ended June 30

	Measurement Date	
	2018	**2017**
MCTI's proportion of the net OPEB liability	0.0323%	0.0321%
MCTI's proportionate share of the net OPEB liability	$ 673,439	$ 654,000
MCTI's covered-employee payroll	$ 4,350,362	$ 4,278,966
MCTI'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.

MONROE CAREER AND TECHNICAL INSTITUTE

SCHEDULE OF MCTI'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	Measurement Date	
	2018	**2017**
Contractually required contribution	$ 36,000	$ 35,000
Contributions in relation to the contractually required contribution	36,000	35,000
Contribution deficiency (excess)	-	-
MCTI's covered-employee payroll	$ 4,350,362	$ 4,278,966
Contributions as a percentage of covered-employee payroll	0.83%	0.82%

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.

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

Joint Operating Committee
Monroe Career and Technical Institute
Bartonsville, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Monroe Career and Technical Institute, Bartonsville, Pennsylvania, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Monroe Career and Technical Institute's basic financial statements, and have issued our report thereon dated January 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monroe Career and Technical Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Monroe Career and Technical Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of Monroe Career and Technical Institute'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

BBD, LLP

Philadelphia, Pennsylvania
January 21, 2020