

**Bucks County Community College  
(a Component Unit of the  
County of Bucks, Pennsylvania)**

Financial Statements and  
Required Supplementary Information

June 30, 2022 and 2021

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

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June 30, 2022 and 2021

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## **Independent Auditors' Report**

To the Board of Trustees of  
Bucks County Community College

### **Opinions**

We have audited the accompanying financial statements of Bucks County Community College (College), a component unit of the County of Bucks, Pennsylvania, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the College as of June 30, 2022 and 2021, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Bucks County Community College Foundation, Inc., which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bucks County Community College Foundation, Inc. is based solely on the report of the other auditors.

### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in Note 1, the College adopted the provisions of GASB Statement No. 87, *Leases*, effective July 1, 2021. Accordingly, the accounting changes have been retroactively applied to prior periods presented. Our opinion is not modified with respect to this matter.

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
December 29, 2022

## **Bucks County Community College (a Component Unit of the County of Bucks, Pennsylvania)**

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Management's Discussion and Analysis  
(Unaudited)

Bucks County Community College (the College) was founded in 1964 in response to a need for a public two-year collegiate institution to serve graduates of the County's high schools and other citizens of the County of Bucks, Pennsylvania (the County) who would benefit from an experience in higher education.

The initial proposal for a community college was developed and presented to the public in 1963 by the then Office of Bucks County Superintendent of Schools. Subsequently, the Bucks County School Directors Association, urged the Bucks County Board of Commissioners in 1964 to become the sponsor for the proposed school under the provisions of Act 848 (the Community College Act).

The Board of Commissioners unanimously agreed to sponsor the College in a legal resolution adopted June 22, 1964. The Pennsylvania State Board of Education approved the proposal in September and a 15-member Bucks County Community College Board of Trustees was appointed October 5, 1964, by the County Commissioners.

The site for the College was determined three months later, when the County acquired, from Temple University, 200 acres of the former Tyler Estate in Newtown Township. The Estate had been bequeathed to Temple University two years earlier by Mrs. Stella Elkins Tyler, a sculptress and patron of the arts who was a trustee of Temple University for 20 years.

Most graduates of the College's transfer programs have attended Pennsylvania's four-year colleges or other state-related institutions. Other graduates of the College have gone on to pursue their studies at more than 300 other four-year institutions in forty-five states as well as the District of Columbia, Puerto Rico, Germany, France, Great Britain and Sweden.

Despite recent reports of significantly higher tuition costs at colleges and universities throughout the Commonwealth of Pennsylvania (the Commonwealth) and nation, the College has held tuition increases to a minimum. The College's comparatively low tuition has helped the County residents make a two-year college education affordable.

The Bucks County Community College Foundation (the Foundation), a component unit of the College, has been presented as a discretely presented component unit, based on the criteria contained in accounting principles generally accepted in the United States of America. The Foundation is a nonprofit corporation, exempt under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fundraising organization to supplement the resources available to the College in support of its programs. A complete set of the Foundation's financial statements may be obtained at the College's administrative office.

The Bucks County Community College Authority (the Authority), a component unit of the County, was created to obtain funds needed for expansion and major renovations of the College.

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Management's Discussion and Analysis  
(Unaudited)

**Fiscal Year 2022 Financial Highlights**

The College's net position decreased approximately \$1.2 million as a result of this year's operations.

During Fiscal 2022, the College realized revenue increases and decreases from the following:

Student tuition and fees decreased approximately \$2,273,000 in 2022 as compared to 2021, which was a result of lower enrollment.

The combined unduplicated headcount for credit and noncredit enrollments for fiscal year 2022 was 13,397, a decrease from 14,927, or 10.2% from 2021. The College enrolled 9,891 credit students during fiscal year 2021, representing a decrease of 14.3% compared to the previous year. Noncredit FTEs increased from 3,392 to 3,506, or a 3.4% increase from 2021.

Total operating expenses increased 4.3% from the prior year by approximately \$3,687,000 in 2022, compared to a 2.4% increase in 2021, or approximately \$2,010,000.

During fiscal year 2022 - 2021, the College received approximately \$4.3 million from the Commonwealth for payment of debt service which was a decrease of approximately \$5,000 the prior year. Other appropriations from the Commonwealth increased by approximately \$90,000 to \$21.8 million in 2022 from \$21.7 million in 2021. Local appropriations remained consistent at approximately \$13.1 million in 2021 and 2022.

**Condensed Statement of Net Position**  
(in Millions)  
June 30, 2022 and 2021

	2022	2021	Percent Change
<b>Assets:</b>			
Current assets	\$ 20.7	\$ 24.1	( 14.11) %
Noncurrent assets	138.9	141.6	(1.91)
Deferred outflows	3.2	3.6	(11.11)
Total assets and deferred outflows of resources	<u>\$ 162.8</u>	<u>\$ 169.3</u>	(3.84)
<b>Liabilities:</b>			
Current liabilities	\$ 20.2	\$ 18.5	9.19
Noncurrent liabilities	74.6	85.0	(12.24)
Deferred inflows	5.8	2.4	141.67
Total liabilities and deferred inflows of resources	<u>100.6</u>	<u>105.9</u>	(5.00)
<b>Net position:</b>			
Net investment in capital assets	80.2	77.9	2.95
Unrestricted	<u>(18.0)</u>	<u>(14.5)</u>	24.14
Total net position	<u>62.2</u>	<u>63.4</u>	( 1.89)
Total liabilities, deferred inflows of resources and net position	<u>\$ 162.8</u>	<u>\$ 169.3</u>	(3.84)

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Management's Discussion and Analysis  
(Unaudited)

Total net position at June 30, 2022 decreased approximately \$1.2 million. The decrease in net position is mainly attributable to decreases in student tuition and fees as a result of tuition and fee rates remaining consistent and a decrease in enrollment. The College's expenditures increased as compared to prior year, due to an increase in student aid expense related to HEERF III funding.

Noncurrent assets (including capital assets, net of accumulated depreciation), decreased approximately \$3.4 million. There were also current year asset additions of approximately \$9.18 million, which includes \$1.3 million of assets acquired capital lease, \$0.5 million of furniture of equipment, and \$8.3 million of construction in progress. Major capital additions in construction in progress in 2022 include Advanced Manufacturing Training Center for \$10.3 million, ERP Implementation project for \$4.8 million, and Campus Core Landscaping for \$4.7 million. Capital assets are reduced by current year depreciation expense of approximately \$6.3 million.

Total liabilities overall decreased by approximately \$8.7 million compared to prior year. During 2022, the College paid approximately \$1.3 million of scheduled principal payments on existing notes payable. In 2022-2023, \$1.3 million of this debt is scheduled for repayment. Principal payments on bonds payable totaled approximately \$4.7 million. In 2022-2023, \$4.5 million of this debt is scheduled for repayment. Postemployment benefit liability decreased by \$1.0 million and net pension liability decreased by \$3.5 million.

**Condensed Statement of Revenues, Expenses**  
**and Changes in Net Position (in Millions)**  
**Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Percent Change</u>
Operating revenues:			
Tuition and fees, net	\$ 29.5	\$ 31.8	(7.23) %
Auxiliary enterprises	0.4	0.2	100.00
Other operating revenues	0.2	0.0	-
Total operating revenues	<u>30.1</u>	<u>32.0</u>	(5.94)
Operating expenses	<u>89.8</u>	<u>86.1</u>	4.30
Operating loss	<u>(59.7)</u>	<u>(54.1)</u>	10.35
Nonoperating revenues (expenses):			
Appropriations	35.0	34.9	0.29
Other gifts, grants and contracts	21.1	21.6	( 2.31)
Interest expense	<u>(1.9)</u>	<u>(2.2)</u>	(13.64)
Nonoperating revenues, net	<u>54.2</u>	<u>54.3</u>	( 0.18)
Income (loss) before other revenues	(5.5)	0.2	(2,850.00)
Capital and debt service appropriations	<u>4.3</u>	<u>4.3</u>	-
(Decrease) increase in net position	(1.2)	4.5	(126.67)
Net position:			
Net position at beginning of year	<u>63.4</u>	<u>58.9</u>	7.64
Net position at end of year	<u>\$ 62.2</u>	<u>\$ 63.4</u>	( 1.89)

# Bucks County Community College (a Component Unit of the County of Bucks, Pennsylvania)

Management's Discussion and Analysis  
(Unaudited)

## Overview of Financial Statements

The College's financial statements focus on the College as a whole, rather than upon individual funds or activities. The Governmental Accounting Standards Board reporting model is designed to provide readers with a broad overview of the College's finances and is comprised of three basic statements:

- The Statement of Net Position presents information on the College's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position serve as one indicator of how the financial position of the College is changing.
- The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the College's net position changed during the most recent fiscal year. All changes in net position are reported as soon 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 result in cash flows in future fiscal periods.
- The Statement of Cash Flows is reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations, financing, and investing receipts and disbursements.

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 contain details on both the accounting policies and procedures that the College has adopted as well as additional information for amounts reported in the financial statements.

### Expenses by Natural Classification Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Salaries	\$ 44,100,653	\$ 43,017,145
Benefits	18,571,126	18,222,754
Pension	3,856,028	3,341,197
Supplies, maintenance and other	8,173,486	8,524,228
Student aid	3,075,016	3,194,604
HEERF, Student Portion	4,365,500	2,028,637
Utilities	1,340,444	1,210,580
Depreciation and amortization	<u>6,329,048</u>	<u>6,584,665</u>
Total operating expenses	<u>\$ 89,811,301</u>	<u>\$ 86,123,810</u>

This financial report is designed to provide a general overview of the College's financial position. Bucks County Community College is financially strong, and we are proud of that accomplishment. Most importantly, however, we are proud of the affordable, high-quality educational programs and services we offer to our community.

# **Bucks County Community College (a Component Unit of the County of Bucks, Pennsylvania)**

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Management's Discussion and Analysis  
(Unaudited)

## **Economic Outlook**

The following represents management's Economic Outlook of the financial activity of Bucks County Community College for the fiscal year ended June 30, 2022 and 2021.

Fiscal year 2021-2022 was a unique year for the College. The impact of the Pandemic that caused the College to make a major shift from on-site to all online teaching in March 2020, eased, allowing the College to pivot back to a mix of in-person, hybrid and on-line teaching. Revenue impacts to 2022 were minimal do to CARES/HEERF Act funding, making up the 10% enrollment decline. In fiscal year 2021-2022, a significant drawdown in federal revenues also helped offset an increase in expenditures, overall resulting in a slight decrease in the College's Net Position and a corresponding decrease in cash for the fiscal year.

Five months into fiscal year 2022-2023 finds the College still in a similar position to the prior fiscal year. One major change is the continued return to campus for in-person classes for the students. For Faculty and Staff, working remotely has continued in a hybrid mix of time on campus and working remotely. Though fall student headcount was up slightly, credit enrollment was down approximately 1% over the prior fiscal year. Budgeted enrollment credits were projected up 5% from actual fiscal 2021-2022 levels. Continued monitoring of expenses and additional funding through the CARES/HEERF Act will offset the declines to student revenues. State revenues have increased for fiscal year 2022-2023, while County revenues have remained unchanged. The College projects to achieve a balanced budget for fiscal year 2022-2023.

Management continues to be prudent in the fiscal management of expenses and this will allow the College to manage budget goals. The College is currently in the early stages of preparing the annual operating budget for fiscal year 2023-2024. Expenses will grow in the salary area in accordance with current contracts in place. The College expects to present a balanced budget to the Board of Directors for fiscal year 2023-2024. The College is currently embarking on one new major capital initiative: Renovating the pool building into a new Student Welcome Center. Bond funding was secured in September 2022.

Frank G. Moore  
Interim Vice President for Administrative  
Affairs and CFO

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Statements of Net Position - Primary Institution  
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 10,471,587	\$ 9,687,540
Investments, short-term	6,639,507	10,655,478
Receivables, net:		
Student	1,174,784	840,898
Federal and state agencies	386,614	1,019,871
Third-party tuition	725,252	330,249
Other	592,211	607,890
Prepaid expenses	743,246	912,387
Total current assets	<u>20,733,201</u>	<u>24,054,313</u>
<b>Noncurrent Assets</b>		
Restricted deposits held by Authority	7,508,421	14,905,459
Capital assets, net	<u>131,298,566</u>	<u>126,692,254</u>
Total noncurrent assets	<u>138,806,987</u>	<u>141,597,713</u>
Total assets	<u>159,540,188</u>	<u>165,652,026</u>
<b>Deferred Outflows of Resources</b>		
Other postemployment benefits	1,176,650	1,294,223
Pension	<u>2,045,085</u>	<u>2,326,890</u>
Total deferred outflows of resources	<u>3,221,735</u>	<u>3,621,113</u>
Total assets and deferred outflows of resources	<u>\$ 162,761,923</u>	<u>\$ 169,273,139</u>
<b>Liabilities, Deferred Outflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 651,666	\$ 664,583
Accounts payable, construction	1,117,508	514,525
Accrued compensation and benefits	7,034,884	6,101,247
Unearned revenue	3,673,858	3,741,859
Other liabilities	941,447	901,724
Lease obligations, current portion	950,723	1,021,586
Notes payable, current portion	1,307,026	1,258,321
Bonds payable, current portion	4,480,000	4,313,000
Total current liabilities	<u>20,157,112</u>	<u>18,516,845</u>
<b>Noncurrent Liabilities</b>		
Lease obligations	1,036,477	690,778
Notes payable	4,035,289	5,342,315
Bonds payable	45,698,458	50,572,759
Postemployment benefit liability	13,701,694	14,711,617
Net pension liability	<u>10,139,836</u>	<u>13,649,762</u>
Total noncurrent liabilities	<u>74,611,754</u>	<u>84,967,231</u>
Total liabilities	<u>94,768,866</u>	<u>103,484,076</u>
<b>Deferred Inflows of Resources</b>		
Other postemployment benefits	2,096,352	491,298
Pension	<u>3,673,054</u>	<u>1,937,789</u>
Total deferred inflows of resources	<u>5,769,406</u>	<u>2,429,087</u>
<b>Net Position</b>		
Net investment in capital assets	80,181,506	77,884,429
Unrestricted	<u>(17,957,855)</u>	<u>(14,524,453)</u>
Total net position	<u>62,223,651</u>	<u>63,359,976</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 162,761,923</u>	<u>\$ 169,273,139</u>

See notes to financial statements

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Statements of Financial Position - Component Unit  
 June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Cash and Cash Equivalents</b>	\$ 854,740	\$ 759,178
<b>Promises to Give, Net</b>	90,053	102,199
<b>Investments</b>	<u>9,422,697</u>	<u>10,760,038</u>
Total assets	<u>\$ 10,367,490</u>	<u>\$ 11,621,415</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 595,518	\$ 610,674
Deferred revenue	-	9,500
Present value of gift annuities payable	<u>48,150</u>	<u>22,141</u>
Total liabilities	<u>643,668</u>	<u>642,315</u>
<b>Net Assets</b>		
Without donor restrictions	1,171,773	1,233,207
With donor restrictions	<u>8,552,049</u>	<u>9,745,893</u>
Total net assets	<u>9,723,822</u>	<u>10,979,100</u>
Total liabilities and net assets	<u>\$ 10,367,490</u>	<u>\$ 11,621,415</u>

See notes to financial statements

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Statements of Revenues, Expenses and Changes in Net Position - Primary Institution  
 Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Operating Revenue</b>		
Student tuition and fees (net of scholarship allowances of \$4,964,015 in 2022 and \$5,407,804 in 2021)	\$ 29,483,908	\$ 31,756,825
Auxiliary enterprises	381,839	230,663
Other operating revenues	<u>254,211</u>	<u>35,305</u>
Total operating revenue	<u>30,119,958</u>	<u>32,022,793</u>
<b>Operating Expenses</b>		
Educational and general:		
Instruction	28,325,902	30,992,762
Academic support	14,373,788	11,129,321
Student services	5,199,146	4,819,611
Institutional support	20,159,565	21,260,125
Public support	898,606	418,811
Operation and maintenance of plant	6,747,262	5,520,470
Student aid	7,440,516	5,223,241
Depreciation	6,329,048	6,584,665
Auxiliary services	<u>337,468</u>	<u>174,804</u>
Total operating expenses	<u>89,811,301</u>	<u>86,123,810</u>
Operating loss	<u>(59,691,343)</u>	<u>(54,101,017)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Appropriations:		
Local	13,152,500	13,141,231
Commonwealth	21,825,897	21,735,505
Federal grants and contracts	16,133,416	16,684,746
Commonwealth grants and contracts	2,106,297	1,626,676
Other gifts, grants and contracts	2,899,309	3,200,002
Investment income	802	43,789
Interest on indebtedness	(1,899,658)	(2,209,754)
Loss on retirement of property and equipment	<u>-</u>	<u>(3,599)</u>
Nonoperating revenues, net	<u>54,218,563</u>	<u>54,218,596</u>
(Loss) income before other revenues	(5,472,780)	117,579
<b>Other Revenues</b>		
Capital and debt service appropriations	<u>4,336,455</u>	<u>4,341,067</u>
Change in net position	(1,136,325)	4,458,646
<b>Net Position, Beginning</b>	<u>63,359,976</u>	<u>58,901,330</u>
<b>Net Position, Ending</b>	<u>\$ 62,223,651</u>	<u>\$ 63,359,976</u>

See notes to financial statements

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Statements of Activities and Changes in Net Assets - Component Unit  
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Contributions and grants	\$ 307,493	\$ 989,586	\$ 1,297,079	\$ 277,053	\$ 905,893	\$ 1,182,946
Donated services and facility usage	243,773	-	243,773	221,989	-	221,989
Investment income realized	17,239	234,907	252,146	12,691	191,883	204,574
Change in unrealized (losses) gains on investments	-	(1,837,112)	(1,837,112)	-	2,212,514	2,212,514
Net assets released from restriction	641,225	(641,225)	-	666,165	(666,165)	-
<b>Total support and revenue</b>	<b>1,209,730</b>	<b>(1,253,844)</b>	<b>(44,114)</b>	<b>1,177,898</b>	<b>2,644,125</b>	<b>3,822,023</b>
<b>Expenses</b>						
Program services	714,621	-	714,621	671,564	-	671,564
Support services	121,257	-	121,257	133,827	-	133,827
Fundraising	375,286	-	375,286	301,605	-	301,605
<b>Total expenses</b>	<b>1,211,164</b>	<b>-</b>	<b>1,211,164</b>	<b>1,106,996</b>	<b>-</b>	<b>1,106,996</b>
(Loss) excess of revenues, gains and other support over expenses before transfers	(1,434)	(1,253,844)	(1,255,278)	70,902	2,644,125	2,715,027
<b>Transfers</b>	<b>(60,000)</b>	<b>60,000</b>	<b>-</b>	<b>(18,885)</b>	<b>18,885</b>	<b>-</b>
Changes in net assets	(61,434)	(1,193,844)	(1,255,278)	52,017	2,663,010	2,715,027
<b>Net Assets, Beginning</b>	<b>1,233,207</b>	<b>9,745,893</b>	<b>10,979,100</b>	<b>1,181,190</b>	<b>7,082,883</b>	<b>8,264,073</b>
<b>Net Assets, Ending</b>	<b>\$ 1,171,773</b>	<b>\$ 8,552,049</b>	<b>\$ 9,723,822</b>	<b>\$ 1,233,207</b>	<b>\$ 9,745,893</b>	<b>\$ 10,979,100</b>

See notes to financial statements

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Statements of Cash Flows - Primary Institution  
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Student tuition and fees	\$ 29,087,895	\$ 32,292,056
Payments to suppliers	(12,330,264)	(12,677,905)
Payments for utilities	(1,340,444)	(1,210,580)
Payments to employees	(43,628,099)	(42,058,388)
Payments for benefits	(18,719,453)	(17,357,311)
Payments for student aid	(7,440,516)	(5,223,241)
Auxiliary services	381,839	230,663
Other receipts	254,211	35,305
	<u>(53,734,831)</u>	<u>(45,969,401)</u>
Net cash used in operating activities		
<b>Cash Flows From Noncapital Financing Activities</b>		
Commonwealth appropriations	23,932,194	23,373,527
Federal appropriations	16,283,736	16,874,770
Local appropriations	13,152,500	13,141,231
Grants, gifts and contracts for other than capital purposes	3,397,925	3,633,729
	<u>56,766,355</u>	<u>57,023,257</u>
Net cash provided by noncapital financing activities		
<b>Cash Flows From Capital Financing Activities</b>		
Purchases of capital assets	(8,979,519)	(8,566,697)
Principal paid on capital leases and debt	(7,043,644)	(7,589,358)
Commonwealth capital and debt service appropriations	4,336,455	4,341,067
Interest paid on capital leases and debt	(1,974,580)	(2,300,897)
	<u>(13,661,288)</u>	<u>(14,115,885)</u>
Net cash used in capital financing activities		
<b>Cash Flows From Investing Activities</b>		
Withdrawals for construction from deposits held by Authority	7,397,038	6,125,700
Withdrawals from investments	4,000,000	-
Interest income	16,773	43,789
Purchases of investments	-	(8,296)
	<u>11,413,811</u>	<u>6,161,193</u>
Net cash provided by investing activities		
Net increase in cash and cash equivalents	784,047	3,099,164
<b>Cash and Cash Equivalents, Beginning</b>	<u>9,687,540</u>	<u>6,588,376</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 10,471,587</u>	<u>\$ 9,687,540</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (59,691,343)	\$ (54,101,017)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	6,329,048	6,584,665
Bad debt expense	400,877	458,994
Changes in assets and liabilities:		
Student receivables	(734,763)	(821,093)
Other receivables	(395,003)	641,009
Prepaid expenses	169,141	(588,055)
Deferred outflows, other postemployment benefits	117,573	(145,044)
Deferred outflows, pension	281,805	(349,660)
Accounts payable and accrued liabilities	62,005	13,127
Accrued compensation and benefits	933,637	1,595,472
Unearned revenue	(68,001)	(202,673)
Other liabilities	39,723	295,869
Postemployment benefit liability	(1,009,923)	713,926
Net pension liability	(3,509,926)	90,246
Deferred inflows, other postemployment benefits	1,605,054	(69,412)
Deferred inflows, pension	1,735,265	(85,755)
	<u>\$ (53,734,831)</u>	<u>\$ (45,969,401)</u>
Net cash used in operating activities		
<b>Supplemental Disclosure of Noncash Capital and Financing Activity</b>		
Fixed asset additions in accounts payable	<u>\$ 1,117,508</u>	<u>\$ 514,525</u>
Assets acquired via capital leases, including restricted deposits	<u>\$ 1,352,858</u>	<u>\$ 1,261,463</u>

See notes to financial statements

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Statements of Cash Flows - Component Unit  
 Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (1,255,278)	\$ 2,715,027
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization on promise to give	-	(2,266)
Realized and unrealized loss (gain) on investments	1,828,468	(2,212,496)
Effects of change in operating assets and liabilities:		
Unconditional promise to give	12,146	16,691
Accounts payable	(15,156)	(103,756)
Present value of gift annuities payable	26,009	(258)
Deferred revenue	(9,500)	9,500
	<u>586,689</u>	<u>422,442</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	(519,299)	(235,670)
Proceeds from sale of investments	28,172	25,204
	<u>(491,127)</u>	<u>(210,466)</u>
Net cash used in investing activities	(491,127)	(210,466)
Net increase in cash and cash equivalents	95,562	211,976
<b>Cash and Cash Equivalents, Beginning</b>	<u>759,178</u>	<u>547,202</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 854,740</u>	<u>\$ 759,178</u>

See notes to financial statements

# **Bucks County Community College (a Component Unit of the County of Bucks, Pennsylvania)**

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Notes to Financial Statements  
June 30, 2022 and 2021

## **1. Nature of Operations and Summary of Significant Accounting Policies**

### **Organization**

Bucks County Community College (the College) was founded in 1964 in response to a need for a two-year collegiate institution to serve citizens within the local area who would benefit from an experience in higher education. The College is funded through a diversified financial support system from the County of Bucks, Pennsylvania (the County), the Commonwealth of Pennsylvania (the Commonwealth) and its students.

The College is considered a component unit of the County due to the County's legal obligation to provide financial support through appropriations to the College, in addition to the County's guaranteeing certain of the College's debt obligations. As such, the financial statements of the College are incorporated into the annual comprehensive financial report of the County.

### **Reporting Entity**

In accordance with Governmental Accounting Standards Board (GASB) guidance, the College has determined that the Bucks County Community College Foundation (the Foundation) should be included in the College's financial statements as a discretely presented component unit. A component unit is a legally separate organization for which the primary institution is financially accountable or closely related.

Under Section 501(c)(3) of the Internal Revenue Code, the Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests are restricted to the activities of the College by the donors. Since these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements as of June 30, 2022 and 2021.

Complete financial statements for the Foundation may be obtained at the College's administrative office.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) accounting standards codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

### **Measurement Focus, Basis of Accounting and Basis of Presentation**

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The College functions as a business-type activity, as defined by GASB.

# **Bucks County Community College (a Component Unit of the County of Bucks, Pennsylvania)**

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Notes to Financial Statements  
June 30, 2022 and 2021

## **Operating Revenues**

Operating revenues of the College consist of tuition and fees, sales and services of educational activities and auxiliary enterprise revenues. In addition, governmental and private grants and contracts in which the grantor receives equal value for the funds given to the College are recorded as operating revenue. Transactions related to capital and financing activities, noncapital financing activities, investing activities and state, local and federal appropriations are components of nonoperating revenue. Private grants and contracts in which the grantor does not receive equal value for the funds given to the College are also reported as nonoperating revenue.

## **Scholarship Discounts and Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on students' behalf. Certain governmental grants are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

## **Net Position**

The College maintains the following net position classifications:

**Net Investment in Capital Assets** - Capital assets, net of accumulated depreciation and outstanding principal balances of debt, net of restricted cash, attributable to the acquisition, construction, repair or improvement of those assets.

**Restricted, Nonexpendable** - Net position subject to externally imposed conditions requiring that they be maintained by the College in perpetuity. The College had no such net position at June 30, 2022 or 2021.

**Restricted, Expendable** - Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the College or by the passage of time. The College had no such net position at June 30, 2022 or 2021.

**Unrestricted** - All other categories of net position. Unrestricted net position may be designated for specific purposes by the College's Board of Trustees.

When both restricted and unrestricted assets are available for expenditure, the decision as to which assets are used first is left to the discretion of the College.

## **Tuition Revenue**

Tuition revenue is recognized when instruction is provided. A receivable is recognized when a student application is processed and an invoice submitted, with revenue recognition deferred until the instruction starts.

## **Cash Equivalents**

Short-term investments with an original maturity of three months or less and nonnegotiable certificates of deposits are classified as cash equivalents.

**Bucks County Community College  
(a Component Unit of the County of Bucks, Pennsylvania)**

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Notes to Financial Statements  
June 30, 2022 and 2021

**Accounts Receivable**

Accounts receivable consist of tuition and fees charged to current and former students or third parties, amounts due from federal and state governments in connection with reimbursements of allowable expenditures made pursuant to grants and contracts and other miscellaneous sources.

Accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based upon the College's historical losses and periodic review of individual accounts. The allowance for doubtful accounts was \$500,000 as of June 30, 2022 and 2021.

**Capital Assets**

Capital assets are stated at cost or at fair market value if received by donation. Depreciation and amortization are recorded on the straight-line basis over the estimated useful lives of the assets. The College capitalizes assets with a useful life in excess of one year and an original cost exceeding \$500. The lives are as follows:

Building improvements	15 to 40 years
Library books and microfilm	7 to 25 years
Equipment	3 to 8 years

The period of amortization of capitalized leased equipment and building improvements coincides with the lease terms.

**Unearned Revenue**

Unearned revenue includes amounts received for tuition and fees, grants, corporate sponsorship payments and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

**Compensated Absences**

Liability for compensated absences (unused vacation leave) is accounted for in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, and accordingly, the liability for employees' rights to receive compensation for future absences is recorded as a liability in the statements of net position in accrued compensation and benefits.

**Termination Benefits**

The College provides monetary incentives to employees participating in voluntary early retirement programs, which are payable in a lump sum or over a maximum three-year period. The College accounts for these benefits in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. These benefits amounted to \$844,188 and \$632,081 at June 30, 2022 and 2021, respectively, and are recorded in other liabilities in the statements of net position upon employees' electing participation in the early retirement programs.

# **Bucks County Community College (a Component Unit of the County of Bucks, Pennsylvania)**

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Notes to Financial Statements  
June 30, 2022 and 2021

## **Retirement Benefits**

The Teachers Insurance & Annuity Association (TIAA) plan is a contributory defined contribution plan administered by the College. Plan contributions are invested, at the direction of the participant, in one or more of the funding vehicles available to the participant under the plan. The College is the authority under which plan provisions are established or may be amended.

The College provides eligible employees with retirement benefits through the Public School Employer's Retirement System (PSERS), and the State Employees' Retirement System (SERS), which are governmental cost-sharing multiple-employer defined benefit pension plans.

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 PSERS and SERS, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by PSERS and SERS. 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.

## **Postemployment Benefits Other Than Pensions**

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 the PSERS and the Bucks County Community College postretirement benefit plan (College OPEB Plan), and additions to/deductions from PSERS's and the College OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by PSERS and the College OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

## **Leases**

The College entered in various equipment lease purchase agreements from other entities. The leases include copiers, computers and various other equipment. The obligations associated with these leases have been recognized as a liability in the statements of net position based on future lease payments, discounted by the incremental borrowing rate.

Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain an option to extend or terminate will be exercised.

The College has certain leases that are for periods of 12 months or less. Leases with an initial term of 12 months or less are not recorded on the statements of financial position since the College has elected the practical expedient to exclude these leases from operating right of use asset and lease liabilities. Short-term lease expenses are recognized on a straight-line basis over the lease term as an operating expense.

## **Risk Management**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The College purchases commercial insurance coverage for general liability, cybersecurity, property and casualty, workers' compensation, environmental and antitrust liabilities, and certain employee health benefits.

# **Bucks County Community College (a Component Unit of the County of Bucks, Pennsylvania)**

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Notes to Financial Statements  
June 30, 2022 and 2021

## **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

## **Reclassifications**

Certain reclassifications were made to the 2021 financial statements to conform to the 2022 presentation.

## **New Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' 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 this Statement, a lessee is required to recognize a lease liability and a leased capital asset. This standard was retroactively implemented which resulted in the College recording debt obligations as bonds payable and recording capitalized lease equipment and lease liability of \$1,987,200 and \$1,712,364 as of June 30, 2022 and 2021, respectively.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. While this statement applies to conduit debt issuers, the College, as obligor, updated certain disclosures included in Note 9, Bonds Payable - Conduit Debt.

The GASB has approved the following:

Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the College's year ending June 30, 2024.

Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, an Amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32, effective for the College's year ending June 30, 2023.

Statement No. 99, *Omnibus 2022*, portions of this standard that were effective upon issuance of the statement were not material to the University's financial reporting. Portions of this statement are effective for the College's year ending June 30, 2023 and 2024.

Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, effective for the College's year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, effective for the College's year ending June 30, 2024.

When they become effective, application of these standards may restate portions of these financial statements. College management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial reporting process.

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Notes to Financial Statements  
 June 30, 2022 and 2021

**2. Deposits and Investments**

The College follows Section 1706 of the County Code of the Commonwealth of Pennsylvania for investment of College funds. As such, the College is authorized to invest its funds in the following:

- United States Treasury Bills
- Short-term obligations of the United States government or its agencies and instrumentalities.
- Deposits in savings accounts or time deposits, other than certificates of deposit, or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance.
- Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933.
- Certificates of deposit purchased from institutions having their principal place of business in or outside the Commonwealth of Pennsylvania that are insured by the FDIC or other like insurance. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets pursuant to Act No. 72 of the General Assembly. Certificates of deposits may not exceed 20% of a bank's total capital surplus or 20% of a savings and loan's or savings bank's assets net of its liabilities.
- Commercial paper and prime commercial paper meeting certain requirements.
- Repurchase agreements that are fully collateralized by obligations of the United States of America.

The carrying amount of the College's deposits was \$10,471,587 and \$9,687,540 as of June 30, 2022 and 2021, respectively. The bank balance totaled \$9,557,346 and \$12,165,736 as of June 30, 2022 and 2021, respectively. The difference represents outstanding checks payable and normal reconciling items.

The following is the fair value of deposits and investments at June 30, 2022:

	<u>College</u>	<u>Component Unit Foundation</u>
Deposits:		
Demand deposits	\$ 10,471,587	\$ 854,740
Investments:		
Cash equivalents	1,039,732	-
Commercial paper	986,243	-
Certificates of deposits	731,849	-
Municipal bonds	3,881,683	-
Mutual funds, equities	-	6,525,191
Mutual funds, fixed income	-	2,897,506
	<u>\$ 17,111,094</u>	<u>\$ 10,277,437</u>
Total deposits and investments		

**Bucks County Community College  
(a Component Unit of the County of Bucks, Pennsylvania)**

Notes to Financial Statements  
June 30, 2022 and 2021

The following is the fair value of deposits and investments at June 30, 2021:

	<u>College</u>	<u>Component Unit Foundation</u>
Deposits:		
Demand deposits	\$ 9,687,540	\$ 759,178
Investments:		
Cash equivalents	2,830,262	-
Commercial paper	2,680,043	-
Certificates of deposits	1,964,906	-
Municipal bonds	3,180,267	-
Mutual funds, equities	-	8,073,821
Mutual funds, fixed income	-	2,686,217
	<u>\$ 20,343,018</u>	<u>\$ 11,519,216</u>
Total deposits and investments		

In addition to the deposits and investments listed above, the College also has bond proceeds available for campus construction held by the Bank of New York (the Trustee), under the terms of various bond indentures. Bond proceeds available for campus construction are carried in the financial statements at fair value and consist of money market mutual funds and cash equivalents. Bond proceeds available for construction as of June 30, 2022 and 2021 are \$7,508,421 and \$14,905,459, respectively, which are reported as restricted deposits held by Authority in the accompanying statements of net position.

The College's investments are subject to various risks. Among these risks are custodial credit risk, credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a formal deposit policy for custodial credit risk. Commonwealth of Pennsylvania Act 72 of 1971, as amended, allows banking institutions to satisfy the collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments.

The bank balance of the College's cash deposits is categorized as follows to give an indication of the level of risk assumed by the College at June 30:

	<u>2022</u>	<u>2021</u>
Insured (FDIC)	\$ 2,114,533	\$ 2,876,087
Collateralized:		
Collateral held by pledging bank's trust department not in College's name	7,442,813	9,289,649
	<u>\$ 9,557,346</u>	<u>\$ 12,165,736</u>
Total		

Included in cash and cash equivalents in 2022 and 2021 is \$769,887 and \$771,956, respectively, of cash and cash equivalents held in a custodial capacity.

**Bucks County Community College  
(a Component Unit of the County of Bucks, Pennsylvania)**

Notes to Financial Statements  
June 30, 2022 and 2021

The investment policy of the College contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer that represent 5% or more of total College investments are as follows as of June 30, 2022:

<u>Issuer</u>	<u>Maturity</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Crown Point Capital	12/19/2022	Commercial Paper	\$ 986,243
US Treasury Bills	10/6/2022	Municipal Bonds	1,492,995
US Treasury Notes	8/31/2022	Municipal Bonds	499,019
US Treasury Notes	9/30/2022	Municipal Bonds	493,101
FHLB	5/23/2023	Municipal Bonds	399,020
FHLB	5/26/2023	Municipal Bonds	997,548
GS Financial Sol Treasury Sol	N/A	Cash Equivalents	1,039,732

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College calls for restrictions on investments consisting of maturity in less than 2 years. As of June 30, 2022 and 2021, respectively, the College had the following investments and maturities:

<b>June 30, 2022</b>				
	<u>Total</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 2 Years</u>
<b>Investment Type</b>				
Investments:				
Cash equivalents	\$ 1,039,732	\$ 1,039,732	\$ -	\$ -
Commercial paper	986,243	986,243	986,243	-
Certificates of deposit	731,849	731,849	731,849	-
Municipal bonds	3,881,683	3,881,683	3,881,683	-
Total investments	<u>\$ 6,639,507</u>	<u>\$ 6,639,507</u>	<u>\$ 5,599,775</u>	<u>\$ -</u>
<b>June 30, 2021</b>				
	<u>Total</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 2 Years</u>
<b>Investment Type</b>				
Investments:				
Cash equivalents	\$ 2,830,262	\$ 2,830,262	\$ -	\$ -
Commercial paper	2,680,043	2,680,043	2,680,043	-
Certificates of deposit	1,964,906	1,964,906	1,964,906	-
Municipal bonds	3,180,267	3,180,267	2,685,136	495,131
Total investments	<u>\$ 10,655,478</u>	<u>\$ 10,655,478</u>	<u>\$ 7,330,085</u>	<u>\$ 495,131</u>

**Bucks County Community College  
(a Component Unit of the County of Bucks, Pennsylvania)**

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Notes to Financial Statements  
June 30, 2022 and 2021

**3. Accounts Receivable, Students**

Student accounts receivable represent amounts due for tuition fees from currently enrolled and former students and other entities. The College extends unsecured credit to students and other entities in connection with their studies and other educational services provided. Some of those students are no longer enrolled or have completed their degrees. Student accounts receivable consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Accounts receivable, student	\$ 1,674,784	\$ 1,340,898
Less allowance for doubtful accounts	<u>(500,000)</u>	<u>(500,000)</u>
Total	<u>\$ 1,174,784</u>	<u>\$ 840,898</u>

**4. Fair Value Measurements, Investments and Financial Instruments**

**Fair Value Measurements**

The College measures fair value of its investments on a recurring basis in accordance with GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever possible.

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 - Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Notes to Financial Statements  
 June 30, 2022 and 2021

The following table presents financial instruments of the College measured at fair value at June 30, 2022 and 2021 by caption on the statements of net position:

<b>June 30, 2022</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Reported at Fair Value</b>				
Investments:				
Cash equivalents	\$ 1,039,732	\$ 1,039,732	\$ -	\$ -
Commercial paper	986,243	-	986,243	-
Certificates of deposit	731,849	-	731,849	-
Municipal bonds	3,881,683	2,485,115	1,396,568	-
<b>Total investments</b>	<b>\$ 6,639,507</b>	<b>\$ 3,524,847</b>	<b>\$ 3,114,660</b>	<b>\$ -</b>
<b>June 30, 2021</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Reported at Fair Value</b>				
Investments:				
Cash equivalents	\$ 2,830,262	\$ 2,830,262	\$ -	\$ -
Commercial paper	2,680,043	-	2,680,043	-
Certificates of deposit	1,964,906	-	1,964,906	-
Municipal bonds	3,180,267	-	3,180,267	-
<b>Total investments</b>	<b>\$ 10,655,478</b>	<b>\$ 2,830,262</b>	<b>\$ 7,825,216</b>	<b>\$ -</b>

**Component Unit**

The following table presents financial instruments of the Foundation measured at fair value at June 30, 2022 and 2021 by caption on the statements of net position:

<b>June 30, 2022</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Reported at Fair Value</b>				
Equities:				
Mutual funds	\$ 6,525,191	\$ 6,525,191	\$ -	\$ -
Fixed income:				
Mutual funds	2,897,506	2,897,506	-	-
<b>Total investments</b>	<b>\$ 9,422,697</b>	<b>\$ 9,422,697</b>	<b>\$ -</b>	<b>\$ -</b>
<b>June 30, 2021</b>				
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Reported at Fair Value</b>				
Equities:				
Mutual funds	\$ 8,073,821	\$ 8,073,821	\$ -	\$ -
Fixed income:				
Mutual funds	2,686,217	2,686,217	-	-
<b>Total investments</b>	<b>\$ 10,760,038</b>	<b>\$ 10,760,038</b>	<b>\$ -</b>	<b>\$ -</b>

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The valuation methods for recurring fair value measurements are as follows:

- Cash equivalents are classified in Level 1 as amounts are highly liquid.
- The mutual funds held by the Foundation are valued using Level 1 inputs.
- Fixed income securities, including commercial paper, certificates of deposit and municipal bonds, are classified in Level 2 of the fair value hierarchy, and are valued based on using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**5. Capital Assets, Net**

Capital asset activity for the year ended June 30, 2022 consisted of the following:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Retirements and Adjustments</b>	<b>Balance June 30, 2022</b>
Nondepreciable assets:				
Land	\$ 4,839,020	\$ -	\$ -	\$ 4,839,020
Construction-in-progress	12,439,338	8,681,882	(190,263)	20,930,957
<b>Total nondepreciable assets</b>	<b>17,278,358</b>	<b>8,681,882</b>	<b>(190,263)</b>	<b>25,769,977</b>
Depreciable assets:				
Building improvements	172,182,906	363,484	169,276	172,715,666
Leased capital equipment	5,377,272	1,352,858	-	6,730,130
Furniture and equipment	22,092,596	533,090	20,987	22,646,673
Library equipment	4,182,381	4,046	-	4,186,427
<b>Total depreciable assets</b>	<b>203,835,155</b>	<b>2,253,478</b>	<b>190,263</b>	<b>206,278,896</b>
Less accumulated depreciation	94,421,259	6,329,048	-	100,750,307
<b>Total</b>	<b>\$ 126,692,254</b>	<b>\$ 4,606,312</b>	<b>\$ -</b>	<b>\$ 131,298,566</b>

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Capital asset activity for the year ended June 30, 2021 consisted of the following:

	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Retirements and Adjustments</b>	<b>Balance June 30, 2021</b>
Nondepreciable assets:				
Land	\$ 4,839,020	\$ -	\$ -	\$ 4,839,020
Construction-in-progress	4,909,354	8,096,689	(566,705)	12,439,338
Total nondepreciable assets	<u>9,748,374</u>	<u>8,096,689</u>	<u>(566,705)</u>	<u>17,278,358</u>
Depreciable assets:				
Building improvements	171,616,201	-	566,705	172,182,906
Leased capital equipment	4,115,809	1,261,463	-	5,377,272
Furniture and equipment	21,960,677	460,933	(329,014)	22,092,596
Library equipment	4,182,381	-	-	4,182,381
Total depreciable assets	<u>201,875,068</u>	<u>1,722,396</u>	<u>237,691</u>	<u>203,835,155</u>
Less accumulated depreciation	<u>88,162,009</u>	<u>6,584,665</u>	<u>(325,415)</u>	<u>94,421,259</u>
Total	<u>\$ 123,461,433</u>	<u>\$ 3,234,420</u>	<u>\$ (3,599)</u>	<u>\$ 126,692,254</u>

**6. Long-Term Liabilities**

Long-term liability activity for the years ended June 30, 2022 and 2021 was as follows:

	<b>Balance July 1, 2021</b>	<b>Additions</b>	<b>Payments/ Settlements</b>	<b>Balance June 30, 2022</b>	<b>Current Portion</b>
Lease obligations	\$ 1,712,364	\$ 1,352,858	\$ 1,078,022	\$ 1,987,200	\$ 950,723
Notes payable	3,747,636	-	583,321	3,164,315	607,026
Notes from direct borrowing	2,853,000	-	675,000	2,178,000	700,000
Bonds payable	54,885,759	-	4,707,301	50,178,458	4,480,000
Postemployment benefit liability	14,711,617	-	1,009,923	13,701,694	-
Net pension liability	13,649,762	-	3,509,926	10,139,836	-
Total	<u>\$ 91,560,138</u>	<u>\$ 1,352,858</u>	<u>\$ 11,563,493</u>	<u>\$ 81,349,503</u>	<u>\$ 6,737,749</u>
	<b>Balance July 1, 2020</b>	<b>Additions</b>	<b>Payments/ Settlements</b>	<b>Balance June 30, 2021</b>	<b>Current Portion</b>
Lease obligations	\$ 1,761,821	\$ 1,261,463	\$ 1,310,920	\$ 1,712,364	\$ 1,021,586
Notes payable	5,043,911	-	1,296,275	3,747,636	583,321
Notes from direct borrowing	3,504,000	-	651,000	2,853,000	675,000
Bonds payable	59,216,922	-	4,331,163	54,885,759	4,313,000
Postemployment benefit liability	13,997,691	713,926	-	14,711,617	-
Net pension liability	13,559,516	90,246	-	13,649,762	-
Total	<u>\$ 97,083,861</u>	<u>\$ 2,065,635</u>	<u>\$ 7,589,358</u>	<u>\$ 91,560,138</u>	<u>\$ 6,592,907</u>

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**7. Lease Liability**

The College entered in various equipment lease purchase agreements since 2017. The leases include copiers, computers, and various other equipment. The College makes certain assumptions and judgements in determining the discount rate, as most leases do not provide an implicit rate. The College uses their incremental borrowing rate, for collateralized borrowing, based on information available at the commencement date in determining the present value of lease payments. The College has recognized capitalized lease equipment included in net capital assets.

Lease Liability Description	Lease Term (Years)	Interest Rates (%)	Outstanding Balance
Computer equipment	3	2 - 5 %	\$ 1,489,535
Copiers	5	2 - 8	352,815
Various other furniture and equipment	5 - 6	3 - 7	144,850

Debt service requirements to maturity for the College are as follows:

	Principal	Interest	Total
Years ending June 30:			
2023	\$ 950,723	\$ 72,706	\$ 1,023,429
2024	600,435	43,927	644,362
2025	342,416	15,862	358,278
2026	81,838	1,224	83,062
2027	11,788	104	11,892
Total	<u>\$ 1,987,200</u>	<u>\$ 133,823</u>	<u>\$ 2,121,023</u>

**8. Notes Payable and Direct Borrowings**

Pursuant to a direct borrowing loan agreement dated December 28, 2004 (Series A and B of 2004), between the Delaware Valley Regional Financing Authority (DVRFA) and the College, the DVRFA issued \$10,900,000 fixed rate Guaranteed Revenue Notes (collectively, the Notes). The Notes were issued to finance a capital project consisting of: (1) land acquisition, (b) site development and building construction of Bucks County Community College Lower County Campus, (c) the payment of interest costs during construction and (d) the payment of the costs of issuance of the Notes. Interest is payable monthly at 3.86% on the Series A and 4.53% on the Series B. Series A was paid off during 2017. The principal balance due on Series B was \$2,178,000 and \$2,853,000 at June 30, 2022 and 2021, respectively. In the event of any default, the Trustee may enforce, and upon the written request may declare all repayments to be immediately due and payable and the Trustee may pursue any and all remedies not or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the loan agreement or to enforce the performance and observance of any other obligation or agreement of the Participant under the loan agreement.

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Pursuant to a loan agreement dated May 30, 2007 between a bank and the College, the bank issued a \$9,950,000 fixed rate Revenue Note (Note One). Note One was issued to finance capital improvements to the College's Lower County campus and the payment of the costs of issuance of the note. Monthly payments of approximately \$60,250, including interest at 3.99%, are due and payable monthly through maturity, April 2027. The principal balance due was \$3,164,315 and \$3,747,636 at June 30, 2022 and 2021, respectively. In the event of any default, the Trustee may enforce, and upon the written request of the holders of 25% in principal amount of the bonds then outstanding thereunder and accompanied by indemnity as therein provided must, enforce for the benefit of all holders of such bonds all their rights of bringing suit, action or proceeding at law or in equity and of having a receiver appointed.

**Guarantees**

The above notes payable are secured by pledged revenues of the College, and payments are unconditionally guaranteed in full by the County. Since inception, the College has met each of its scheduled debt service payments on these notes.

The aggregate future principal and interest payments required on the above obligations at June 30, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2023	\$ 1,307,026	\$ 191,381	\$ 1,498,407
2024	1,357,450	137,510	1,494,960
2025	1,409,355	81,085	1,490,440
2026	684,068	38,843	722,911
2027	584,416	10,531	594,947
Total	<u>\$ 5,342,315</u>	<u>\$ 459,350</u>	<u>\$ 5,801,665</u>

Interest expense on notes from direct borrowings was approximately \$255,000 and \$334,000 in 2022 and 2021, respectively.

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**9. Bonds Payable - Conduit Debt**

The College has entered into the following conduit debt obligation arrangements with the Authority.

	<u>2022</u>	<u>2021</u>
College Building Revenue Bonds, Series 2014, payable in annual installments ranging from \$1,125,000 in 2022 to \$1,825,000, maturing in 2034, plus interest payable semiannually at rates ranging from 2% to 5%	\$ 18,020,000	\$ 19,145,000
College Building Revenue Bonds, Series 2016, payable in annual installments ranging from \$1,225,000 in 2022 to \$1,530,000, maturing in 2028, plus interest payable semiannually at rates ranging from 1.75% to 5%	8,405,000	9,630,000
College Building Revenue Bonds, Series 2017, payable in annual installments ranging from \$703,000 in 2022 to \$791,000, maturing in 2027, plus interest payable annually at a fixed rate of 2.28%	3,774,000	4,477,000
College Building Revenue Bonds, Series 2019, payable in semiannual installments of \$1,260,000 in 2022 to \$2,024,650, maturing in 2039, plus interest payable semiannually at rates ranging from 2.40% to 5%	<u>16,835,000</u>	<u>18,095,000</u>
Total	47,034,000	51,347,000
Original issue premiums and loss on refinancing, net	<u>3,144,458</u>	<u>3,538,759</u>
Bonds payable	<u>\$ 50,178,458</u>	<u>\$ 54,885,759</u>

In December 2014, the Authority issued \$25,585,000 College Building Revenue Bonds, Series of 2014 (the 2014 Bonds). The proceeds of the 2014 Bonds were used to fund construction including renovations to Founders Hall, additions to the Science Building at the College's main campus, and costs of issuance of the bonds.

In October 2016, the Authority issued \$13,845,000 Guaranteed College Building Revenue Bonds, Series of 2016 (the 2016 Bonds). The 2016 Bonds were issued to advance refund the Authority's obligations related to the 2008 College Revenue Bonds. The proceeds from the 2016 bonds were placed in an escrow account that will be used for the sole purpose to pay the 2008 bond obligations. The refinancing resulted in a gain of approximately \$56,000 and is recorded as a deferred inflow on the combined statement of fiduciary net position. The gain is being amortized to interest expense over the remaining term of the 2016 Bonds. Amortization was approximately \$4,700 in 2022.

The College Building Revenue Bonds, Series of 2017 (the 2017 Bonds) issue of \$7,500,000 to complete the Capital Improvement Program which includes replacement of roofs, generators, energy sources, signage, HVAC upgrades and elevator upgrades.

The College Building Revenue Bonds, Series of 2019 (the 2019 Bonds) issue of \$20,890,000 to be used towards the construction of the new Workforce and Economic Development Center, renovation upgrades to the campus core, the acquisition of a new Enterprise Resource Planning (ERP) computer system and the cost of issuance for the 2019 Bonds.

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The future principal and interest payments required on the above obligations at June 30, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending June 30:			
2023	\$ 4,480,000	\$ 1,810,307	\$ 6,290,307
2024	4,672,000	1,626,531	6,298,531
2025	4,809,000	1,477,651	6,286,651
2026	4,982,000	1,319,134	6,301,134
2027	5,191,000	1,111,135	6,302,135
2028 - 2032	13,510,000	3,548,415	17,058,415
2033 - 2037	7,525,000	1,245,657	8,770,657
2038 - 2040	1,865,000	141,000	2,006,000
	<u>\$ 47,034,000</u>	<u>\$ 12,279,830</u>	<u>\$ 59,313,830</u>
Total			

**10. Retirement Benefits**

Employees of the College are required to enroll in one of three available retirement plans immediately upon employment: the SERS, the PSERS or TIAA.

**SERS and PSERS**

**Plan Descriptions**

SERS is a governmental cost-sharing multiple-employer defined benefit pension plan that was established by the Commonwealth to provide pension benefits for employees of state government and certain independent agencies. Membership in SERS is mandatory for most state employees. Members and employees of the General Assembly, certain elected or appointed officials in the executive branch, department heads and certain employees in the field of education are not required but are given the option to participate. SERS issues a publicly available financial report that can be obtained at <http://www.sers.state.pa.us/>

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

**Benefits Provided**

SERS provides retirement, death and disability benefits. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Participants in SERS may receive retirement benefits after satisfying age and length of service requirements. Member retirement benefits are determined by taking years of credited service, multiplied by final average salary, multiplied by 2%, multiplied by class of service multiplier.

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PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied times 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 10 years of service.

PSERS participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final 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.

PSERS 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.

**Member Contributions**

Employees who participate in SERS, dependent upon membership class, are required to make a contribution equal to 5.00% or 9.30% of their gross pay.

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

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**Member Contribution Rate**

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

**Shared Risk Program**

Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-4	4.50%	+/-0.75%	1.50%	7.50%

**Employer Contributions**

Participating employer contributions for SERS are based upon an actuarially determined percentage of gross pay that is necessary to provide SERS with assets sufficient to meet the benefits to be paid to members. The College contribution rate at June 30, 2022 and 2021 was 37.46% and 38.84% of gross pay, respectively. According to the Commonwealth Retirement Code, all obligations of the SERS will be assumed by the Commonwealth should SERS terminate. The contribution to SERS for the years ended June 30, 2022 and 2021 was \$214,133 and \$239,785, respectively.

The College's PSERS contractually required contribution rate for the fiscal years ended June 30, 2022 and 2021 was 33.99% and 33.51% of covered payroll, respectively, not accounting for a 50% reimbursement from the Commonwealth. The rate is 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 PSERS from the College were \$852,356 and \$822,360 for the years ended June 30, 2022 and 2021, respectively.

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**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2022, the College reported a liability of \$3,036,836 and \$7,103,000 for its proportionate share of the SERS and PSERS net pension liabilities, respectively. At June 30, 2021, the College reported a liability of \$3,850,762 and \$9,799,000 for its proportionate share of the SERS and PSERS net pension liabilities, respectively.

The SERS net pension liability as of June 30, 2022 and 2021 was measured as of December 31, 2021 and 2020, respectively. The total pension liability used to calculate the net pension liability was determined by rolling forward the SERS total pension liability as of December 31, 2020 to December 31, 2021. The College's proportion of the SERS 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 December 31, 2021, the College's proportion was .0239%, which was an increase from its proportion of .0015%, measured as of December 31, 2020.

The PSERS net pension liability as of June 30, 2022 and 2021 was measured as of June 30, 2021 and 2020 respectively. The total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2020 to June 30, 2021. The College's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported as it relates to the total one-year reported. At June 30, 2021, the College's proportion was .0173%, which was an increase from its proportion of .0026% measured as of June 30, 2020.

For the years ended June 30, 2022 and 2021, the College recognized pension expense (benefit) of \$(559,860) and \$(504,254) for the SERS plan, and \$(932,996) and \$159,085 for the PSERS plan, respectively.

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At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience - SERS	\$ 20,051	\$ 17,478
Differences between expected and actual experience - PSERS	5,000	93,000
Net difference between projected and actual earnings on pension plan investments - SERS	167,102	878,634
Net difference between projected and actual earnings on pension plan investments - PSERS	-	1,131,000
Changes in proportion and differences between College contributions and proportionate share of contributions - SERS	21,890	868
Changes in proportion and differences between College contributions and proportionate share of contributions - PSERS	107,000	938,000
Changes of assumptions - PSERS	345,000	-
Changes of assumptions - SERS	312,553	614,074
College contributions subsequent to the measurement date - SERS	214,133	-
College contributions subsequent to the measurement date - PSERS	<u>852,356</u>	<u>-</u>
Total	<u>\$ 2,045,085</u>	<u>\$ 3,673,054</u>

\$1,066,489 and \$1,062,145 was reported at June 30, 2022 and 2021, respectively, as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date. The amount recorded at June 30, 2022 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The amount recorded at June 30, 2021 was recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience - SERS	\$ 36,153	\$ 4,319
Differences between expected and actual experience - PSERS	26,000	-
Net difference between projected and actual earnings on pension plan investments - SERS	-	492,686
Net difference between projected and actual earnings on pension plan investments - PSERS	-	235,000
Changes in proportion and differences between College contributions and proportionate share of contributions - SERS	176,405	904,784
Changes in proportion and differences between College contributions and proportionate share of contributions - PSERS	167,000	301,000
Changes of assumptions - PSERS	431,000	-
Changes of assumptions - SERS	428,187	-
College contributions subsequent to the measurement date - SERS	239,785	-
College contributions subsequent to the measurement date - PSERS	822,360	-
Total	<u>\$ 2,326,890</u>	<u>\$ 1,937,789</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

	<b>SERS</b>	<b>PSERS</b>
Years ending June 30:		
2023	\$ (295,297)	\$ (487,000)
2024	(349,645)	(403,000)
2025	(209,838)	(450,000)
2026	(135,152)	(365,000)
2027	474	-
Total	<u>\$ (989,458)</u>	<u>\$ (1,705,000)</u>

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**Actuarial Assumptions**

**SERS**

The total pension liability as of June 30, 2022 was determined by rolling forward the total pension liability as of the December 31, 2020 actuarial valuation to December 31, 2021, using the following actuarial assumptions. Any changes from the December 31, 2020 to December 31, 2021 actuarial valuation are noted below, if applicable:

- Actuarial cost method - Entry age
- Amortization method - Straight line amortization of investments over five years and amortization of assumption changes and noninvestment gains/losses over the average expected remaining service lives of all employees that are provided benefits
- Investment return - 7.0% net of expenses including inflation
- Salary increases - Average increase of 4.60% with range of 3.30% - 6.95% including inflation
- Mortality rates - Projected pubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement for retirees, beneficiaries and survivors and rates determined by SERS' actuaries using actual SERS experience for pre-retirement active members
- Cost of living adjustments - Ad hoc

The actuarial assumptions used in the December 31, 2021 and 2020 valuations were based on the *19<sup>th</sup> Investigation of Actuarial Experience*, which was published in July 2020, and analyzed experience from 2015 through 2019.

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 target allocation and best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2021 are summarized in the following table (including inflation at 2.5% per year):

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Private equity	12.0 %	6.00 %
Private credit	4.0	4.25
Real estate	7.0	3.75
U.S. equity	31.0	4.60
International developed markets equity	14.0	4.50
Emerging markets equity	5.0	4.90
Fixed income - core	22.0	(0.25)
Inflation protection (TIPS)	3.0	(0.30)
Cash	2.0	(1.00)
	100.0 %	

# **Bucks County Community College (a Component Unit of the County of Bucks, Pennsylvania)**

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## **PSERS**

The total pension liability as of June 30, 2021 was determined by rolling forward the total pension liability as of the June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement. Any changes from the prior actuarial valuation are noted below, if applicable:

- Actuarial cost method - Entry Age Normal - level percent of pay
- Investment return - 7.00%, includes inflation at 2.50%
- Salary increases - Effective average of 4.50%, which reflects an allowance for inflation of 2.50%, real wage growth and merit or seniority increases of 2.00%
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The demographic and economic assumptions approved by the PSERS Board for use effective with June 30, 2021 actuarial valuation:

- Salary growth rate - decreased from 5.00% to 4.50%
- Real wage growth and merit seniority increased (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2021 valuations were based on the results of an actuarial experience study that was performed for the five year period ended 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.

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The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global public equity	27.0 %	5.2 %
Fixed income	35.0	1.8
Private equity	12.0	7.3
Commodities	10.0	2.0
Absolute return	8.0	3.1
Infrastructure/MLPs	8.0	5.1
Real estate	10.0	4.7
Cash	3.0	0.1
Leverage	(13.0)	0.1
	<u>100.0 %</u>	

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, 2021.

**Discount Rate**

The SERS discount rate used to measure the total pension liability was 7.00% at December 31, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made based on rates determined by the actuary. Based on those assumptions, SERS fiduciary net position was projected to be available to make all projected future benefit payments of current active and nonactive SERS members. Therefore, the long-term expected rate of return on SERS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The PSERS discount rate used to measure the total pension liability was 7.00 and 7.25% at June 30, 2021 and 2020, respectively. 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.

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**Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the College's proportionate share of the SERS and PSERS net pension liability, calculated using the discount rate of 7.00%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate at June 30, 2022:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
College's proportionate share of the SERS net pension liability	\$ 5,467,113	\$ 3,036,836	\$ 3,454,295
College's proportionate share of the PSERS net pension liability	9,323,000	7,103,000	5,230,000

The following presents the College's proportionate share of the SERS and PSERS net pension liability, calculated using the discount rate of 7.00% and 7.25%, respectively, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate at June 30, 2021:

	<b>1% Decrease (6.00%) (6.25%)</b>	<b>Current Discount Rate (7.00%) (7.25%)</b>	<b>1% Increase (8.00%) (8.25%)</b>
College's proportionate share of the SERS net pension liability	\$ 5,113,164	\$ 3,850,762	\$ 3,230,659
College's proportionate share of the PSERS net pension liability	12,123,000	9,799,000	7,830,000

**TIAA**

The TIAA is a contributory defined contribution plan administered by the College. The employer obligation to contribute is established by a collective bargaining agreement between the College and Bucks County Community College Federation of Teachers Local 2238, American Federation of Teachers dated August 15, 1992 and subsequently amended February 13, 1997, August 15, 2000 and August 15, 2010. The College's contribution rate is 2.37% of covered payroll. The employees' contribution rate is established by the administrator (the College) and is 6.25%. Contributions made by the College were approximately \$2,787,000 in 2022 and \$2,522,000 in 2021.

Contributions made by the employees were approximately \$1,650,000 in 2022, \$1,493,000 in 2021.

# **Bucks County Community College (a Component Unit of the County of Bucks, Pennsylvania)**

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Notes to Financial Statements  
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## **11. Tuition Equalization**

Under the provision of the Pennsylvania Code for Community Colleges, tuition revenue charged to students is limited to one-third of operating expenses of the College. Tuition equalization amount represents the accumulation of tuition charges to students in excess of one-third of the operating expenses of the College over time and is only to be used in a manner that will directly benefit the students. At June 30, 2022 and 2021, the tuition equalization was approximately \$46,351,000 and \$49,102,000, respectively.

## **12. Early Retirement Programs**

The College paid \$457,317 and \$262,533 in 2022 and 2021, respectively, to employees who retired in connection with the College's early retirement incentive programs. The amount payable pursuant to this program was \$844,188 at June 30, 2022 and \$632,081 at June 30, 2021, which is included in accrued compensation and benefits in the statements of net position. The amounts payable are calculated at the discounted present value of future benefit payments.

## **13. Postemployment Benefits**

### **College Plan and PSERS Health Insurance Premium Assistance Program**

#### **Plan Descriptions**

The College provides postemployment medical, dental, and life insurance benefits to eligible employees through a series of retirement incentive plans approved by the College's Board of Trustees. The plan is single-employer plan administered by the College. The College pays premiums for medical, dental and life insurance on behalf of eligible retirees for a period of ten years, or until the retiree attains age seventy, whichever occurs first. The plan is unfunded and no financial report is prepared.

PSERS provides Premium Assistance which is a governmental cost sharing multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

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Notes to Financial Statements  
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**Premium Assistance Eligibility Criteria**

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

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

**Employer Contributions**

The College's contractually required contribution rate for the PSERS Premium Assistance program for the fiscal years ended June 30, 2022 and 2021 was .80% 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 made by the College were approximately \$20,343 in 2022 and \$23,053 in 2021.

**Benefits Provided**

The College's OPEB Plan provides postemployment health insurance benefits to employees upon retirement with 30 years of PSERS service or age 60 with 30 years of service, age 62 with one year of service or 35 years of service regardless of age. Retired employees are allowed to continue coverage for themselves and their dependents in the group health care plan until the retired employee reaches Medicare age, generally 65.

**Employees Covered by Benefit Terms**

At July 1, 2021, the following employees were covered in the College's OPEB with benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	62
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>429</u>
Total	<u><u>491</u></u>

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2022, total OPEB liability of \$13,286,694 and \$415,000 was measured for its proportionate share of the College's OPEB and PSERS OPEB, respectively. At June 30, 2021, the College reported a total OPEB liability of \$14,283,617 and \$428,000 for its proportionate share of the College's OPEB and PSERS OPEB, respectively.

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The net PSERS OPEB liability was measured as of June 30, 2021, 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, 2020 and June 30, 2021. The College'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, 2022, the College's proportion was .0175%.

**College OPEB - Actuarial Assumptions and Other Inputs**

The College OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	3.00 %	
Salary increases	2.50	Effective average of 5.00 comprised of inflation of 2.75% and 2.25% real wage growth and for merit or seniority increases
Discount rate	3.54	
Healthcare cost trend rates	7.00	7.00% through 2021. Rates gradually decrease from 7.00 % in 2022 to 4.50% in 2030 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
Retirees' share of benefit-related costs		Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate. However, the first year trend assumption was adjusted to account for short-term rate caps

The discount rate was based on the Bond Buyers 20-Bond Index as of June 30, 2021.

For mortality rates, separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined pension plan actuarial valuation. Incorporated in the table are rates projected generationally by the Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2021 to reflect mortality improvement.

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**Changes in the College OPEB Plan Liability**

	<b>College OPEB Plan Liability</b>
Balance, July 1, 2020	\$ 13,582,691
Changes for the year:	
Service cost	736,233
Interest	300,177
Changes in assumptions or other inputs	278,617
Benefit payments	<u>(614,101)</u>
Net changes	<u>700,926</u>
Balance, July 1, 2021	14,283,617
Changes for the year:	
Service cost	768,059
Interest	308,526
Changes of benefit terms	957,651
Differences between expected and actual experiences	(752,052)
Changes in assumptions or other inputs	(1,044,760)
Benefit payments	<u>(1,234,347)</u>
Net changes	<u>(996,923)</u>
Balance, June 30, 2022	<u><u>\$ 13,286,694</u></u>

Changes in assumptions or other inputs reflect the following:

- A change in the discount rate from 2.16% in 2021 to 3.54% in 2022.
- Updated the mortality improvement scale to MP-2021 and the assumed medical trend rates
- Early retirement incentives were offered

**PSERS OPEB - Actuarial Assumptions and Other Inputs**

The Total OPEB Liability as of June 30, 2021 was determined by rolling forward the System's Total OPEB Liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay
- Investment Return - 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth - effective average of 4.50% comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year
- Mortality rates were based on a blend of 50%t PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

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The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021
- 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 summed to elect premium assistance
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments consist primarily of short term assets designed to protect the principal of the 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 PSERS Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	79.8 %	0.1 %
Fixed income, Non-US Developed	17.5	0.7
Fixed income, US Core	<u>2.7</u>	(0.3)
	<u>100.0 %</u>	

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, 2021.

**Discount Rate**

The discount rate used to measure the PSERS OPEB liability decreased from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a pay-as-you-go plan. A discount rate of 2.18% which represent the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 2015.

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**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1% Decrease (2.54%)</b>	<b>Current Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
	<b>(1.18)</b>	<b>(2.18)</b>	<b>(3.18)</b>
College OPEB Liability at June 20, 2022	\$ 14,039,969	\$ 13,286,694	\$ 12,588,893
College's proportionate share of the net PSERS OPEB liability at June 30, 2022	476,000	415,000	364,000
	<b>1% Decrease (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
	<b>(1.66)</b>	<b>(2.66)</b>	<b>3.26</b>
Total OPEB Liability at June 20, 2021	\$ 15,239,720	\$ 14,283,617	\$ 13,395,364
College's proportionate share of the net PSERS OPEB liability at June 30, 2021	488,000	428,000	378,000

**Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates**

PSERS net OPEB liability healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
College OPEB Liability at June 30, 2022	\$ 13,092,692	\$ 13,286,694	\$ 13,509,234
PSERS Net OPEB Liability at June 30, 2022	415,000	415,000	415,000

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PSERS net OPEB liability healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
College OPEB Liability at June 30, 2021	\$ 14,036,132	\$ 14,283,617	\$ 14,569,103
PSERS Net OPEB Liability at June 30, 2021	428,000	428,000	428,000

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

For the year ended June 30, 2022, the College recognized OPEB expense of \$1,958,051 and \$9,000 for the College plan and the PSERS plan, respectively. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience - College	\$ 353,075	\$ 1,078,570
Differences between expected and actual experience - PSERS	4,000	-
Changes of assumptions or other inputs - College	768,575	949,782
Changes of assumptions or other inputs - PSERS	<u>51,000</u>	<u>68,000</u>
Total	<u>\$ 1,176,650</u>	<u>\$ 2,096,352</u>

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For the year ended June 30, 2021, the College recognized OPEB expense of \$1,123,571 and \$13,000 for the College plan and the PSERS plan, respectively. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience - College	\$ 397,210	\$ 451,298
Differences between expected and actual experience - PSERS	4,000	-
Changes of assumptions or other inputs - College	868,013	-
Changes of assumptions or other inputs - PSERS	25,000	40,000
Total	<u>\$ 1,294,223</u>	<u>\$ 491,298</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<b>College Plan</b>	<b>PSERS</b>
Years ending June 30:		
2023	\$ (76,185)	\$ (9,000)
2024	(76,185)	(9,000)
2025	(76,185)	3,000
2026	(76,185)	2,000
2027	(76,185)	1,000
Thereafter	(525,777)	(1,000)
Total	<u>\$ (906,702)</u>	<u>\$ (13,000)</u>

**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 the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

**14. Commitments and Contingencies**

DVRFA was formed for the purpose of establishing a pooled loan program for the benefit of local governmental units in the Delaware Valley region. The College has entered into guaranteed revenue notes with DVRFA of which approximately \$2,178,000 and \$2,853,000 in principal is outstanding at June 30, 2022 and 2021, respectively (Note 8).

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DVRFA has entered into interest rate swap agreements with third-party financial institution counterparties related to the bonds DVRFA issued, the proceeds of which fund the pooled loan program. If the swap agreements were terminated, DVRFA would receive or be obligated to pay the market value of the swap agreements at the termination date. If DVRFA were obligated to make a payment and sufficient funds were not available, each borrower would be assessed its allocable share of the termination payment. Borrowers are not entitled to any payments DVRFA would receive from a counterparty as a result of a termination. A related interest rate swap agreement may be terminated under the following circumstances 1) DVRFA and the counterparty mutually consent to the termination, 2) the borrower defaults on its loan, or 3) DVRFA or the counterparty default or their financial conditions deteriorate to make a default imminent. DVRFA would seek to replace the terminated underlying swap agreement with a new agreement with similar terms and conditions upon termination.

DVRFA enters into interest rate swap agreements to provide fixed interest rates to borrowers. The agreement would normally only be terminated if the borrower requested it, including prepayment of the outstanding note, or if the borrower defaulted on its loan. The borrower would be responsible for any termination payment. The borrower is not entitled to receive any payments DVRFA would receive from the counterparty as a result of a termination.

As of June 30, 2022, the market value of interest rate swap agreements related to outstanding guaranteed revenue notes outstanding are as follows:

<b>Guaranteed Revenue Note Year of Issue</b>	<b>Balance Outstanding</b>	<b>Market Value of Related Allocable Interest Rate Swap</b>	<b>Market Value of Related Fixed Loan Swap</b>
2004B	\$ 2,178,000	\$ 159,674	\$ (56,866)

The College is a defendant in a number of legal actions resulting in the normal course of business. While the final outcome cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on the College's financial statements.

The use of grant monies received is subject to compliance audits by the disbursing governmental agency. The College believes it is in compliance with all significant grant requirements.

Approximately 31.2% and 29.9% of the College's total revenue for the years ended June 30, 2022 and 2021, respectively, was provided by appropriations and contracts with the Commonwealth. A significant reduction in the amounts provided by the Commonwealth could have an adverse impact on the College's operations.

The projected cost to complete the Workforce and Economic Development Center, which includes construction, technology, furniture, and equipment costs is estimated at \$6,258,000, of which \$5,457,000 has been incurred as of June 30, 2022. The College plans to fund the remaining portion through the proceeds of the 2019 Revenue Bonds held by the Authority.

## **Bucks County Community College (a Component Unit of the County of Bucks, Pennsylvania)**

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### **15. Coronavirus Disease (COVID-19) and Emergency Relief Funding**

In January 2020, an outbreak of a new strain of the coronavirus disease, COVID-19, was identified. The World Health Organization declared COVID-19 a public health emergency on March 11, 2020. In response, various governmental agencies have mandated stricter procedures to address the health and safety of both employees and patrons including, in certain cases, requiring the closure of operations. On March 16, 2020, following guidance from Pennsylvania Governor Tom Wolf, students, staff and faculty were transitioned to remote operations. The COVID-19 pandemic has affected operations and the financial circumstances of colleges and universities across the country, including Bucks County Community College.

As a response to COVID-19, the federal government approved three relief packages between April 2020 and March 2021. Congress set aside approximately \$76.6 billion between the Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan (ARP) to be allotted to the Educational Stabilization Fund through the Higher Education Emergency Relief Fund (HEERF).

Under CARES, the College received one grant comprised of two parts. Under the legislation, no less than 50% of the full grant was to be used for direct emergency aid to students. The remaining portion of the full grant was to be used by institutions to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Institutions were given 1 calendar year from the date of award in their HEERF Grant Award Notification to complete the performance of their HEERF grant. The College received approximately \$3,017,000 of HEERF funding on April 24, 2020. Institutions may recognize the institutional portion of the grant to the extent the grant was expended on student relief.

The Higher Education Emergency Relief Fund II (HEERF II) is authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260, signed into law on December 27, 2020. In total, the CRRSAA authorizes \$81.88 billion in support for education, in addition to the \$30.75 billion expeditiously provided through the Coronavirus Aid, Recovery, and Economic Security (CARES) Act, Public Law 116-136. The College was allocated approximately \$6,658,000 of HEERF II funding on January 19, 2021.

The Higher Education Emergency Relief Fund III (HEERF III) is authorized by the American Rescue Plan (ARP), Public Law 117-2, signed into law on March 11, 2021, providing \$39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. The College was awarded approximately \$11,769,000 of HEERF III funding on May 12, 2021. Approximately \$6,020,000 of the HEERF III funding will be awarded directly to students in the form of emergency grants to assist with expenses associated with the COVID-19.

Approximately \$4,366,000 and \$2,029,000 of the student relief portion of the HEERF grants was expended and recognized as federal grants revenue and student aid expense in June 30, 2022 and 2021, respectively. Approximately \$4,023,000 and \$4,812,000 of the institutional portion of the HEERF grants was expended and recognized as federal grants revenue, respectively. As of June 30, 2022, the College has approximately \$3,525,000 of student portion and \$4,350,000 of institutional portion available to draw down once the allowable expenses have been incurred.

### **16. Subsequent Events**

On September 15, 2022 the Authority issued its Guaranteed College Building Revenue Bonds, Series of 2022, in the amount of \$12,580,000 for the benefit of the College. The net proceeds will be used by the College for the renovation of its existing pool facilities building located on the College campus and the retrofitting of same as a welcome center, to be utilized primarily for student services, admissions and financial aid and a student center, as well as other capital improvements. The bonds bear interest at rates ranging between 4-5%, are guaranteed by the County, and mature in 2042.

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Schedule of the College's Proportionate Share of the Net Pension Liability  
 Years Ended June 30  
 (Unaudited)

	<b>SERS</b>	<b>PSERS</b>
	<b>2022</b>	
College's proportion of the net pension liability	0.0239%	0.0173%
College's proportionate share of the net pension liability	\$ 3,036,836	\$ 7,103,000
College's covered-employee payroll	1,210,158	2,439,485
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	250.95%	291.17%
Plan fiduciary net position as a percentage of the total pension liability	76.00%	63.67%
	<b>2021</b>	
College's proportion of the net pension liability	0.0210%	0.0198%
College's proportionate share of the net pension liability	\$ 3,850,762	\$ 9,799,000
College's covered-employee payroll	1,239,711	2,777,479
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310.62%	352.80%
Plan fiduciary net position as a percentage of the total pension liability	67.00%	54.32%
	<b>2020</b>	
College's proportion of the net pension liability	0.0244%	0.0195%
College's proportionate share of the net pension liability	\$ 4,436,516	\$ 9,123,000
College's covered-employee payroll	1,428,278	2,695,485
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310.62%	338.45%
Plan fiduciary net position as a percentage of the total pension liability	63.10%	55.66%
	<b>2019</b>	
College's proportion of the net pension liability	0.0241%	0.0194%
College's proportionate share of the net pension liability	\$ 5,026,161	\$ 9,313,000
College's covered-employee payroll	1,416,655	2,608,666
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	354.79%	357.00%
Plan fiduciary net position as a percentage of the total pension liability	56.40%	54.00%
	<b>2018</b>	
College's proportion of the net pension liability	0.0287%	0.0198%
College's proportionate share of the net pension liability	\$ 4,962,506	\$ 9,779,000
College's covered-employee payroll	1,654,353	2,637,980
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	299.97%	370.70%
Plan fiduciary net position as a percentage of the total pension liability	63.00%	51.84%
	<b>2017</b>	
College's proportion of the net pension liability	0.0296%	0.0259%
College's proportionate share of the net pension liability	\$ 5,695,315	\$ 11,200,000
College's covered-employee payroll	1,709,982	2,925,089
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	333.06%	382.89%
Plan fiduciary net position as a percentage of the total pension liability	63.00%	50.14%
	<b>2016</b>	
College's proportion of the net pension liability	0.0328%	0.0203%
College's proportionate share of the net pension liability	\$ 5,972,203	\$ 8,793,000
College's covered-employee payroll	1,943,480	2,608,323
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	307.29%	337.11%
Plan fiduciary net position as a percentage of the total pension liability	57.80%	54.36%
	<b>2015</b>	
College's proportion of the net pension liability	0.0456%	0.0234%
College's proportionate share of the net pension liability	\$ 6,782,340	\$ 9,262,000
College's covered-employee payroll	2,640,515	2,982,500
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	256.86%	310.54%
Plan fiduciary net position as a percentage of the total pension liability	58.90%	57.24%

Note: The College adopted GASB Statement No. 68 for their fiscal year ended June 30, 2015.  
 Information prior to 2015 is not available.

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Schedule of College Pension Contributions  
 Years Ended June 30  
 (Unaudited)

	<b>SERS</b>	<b>PSERS</b>
	<b>2022</b>	
Contractually required contribution	\$ 531,857	\$ 852,356
Contributions in relation to the contractually required contribution	531,857	852,356
Contribution deficiency (excess)	\$ -	\$ -
College's covered-employee payroll	\$ 1,210,158	\$ 2,439,485
Contributions as a percentage of covered-employee payroll	43.95%	34.94%
	<b>2021</b>	
Contractually required contribution	\$ 527,912	\$ 822,360
Contributions in relation to the contractually required contribution	527,912	822,360
Contribution deficiency (excess)	\$ -	\$ -
College's covered-employee payroll	\$ 1,239,711	\$ 2,777,479
Contributions as a percentage of covered-employee payroll	42.58%	29.61%
	<b>2020</b>	
Contractually required contribution	\$ 582,024	\$ 951,445
Contributions in relation to the contractually required contribution	582,024	951,445
Contribution deficiency (excess)	\$ -	\$ -
College's covered-employee payroll	\$ 1,428,278	\$ 2,695,485
Contributions as a percentage of covered-employee payroll	40.75%	35.30%
	<b>2019</b>	
Contractually required contribution	\$ 572,200	\$ 900,874
Contributions in relation to the contractually required contribution	572,200	900,874
Contribution deficiency (excess)	\$ -	\$ -
College's covered-employee payroll	\$ 1,416,655	\$ 2,608,666
Contributions as a percentage of covered-employee payroll	40.39%	34.53%
	<b>2018</b>	
Contractually required contribution	\$ 547,850	\$ 855,303
Contributions in relation to the contractually required contribution	547,850	855,303
Contribution deficiency (excess)	\$ -	\$ -
College's covered-employee payroll	\$ 1,654,353	\$ 2,637,980
Contributions as a percentage of covered-employee payroll	33.12%	32.42%
	<b>2017</b>	
Contractually required contribution	\$ 514,347	\$ 788,192
Contributions in relation to the contractually required contribution	514,347	788,192
Contribution deficiency (excess)	\$ -	\$ -
College's covered-employee payroll	\$ 1,709,982	\$ 2,925,089
Contributions as a percentage of covered-employee payroll	30.08%	26.95%
	<b>2016</b>	
Contractually required contribution	\$ 449,511	\$ 661,767
Contributions in relation to the contractually required contribution	449,511	661,767
Contribution deficiency (excess)	\$ -	\$ -
College's covered-employee payroll	\$ 1,943,480	\$ 2,608,323
Contributions as a percentage of covered-employee payroll	23.13%	25.37%
	<b>2015</b>	
Contractually required contribution	\$ 417,494	\$ 555,370
Contributions in relation to the contractually required contribution	417,494	555,370
Contribution deficiency (excess)	\$ -	\$ -
College's covered-employee payroll	\$ 2,640,515	\$ 2,982,500
Contributions as a percentage of covered-employee payroll	15.81%	18.62%

Note: The College adopted GASB Statement No. 68 for their fiscal year ended June 30, 2015. Information prior to 2015 is not available.

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Schedule of Changes in Net Other Post-Employment Benefit Liability and Related Ratios  
 Years Ended June 30  
 (Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>OPEB Liability, College Plan</b>					
Service cost	\$ 768,059	\$ 736,233	\$ 489,626	\$ 467,592	\$ 647,987
Interest cost	308,526	300,177	425,977	452,800	457,189
Changes of benefit terms	957,651	-	698,415	-	-
Differences between expected and actual experience	(752,052)	-	485,480	-	(676,946)
Changes of assumptions or other inputs	(1,044,760)	278,617	115,678	135,916	627,209
Benefit payments	<u>(1,234,347)</u>	<u>(614,101)</u>	<u>(803,251)</u>	<u>(585,813)</u>	<u>(784,896)</u>
Net change in total OPEB liability	(996,923)	700,926	1,411,925	470,495	270,543
<b>Total OPEB Liability, Beginning</b>	<u>14,283,617</u>	<u>13,582,691</u>	<u>12,170,766</u>	<u>11,700,271</u>	<u>11,429,728</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 13,286,694</u>	<u>\$ 14,283,617</u>	<u>\$ 13,582,691</u>	<u>\$ 12,170,766</u>	<u>\$ 11,700,271</u>
<b>Covered-Employee Payroll (Estimated)</b>	\$ 28,426,032	\$ 30,587,779	\$ 29,841,736	\$ 28,267,586	\$ 27,578,133
<b>College's Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	46.74%	46.70%	45.52%	43.06%	42.43%

**Notes to Schedule:**

The College implemented GASB Statement No. 75 during its year ended June 30, 2018. Information prior to 2018 is not available.

The College does not accumulate assets in a trust to pay related benefits under the other postemployment benefit plan.

**Bucks County Community College**  
**(a Component Unit of the County of Bucks, Pennsylvania)**

Schedule of College's Proportionate Share of the PSERS OPEB Liability  
 Years Ended June 30  
 (Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
College's proportion of the PSERS OPEB	0.0241%	0.0198%	0.0195%	0.0194%	0.0198%
College's proportionate share of the net OPEB liability	\$ 415,000	\$ 428,000	\$ 415,000	\$ 404,000	\$ 403,000
College's covered-employee payroll	2,480,865	2,777,479	2,695,485	2,608,666	2,637,980
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.73%	15.41%	15.40%	15.49%	15.28%
Plan fiduciary net position as a percentage of the total OPEB liability	5.30%	5.69%	5.56%	5.56%	5.73%

**Notes to Schedule:**

The College implemented GASB Statement No. 75 during its year ended June 30, 2018.  
 Information prior to 2018 is not available.

Covered-employee payroll above represents the amount for the year coinciding  
 with the measurement date