

**ANNUAL REPORT
OF
MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
MIFFLIN COUNTY, PENNSYLVANIA**

FOR THE YEAR ENDED JUNE 30, 2021

CONTENTS

| | Page |
|--|---------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| Required Supplemental Information Management's Discussion and Analysis | 3 - 11 |
| BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 12 |
| Statement of Activities | 13 |
| Fund Financial Statements | |
| Governmental Funds | |
| Balance Sheet | 14 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 15 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | 16 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 17 |
| Fiduciary Fund | |
| Statement of Net Position | 18 |
| Statement of Changes in Fiduciary Net Position | 19 |
| Notes to Financial Statements | 20 - 47 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule - General Fund | 48 |
| Notes to Budgetary Comparison Schedule | 49 |
| Defined Benefit Pension Plan Information Related to the Pennsylvania Public School Employees' Retirement System (PSERS) - Schedule of Academy's Proportionate Share of the Net Pension Liability | 50 - 52 |
| Defined Benefit Pension Plan Information Related to the Pennsylvania Public School Employees' Retirement System (PSERS) - Schedule of Academy's Contribution | 53 - 54 |
| Defined Benefit Pension Plan Information Related to the Pennsylvania Public School Employees' Retirement System (PSERS) - Notes to Required Supplementary Information | 55 |
| Defined Benefit OPEB Plan Information - Single Employer - Schedule of Changes in the Net OPEB Liability and Related Ratios | 56 - 58 |
| Defined Benefit OPEB Plan Information - Single Employer - Schedule of Employer Contributions and Investment Returns | 59 - 60 |
| Defined Benefit OPEB Plan Information - Single Employer - Notes to Required Supplementary Information | 61 |
| OPEB Liability Information Related to Single Employer Plan - Notes to Required Supplementary Information | 62 - 63 |
| Defined Benefit OPEB Plan Information - Cost Sharing Plan - Schedule of Employer Contributions | 64 |

CONTENTS

Page

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

| | |
|---|---------|
| Defined Benefit OPEB Plan Information - Cost Sharing Plan - Schedule of the Academy's Proportionate Share of the Net OPEB Liability | 65 - 66 |
| Total OPEB Liability Information Related to the Pennsylvania Public School Employees' Retirement System (PSERS) - Notes to Required Supplementary Information | 67 |
| Schedule of Expenditures of Federal Awards | 68 |
| Notes to Schedule of Expenditures of Federal Awards | 69 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 70 - 71 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 72 - 73 |
| Schedule of Findings and Questioned Costs | 74 |
| Summary Schedule of Prior Years' Findings | 75 |

INDEPENDENT AUDITOR'S REPORT

Chairman and Members of the Committee
Mifflin County Academy of Science and Technology
MCSD Administration Building
201 Eighth Street
Lewistown, PA 17044

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mifflin County Academy of Science and Technology, a component unit of the Mifflin County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Mifflin County Academy of Science and Technology as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITOR'S REPORT
(CONTINUED)**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Defined Benefit Pension Plan Information related to the Pennsylvania Public School Employees' Retirement System (PSERS), the Defined Benefit Postemployment Healthcare Plan information, Other Postemployment Benefit Information, and budgetary comparison information on pages 3 to 11 and 48 to 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mifflin County Academy of Science and Technology's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021, on our consideration of the Mifflin County Academy of Science and Technology's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mifflin County Academy of Science and Technology's internal control over financial reporting and compliance.

Young, DeKey, Brown & Company, P.C.

Altoona, Pennsylvania
November 16, 2021

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

The discussion and analysis of Mifflin County Academy of Science and Technology's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The governmental activities net position increased \$540,319 to (\$998,584) with the negative contributor being the adjustment to pension expense due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* in fiscal year ended June 30, 2015. GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year ended June 30, 2018. These GASBs are accounting pronouncements applicable to governmental entities that dictates reporting requirements for pensions and other postemployment benefits. The resulting effect on net position, whether positive or negative, is unavoidable. Mifflin County School District provided the largest sum of revenue (43%), which supports the secondary education program and totaled \$1,969,745 for 2020-2021.

At the end of the current fiscal year, the fund balance of the General Fund increased to \$1,602,348 from \$1,229,420. The School's Administration continued a strong commitment to maintaining expenditures levels within those budgeted.

FINANCIAL STATEMENTS

The financial statements consist of three parts: Management Discussion and Analysis, the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present two different views of the School. The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the School's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School's operations in more detail than the government-wide statements. The governmental funds statements tell how the School's services were financed in the short term, as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that are operated like a business. The School does not operate any proprietary funds. Fiduciary fund statements provide information about financial relationships where the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and reports the financial statements with a comparison to the School's budget for the year.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1
Required Components of
Mifflin County Academy of Science and Technology
Financial Report

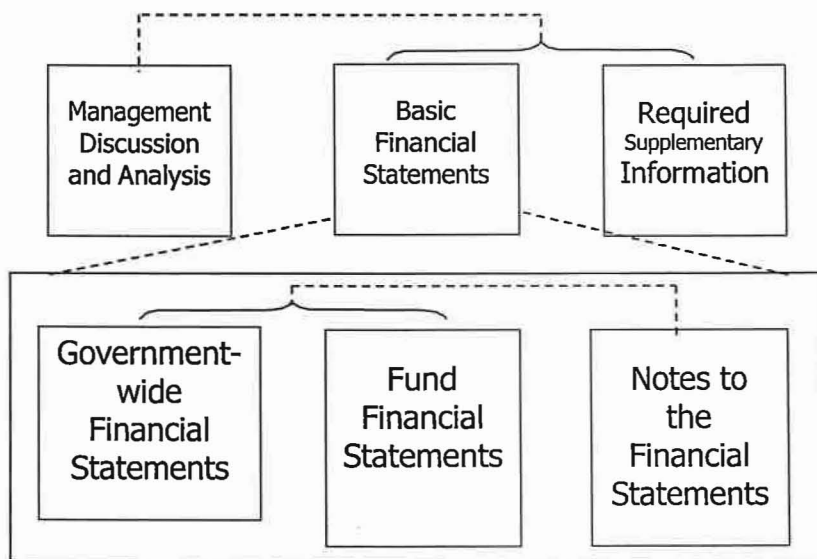


Figure A-2 summarizes the major features of the financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

| | Government-Wide Statements | Governmental Funds | Fiduciary Funds |
|--|--|--|---|
| Scope | Entire School (except fiduciary funds) | The activities of the School that are not proprietary or fiduciary, such as education, administration and community services | Instances in which the School is the trustee or agent to someone else's resources, such as Student Activity Funds |
| Required financial statements | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balance | <ul style="list-style-type: none"> • Statement of Fiduciary Net Position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included | All assets and liabilities, both short-term and long-term |
| Type of inflow-outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid |

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School's net assets and how they have changed. Net assets, the difference between the School's assets and liabilities, are one way to measure the School's financial health or position. Over time, increases or decreases in the School's net assets are an indication of whether its financial health is improving or deteriorating, respectively. However, to assess the overall health of the School, one should consider additional factors, such as changes in the member school district contributions and the projected enrollment of the students.

The government-wide financial statements of the School consist of:

Governmental activities – All of the School's basic services are included here, such as instruction, administration and community services. Participating school district contributions, state and federal subsidies and grants finance most of these activities.

Fund Financial Statements

The School's fund financial statements provide detailed information about the most significant funds – not the School as a whole. Some funds are required by state law and by bond requirements.

- Governmental funds – Most of the School's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- Fiduciary funds – The School is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds or student activity funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The School's total net position was (\$998,584) at June 30, 2021.

Table A-1
Fiscal Year ended June 30, 2021
Net Assets

| | <u>Governmental</u> <u>Activities</u> | | <u>% Change</u> |
|----------------------------------|--|-----------------------------|-------------------|
| | 2020-2021 | 2019-2020 | |
| Current and other assets | \$2,393,916 | \$ 1,802,113 | 33% |
| Net capital assets | <u>2,564,210</u> | <u>2,574,527</u> | <u>0%</u> |
| Total assets | <u>4,958,126</u> | <u>4,376,640</u> | <u>13%</u> |
| Deferred Outflows | 395,916 | 344,472 | 15% |
| Current and other liabilities | 425,606 | 428,222 | - 1% |
| Long-term liabilities | <u>5,852,226</u> | <u>5,644,673</u> | <u>4%</u> |
| Total Liabilities | <u>6,277,832</u> | <u>6,072,895</u> | <u>3%</u> |
| Deferred Inflows | 74,794 | 187,120 | -60% |
| Net position | | | |
| Net Investment in Capital Assets | 2,088,686 | 1,961,970 | 6% |
| Unrestricted | <u>(3,087,270)</u> | <u>(3,500,873)</u> | <u>.12%</u> |
| Total Net Position | <u>(\$998,584)</u> | <u>(\$1,538,903)</u> | <u>35%</u> |

Most of the School's net position is invested in capital assets (buildings, land, and equipment).

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges for services, grants, revenues and subsidies that directly relate to specific expense categories are presented to determine the final amount of the School's activities that are supported by other general revenues. The largest general revenue category is from the Mifflin County School District.

Table A-2 takes the information from the Statement of Activities and rearranges it slightly, so you can see our total revenues for the year.

Table A-2
Fiscal Year ended June 30, 2021
Changes in Net Position

| | <u>Governmental Activities</u> | | <u>% Change</u> |
|--|------------------------------------|----------------------|-----------------|
| | 2020-2021 | 2019-2020 | |
| Revenues | | | |
| Program revenues | | | |
| Charges for services | \$ 925,611 | \$ 1,107,392 | -16% |
| Operating grants and contributions | 1,382,560 | 1,702,531 | -19% |
| Capital grants and contributions | 267,420 | 72,024 | 271% |
| General revenues | | | |
| Mifflin County School District | 1,969,745 | 1,904,745 | 3% |
| Interest income | 1,263 | 6,385 | -80% |
| Other general revenues | 16,423 | 11,533 | 42% |
| Total revenues | 4,563,022 | 4,804,610 | -5% |
| Expenses | | | |
| Instruction | 2,531,895 | 2,669,404 | -5% |
| Instructional student support | 43,457 | 28,775 | 51% |
| Administration and financial support | 905,409 | 926,344 | -2% |
| Operation & maintenance of plant | 381,517 | 368,206 | 4% |
| Student activities | 14,652 | 15,385 | -5% |
| Interest on long-term debt | 24,051 | 29,901 | -20% |
| Unallocated depreciation | 121,722 | 122,480 | -1% |
| Total expenses | 4,022,703 | 4,160,495 | -3% |
| Increase (decrease) in net position | \$540,319 | \$644,115 | -16% |
| Beginning Net Position | <u>(\$1,538,903)</u> | <u>(\$2,183,018)</u> | |
| Ending Net Position | <u>(\$ 998,584)</u> | <u>(\$1,538,903)</u> | |

The table below presents the expenses of the School.

Table A-3 shows the School's largest functions - instruction, instructional student support, administration and financial support, operation and maintenance of plant, and student activities as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local revenue and other miscellaneous revenues.

Table A-3
Fiscal Year ended June 30, 2021
Governmental Activities

| Net Cost of District Functions – Governmental | | | | | | |
|---|------------------------|--------------------|------------|----------------------|--------------------|------------|
| | Total Cost of Services | | | Net Cost of Services | | |
| | 2020-2021 | 2019-2020 | % Change | 2020-2021 | 2019-2020 | % Change |
| Instruction | \$2,531,895 | \$2,669,404 | -5% | \$ 53,581 | \$ -76,992 | 170% |
| Instructional student support | 43,457 | 28,775 | 51% | 38,136 | 23,548 | 62% |
| Administration and financial support | 905,409 | 926,344 | -2% | 835,046 | 824,790 | 1% |
| Operation and maintenance of plant | 381,517 | 368,206 | 4% | 361,837 | 342,111 | 6% |
| Student activities | 14,652 | 15,385 | -5% | 12,739 | 12,710 | 0% |
| Interest on long-term debt | 24,051 | 29,901 | -20% | 24,051 | 29,901 | -20% |
| Unallocated depreciation expense | 121,722 | 122,480 | -1% | 121,722 | 122,480 | -1% |
| TOTAL EXPENSES | \$4,022,703 | \$4,160,495 | -3% | \$1,447,112 | \$1,278,548 | 13% |

Fund Balances

At June 30, 2021, the School's governmental funds reported a combined fund balance of \$1,968,310, which is an increase of \$594,419 from June 30, 2020.

General Fund:

The School's General Fund balance includes nonspendable balances for inventories of \$11,457.

Capital Reserve/Capital Projects Funds:

The School is preparing for future capital projects and for new and replacement equipment purchases each year. In order to fund these projects and equipment without the need for additional revenue from the Mifflin County School District or borrowing issues, the School had established a Capital Projects Fund. The School makes periodic transfers from the General Fund to this fund. The component of the fund balance that is assigned for these capital projects at June 30, 2021 is \$365,962. This represents an increase of \$221,491 from June 30, 2020 due to an interfund transfer.

General Fund Budget

The Operating Committee authorizes all revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School. A schedule showing the School's original and final budget amounts compared with amounts actually paid and received is provided as required supplementary information following the footnotes. As shown in the supplementary schedule, actual results exceeded budget by \$372,928.

Normally, the School applies for federal, state and local grants and these grants cannot always be anticipated in the budgeting process. During the current fiscal year the School was awarded an equipment grant of \$33,252, State grants for the new Welding program of \$174,703, GEER grant of \$67,556 for secondary programs, and CARES Act funding of \$382,233 for the PN program. Transfers between specific categories of expenditures/financing uses occur during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the School had \$2,564,210 in Governmental Funds invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of (\$10,317) in Governmental Activities from June 30, 2020, primarily attributable to less current year purchases of equipment and construction than in the previous year.

Table A-5
Governmental Activities
Capital assets - net of depreciation

| | 2021 | 2020 |
|----------------------------|--------------------|--------------------|
| Land | \$ 32,035 | \$ 32,035 |
| Construction in Progress | 0 | 0 |
| Buildings and improvements | 1,447,048 | 1,572,633 |
| Furniture & equipment | 1,085,127 | 969,859 |
| Total assets: | \$2,564,210 | \$2,574,527 |

Debt Administration

On January 13, 2009, the School entered into a performance based energy savings master lease agreement. Under this agreement, the lessor installs and implements recommended energy conservation measures that will yield guaranteed energy savings to the School. In turn, the School will pay the lessor annual lease payments of \$161,084 (including interest at 4.371%) for 15 years. The lease term began at the completion of the project which occurred at the end of October 2009. At such time the loan acquired to finance the improvements was converted to a capital lease.

Other long-term obligations include accrued vacation pay and sick leave for specific employees of the School as well as other postemployment benefit obligations. The latter is the difference between the actuarial required contributions and the actual contributions to the benefit plan for the School's postemployment benefit other than pensions.

Table A-6
Governmental Activities
Long-term Debt

| | 2021 | 2020 |
|--|--------------------|--------------------|
| Net Pension Liability | \$4,870,951 | \$4,541,671 |
| Capital lease, including accrued interest | 475,524 | 612,557 |
| Compensated absences | 95,205 | 81,729 |
| Net other postemployment benefits obligation | 410,546 | 408,716 |
| Total long-term debt: | \$5,852,226 | \$5,644,673 |

FACTORS BEARING ON MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY FUTURE

Factors that will affect the future finances of the School are increasing cost of employee health benefits and PSERS projected retirement rates, along with collective bargaining agreements with the Educators Association and Support Personnel Association, and ongoing facilities maintenance.

The School is located in Mifflin County, Pennsylvania and had historically operated as a joint venture of two public school districts: Mifflin County School District and Juniata County School District. The Articles of Agreement under which the school previously operated expired on June 30, 2013. Revised Articles of Agreement were completed during the 2012-2013 fiscal year. As a result, the Mifflin County School District agreed to purchase and the Juniata County School District agreed to sell its ownership interest in the real estate and non-real estate assets of the School. The Mifflin County School District and the Juniata County School District further agreed that through the end of the 2017-2018 school year, the Juniata County School District will pay tuition on an annual basis to Mifflin County School District at a rate equal to the actual per pupil cost incurred by Mifflin County School District for its students who attend the School, based on a consistent methodology. This agreement will be automatically extended for an additional five-year term, unless subsequently amended or modified by the Board.

Approval was granted from the Pennsylvania Department of State to officially change the name of the School to Mifflin County Academy of Science and Technology effective July 1, 2014. Management believes this name accurately depicts the vision for the future of the School.

CONTACTING THE MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, parents, students, and others with a general overview of the School's finances and to show the Operating Committee's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Mifflin County Academy of Science and Technology, c/o Business Office, 700 Pitt Street, Lewistown, PA 17044, (717) 248-3933.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
STATEMENT OF NET POSITION
JUNE 30, 2021**

| | <u>Governmental Activities</u> |
|--|---|
| <u>Assets</u> | |
| Cash and Cash Equivalents | \$2,213,702 |
| Accounts Receivable: | |
| Intergovernmental | 108,103 |
| Other | 43,146 |
| Due from Fiduciary Funds | 17,508 |
| Inventories | 11,457 |
| Capital Assets: | |
| Not Depreciated | 32,035 |
| Depreciated, net of depreciation | <u>2,532,175</u> |
| Total Assets | <u>\$4,958,126</u> |
| <u>Deferred Outflows of Resources</u> | |
| Deferred Outflows related to Defined Benefit Pension Plan | \$ 328,215 |
| Deferred Outflows related to Other Postemployment Benefits | <u>67,701</u> |
| Total Deferred Outflows of Resources | <u>\$ 395,916</u> |
| <u>Liabilities</u> | |
| Current Liabilities: | |
| Accounts Payable - Trade | \$ 74,972 |
| Accrued Salaries and Benefits | 172,727 |
| Payroll Deductions and Withholdings | 129,787 |
| Unearned Revenues | 47,157 |
| Due to Other Governments | 963 |
| Noncurrent Liabilities: | |
| Due Within One Year | 143,144 |
| Due in More Than One Year | <u>5,709,082</u> |
| Total Liabilities | <u>\$6,277,832</u> |
| <u>Deferred Inflows of Resources</u> | |
| Deferred Inflows related to Defined Benefit Pension Plan | \$ 58,425 |
| Deferred Inflows related to Other Postemployment Benefits | <u>16,369</u> |
| Total Deferred Inflows of Resources | <u>\$ 74,794</u> |
| <u>Net Position</u> | |
| Net Investment in Capital Assets | \$2,088,686 |
| Unrestricted | (<u>3,087,270</u>) |
| Total Net Position | <u>(\$ 998,584)</u> |

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

| <u>Functions/Programs</u> | <u>Expenses</u> | -----Program Revenues----- <u>Charges For Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants</u> | <u>Net (Expense) Revenues and Changes in Net Position</u> <u>Governmental Activities</u> |
|--|--------------------|---|---|---------------------------|---|
| <u>Governmental Activities</u> | | | | | |
| Instruction | \$2,531,895 | \$924,161 | \$1,286,733 | \$267,420 | (\$ 53,581) |
| Instructional Student Support | 43,457 | 0 | 5,321 | 0 | (38,136) |
| Administration and Financial Support Services | 905,409 | 0 | 70,363 | 0 | (835,046) |
| Operation and Maintenance of Plant | 381,517 | 1,450 | 18,230 | 0 | (361,837) |
| Student Activities | 14,652 | 0 | 1,913 | 0 | (12,739) |
| Interest on Long-Term Debt | 24,051 | 0 | 0 | 0 | (24,051) |
| Unallocated Depreciation | <u>121,722</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(121,722)</u> |
| Total Governmental Activities | <u>\$4,022,703</u> | <u>\$925,611</u> | <u>\$1,382,560</u> | <u>\$267,420</u> | <u>(\$1,447,112)</u> |
| <u>General Revenues</u> | | | | | |
| Revenues from Mifflin County School District | | | | | \$1,969,745 |
| Miscellaneous Revenue | | | | | 16,423 |
| Investment Earnings | | | | | <u>1,263</u> |
| Total General Revenues | | | | | <u>\$1,987,431</u> |
| Changes in Net Position | | | | | \$ 540,319 |
| <u>Net Position</u> - Beginning | | | | | (1,538,903) |
| <u>Net Position</u> - Ending | | | | | <u>(\$ 998,584)</u> |

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

| | <u>General</u> | <u>Capital Projects Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------------|---------------------------------------|---|
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | \$1,856,688 | \$357,014 | \$2,213,702 |
| Due from Other Funds | 8,560 | 8,948 | 17,508 |
| State Revenue Receivable | 108,103 | 0 | 108,103 |
| Other Receivables | 43,146 | 0 | 43,146 |
| Inventories | <u>11,457</u> | <u>0</u> | <u>11,457</u> |
| TOTAL ASSETS | <u>\$2,027,954</u> | <u>\$365,962</u> | <u>\$2,393,916</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| <u>Liabilities</u> | | | |
| Due to Other Governments | \$ 963 | \$ 0 | \$ 963 |
| Accounts Payable | 74,972 | 0 | 74,972 |
| Accrued Salaries and Benefits | 172,727 | 0 | 172,727 |
| Payroll Deductions and Withholdings | 129,787 | 0 | 129,787 |
| Unearned Revenues | <u>47,157</u> | <u>0</u> | <u>47,157</u> |
| Total Liabilities | <u>\$ 425,606</u> | <u>\$ 0</u> | <u>\$ 425,606</u> |
| <u>Fund Balances</u> | | | |
| Nonspendable Fund Balance | \$ 11,457 | \$ 0 | \$ 11,457 |
| Committed Fund Balance - Encumbrances | 10,804 | 0 | 10,804 |
| Assigned Fund Balance | 0 | 365,962 | 365,962 |
| Unassigned Fund Balance | <u>1,580,087</u> | <u>0</u> | <u>1,580,087</u> |
| Total Fund Balances | <u>\$1,602,348</u> | <u>\$365,962</u> | <u>\$1,968,310</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$2,027,954</u> | <u>\$365,962</u> | <u>\$2,393,916</u> |

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

| | | |
|--|--|-------------|
| Total Fund Balances - Governmental Funds | | \$1,968,310 |
|--|--|-------------|

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

Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds:

| | | |
|--------------------------|----------------------|-----------|
| Cost | \$7,736,789 | |
| Accumulated Depreciation | (<u>5,172,579</u>) | 2,564,210 |

The deferred outflows and inflows of resources related to the defined benefit pension plan and other postemployment benefit plans are not reported in the funds since they are measured on the accrual basis:

| | | |
|--------------------------------|-------------------|---------|
| Deferred Outflows of Resources | \$ 395,916 | |
| Deferred Inflows of Resources | (<u>74,794</u>) | 321,122 |

Long-term liabilities, including lease purchase obligations and related items, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities and related items at year end consisted of:

| | | |
|--|--------------------|----------------------|
| Net Pension Liability | (\$4,870,951) | |
| Lease Purchase Obligation | (475,524) | |
| Compensated Absences | (95,205) | |
| Net Other Postemployment Benefits Obligation | (<u>410,546</u>) | (<u>5,852,226</u>) |

| | | |
|--|--|--------------|
| Total Net Position - Governmental Activities | | (\$ 998,584) |
|--|--|--------------|

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021**

| | <u>General Fund</u> | <u>Capital Projects Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------------|---------------------------------------|---|
| <u>Revenues</u> | | | |
| Local Sources: | | | |
| Earnings on Investments | \$ 1,070 | \$ 193 | \$ 1,263 |
| Rentals | 1,450 | 0 | 1,450 |
| Adult Education Tuition | 427,249 | 0 | 427,249 |
| Receipts from Other LEAs in Pennsylvania - Education | 496,912 | 0 | 496,912 |
| Receipts from Mifflin County School District | 1,969,745 | 0 | 1,969,745 |
| Other Local Revenue | 16,423 | 0 | 16,423 |
| State Sources: | | | |
| Vocational Education | 441,371 | 0 | 441,371 |
| Supplemental Equipment Grants | 33,252 | 0 | 33,252 |
| Other State Revenue Not Listed Elsewhere | 234,168 | 0 | 234,168 |
| State Share of Social Security/Medicare Taxes | 61,574 | 0 | 61,574 |
| State Share of Retirement Contributions | 255,123 | 0 | 255,123 |
| Federal Sources: | | | |
| Vocational Education - Operating Expenditures | 174,703 | 0 | 174,703 |
| Governor's Emergency Education Relief Fund | 67,556 | 0 | 67,556 |
| Other CARES Act Funding | <u>382,233</u> | <u>0</u> | <u>382,233</u> |
| Total Revenues | \$4,562,829 | \$ 193 | \$4,563,022 |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Instruction | \$2,252,736 | \$ 0 | \$2,252,736 |
| Support Services | 1,272,940 | 0 | 1,272,940 |
| Operation of Noninstructional Services | 13,644 | 0 | 13,644 |
| Capital Outlays: | | | |
| Instruction | 248,013 | 0 | 248,013 |
| Support Services | 31,152 | 0 | 31,152 |
| Debt Service: | | | |
| Principal | 137,033 | 0 | 137,033 |
| Interest | <u>24,051</u> | <u>0</u> | <u>24,051</u> |
| Total Expenditures | \$3,979,569 | \$ 0 | \$3,979,569 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 583,260 | \$ 193 | \$ 583,453 |
| <u>Other Financing Sources (Uses)</u> | | | |
| Interfund Transfers In | \$ 0 | \$221,298 | \$ 221,298 |
| Interfund Transfers Out | (221,298) | 0 | (221,298) |
| Insurance Recoveries | <u>10,966</u> | <u>0</u> | <u>10,966</u> |
| Total Other Financing Sources (Uses) | (\$ 210,332) | \$221,298 | \$ 10,966 |
| Net Change in Fund Balances | \$ 372,928 | \$221,491 | \$ 594,419 |
| <u>Fund Balance</u> - Beginning of Year | <u>1,229,420</u> | <u>144,471</u> | <u>1,373,891</u> |
| <u>Fund Balance</u> - End of Year | <u>\$1,602,348</u> | <u>\$365,962</u> | <u>\$1,968,310</u> |

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2021**

Net Change in Fund Balances - Governmental Funds \$ 594,419

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

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

| | | |
|----------------------------|--------------------|------------|
| Capital Outlays | \$279,165 | |
| Less: Depreciation Expense | (<u>289,482</u>) | (10,317) |

Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, for government-wide reporting, the issuance and repayment of long-term debt increases and decreases, respectively, the long-term liabilities in the statement of net position. The effect of these transactions in the statement of activities is as follows:

| | |
|------------------------------|---------|
| Repayment of Lease Principal | 137,033 |
|------------------------------|---------|

In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts of financial resources used. These amounts represent the difference between the amounts earned versus the amounts used:

| | |
|----------------------------------|------------|
| Increase in Compensated Absences | (13,476) |
|----------------------------------|------------|

| | |
|--|-------------|
| The additional pension expense associated with the Defined Benefit Pension Plan (PSERS) that does not require the use of current financial resources and, therefore, are not reported as expenditures. | (182,321) |
|--|-------------|

| | |
|---|---------------|
| The reduction in other post-employment benefit obligation that does not require the use of current financial resources and, therefore, are not reported as a reduction of expenditures. | <u>14,981</u> |
|---|---------------|

| | |
|--|--------------------------|
| Change in Net Position - Governmental Activities | <u><u>\$ 540,319</u></u> |
|--|--------------------------|

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2021**

| | <u>Custodial Fund (Student Activity)</u> |
|----------------------------|---|
| <u>Assets</u> | |
| Cash and Cash Equivalents | \$157,256 |
| | <u> </u> |
| <u>Liabilities</u> | |
| Due to Other Funds | \$ 17,508 |
| Other Current Liabilities | <u>118,752</u> |
| Total Liabilities | \$136,260 |
| | <u> </u> |
| <u>Net Position</u> | |
| Net Position | \$ 20,996 |
| | <u> </u> |

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

| | <u>Custodial Funds</u> |
|---|-----------------------------------|
| <u>Additions</u> | |
| Student Payments | \$26,364 |
| Fundraising Income | 19,461 |
| Interest Income | <u>75</u> |
| Total Additions | \$45,900 |
| | |
| <u>Deductions</u> | |
| Fundraising Expenses | \$11,805 |
| Supplies | 2,697 |
| Student Expenses | 19,476 |
| Meetings/Conferences | 1,363 |
| Memberships | 52 |
| Insurance | <u>739</u> |
| Total Deductions | \$36,132 |
| | |
| Change in Net Position | <u>\$ 9,768</u> |
| | |
| <u>Net Position</u> - Beginning | \$ 0 |
| Change in Accounting Principle | <u>11,228</u> |
| <u>Net Position</u> - Beginning (Restated) | \$11,228 |
| | |
| <u>Net Position</u> - Ending | <u><u>\$20,996</u></u> |

See Accompanying Notes and Independent Auditor's Report

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Academy. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by receipts from the member district, intergovernmental revenues, investment income, charges for services, and other nonexchange transactions.

B. Reporting Entity

The Mifflin County Academy of Science and Technology (the Academy) was established on April 1, 1966 under the provisions of the Pennsylvania Public School Code. The Academy operates under a four-member Operating Committee (OC), which is appointed by Mifflin County School District. The Academy provides instruction, support services, and certain non-instructional services. The accompanying financial statements present only the Academy.

The Academy is considered to be a component unit of the Mifflin County School District. As a discretely presented component unit of the Mifflin County School District, the Academy is reported in a separate column in the government-wide financial statements of the Mifflin County School District to emphasize that it is legally separate from the Academy. The Mifflin County School District has all four members on the board. The Mifflin County School District has an on-going financial responsibility for the Academy.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Academy's funds, including its fiduciary funds. Separate statements for each relevant fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Academy reports the following major governmental funds:

- The *general fund* is the Academy's primary operating fund. It accounts for all financial resources of the Academy, except those specifically required to be accounted for in another fund.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

D. Basis of Presentation - Fund Financial Statements (Continued)

- The *capital project fund* is used to account for the acquisition or construction of the Academy's major capital equipment and facilities.

Additionally, the Academy reports the following fund types:

- The *agency funds* account for assets held by the Academy as an agent for the students and school organizations.

During the course of operations, the Academy has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end).

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Academy.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The Academy's cash and cash equivalents are considered to be cash on hand, demand deposits, and pooled funds which can be immediately converted into cash.

Pennsylvania statutes provide for investment of Academy funds into certain authorized investments, such as United States Treasury bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository, and 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, 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.

2. Inventories and Prepaid Items

Inventories consist of books and supplies held by the Academy and used for a period of more than one year. An annual physical count of all books is taken and priced at original cost less an allowance for wear and tear.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Capital Assets

Capital assets, which include land, buildings, building improvements, equipment and improvements other than buildings are reported in the governmental activities column in the government-wide financial statements. As of July 1, 2018, the Academy defines capital assets as assets with an initial, individual cost of more

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

F. 3. Capital Assets (Continued)

than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings, building improvements, equipment and improvements other than buildings of the Academy are depreciated using the straight-line method over the following estimated lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings | 30 |
| Building Improvements | 15 - 30 |
| Equipment | 3 - 15 |
| Improvements other than buildings | 20 |

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has four items that qualify for reporting in this category. They are the deferred outflows resulting from the net difference between expected and actual experience, changes in proportions, net difference between projected and actual investment earnings, and changes in assumptions related to the Academy's defined benefit pension plan and other postemployment benefits and are reported in the government-wide statement of net position. These amounts are deferred. The deferred outflows are amortized over the next five years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualifies for reporting in this category. A deferred inflow resulted from the net difference between expected and actual experience and changes in assumptions and are reported in the government-wide statement of net position. These amounts are deferred and amortized over the next three years.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

F. 5. Net Position Flow Assumption

Sometimes the Academy will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Academy's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

6. Fund Balance Flow Assumptions

Sometimes the Academy will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Academy's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

7. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Academy itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - amounts that cannot be spent because they are in a nonspendable form (e.g., inventory or prepaid expenses) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

Restricted - amounts limited by (a) external parties, such as creditors, grantors, and donors, or (b) legislation, such as constitutional provisions or enabling legislation.

Committed - amounts limited by Operating Committee policy (e.g., encumbrances or future anticipated costs). The Operating Committee establishes, modifies, and rescinds commitments by passage of an ordinance or resolution, typically through the adoption and amendment of the budget.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

F. 7. Fund Balance Policies (Continued)

Assigned - amounts that are intended for a particular purpose, such as a rate stabilization fund or segregation of an amount intended to be used at some time in the future. Assigned fund balance is established by the OC through adoption or amendment of the budget as intended for a specific purpose, such as the purchase of capital assets, construction, debt service, or other purposes.

Unassigned - amounts available for consumption or not restricted in any manner.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include (1) charges to customers for goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All internally dedicated resources are reported as general revenues rather than as program revenues.

2. Compensated Absences

Under the terms of its personnel policies and union contracts, the Academy employees accumulate earned, but unused sick, personal, and/or vacation leave in varying amounts according to length of service and employee type. These benefits may be available for subsequent use or for payment upon termination or retirement. Accumulated sick, personal and vacation expense to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due but are not yet paid.

Note 2: Detailed Notes on All Activities and Funds

A. Cash Deposits With Financial Institutions

The Academy's carrying amount of bank deposits at June 30, 2021 is \$2,370,958 and the bank balance is \$2,387,869. Of the bank balance, \$250,000 is covered by federal depository insurance and \$1,895,919 is covered by collateral held in the pledging bank's trust department, but not in the Academy's name. In addition, \$241,950 of the bank balance and book balance is invested in an external investment pool from which the Academy purchased a prorata share of all investments and deposits, which are held in the name of the fund, which is considered to be a cash equivalent by the Academy.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Academy's deposits may not be returned, or the Academy will not be able to recover collateral securities in the possession of an outside party. The Academy's policy require that deposits be insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law shall be pledged by the

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

A. Cash Deposits With Financial Institutions (Continued)

depository and obligations of the United States of America, Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, 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.

Deposits of the Academy's reporting entity are insured or collateralized with securities held by the Academy, its agent, or by the pledging financial institution's trust department or agent in the name of the Academy, or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Academy's name.

B. Capital Assets

Capital assets activity for the year ended June 30, 2021, was as follows:

| | <u>Balance</u> <u>06/30/20</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>06/30/21</u> |
|--|-----------------------------------|--------------------|-------------------|-----------------------------------|
| <u>Governmental Activities</u> | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 32,035 | \$ 0 | \$0 | \$ 32,035 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Capital Assets, being depreciated: | | | | |
| Buildings and Improvements | \$4,955,624 | \$ 30,746 | \$0 | \$4,986,370 |
| Machinery and Equipment | <u>2,469,965</u> | <u>248,419</u> | <u>0</u> | <u>2,718,384</u> |
| Total Capital Assets, being depreciated | \$7,425,589 | \$279,165 | \$0 | \$7,704,754 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Less Accumulated Depreciation: | | | | |
| Building | (\$3,382,991) | (\$156,331) | \$0 | (\$3,539,322) |
| Machinery and Equipment | <u>(1,500,106)</u> | <u>(133,151)</u> | <u>0</u> | <u>(1,633,257)</u> |
| Total Accumulated Depreciation | (\$4,883,097) | (\$289,482) | \$0 | (\$5,172,579) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Capital Assets, being depreciated, net | \$2,542,492 | (\$ 10,317) | \$0 | \$2,532,175 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Governmental Activities, Capital Assets, Net | <u>\$2,574,527</u> | <u>(\$ 10,317)</u> | <u>\$0</u> | <u>\$2,564,210</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Depreciation expense was charged to functions of the Academy as follows:

| | |
|---|------------------|
| Depreciation - Unallocated | \$121,722 |
| Instructional Services | 143,527 |
| Supporting Services: | |
| Administrative and Financial Support | 2,451 |
| Operation and Maintenance of Plant Services | <u>21,782</u> |
| Total Depreciation Expense, Governmental Activities | <u>\$289,482</u> |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. Pensions

1. Summary of Significant Accounting Policies Relative to Pension

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

General Information about the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System 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 www.psers.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year 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 upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members, whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. 1. Benefits Provided (Continued)

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 average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

Member Contributions:

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The Academy's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Academy were \$496,049 for the year ended June 30, 2021.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. 2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Academy reported a liability of \$4,870,951 for its proportionate share of the net pension liability, reduced by contributions of \$496,049 subsequent to the measurement date. The net pension liability was measured as of June 30, 2020, reduced by contributions subsequent to the measurement date, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The Academy's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2020, the Academy's proportion was .0109%, which was an increase of .0001% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Academy recognized pension expense of \$706,302. At June 30, 2021, the Academy 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> |
|---|---|--|
| Net Difference Between Expected and Actual Experience | \$ 0 | \$58,425 |
| Net Difference Between Projected and Actual Investment Earnings | 209,715 | 0 |
| Changes in Proportions | <u>118,500</u> | <u>0</u> |
| | <u>\$328,215</u> | <u>\$58,425</u> |

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

| <u>Year Ended June 30</u> | <u>Amount</u> |
|---------------------------|------------------|
| 2022 | \$117,990 |
| 2023 | 81,726 |
| 2024 | 70,074 |
| 2025 | 0 |
| 2026 | <u>0</u> |
| | <u>\$269,790</u> |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. 3. Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method - Entry Age Normal - Level % of Pay
- The Investment Rate of Return 7.25%, includes inflation at 2.75%
- Salary Growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Global Public Equity | 15.0% | 5.2% |
| Private Equity | 15.0% | 7.2% |
| Fixed Income | 36.0% | 1.1% |
| Commodities | 8.0% | 1.8% |
| Absolute Return | 10.0% | 2.5% |
| Infrastructure/MLPs | 6.0% | 5.7% |
| Real Estate | 10.0% | 5.5% |
| Risk Parity | 8.0% | 3.3% |
| Cash | 6.0% | (1.0%) |
| Financing (LIBOR) | (14.0%) | (0.7%) |
| | 100.0% | |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

C. 3. Actuarial Assumptions (Continued)

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Discount Rate

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

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

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

| | 1% Decrease | Current | 1% Increase |
|--|---|---|---|
| | <u>6.25%</u> | <u>7.25%</u> | <u>8.25%</u> |
| Academy's Proportionate Share of the Net Pension Liability | \$6,640,000 | \$5,367,000 | \$4,289,000 |
| | <hr style="width: 50%; margin: 0 auto;"/> | <hr style="width: 50%; margin: 0 auto;"/> | <hr style="width: 50%; margin: 0 auto;"/> |

Pension 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.

Condensed summary information of the Academy's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2020 is as follows:

| | |
|---|---|
| Assets | \$7,014,500 |
| Liabilities | (631,850) |
| Net Position Held in Trust for Benefits | \$6,382,650 |
| | <hr style="width: 50%; margin: 0 auto;"/> |

In addition, as of June 30, 2021, the Academy had a payable of \$164,648 to the PSERS Pension Plan, of which \$124,780 represents the second quarter 2021 required contribution, while \$39,868 represents the liability related to accrued payroll as of June 30, 2021.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. Other Postemployment Benefits - PSERS

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 Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24½ 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.

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System 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 www.psers.pa.gov.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The Academy's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the Academy were \$12,138 for the year ended June 30, 2021.

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

At June 30, 2021, the Academy reported a liability of \$223,862 for its proportionate share of the net OPEB liability, reduced by contributions of \$12,138 made subsequent to the measurement date. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The Academy'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, 2020, the Academy's proportion was .0109%, which was an increase of .0001% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Academy recognized OPEB expense of (\$2,159). At June 30, 2021, the Academy 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 | \$ 1,547 | \$ 0 |
| Changes in Assumptions | 7,818 | 3,000 |
| Net Difference Between Projected and Actual Investment Earnings | 218 | 0 |
| Changes in Proportions | <u>15,929</u> | <u>0</u> |
| | <u>\$25,512</u> | <u>\$3,000</u> |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021
 (CONTINUED)**

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

| <u>Year Ended June 30</u> | <u>Amount</u> |
|---------------------------|---------------|
| 2022 | \$5,182 |
| 2023 | 5,134 |
| 2024 | 6,607 |
| 2025 | 4,559 |
| 2026 | 1,030 |
| Thereafter | 0 |

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2020, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2019 to June 30, 2020 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 - 2.79% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation Rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. Actuarial Assumptions (Continued)

- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.

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

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

| <u>OPEB - Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|--------------------------|---|
| Cash | 50.3% | (1.0%) |
| U.S. Core Fixed Income | 46.5% | (0.1%) |
| Non-U.S. Developed Fixed | <u>3.2%</u> | (0.1%) |
| | 100.0% | |
| | <u>=====</u> | |

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)**

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.66%. 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 2.66%, which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 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. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. 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 System net OPEB liability for June 30, 2020, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

| | <u>Dollar Amounts in Thousands</u> | | |
|---------------------------|---|--------------------------------------|---------------------------|
| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Decrease</u> |
| System Net OPEB Liability | \$2,463,528 | \$2,160,697 | \$1,909,927 |
| | ===== | ===== | ===== |

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

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.79%) or 1-percentage-point higher (3.79%) than the current rate:

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

D. Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate (Continued)

| | 1% Decrease <u>1.79%</u> | Current Discount Rate <u>2.79%</u> | 1% Increase <u>3.79%</u> |
|--|------------------------------------|--|------------------------------------|
| Academy's Proportionate Share of the Net OPEB Liability | \$269,000 <hr/> | \$236,000 <hr/> | \$208,000 <hr/> |

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.

Condensed summary information of the Academy's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2020 is as follows:

| | |
|---|------------------|
| Assets | \$57,350 |
| Liabilities | (<u>8,125</u>) |
| Net Position Held in Trust for Benefits | <u>\$49,225</u> |

In addition, as of June 30, 2021, the Academy had a payable of \$4,029 to the PSERS OPEB plan, of which \$3,053 represents the second quarter 2021 required contribution, while \$976 represents the liability related to accrued payroll as of June 30, 2021.

E. Other Postemployment Benefits - Single Employer

Separate financial statements are not prepared for the defined benefit healthcare care described below.

Plan Description

The Academy administers a single-employer defined benefit healthcare plan ("Retiree Health Plan") through Highmark Blue Shield fully insured PPO Plan. The Retiree Health Plan provides medical insurance benefits to eligible retirees and their spouses until the age of 65 or Medicare age. Benefit provisions are based on contractual agreements with employee groups.

After meeting certain service requirements, retirees of the Academy have the option under state law to continue their medical coverage through the Academy from the time of retirement until the employee reaches the age of eligibility for Medicare. In addition to the option of continuing their medical insurance coverage, certain employee groups also receive Academy paid medical insurance benefit. The Academy paid benefits are summarized as follows:

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)**

Note 2: Detailed Notes on All Activities and Funds (Continued)

E. Plan Description (Continued)

For One Retired and One Active Act 93 Employees \$300 per month paid by the Academy towards health insurance from the time of retirement until the earlier of Age 65 or Medicare Age.

Future Central Office Administration Staff Employer will pay 100% of the benefit for one-half year for every one year of Central Office Administration experience. If the benefit payment period earned expires before age 65, employer pays \$2,400/year toward the premium until age 65. Retiree pays 100% of spouse premium.

Other Staff No Academy paid benefits. Retiree pays the full premium.

The Academy is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the Academy or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy". This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the Academy's younger and statistically healthier active employees.

Premium Rates

The assumed premium rate is:

| | <u>Single</u> | <u>Spouse</u> |
|----------------|---------------|---------------|
| Annual Premium | \$7,482.48 | \$9,352.92 |

Starting Costs

Sample Male Retiree/Female Spouse - Act 93 Employees with \$3,600 paid annually by Academy.

| <u>Age</u> | <u>Estimated Full Annual Cost Retiree/Spouse</u> | <u>Annual Cost Paid by Employer for Retiree/Spouse</u> | <u>Annual Cost Paid by Retiree/Spouse</u> | <u>Implicit Rate Subsidy Paid by Employer for Retiree/Spouse</u> |
|------------|--|--|---|--|
| 0 - 49 | \$ 7,482 / \$ 9,353 | \$3,600 / \$0 | \$3,882 / \$9,353 | \$ 0 / \$ 0 |
| 50 | \$ 8,979 / \$13,936 | \$3,600 / \$0 | \$3,882 / \$9,353 | \$ 1,497 / \$ 4,583 |
| 55 | \$11,747 / \$16,181 | \$3,600 / \$0 | \$3,882 / \$9,353 | \$ 4,265 / \$ 6,828 |
| 60 | \$15,115 / \$18,893 | \$3,600 / \$0 | \$3,882 / \$9,353 | \$ 7,633 / \$ 9,540 |
| 64 | \$18,482 / \$22,166 | \$3,600 / \$0 | \$3,882 / \$9,353 | \$11,000 / \$12,813 |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

E. Starting Costs (Continued)

Sample Female Retiree/Male Spouse - Act 93 Employees with \$2,400 paid annually by Academy.

| <u>Age</u> | <u>Estimated Full Annual Cost Retiree/Spouse</u> | <u>Annual Cost Paid by Employer for Retiree/Spouse</u> | <u>Annual Cost Paid by Retiree/Spouse</u> | <u>Implicit Rate Subsidy Paid by Employer for Retiree/Spouse</u> |
|------------|--|--|---|--|
| 0 - 49 | \$ 7,482 / \$ 9,353 | \$2,400 / \$0 | \$5,082 / \$9,353 | \$ 0 / \$ 0 |
| 50 | \$11,149 / \$11,224 | \$2,400 / \$0 | \$5,082 / \$9,353 | \$ 3,667 / \$ 1,871 |
| 55 | \$12,945 / \$14,684 | \$2,400 / \$0 | \$5,082 / \$9,353 | \$ 5,463 / \$ 5,331 |
| 60 | \$15,115 / \$18,893 | \$2,400 / \$0 | \$5,082 / \$9,353 | \$ 7,633 / \$ 9,540 |
| 64 | \$17,733 / \$23,102 | \$2,400 / \$0 | \$5,082 / \$9,353 | \$10,251 / \$13,749 |

Sample Male Retiree/Female Spouse - All Other Participants.

| <u>Age</u> | <u>Estimated Full Annual Cost Retiree/Spouse</u> | <u>Annual Cost Paid by Employer for Retiree/Spouse</u> | <u>Annual Cost Paid by Retiree/Spouse</u> | <u>Implicit Rate Subsidy Paid by Employer for Retiree/Spouse</u> |
|------------|--|--|---|--|
| 0 - 49 | \$ 7,482 / \$ 9,353 | \$0 / \$0 | \$7,482 / \$9,353 | \$ 0 / \$ 0 |
| 50 | \$ 8,979 / \$13,936 | \$0 / \$0 | \$7,482 / \$9,353 | \$ 1,497 / \$ 4,583 |
| 55 | \$11,747 / \$16,181 | \$0 / \$0 | \$7,482 / \$9,353 | \$ 4,265 / \$ 6,828 |
| 60 | \$15,115 / \$18,893 | \$0 / \$0 | \$7,482 / \$9,353 | \$ 7,633 / \$ 9,540 |
| 64 | \$18,482 / \$22,166 | \$0 / \$0 | \$7,482 / \$9,353 | \$11,000 / \$12,813 |

Health Care Cost Trend

The following health care cost trend rate assumptions used in the 7/1/2019 valuation recognizes increases due to health care inflation, utilization and intensity, technology and quality of care changes and regulatory requirements.

| <u>Year</u> | <u>Trend</u> | <u>Year</u> | <u>Trend</u> |
|-------------------|--------------|-------------------|--------------|
| 2019/2020 | 5.5% | 2046/47 - 2047/48 | 5.0% |
| 2020/2021 | 5.4% | 2048/49 - 2050/51 | 4.9% |
| 2021/2022 | 5.3% | 2051/52 - 2054/55 | 4.8% |
| 2022/23 - 2044/45 | 5.2% | 2055/56 - 2058/59 | 4.7% |
| 2045/2046 | 5.1% | 2059/60+ | 4.7% |

Generational Factors

The following percentages have been applied to reflect the implicit rate subsidy:

| <u>Age</u> | <u>Male Generational Factor</u> | <u>Female Generational Factor</u> | <u>Age</u> | <u>Male Generational Factor</u> | <u>Female Generational Factor</u> |
|------------|---------------------------------|-----------------------------------|------------|---------------------------------|-----------------------------------|
| 0-49 | 100% | 100% | 60 | 202% | 202% |
| 50 | 120% | 149% | 64 | 247% | 237% |
| 55 | 157% | 173% | 65+ | 100% | 100% |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

E. Actuarial Methods

a. Actuarial Cost Method

Entry Age Normal actuarial cost method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The actuarial present value of the projected benefits allocated to the valuation year is called the Service Cost. The portion of the actuarial present value of the projected benefits not provided for at the valuation date by the actuarial present value of future Service Costs is called the Total OPEB Liability.

b. Treatment of Gains (Losses) - Other Postretirement Employee Benefits (OPEB) Plan Investments

Gains (losses) due to the difference between projected and actual earnings on OPEB plan investments are recognized in OPEB expense over a closed five-year period.

c. Treatment of Gains (Losses) - Liabilities and Assumptions

Gains (losses) due to the difference between expected and actual experience and changes of assumptions are recognized in OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees, determined as of the measurement date.

d. Valuation Date

First day of the Fiscal Year (July 1, 2019)

e. Asset Valuation Method

Program is funded on a pay-as-you-go basis and holds no assets.

Actuarial Assumptions

a. General Inflation Rate

Assumed to be 3% less than the ultimate healthcare trend rate.

b. Municipal Bond Rate

3.50%; based on 20 Year High-Grade Municipal Rate Index

c. Discount Rate

An annual rate of 3.50%

d. Rate of Salary Increase

An annual rate of 2.5%

e. Total Payroll

Total payroll increases by the rate of salary increase for the interim year.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)**

Note 2: Detailed Notes on All Activities and Funds (Continued)

E. Actuarial Assumptions (Continued)

f. Expenses

Expenses are included in the claims cost.

g. Assumed Retirement Age

100% of employees hired prior to July 1, 2011 are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania, or Academy at the earlier of:

- Age 60 with 30 years of service
- At least 35 years of service
- Age 62 with at least 1 year of service

100% of employees hired on or after July 1, 2011 are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania, or Academy, as follows:

- Age 65 with at least 3 years of service, or
- Age plus at least 35 years of service equal 92

h. Pre-Retirement Mortality

Publication T. H. 2000 Employee (Male and Female weighted by headcount) as published by the Society of Actuaries

i. Post-Retirement Mortality

Publication T. H. 2000 Healthy Annuitant (Male and Female weighted by headcount) as published by the Society of Actuaries

j. Mortality Improvement

Scale MP-2018 (Male and Female) as published by the Society of Actuaries, fully generational.

k. Turnover before Retirement

Actuary's Turnover Table T-11; the following are sample rates:

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 25 | 24.9% |
| 40 | 17.7% |
| 55 | 5.0% |

l. Retiree Coverage

It is assumed that 50% of future retirees will participate in the retiree medical program. All current participating retirees are assumed to continue participation in the medical program.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)**

Note 2: Detailed Notes on All Activities and Funds (Continued)

E. Actuarial Assumptions (Continued)

m. Spouse Coverage

80% of future retirees are assumed to be married and 15% of spouses will participate in the retiree medical program. The spouse is assumed to be the opposite sex and the same age as the employee.

All currently participating spouses are assumed to continue participation in the medical program. Spouses were assumed to be the opposite sex and the same age as retirees, if spouse ages were not available.

n. Inclusion in Valuation

Employees hired after the Valuation Date are not included in the valuation.

Plan Descriptions, Contribution Information, and Funding Policies

a. Memberships of the plan are as follows:

| | <u>As of 06/30/20</u> |
|--|----------------------------------|
| Active Members | 27 |
| Retirees and Beneficiaries Currently Receiving Benefits | 3 |
| Terminated Plan Members Entitled to But Not Yet Receiving Benefits | <u>0</u> |
| Total | 30 <u> </u> |

b. Reserves

There are no assets legally reserved for providing this benefit.

c. Components of Net OPEB Liability as of June 30, 2020 Measurement Date

| | |
|--|-------------------|
| Total OPEB Liability | \$ 191,579 |
| Plan Fiduciary Net Position | <u>0</u> |
| Net OPEB Liability | <u>\$ 191,579</u> |
| Fiduciary Net Position as a Percentage of Total OPEB Liability | 0% |
| Estimated Covered Payroll | \$1,449,600 |
| Net Liability as a Percentage of Covered Payroll | 13.22% |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

E. Plan Descriptions, Contribution Information, and Funding Policies (Continued)

d. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate as of June 30, 2020

| | 1% Decrease <u>2.50%</u> | Current Discount Rate <u>3.50%</u> | 1% Increase <u>4.50%</u> |
|--------------------|-----------------------------|--|-----------------------------|
| Net OPEB Liability | \$202,125 | \$191,579 | \$181,983 |
| | <hr/> | <hr/> | <hr/> |

e. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates as of June 30, 2020

| | 1% Decrease 4.4% Decreasing to 3.7% | Current Healthcare Cost Trend Rates 5.4% Decreasing to 4.7% | 1% Increase 6.4% Decreasing to 5.7% |
|--------------------|---|---|---|
| Net OPEB Liability | \$181,516 | \$191,579 | \$202,531 |
| | <hr/> | <hr/> | <hr/> |

f. Changes in Net OPEB Liability

| | ----- Increase (Decrease) ----- | | |
|---------------------------|---------------------------------------|--|---|
| | Total OPEB Liability <u>(a)</u> | Plan Fiduciary Net Position <u>(b)</u> | Net OPEB Liability <u>(a) - (b)</u> |
| Balances at June 30, 2020 | \$ 191,579 | \$0 | \$ 191,579 |
| | <hr/> | <hr/> | <hr/> |
| Changes for the Year: | | | |
| Service Cost | \$ 1,749 | \$0 | \$ 1,749 |
| Interest | 6,506 | 0 | 6,506 |
| Benefit Payments | (13,150) | 0 | (13,150) |
| Net Changes | (\$ 4,895) | \$0 | (\$ 4,895) |
| | <hr/> | <hr/> | <hr/> |
| Balances at June 30, 2021 | \$ 186,684 | \$0 | \$ 186,684 |
| | <hr/> | <hr/> | <hr/> |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

E. Plan Descriptions, Contribution Information, and Funding Policies (Continued)

g. Deferred Outflows of Resources and Deferred Inflows of Resources

| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> |
|--|--------------------------|-------------------------|
| Differences Between Expected and Actual Experience | \$14,994 | \$ 8,871 |
| Changes of Assumptions | <u>27,195</u> | <u>4,498</u> |
| Total | <u>\$42,189</u> | <u>\$13,369</u> |

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

| <u>Year Ended June 30</u> | <u>Amount</u> |
|---------------------------|---------------|
| 2022 | \$ 2,983 |
| 2023 | 16,352 |
| 2024 | 9,485 |
| 2025 | 0 |
| 2026 | 0 |
| Thereafter | 0 |

h. Annual OPEB Expense

Components of OPEB expense for the year ended June 30, 2021:

| | |
|---|-----------------|
| Service Cost | \$ 1,749 |
| Interest | 6,506 |
| Difference Between Expected and Actual Experience | (3,060) |
| Changes of Assumptions | <u>6,043</u> |
| Total OPEB Expense | <u>\$11,238</u> |

i. Academy Contributions

The Academy's contributions for the year ended June 30, 2021 were \$7,200.

j. Plan Related Financial Statement Items

As of June 30, 2021 and for the year then ended, the Plan's had the following:

| | |
|--------------------------------|------------|
| Plan Related Assets | \$ 0 |
| Deferred Outflows of Resources | 42,189 |
| Net OPEB Liability | (186,684) |
| Deferred Inflows of Resources | (13,369) |
| OPEB Expense | 11,238 |
| OPEB Expenditures | 7,200 |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

F. Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Academy carries commercial insurance.

G. Lease Obligations

The Academy has entered into operating leases which contain cancellation provisions and are subject to annual appropriations. These leases support governmental activities.

Rent expense for the year was \$26,825.

H. Long-Term Liabilities

The following is a summary of changes in long-term debt and other liabilities for the fiscal year ended June 30, 2021:

| | <u>July 1, 2020</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2021</u> | <u>Due Within One Year</u> |
|---------------------------------------|---------------------|------------------|--------------------|----------------------|--------------------------------|
| <u>Governmental Activities</u> | | | | | |
| Net Pension Liability | \$4,541,671 | \$329,280 | \$ 0 | \$4,870,951 | \$ 0 |
| Capital Lease | 612,557 | 0 | (137,033) | 475,524 | 143,144 |
| Other Long-Term Obligations: | | | | | |
| Compensated Absences | 81,729 | 13,476 | 0 | 95,205 | 0 |
| Other Postemployment Benefit | <u>408,716</u> | <u>1,830</u> | <u>0</u> | <u>410,546</u> | <u>0</u> |
| Total Governmental Activities | <u>\$5,644,673</u> | <u>\$344,586</u> | <u>(\$137,033)</u> | <u>\$5,852,226</u> | <u>\$143,144</u> |

Capital Lease

On January 13, 2009, the Academy entered into a performance based energy savings master lease agreement. Under this agreement, the lessor installed and implemented recommended energy conservation measures that will yield guaranteed energy savings to the Academy. In turn, the Academy will pay the lessor annual lease payments of \$161,084 (including interest at 4.371%) for 15 years. Based on the Academy's energy use analysis performed by the lessor, the lessor guarantees that the Academy will realize total energy conservation savings during each contract year. The equipment installation was financed through a short-term loan. Once the equipment installation under the lease agreement was installed and accepted, the loan used to finance the installation was converted to a capital lease.

At June 30, 2021, the cost and accumulated depreciation of assets recorded under the capital lease were \$1,687,363 and \$970,234, respectively.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

H. Capital Lease (Continued)

The Academy's future minimum lease payments under the capital lease, the present value of the net minimum lease payment, and the guaranteed savings are as follows:

| | |
|---|--------------------|
| June 30, 2022 | \$161,084 |
| June 30, 2023 | 161,084 |
| June 30, 2024 | 161,084 |
| June 30, 2025 | <u>26,801</u> |
| | \$510,053 |
| Less: Amount Representing Interest | (<u>34,529</u>) |
| Present Value of Net Minimum Lease Payment | \$475,524 |
| Less: Current Portion of Capital Lease Obligation | (<u>143,144</u>) |
| Long-Term Portion of Capital Lease Obligation | <u>\$332,380</u> |

I. Fund Balances

As of June 30, 2021, the governmental fund financial statements fund balances are comprised of the following:

Nonspendable Fund Balance

| | |
|-------------|-----------------|
| Inventories | <u>\$11,457</u> |
|-------------|-----------------|

J. Interfund Receivables and Payables

Interfund balances as of June 30, 2021, consisted of the following:

Due To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|-----------------|
| General Fund | Agency Fund | \$ 8,560 |
| Capital Projects Fund | Agency Fund | <u>8,948</u> |
| | | <u>\$17,508</u> |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021
(CONTINUED)

Note 2: Detailed Notes on All Activities and Funds (Continued)

K. Economic Dependency

The Academy is economically dependent on the Commonwealth of Pennsylvania to provide both pass-through federal funds and direct state funds, as well as Mifflin County School District.

L. On-Behalf Payments

The amount recognized from revenues and expenditures for on-behalf payments relative to social security and retirement for the year ended June 30, 2021 were \$61,574 and \$255,123, respectively.

M. Contingencies

The Academy participates in various federal and state grant programs, the principal of which are subject to program compliance audits. Accordingly, the Academy's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Academy anticipates such amounts, if any, will be immaterial.

N. Agreement

On May 7, 2013, the Mifflin County School District agreed to purchase, and the Juniata County School District agreed to sell its ownership interest in the real estate and non-real estate assets of the Academy. As part of the agreement, the Mifflin County School District agreed to assume all long-term and short-term debt of the Academy as of July 1, 2013 and to pay Juniata County School District a lump sum of \$26,081 for its portion of the Academy's net assets.

In the event the Academy and/or the Mifflin County School District and the Juniata County School District are sued for cause of actions which occurred prior to July 1, 2013, the Mifflin County School District and the Juniata County School District will cooperate with the Academy's insurance carrier to jointly defend against the allegations, and the Mifflin County School District, the Juniata County School District, and the Academy are responsible for their own legal defense and any resultant liability beyond the insurance coverage limits.

The Mifflin County School District and the Juniata County School District agree that through the end of the 2018-2019 school year, the Juniata County School District will pay tuition on an annual basis to Mifflin County School District at a rate equal to the actual per pupil cost incurred by Mifflin County School District for its students who attend the Academy, based on a consistent methodology. This agreement will be automatically extended for an addition (5) five-year term, unless subsequently amended or modified by the Board.

O. Transactions with Primary Government

During the 2020-2021 fiscal year, the Academy recognized \$1,969,745 revenues from the Mifflin County School District.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget |
|--|--------------------|--------------------|-----------------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues | | | | |
| Local Sources | \$3,288,239 | \$3,288,239 | \$2,912,849 | (\$ 375,390) |
| State Sources | 912,623 | 912,623 | 1,025,488 | 112,865 |
| Federal Sources | <u>160,453</u> | <u>160,453</u> | <u>624,492</u> | <u>464,039</u> |
| Total Revenues | <u>\$4,361,315</u> | <u>\$4,361,315</u> | <u>\$4,562,829</u> | <u>\$ 201,514</u> |
| Expenditures | | | | |
| Special Programs | \$ 132,043 | \$ 132,043 | \$ 129,778 | \$ 2,265 |
| Vocational Programs | 1,540,857 | 1,540,857 | 1,411,367 | 129,490 |
| Adult Education Programs | 1,160,777 | 1,160,777 | 959,605 | 201,172 |
| Administrative Services | 516,549 | 516,549 | 585,538 | (68,989) |
| Pupil Health | 69,538 | 69,538 | 40,736 | 28,802 |
| Business Services | 237,048 | 237,048 | 212,454 | 24,594 |
| Operation and Maintenance of Plant Services | 427,194 | 427,194 | 392,205 | 34,989 |
| Central Support Services | 86,927 | 86,927 | 73,159 | 13,768 |
| Student Activities | 18,214 | 18,214 | 13,644 | 4,570 |
| Debt Service (Principal and Interest) | <u>161,084</u> | <u>161,084</u> | <u>161,084</u> | <u>0</u> |
| Total Expenditures | <u>\$4,350,231</u> | <u>\$4,350,231</u> | <u>\$3,979,570</u> | <u>\$ 370,661</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(\$ 11,084)</u> | <u>(\$ 11,084)</u> | <u>\$ 583,259</u> | <u>\$ 572,175</u> |
| Other Financing Sources (Uses) | | | | |
| Budgetary Reserve | (\$ 11,084) | (\$ 11,084) | \$ 0 | \$ 11,084 |
| Insurance Recoveries | 0 | 0 | 10,967 | 10,967 |
| Transfers Out | <u>0</u> | <u>0</u> | <u>(221,298)</u> | <u>(221,298)</u> |
| Total Other Financing Sources (Uses) | <u>(\$ 11,084)</u> | <u>(\$ 11,084)</u> | <u>(\$ 210,331)</u> | <u>(\$ 199,247)</u> |
| Net Change in Fund Balances | \$ 0 | \$ 0 | \$ 372,928 | \$ 372,928 |
| Fund Balance - Beginning of Year | <u>1,097,271</u> | <u>1,097,271</u> | <u>1,229,420</u> | <u>132,149</u> |
| Fund Balance - End of Year | <u>\$1,097,271</u> | <u>\$1,097,271</u> | <u>\$1,602,348</u> | <u>\$ 505,077</u> |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

Budgetary Data

Budgets are presented on the modified accrual basis of accounting for the General Fund. All annual appropriations lapse at fiscal yearend with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- Throughout the year, the Director and project supervisors use financial status reports and established Academy's objectives to develop financial projections for the coming year.
- The Treasurer assembles the information and presents it to the Academy's Operating Committee for approval or revision.
- During April of each year, the Academy's Operating Committee adopts a tentative budget. The budget is also submitted to the Mifflin County School District for approval.
- Copies of the proposed budget are made available for public inspection and review.
- The final budget is approved by the Academy's Operating Committee in June and the required budget report is filed with the Commonwealth of Pennsylvania by June 30.
- In accordance with the Pennsylvania School Code, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Minor interim adjustments in estimated revenue and appropriations, if any, during the year ended June 30, 2021, have been included in the final budget approved by the Academy's Operating Committee, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Positive variances in total revenues and the positive variances in total expenditures are largely a result of actual expenditures. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Revenues related to the general operations of the Academy are required to match expenditures.

During the current year, the Administrative Services function exceeded its budget amount.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM (PSERS)
SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

| | As of June 30, 2020 <u>Measurement Date</u> |
|--|--|
| Academy's Proportion of the Collective Net Pension Liability | .0109% |
| Academy's Proportionate Share of the Collective Net Pension Liability | \$5,367,000 |
| Academy's Covered Employee Payroll | \$1,534,017 |
| Academy's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll | 349.87% |
| PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability | 54.32% |

| | As of June 30, 2019 <u>Measurement Date</u> |
|--|--|
| Academy's Proportion of the Collective Net Pension Liability | .0108% |
| Academy's Proportionate Share of the Collective Net Pension Liability | \$5,052,500 |
| Academy's Covered Employee Payroll | \$1,494,202 |
| Academy's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll | 338.14% |
| PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability | 55.66% |

| | As of June 30, 2018 <u>Measurement Date</u> |
|--|--|
| Academy's Proportion of the Collective Net Pension Liability | .0100% |
| Academy's Proportionate Share of the Collective Net Pension Liability | \$4,801,000 |
| Academy's Covered Employee Payroll | \$1,348,228 |
| Academy's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll | 356.10% |
| PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability | 54.00% |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM (PSERS)
SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
(CONTINUED)**

| | As of June 30, 2017 <u>Measurement Date</u> |
|--|--|
| Academy's Proportion of the Collective Net Pension Liability | .0095% |
| Academy's Proportionate Share of the Collective Net Pension Liability | \$4,692,000 |
| Academy's Covered Employee Payroll | \$1,267,681 |
| Academy's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll | 370.12% |
| PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability | 51.84% |

| | As of June 30, 2016 <u>Measurement Date</u> |
|--|--|
| Academy's Proportion of the Collective Net Pension Liability | .0093% |
| Academy's Proportionate Share of the Collective Net Pension Liability | \$4,609,000 |
| Academy's Covered Employee Payroll | \$1,201,763 |
| Academy's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll | 383.52% |
| PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability | 50.14% |

| | As of June 30, 2015 <u>Measurement Date</u> |
|--|--|
| Academy's Proportion of the Collective Net Pension Liability | .0083% |
| Academy's Proportionate Share of the Collective Net Pension Liability | \$3,595,000 |
| Academy's Covered Employee Payroll | \$1,070,146 |
| Academy's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll | 335.94% |
| PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability | 54.4% |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM (PSERS)
SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
(CONTINUED)

| | As of June 30, 2014 <u>Measurement Date</u> |
|--|--|
| Academy's Proportion of the Collective Net Pension Liability | .0089% |
| Academy's Proportionate Share of the Collective Net Pension Liability | \$3,523,000 |
| Academy's Covered Employee Payroll | \$1,135,896 |
| Academy's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll | 310.15% |
| PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability | 57.2% |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM (PSERS)
SCHEDULE OF ACADEMY'S CONTRIBUTION**

| | For the year ended <u>June 30, 2020</u> |
|---|--|
| Contractually Required Employer Contribution | \$ 508,436 |
| Contributions in Relation to the Contractually Required Contribution | (<u>508,436</u>) |
| Contribution Deficiency (Excess) | \$ 0 |
| Academy's Covered Employee Payroll | \$1,534,017 |
| Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll | 33.36% |

| | For the year ended <u>June 30, 2019</u> |
|---|--|
| Contractually Required Employer Contribution | \$ 486,201 |
| Contributions in Relation to the Contractually Required Contribution | (<u>486,201</u>) |
| Contribution Deficiency (Excess) | \$ 0 |
| Academy's Covered Employee Payroll | \$1,491,414 |
| Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll | 32.60% |

| | For the year ended <u>June 30, 2018</u> |
|---|--|
| Contractually Required Employer Contribution | \$ 425,412 |
| Contributions in Relation to the Contractually Required Contribution | (<u>425,412</u>) |
| Contribution Deficiency (Excess) | \$ 0 |
| Academy's Covered Employee Payroll | \$1,340,302 |
| Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll | 31.74% |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM (PSERS)
SCHEDULE OF ACADEMY'S CONTRIBUTION
(CONTINUED)**

| | For the year ended <u>June 30, 2017</u> |
|---|--|
| Contractually Required Employer Contribution | \$ 375,657 |
| Contributions in Relation to the Contractually Required Contribution | (<u>375,657</u>) |
| Contribution Deficiency (Excess) | \$ 0 |
| Academy's Covered Employee Payroll | \$1,286,497 |
| Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll | 29.20% |

| | For the year ended <u>June 30, 2016</u> |
|---|--|
| Contractually Required Employer Contribution | \$ 305,347 |
| Contributions in Relation to the Contractually Required Contribution | (<u>305,347</u>) |
| Contribution Deficiency (Excess) | \$ 0 |
| Academy's Covered Employee Payroll | \$1,221,388 |
| Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll | 25.00% |

| | For the year ended <u>June 30, 2015</u> |
|---|--|
| Contractually Required Employer Contribution | \$ 253,473 |
| Contributions in Relation to the Contractually Required Contribution | (<u>253,473</u>) |
| Contribution Deficiency (Excess) | \$ 0 |
| Academy's Covered Employee Payroll | \$1,204,720 |
| Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll | 21.04% |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION RELATED TO THE
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Change in Benefit Terms

With the passage of Act 5 on June 12, 2017, class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Change in Assumptions Used in Measurement of the Total Pension Liability Beginning June 30, 2016

The Investment Rate of Return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.

Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00% and real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

Methods and Assumptions Used in Calculation of Actuarially Determined Contributions

The actuarially determined contributions are calculated as of June 30 of the preceding fiscal year in which contributions are made. That is, the contributions calculated as of the June 30, 2019 actuarial valuation will be made during the fiscal year ending June 30, 2021. The following actuarial methods and assumptions were used to determine contribution rates reported:

- The Investment Rate of Return - 7.25%, includes inflation of 2.66% and the real rate of return of 4.50%.
- Salary growth - Effective average of 5.00%, which reflects an allowance for inflation of 2.75% and real wage growth and merit or seniority of 2.25%.
- Benefit payments – No postretirement benefit increases are assumed in the future.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

10-Year Reporting Requirements

The Required Supplementary Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS**

Total OPEB Liability

**As of and for Year
Ended June 30, 2020**

| | |
|---|-------------------|
| Service Cost | \$ 1,807 |
| Interest | 6,960 |
| Differences Between Expected and Actual Experience | 0 |
| Change of Assumptions | 0 |
| Benefit Payments | (30,283) |
| Net Change in Total Pension Liability | (\$ 21,516) |
| <u>Total Pension Liability</u> - Beginning | <u>213,095</u> |
| <u>Total Pension Liability</u> - Ending | <u>\$ 191,579</u> |
| | |
| <u>Plan's Fiduciary Net Position</u> | |
| Net Change in Plan's Fiduciary Net Position | \$ 0 |
| <u>Plan's Fiduciary Net Position</u> - Beginning | <u>0</u> |
| <u>Plan's Fiduciary Net Position</u> - Ending | <u>\$ 0</u> |
| | |
| <u>Academy's Net OPEB Liability</u> - Ending | <u>\$ 191,579</u> |
| | |
| Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability | 0% |
| Estimated Covered Employee Payroll | \$1,449,600 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 13.22% |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total OPEB Liability

**As of and for Year
Ended June 30, 2019**

| | | |
|---|--------|---------------------------|
| Service Cost | \$ | 1,378 |
| Interest | | 4,567 |
| Differences Between Expected and Actual Experience | | 26,616 |
| Change of Assumptions | | 48,277 |
| Benefit Payments | (| <u>38,547)</u> |
| Net Change in Total Pension Liability | \$ | 42,291 |
| <u>Total Pension Liability</u> - Beginning | | <u>170,804</u> |
| <u>Total Pension Liability</u> - Ending | \$ | <u><u>213,095</u></u> |
| <u>Plan's Fiduciary Net Position</u> | | |
| Net Change in Plan's Fiduciary Net Position | \$ | 0 |
| <u>Plan's Fiduciary Net Position</u> - Beginning | | <u>0</u> |
| <u>Plan's Fiduciary Net Position</u> - Ending | \$ | <u><u>0</u></u> |
| <u>Academy's Net OPEB Liability</u> - Ending | \$ | <u><u>213,095</u></u> |
| Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability | | 0% |
| Estimated Covered Employee Payroll | | \$1,414,244 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | | 15.07% |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
(CONTINUED)**

Total OPEB Liability

**As of and for Year
Ended June 30, 2018**

| | |
|---|-------------------|
| Service Cost | \$ 2,743 |
| Interest | 5,400 |
| Benefit Payments | (<u>31,904</u>) |
| Net Change in Total Pension Liability | (\$ 23,761) |
| <u>Total Pension Liability</u> - Beginning | <u>194,565</u> |
| <u>Total Pension Liability</u> - Ending | \$ 170,804 |
| | |
| <u>Plan's Fiduciary Net Position</u> | |
| Net Change in Plan's Fiduciary Net Position | \$ 0 |
| <u>Plan's Fiduciary Net Position</u> - Beginning | <u>0</u> |
| <u>Plan's Fiduciary Net Position</u> - Ending | \$ 0 |
| | |
| <u>Academy's Net OPEB Liability</u> - Ending | \$ 170,804 |
| | |
| Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability | 0% |
| Estimated Covered Employee Payroll | \$1,167,618 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 14.63% |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS**

**Fiscal
 Year Ending
June 30, 2020**

Schedule of Contributions

| | |
|--|-------------|
| Actuarially Determined Contribution | N/A |
| Academy Contribution | <u>N/A</u> |
| Contribution Deficiency | N/A |
| | = |
| Covered Employee Payroll | \$1,449,600 |
| | = |
| Contribution as a Percentage of Covered Employee Payroll | N/A |
| | = |

Schedule of Investment Returns

| | |
|--|-----|
| Annual Money-Weighted Rate of Return, Net of Investment Expense | N/A |
| | = |

**Fiscal
 Year Ending
June 30, 2019**

Schedule of Contributions

| | |
|--|-------------|
| Actuarially Determined Contribution | N/A |
| Academy Contribution | <u>N/A</u> |
| Contribution Deficiency | N/A |
| | = |
| Covered Employee Payroll | \$1,414,244 |
| | = |
| Contribution as a Percentage of Covered Employee Payroll | N/A |
| | = |

Schedule of Investment Returns

| | |
|--|-----|
| Annual Money-Weighted Rate of Return, Net of Investment Expense | N/A |
| | = |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
 REQUIRED SUPPLEMENTARY INFORMATION
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
 (CONTINUED)**

**Fiscal
 Year Ending
June 30, 2018**

Schedule of Contributions

| | |
|--|-------------|
| Actuarially Determined Contribution | N/A |
| Academy Contribution | <u>N/A</u> |
| Contribution Deficiency | N/A |
| | = |
| Covered Employee Payroll | \$1,167,618 |
| | = |
| Contribution as a Percentage of Covered Employee Payroll | N/A |
| | = |

Schedule of Investment Returns

| | |
|--|-----|
| Annual Money-Weighted Rate of Return, Net of Investment Expense | N/A |
| | = |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

| | |
|----------------------------------|------------------|
| Valuation date | 07/01/19 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Straight-Line |
| Remaining amortization period | 4.58 Years |
| Actuarial asset valuation method | N/A |

Actuarial Assumptions

| General Inflation Rate | Assumed to be 3% less than the ultimate healthcare trend rate | | | | | | | | |
|---|---|-----|------|----|------|----|------|----|------|
| Long-Term Expected Return on OPEB Investments | Not Applicable | | | | | | | | |
| Municipal Bond Rate | 3.50% based on 20 Year High-Grade Municipal Rate Index | | | | | | | | |
| Discount Rate | An annual rate of 3.50% | | | | | | | | |
| Assumed Retirement Age | <p>100% of employees hired before July 1, 2011 are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania, as follows:</p> <ul style="list-style-type: none"> • Age 60 with 30 years of service • At least 35 years of service • Age 62 with at least 1 year of service <p>100% of employees hired on or after July 1, 2011 are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania, as follows:</p> <ul style="list-style-type: none"> • Age 65 with at least 3 Years of Service • Age plus at least 35 Years of Service equals 92 | | | | | | | | |
| Pre-Retirement Mortality | RP-2014 Employee (Male and Female) as published by the Society of Actuaries | | | | | | | | |
| Post-Retirement Mortality | RP-2014 Healthy Annuitant (Male and Female) as published by the Society of Actuaries | | | | | | | | |
| Mortality Improvement | Scale MP-2018 (Male and Female) as published by the Society of Actuaries fully generational | | | | | | | | |
| Turnover before Retirement | <p>Actuary's Turnover Table T-3; the following are sample rates:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Age</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>25</td> <td>5.3%</td> </tr> <tr> <td>40</td> <td>3.8%</td> </tr> <tr> <td>55</td> <td>0.3%</td> </tr> </tbody> </table> | Age | Rate | 25 | 5.3% | 40 | 3.8% | 55 | 0.3% |
| Age | Rate | | | | | | | | |
| 25 | 5.3% | | | | | | | | |
| 40 | 3.8% | | | | | | | | |
| 55 | 0.3% | | | | | | | | |
| Marriage Assumption | 80% of employees are assumed to be married with spouses the same age. | | | | | | | | |
| Coverage | It is assumed that 50% of future retirees and 15% of spouses will participate in the retiree medical program. All current participating retirees and spouses are assumed to continue participation in the medical program. It is assumed that one future Central Office Administrator and spouse will fully participate in the retiree medical program. | | | | | | | | |
| Expenses | Expenses are included in the claim costs. | | | | | | | | |
| Rate of Salary Increase | An annual rate of 2.50% | | | | | | | | |
| Total Payroll | Total Payroll increases by the rate of salary increase for the interim year. | | | | | | | | |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
OPEB LIABILITY INFORMATION RELATED TO
SINGLE EMPLOYER PLAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

| | <u>Fiscal Year Ending June 30, 2020</u> | <u>Fiscal Year Ending June 30, 2019</u> | <u>Fiscal Year Ending June 30, 2018</u> |
|---|---|---|---|
| <u>Plan Membership</u> | | | |
| Inactive Plan Members or Beneficiaries | | | |
| Currently Receiving Benefits | 3 | 3 | 3 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 0 | 0 | 0 |
| Active Plan Members | <u>27</u> | <u>27</u> | <u>23</u> |
| | 30 | 30 | 26 |
| | == | == | == |

Components of the Net OPEB Liability

| | | | |
|--|------------------|------------------|------------------|
| Total OPEB Liability | \$191,579 | \$213,095 | \$194,565 |
| Plan Fiduciary Net Position | <u>0</u> | <u>0</u> | <u>0</u> |
| Net OPEB Liability | <u>\$191,579</u> | <u>\$213,095</u> | <u>\$194,565</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 0.00% | 0.00% | 0.00% |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate for the Year Ended June 30, 2020

| | 1% Decrease <u>2.50%</u> | Current Discount Rate <u>3.50%</u> | 1% Increase <u>4.50%</u> |
|----------------------------|-------------------------------------|---|---|
| Net OPEB Liability (Asset) | <u>\$202,125</u> | <u>\$191,579</u> | <u>\$181,983</u> |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate for the Year Ended June 30, 2020

| | 1% Decrease <u>2.50%</u> | Current Discount Rate <u>3.50%</u> | 1% Increase <u>4.50%</u> |
|----------------------------|-------------------------------------|---|---|
| Net OPEB Liability (Asset) | <u>\$224,825</u> | <u>\$213,095</u> | <u>\$202,421</u> |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
OPEB LIABILITY INFORMATION RELATED TO
SINGLE EMPLOYER PLAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates for the Year Ended June 30, 2020

| | 1% Decrease 4.40% Decreasing to 3.70% | Current Healthcare Cost Trend Rates 5.4% Decreasing to 4.70% | 1% Increase 6.40% Decreasing to 5.70% |
|----------------------|--|---|--|
| Total OPEB Liability | \$181,516 | \$191,579 | \$202,531 |
| | <u> </u> | <u> </u> | <u> </u> |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates for the Year Ended June 30, 2019

| | 1% Decrease 4.50% Decreasing to 3.70% | Current Healthcare Cost Trend Rates 5.50% Decreasing to 4.70% | 1% Increase 6.50% Decreasing to 5.70% |
|----------------------|--|--|--|
| Total OPEB Liability | \$201,902 | \$213,095 | \$225,277 |
| | <u> </u> | <u> </u> | <u> </u> |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION
COST SHARING PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| | <u>Fiscal Year Ending June 30, 2020</u> |
|---|--|
| Contractually Required Contributions | \$ 12,885 |
| Contributions in Relation to the Contractually Required Contribution | (<u>12,885</u>) |
| Contribution Deficiency (Excess) | \$ 0 |
| Academy's Covered Employee Payroll | \$1,534,017 |
| Contributions as a Percentage of Covered Employee Payroll | .84% |

| | <u>Fiscal Year Ending June 30, 2019</u> |
|---|--|
| Contractually Required Contributions | \$ 12,379 |
| Contributions in Relation to the Contractually Required Contribution | (<u>12,379</u>) |
| Contribution Deficiency (Excess) | \$ 0 |
| Academy's Covered Employee Payroll | \$1,491,413 |
| Contributions as a Percentage of Covered Employee Payroll | .83% |

| | <u>Fiscal Year Ending June 30, 2018</u> |
|---|--|
| Contractually Required Contributions | \$ 11,500 |
| Contributions in Relation to the Contractually Required Contribution | (<u>11,500</u>) |
| Contribution Deficiency (Excess) | \$ 0 |
| Academy's Covered Employee Payroll | \$1,267,681 |
| Contributions as a Percentage of Covered Employee Payroll | .83% |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION
COST SHARING PLAN
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY**

| | <u>Fiscal Year Ending June 30, 2020</u> |
|--|--|
| Academy's Proportion of the Net OPEB Liability | .0109% |
| Academy's Proportionate Share of the Net OPEB Liability | \$236,000 |
| Academy's Covered Employee Payroll | \$1,534,017 |
| Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll | 15.4% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 5.69% |

| | <u>Fiscal Year Ending June 30, 2019</u> |
|--|--|
| Academy's Proportion of the Net OPEB Liability | .0108% |
| Academy's Proportionate Share of the Net OPEB Liability | \$230,000 |
| Academy's Covered Employee Payroll | \$1,494,202 |
| Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll | 15.4% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 5.56% |

| | <u>Fiscal Year Ending June 30, 2018</u> |
|--|--|
| Academy's Proportion of the Net OPEB Liability | .0100% |
| Academy's Proportionate Share of the Net OPEB Liability | \$208,000 |
| Academy's Covered Employee Payroll | \$1,348,228 |
| Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll | 15.4% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 5.56% |

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION
COST SHARING PLAN
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
(CONTINUED)

| | Fiscal Year Ending <u>June 30, 2017</u> |
|--|--|
| Academy's Proportion of the Net OPEB Liability | .0095% |
| Academy's Proportionate Share of the Net OPEB Liability | \$194,000 |
| Academy's Covered Employee Payroll | \$1,267,681 |
| Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll | 15.3% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 5.73% |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
TOTAL OPEB LIABILITY INFORMATION RELATED TO THE
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Change in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2020
The Discount Rate decreased from 2.79% to 2.66%.

Change in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2019
The Discount Rate decreased from 2.98% to 2.79%.

Change in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2018
The Discount Rate decreased from 3.13% to 2.98%.

Change in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2017
The Discount Rate increased from 2.71% to 3.13%.

Change in Assumptions Used in Measurement of the Total OPEB Liability Beginning June 30, 2016
Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00% and 2.50% for real wage growth and for merit or seniority increases, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

Methods and Assumptions Used in Calculation of Actuarially Determined Contributions

The actuarially determined contributions are calculated as of June 30 of the preceding fiscal year in which contributions are made. That is, the contributions calculated as of the June 30, 2019 actuarial valuation will be made during the fiscal year ending June 30, 2021. The following actuarial methods and assumptions were used to determine contribution rates reported:

- The Investment Rate of Return - 2.66%, which represents the 20 year S&P Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, which reflects an allowance for inflation of 2.75% and real wage growth and merit or seniority of 2.25%.
- Benefit payments - No postretirement benefit increases are assumed in the future.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

10-Year Reporting Requirements

The Required Supplementary Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

| <u>Grantor Program Title</u> | <u>Source Code</u> | <u>Federal Assistance Listing Number</u> | <u>Expenditures</u> |
|---|--------------------|--|-------------------------|
| <u>U.S. Department of Education</u> | | | |
| HEERF Fund for the Improvement of Postsecondary Education Formula Grant | D | 84.425N | \$382,233 <hr/> |
| Student Financial Assistance Cluster: | | | |
| Federal Direct Student Loans (Direct Loans) | D | 84.268 | \$147,983 |
| Federal Pell Grant Program | D | 84.063 | <u>85,034</u> |
| Total Student Financial Assistance Cluster | | | <u>\$233,017</u> |
| HEERF Student Aid Portion | D | 84.425E | \$ 58,884 <hr/> |
| Passed Through Pennsylvania Department of Education: | | | |
| Career and Technology Education - Basic Grants to States | I | 84.048 | \$174,703 <hr/> |
| Governor's Emergency Education Relief Fund | I | 84.425C | \$ 67,556 <hr/> |
| Total Federal Expenditures | | | <u><u>\$916,393</u></u> |

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Note 1: Basis of Accounting

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Revenues were adjusted to balance the expenditures incurred for each project.

Note 2: Major Federal Programs

An extensive compliance test, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was performed on the HEERF Fund for the Improvement of Postsecondary Education Formula Grants and HEERF Student Aid Portion which represents 48% of the total expenditures reflected on the Schedule of Expenditures of Federal Awards.

The 40% test for a nonlow-risk auditee was satisfied as follows:

| <u>Project Title</u> | <u>Assistance Listing Number</u> | <u>Expenditures</u> |
|---|--|---------------------|
| HEERF Fund for the Improvement of Postsecondary Education Formula Grant Student Financial Assistance Cluster: | 84.425N | \$382,233 |
| Federal Direct Student Loans | 84.268 | 147,983 |
| Federal Pell Grant Program | 84.063 | 85,034 |
| Career and Technology Education - Basic Grants to States | 84.048 | 174,703 |
| Governor's Emergency Education Relief Fund | 84.425C | 67,556 |
| HEERF Student Aid Portion | 84.425E | <u>58,884</u> |
| | | \$916,393 |
| Minimum Amount Which Must Be Tested | | <u>40%</u> |
| | | <u>\$366,557</u> |

The HEERF Fund for the Improvement of Postsecondary Education Formula Grants and HEERF Student Aid Portion exceed \$366,557 and, therefore, represent the programs to which the specific compliance requirements must be applied.

Note 3: Indirect Cost Rate

The Academy has not elected to use the 10% de minimis indirect cost rate.

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

Chairman and Members of the Committee
Mifflin County Academy of Science and Technology
MCSD Administration Building
201 Eighth Street
Lewistown, Pennsylvania 17044

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Mifflin County Academy of Science and Technology, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Mifflin County Academy of Science and Technology's basic financial statements and have issued our report thereon November 16, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of this Report

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

Young, Delev, Brown & Company, P.C.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Chairman and Members of the Committee
Mifflin County Academy of Science and Technology
MCSD Administration Building
201 Eighth Street
Lewistown, Pennsylvania 17044

Report on Compliance for Each Major Federal Program

We have audited the Mifflin County Academy of Science and Technology's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Mifflin County Academy of Science and Technology's major federal programs for the year ended June 30, 2021. The Mifflin County Academy of Science and Technology's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and condition of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Mifflin County Academy of Science and Technology's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Mifflin County Academy of Science and Technology's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Mifflin County Academy of Science and Technology's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Opinion on Each Major Federal Program

In our opinion, the Mifflin County Academy of Science and Technology complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Mifflin County Academy of Science and Technology is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Mifflin County Academy of Science and Technology's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mifflin County Academy of Science and Technology's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Young, DeWitt, Brown & Company, P.C.

**Altoona, Pennsylvania
November 16, 2021**

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

A. Summary of Auditors Results

1. An unmodified opinion was issued on the Academy's financial statements.
2. There were no material weaknesses in internal control identified by the audit of the financial statements.
3. The audit did not disclose any noncompliance which is material to the Academy's financial statements.
4. There were no material weaknesses in the internal control over major federal programs identified by the audit.
5. An unmodified opinion was issued on the Academy's compliance for major federal programs.
6. The audit disclosed no audit findings which are required to be reported under 2 CFR Section 200.516(a).
7. The Academy's major programs are the HEERF Fund for the Improvement of Postsecondary Education Formula Grants and HEERF Student Aid Portion.
8. The amount of \$750,000 was the dollar threshold used to determine Type A and Type B programs.
9. The Academy does not qualify as a low-risk auditee.

B. Financial Statements Findings

No findings noted.

C. Federal Awards Findings and Questioned Cost

No findings noted.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY
SUMMARY SCHEDULE OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

No prior year finding were noted.