

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

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**FOR THE YEAR ENDED JUNE 30, 2020**

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# YOBCO

Young, Oakes, Brown & Company, P.C.  
*Certified Public Accountants*

## 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, 2020, 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, 2020, 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 46 to 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, 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, Baker, Brown & Company, P.C.*

Altoona, Pennsylvania  
November 23, 2020

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

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, 2020. 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 \$644,115 to (\$1,538,903) 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 and 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 (40%), which supports the secondary education program and totaled \$1,904,745 for 2019-2020.

At the end of the current fiscal year, the fund balance of the General Fund increased to \$1,229,420 from \$1,018,602. 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.

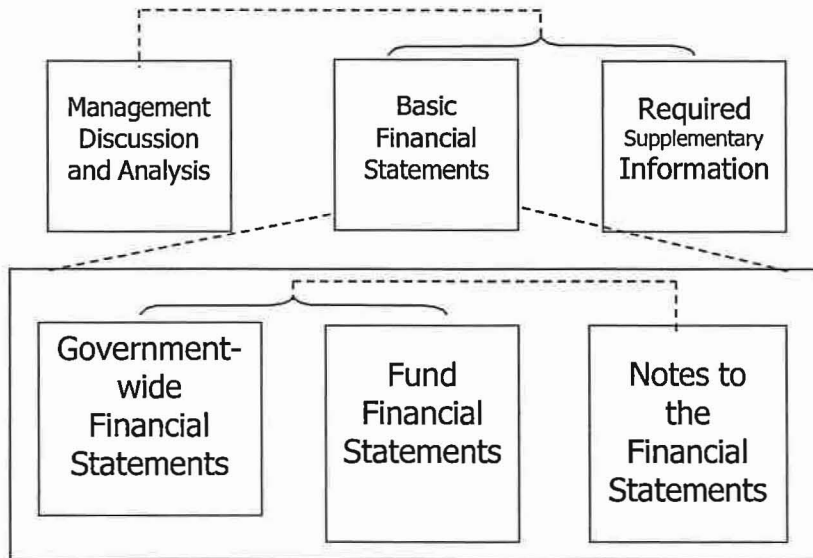
The remaining statements are fund financial statements that focus on individual parts of the School's operations in more detail than the government-wide statements. The governmental funds statements tell how the School's services were financed in the short term, as well as what remains for future spending. 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.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020

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



**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

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

	<u>Government-Wide Statements</u>	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> </ul>
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

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020

## 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.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

The School's total net position was (\$1,538,903) at June 30, 2020.

Table A-1  
 Fiscal Year ended June 30, 2020  
 Net Assets

	<u>Governmental</u> <u>Activities</u>		<u>% Change</u>
	2019-2020	2018-2019	
Current and other assets	\$1,802,113	\$ 1,500,820	20%
Net capital assets	<u>2,574,527</u>	<u>2,127,004</u>	<u>21%</u>
<b>Total assets</b>	<b><u>4,376,640</u></b>	<b><u>3,627,824</u></b>	<b><u>21 %</u></b>
 <b>Deferred Outflows</b>	 344,472	 302,868	 14%
 Current and other liabilities	 428,222	 374,639	 14%
Long-term liabilities	<u>5,644,673</u>	<u>5,571,138</u>	<u>1%</u>
<b>Total Liabilities</b>	<b><u>6,072,895</u></b>	<b><u>5,945,777</u></b>	<b><u>2%</u></b>
 <b>Deferred Inflows</b>	 187,120	 167,933	 11%
 Net position			
Net Investment in Capital			
Assets	1,961,970	1,383,264	-42%
Unrestricted	<u>(3,500,873)</u>	<u>(3,566,282)</u>	<u>2%</u>
<b>Total Net Position</b>	<b><u>(\$1,538,903)</u></b>	<b><u>(\$2,183,018)</u></b>	<b><u>30%</u></b>

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.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

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, 2020  
 Changes in Net Position

	Governmental Activities		% Change
	2019-2020	2018-2019	
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 1,107,392	\$ 1,233,108	-10%
Operating grants and contributions	1,702,531	917,810	85%
Capital grants and contributions	72,024	15,180	375%
General revenues			
Mifflin County School District	1,904,745	1,828,508	4%
Interest income	6,385	6,965	-8%
Other general revenues	11,533	11,610	-1%
<b>Total revenues</b>	<b>4,804,610</b>	<b>4,013,181</b>	<b>20%</b>
<b>Expenses</b>			
Instruction	2,669,404	2,284,134	17%
Instructional student support	28,775	27,125	6%
Administration and financial support	926,344	928,691	0%
Operation & maintenance of plant	368,206	394,111	-7%
Student activities	15,385	18,675	-18%
Interest on long-term debt	29,901	35,502	-16%
Unallocated depreciation	122,480	123,023	0%
<b>Total expenses</b>	<b>4,160,495</b>	<b>3,811,261</b>	<b>9%</b>
<b>Increase (decrease) in net position</b>	<b>\$644,115</b>	<b>\$201,920</b>	<b>219%</b>
Beginning Net Position	<u>(\$2,183,018)</u>	<u>(\$2,384,938)</u>	
Ending Net Position	<u>(\$1,538,903)</u>	<u>(\$2,183,018)</u>	

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

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, 2020  
Governmental Activities

Net Cost of District Functions – Governmental						
	Total Cost of Services		% Change	Net Cost of Services		% Change
	2019-2020	2018-2019		2019-2020	2018-2019	
Instruction	\$2,669,404	\$2,284,134	17%	( \$76,992)	\$238,635	-132%
Instructional student support	28,775	27,125	6%	23,548	22,752	3%
Administration and financial support	926,344	928,691	0%	824,790	835,855	-1%
Operation and maintenance of plant	368,206	394,111	-7%	342,111	373,212	-8%
Student activities	15,385	18,675	-18%	12,710	16,184	-21%
Interest on long-term debt	29,901	35,502	-16%	29,901	35,502	-16%
Unallocated depreciation expense	122,480	123,023	0%	122,480	123,023	0%
<b>TOTAL EXPENSES</b>	<b>\$4,160,495</b>	<b>\$3,811,261</b>	<b>9%</b>	<b>\$1,278,548</b>	<b>\$1,645,163</b>	<b>-23%</b>

Fund Balances

At June 30, 2020, the School's governmental funds reported a combined fund balance of \$1,373,891, which is an increase of \$247,710 from June 30, 2019.

General Fund:

The School's General Fund balance includes nonspendable balances for inventories of \$8,068 and prepaid expenses of \$18,170.

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, 2020 is \$144,471. This represents an increase of \$36,892 from June 30, 2019 due to an interfund transfer.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

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 \$311,111.

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 \$31,979, State grants for the new Welding program of \$570,000, and CARES Act funding of \$58,883 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, 2020, the School had \$2,574,527 in Governmental Funds invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$447,523 in Governmental Activities from June 30, 2019, primarily attributable to more current year purchases of equipment and construction than in the previous year.

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

	2020	2019
Land	\$ 32,035	\$ 32,035
Construction in Progress	0	0
Buildings and improvements	1,572,633	1,495,048
Furniture & equipment	969,859	599,921
<b>Total assets:</b>	<b>\$2,574,527</b>	<b>\$2,127,004</b>

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

	2020	2019
Net Pension Liability	\$4,541,671	\$4,314,799
Capital lease, including accrued interest	612,557	743,740
Compensated absences	81,729	103,883
Net other postemployment benefits obligation	408,716	408,716
<b>Total long-term debt:</b>	<b>\$5,644,673</b>	<b>\$5,571,138</b>

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**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, 2020**

**Governmental  
Activities**

**ASSETS**

Cash and Cash Equivalents	\$1,554,442
Accounts Receivable:	
Intergovernmental	186,693
Other	16,387
Due from Fiduciary Funds	18,353
Inventories	8,068
Prepaid Expenses	18,170
Capital Assets:	
Not Depreciated	32,035
Depreciated, net of depreciation	<u>2,542,492</u>
<b>TOTAL ASSETS</b>	<b>\$4,376,640</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows related to Defined Benefit Pension Plan	\$ 260,250
Deferred Outflows related to Other Postemployment Benefits	<u>84,222</u>
<b>Total Deferred Outflows of Resources</b>	<b>\$ 344,472</b>

**LIABILITIES**

Current Liabilities:	
Accounts Payable - Trade	\$ 98,611
Accrued Salaries and Benefits	165,035
Payroll Deductions and Withholdings	126,912
Unearned Revenues	37,664
Noncurrent Liabilities:	
Due Within One Year	137,033
Due in More Than One Year	<u>5,507,640</u>
<b>Total Liabilities</b>	<b>\$6,072,895</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows related to Defined Benefit Pension Plan	\$ 137,419
Deferred Inflows related to Other Postemployment Benefits	<u>49,701</u>
<b>Total Deferred Inflows of Resources</b>	<b>\$ 187,120</b>

**Net Position**

Net Investment in Capital Assets	\$1,961,970
Unrestricted	( <u>3,500,873</u> )
<b>Total Net Position</b>	<b>(\$1,538,903)</b>

**See Accompanying Notes and Independent Auditor's Report**

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>-----Program Revenues-----</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>	<u>Governmental Activities</u>
<b><u>Governmental Activities</u></b>					
Instruction	\$2,669,404	\$1,105,992	\$1,568,380	\$72,024	\$ 76,992
Instructional Student Support	28,775	0	5,227	0	( 23,548)
Administration and Financial Support Services	926,344	0	101,554	0	( 824,790)
Operation and Maintenance of Plant	368,206	1,400	24,695	0	( 342,111)
Student Activities	15,385	0	2,675	0	( 12,710)
Interest on Long-Term Debt	29,901	0	0	0	( 29,901)
Unallocated Depreciation, excluding direct depreciation	<u>122,480</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>( 122,480)</u>
Total Governmental Activities	<u>\$4,160,495</u>	<u>\$1,107,392</u>	<u>\$1,702,531</u>	<u>\$72,024</u>	<u>(\$1,278,548)</u>
<b><u>General Revenues</u></b>					
Revenues from Mifflin County School District					\$1,904,745
Miscellaneous Revenue					11,533
Investment Earnings					<u>6,385</u>
Total General Revenues					<u>\$1,922,663</u>
Changes in Net Position					\$ 644,115
<b><u>Net Position - Beginning</u></b>					<u>( 2,183,018)</u>
<b><u>Net Position - Ending</u></b>					<u>(\$1,538,903)</u>

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$1,418,919	\$135,523	\$1,554,442
Due from Other Funds	9,405	8,948	18,353
State Revenue Receivable	186,693	0	186,693
Other Receivables	16,387	0	16,387
Inventories	8,068	0	8,068
Prepaid Expenses	<u>18,170</u>	<u>0</u>	<u>18,170</u>
<b>TOTAL ASSETS</b>	<u>\$1,657,642</u>	<u>\$144,471</u>	<u>\$1,802,113</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 98,611	\$ 0	\$ 98,611
Accrued Salaries and Benefits	165,035	0	165,035
Payroll Deductions and Withholdings	126,912	0	126,912
Unearned Revenues	<u>37,664</u>	<u>0</u>	<u>37,664</u>
Total Liabilities	<u>\$ 428,222</u>	<u>\$ 0</u>	<u>\$ 428,222</u>
<b><u>Fund Balances</u></b>			
Nonspendable Fund Balance	\$ 26,238	\$ 0	\$ 26,238
Committed Fund Balance - Encumbrances	17,506	0	17,506
Assigned Fund Balance	0	144,471	144,471
Unassigned Fund Balance	<u>1,185,676</u>	<u>0</u>	<u>1,185,676</u>
Total Fund Balances	<u>\$1,229,420</u>	<u>\$144,471</u>	<u>\$1,373,891</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$1,657,642</u>	<u>\$144,471</u>	<u>\$1,802,113</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, 2020**

Total Fund Balances - Governmental Funds	\$1,373,891
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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	\$7,457,624	
Accumulated Depreciation	( 4,883,097)	2,574,527

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	\$ 344,472	
Deferred Inflows of Resources	( 187,120)	157,352

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	(\$4,541,671)	
Lease Purchase Obligation	( 612,557)	
Compensated Absences	( 81,729)	
Net Other Postemployment Benefits Obligation	( 408,716)	( 5,644,673)

Total Net Position - Governmental Activities	<u><u>(\$1,538,903)</u></u>
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**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, 2020**

	<u>General Fund</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>			
Local Sources:			
Earnings on Investments	\$ 6,029	\$ 356	\$ 6,385
Rentals	1,400	0	1,400
Adult Education Tuition	521,199	0	521,199
Receipts from Other LEAs in Pennsylvania - Education	584,793	0	584,793
Receipts from Mifflin County School District	1,904,745	0	1,904,745
Other Local Revenue	11,533	0	11,533
State Sources:			
Vocational Education	434,813	0	434,813
Vocational Training of the Unemployed	500,000	0	500,000
PAsmart Grants	70,000	0	70,000
Supplemental Equipment Grants	31,979	0	31,979
Other State Revenue Not Listed Elsewhere	40,045	0	40,045
State Share of Social Security/Medicare Taxes	83,881	0	83,881
State Share of Retirement Contributions	375,982	0	375,982
Federal Sources:			
Vocational Education - Operating Expenditures	178,972	0	178,972
Other CARES Act Funding	<u>58,883</u>	<u>0</u>	<u>58,883</u>
Total Revenues	<u>\$4,804,254</u>	<u>\$ 356</u>	<u>\$4,804,610</u>
<b><u>Expenditures</u></b>			
Current:			
Instruction	\$2,454,287	\$ 0	\$2,454,287
Support Services	1,240,073	0	1,240,073
Operation of Noninstructional Services	14,205	0	14,205
Capital Outlays:			
Instruction	531,723	113,882	645,605
Support Services	41,646	0	41,646
Debt Service:			
Principal	131,183	0	131,183
Interest	<u>29,901</u>	<u>0</u>	<u>29,901</u>
Total Expenditures	<u>\$4,443,018</u>	<u>\$113,882</u>	<u>\$4,556,900</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 361,236</u>	<u>(\$113,526)</u>	<u>\$ 247,710</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Interfund Transfers In	\$ 0	\$150,418	\$ 150,418
Interfund Transfers Out	( <u>150,418</u> )	<u>0</u>	( <u>150,418</u> )
Total Other Financing Sources (Uses)	<u>(\$ 150,418)</u>	<u>\$150,418</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 210,818	\$ 36,892	\$ 247,710
<b><u>Fund Balance</u></b> - Beginning of Year	<u>1,018,602</u>	<u>107,579</u>	<u>1,126,181</u>
<b><u>Fund Balance</u></b> - End of Year	<u>\$1,229,420</u>	<u>\$144,471</u>	<u>\$1,373,891</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, 2020**

Net Change in Fund Balances - Governmental Funds \$ 247,710

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	\$687,251	
Less: Depreciation Expense	( <u>239,728</u> )	447,523

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	131,183
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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:

Decrease in Compensated Absences	22,154
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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.

( 237,141 )

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.

32,686

Change in Net Position - Governmental Activities

\$ 644,115

**See Accompanying Notes and Independent Auditor's Report**

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2020**

	<b><u>Agency Fund</u></b> <b><u>(Student Activity)</u></b>
 <b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$29,581
	<u>          </u>
 <b><u>LIABILITIES</u></b>	
Due to Other Funds	\$18,353
Other Current Liabilities	<u>11,228</u>
Total Liabilities	\$29,581
	<u>          </u>

**See Accompanying Notes and Independent Auditor's Report**

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

**Note 1: Summary of Significant Accounting Policies** (Continued)

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

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, 2020**  
**(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 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.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020  
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

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

3. Capital Assets (Continued)

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 three 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, 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 three types of items that qualifies for reporting in this category. A deferred inflow resulted from the net difference between projected and actual investment earnings, 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 four years.

MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020  
(CONTINUED)

**Note 1: Summary of Significant Accounting Policies** (Continued)

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

**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, 2020**  
**(CONTINUED)**

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

**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, 2020 is \$1,584,023 and the bank balance is \$1,602,351. Of the bank balance, \$250,000 is covered by federal depository insurance and \$1,110,427 is covered by collateral held in the pledging bank's trust department, but not in the Academy's name. In addition, \$241,924 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.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**A. Cash Deposits With Financial Institutions (Continued)**

**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 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, 2020, was as follows:

	Balance 06/30/19	Additions	Deductions	Transfers	Balance 06/30/20
<b><u>Governmental Activities</u></b>					
Capital Assets, not being depreciated:					
Land	\$ 32,035	\$ 0	\$ 0	\$ 0	\$ 32,035
Capital Assets, being depreciated:					
Buildings and Improvements	\$4,727,348	\$228,276	\$ 0	\$ 0	\$4,955,624
Machinery and Equipment	<u>2,010,990</u>	<u>458,975</u>	<u>0</u>	<u>0</u>	<u>2,469,965</u>
Total Capital Assets, being depreciated	<u>\$6,738,338</u>	<u>\$687,251</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$7,425,589</u>
Less Accumulated Depreciation:					
Building	(\$3,232,300)	(\$150,691)	\$ 0	\$ 0	(\$3,382,991)
Machinery and Equipment	<u>( 1,411,069)</u>	<u>( 89,037)</u>	<u>0</u>	<u>0</u>	<u>( 1,500,106)</u>
Total Accumulated Depreciation	<u>(\$4,643,369)</u>	<u>(\$239,728)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(\$4,883,097)</u>
Total Capital Assets, being depreciated, net	<u>\$2,094,969</u>	<u>\$447,523</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$2,542,492</u>
Governmental Activities, Capital Assets, Net	<u>\$2,127,004</u>	<u>\$447,523</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$2,574,527</u>

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**B. Capital Assets (Continued)**

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

Depreciation - Unallocated	\$122,480
Instructional Services	92,407
Supporting Services:	
Administrative and Financial Support	2,451
Operation and Maintenance of Plant Services	<u>22,390</u>
Total Depreciation Expense, Governmental Activities	<u>\$239,728</u>

**C. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The 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](http://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, 2020  
(CONTINUED)

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

**C. Pensions (Continued)**

***General Information about the Pension Plan* (Continued)**

**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, 2020 was 33.36% 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 \$510,829 for the year ended June 30, 2020.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**C. Pensions (Continued)**

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

At June 30, 2020, the Academy reported a liability of \$4,541,671, reduced by \$510,829 of contributions made subsequent to the measurement date for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. The Academy's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the Academy's proportion was .0108%, which was an increase of .0008% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Academy recognized pension expense of \$779,312. At June 30, 2019, 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	\$ 12,250	\$ 98,794
Net difference between projected and actual investment earnings	0	38,625
Changes in proportions	<u>248,000</u>	<u>0</u>
	<u>\$260,250</u>	<u>\$137,419</u>

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

**Year Ended June 30**

2020	\$68,733
2021	45,181
2022	8,917
2023	0
2024	0

**Actuarial Assumptions**

The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019 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%.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**C. Pensions** (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

**Actuarial Assumptions** (Continued)

- 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, 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 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.

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Global Public Equity	20.0%	5.6%
Fixed Income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute Return	10.0%	3.4%
Risk Parity	10.0%	4.1%
Infrastructure/MLPs	8.0%	5.5%
Real Estate	10.0%	4.1%
Alternative Investments	15.0%	7.4%
Cash	3.0%	0.3%
Financing (LIBOR)	( 20.0%)	0.7%
	100.0%	

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, 2019.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**C. Pensions (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**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:

	<b>1% Decrease <u>6.25%</u></b>	<b>Current Discount Rate <u>7.25%</u></b>	<b>1% Increase <u>8.25%</u></b>
Academy's proportionate share of the net pension liability	\$6,293,000	\$5,053,000	\$4,002,000

**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](http://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, 2019 is as follows:

Assets	\$6,954,000
Liabilities	( <u>610,000</u> )
Net Position Held in Trust for Benefits	<u>\$6,344,000</u>

In addition, as of June 30, 2020, the Academy had a payable of \$151,971 to the PSERS pension plan, of which \$116,728 represents the second quarter 2020 required contribution, while \$35,243 represents the liability related to accrued payroll as of June 30, 2020.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(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's 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, 2019, 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 24 1/2 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](http://www.psers.pa.gov).

**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, 2019, there were no assumed future benefit increases to participating eligible retirees.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**D. Other Postemployment Benefits - PSERS** (Continued)

**Employer Contributions**

The Academy's contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.84% 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 \$12,863 for the year ended June 30, 2020.

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

At June 30, 2020, the Academy reported a liability of \$217,137 for its proportionate share of the net OPEB liability, reduced by contributions of \$12,863 made subsequent to the measurement date. The net OPEB liability was measured as of June 30, 2019, 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, 2018 to June 30, 2019. 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, 2019, the Academy's proportion was .0108 percent, which was an increase of .0008 percent from the prior year.

For the year ended June 30, 2019, the Academy recognized OPEB expense of \$7,987. At June 30, 2020, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Changes in proportion	\$18,250	\$ 0
Changes in assumptions	6,620	4,500
Differences between expected and actual experience	<u>811</u>	<u>0</u>
	<u>\$25,681</u>	<u>\$4,500</u>

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

<b><u>Year Ended June 30</u></b>	<b><u>Amount</u></b>
2021	\$4,038
2022	4,038
2023	4,038
2024	5,538
2025	3,529
Thereafter	0

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**D. Other Postemployment Benefits - PSERS** (Continued)

**Actuarial Assumptions**

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.79% - 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 following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females 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.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**D. Other Postemployment Benefits - PSERS** (Continued)

**Actuarial Assumptions** (Continued)

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	13.2%	0.20%
U.S. Core Fixed Income	83.1%	1.00%
Non-U.S. Developed Fixed	3.7%	0.00%
	100.0%	

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, 2019.

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 2.79%. 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 2.79% which represents the S&P 20 year Municipal Bond Rate at June 30, 2019, 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, 2019, 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, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 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, 2019, 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% Increase</u>
System Net OPEB Liability	\$2,126,615	\$2,126,842	\$2,127,106

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**D. Other Postemployment Benefits - PSERS** (Continued)

**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 2.79%, 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:

	<b>1% Decrease <u>1.79%</u></b>	<b>Current Discount Rate <u>2.79%</u></b>	<b>1% Increase <u>3.79%</u></b>
Academy's Proportionate Share of the Net OPEB Liability	\$262,000	\$230,000	\$203,000
	<u>          </u>	<u>          </u>	<u>          </u>

**OPEB Plan Fiduciary Net Position**

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

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, 2019 is as follows:

Assets	\$50,800
Liabilities	( <u>8,425</u> )
Net Position Held in Trust for Benefits	<u>\$42,375</u>

In addition, as of June 30, 2020, the Academy had a payable of \$3,826 to the PSERS OPEB plan, of which \$2,939 represents the second quarter 2020 required contribution, while \$887 represents the liability related to accrued payroll as of June 30, 2020.

**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.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**E. Other Postemployment Benefits - Single Employer** (Continued)

**Plan Description** (Continued)

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:

For 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 everyone 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, 2020**  
**(CONTINUED)**

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

**E. Other Postemployment Benefits - Single Employer (Continued)**

**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, 2020  
(CONTINUED)

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

**E. Other Postemployment Benefits - Single Employer** (Continued)

**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, 2020**  
**(CONTINUED)**

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

**E. Other Postemployment Benefits - Single Employer (Continued)**

**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, 2020**  
**(CONTINUED)**

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

**E. Other Postemployment Benefits - Single Employer (Continued)**

**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:**

	<b><u>As of</u></b> <b><u>06/30/20</u></b>
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, 2020**  
**(CONTINUED)**

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

**E. Other Postemployment Benefits - Single Employer (Continued)**

**Plan Descriptions, Contribution Information, and Funding Policies (Cont.)**

**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

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

**f. Changes in Net OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 213,095	\$0	\$ 213,095
Changes for the Year:			
Service Cost	\$ 1,807	\$0	\$ 1,807
Interest	6,960	0	6,960
Benefit Payments	( 30,283)	0	( 30,283)
Net Changes	(\$ 21,516)	\$0	(\$ 21,516)
Balances at June 30, 2020	\$ 191,579	\$0	\$ 191,579

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**E. Other Postemployment Benefits - Single Employer** (Continued)

**Plan Descriptions, Contribution Information, and Funding Policies** (Cont.)

**g. Deferred Outflows of Resources and Deferred Inflows of Resources**

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between Expected and Actual Experience	\$20,805	\$29,994
Changes of Assumptions	<u>37,736</u>	<u>15,207</u>
Total	<u>\$58,541</u>	<u>\$45,201</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</u>	<u>Amount</u>
2021	(\$15,480)
2022	2,983
2023	16,352
2024	9,485
2025	0
Thereafter	0

**h. Annual OPEB Expense**

Components of OPEB expense for the year ended June 30, 2020:

Service Cost	\$ 1,807
Interest	6,960
Difference between Expected and Actual Experience	( 15,312)
Changes of Assumptions	( <u>168</u> )
Total OPEB Expense	<u>(\$ 6,713)</u>

**i. Academy Contributions**

The Academy's contributions for the year ended June 30, 2020 were \$7,200.

**j. Plan Related Financial Statement Items**

As of June 30, 2020 and for the year then ended, the Plan's had the following:

Plan Related Assets	\$ 0
Deferred Outflows of Resources	58,541
Net OPEB Liability	( 191,579)
Deferred Inflows of Resources	( 45,201)
OPEB Expense	( 6,713)
OPEB Expenditures	7,200

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(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 primarily support governmental activities.

Rent expense for the year was \$25,749.

**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, 2020:

	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>	<u>Due Within One Year</u>
<b><u>Governmental Activities</u></b>					
Net Pension Liability	\$4,314,799	\$226,872	\$ 0	\$4,541,671	\$ 0
Capital Lease	743,740	0	( 131,183)	612,557	137,033
Other Long-Term Obligations:					
Compensated Absences	103,883	0	( 22,154)	81,729	0
Other Postemployment Benefit	<u>408,716</u>	<u>0</u>	<u>0</u>	<u>408,716</u>	<u>0</u>
Total Governmental Activities	<u>\$5,571,138</u>	<u>\$226,872</u>	<u>(\$153,337)</u>	<u>\$5,644,673</u>	<u>\$137,033</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, 2020, the cost and accumulated depreciation of assets recorded under the capital lease were \$1,687,363 and \$885,866, respectively.

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(CONTINUED)**

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

**H. Long-Term Liabilities (Continued)**

**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, 2021	\$161,084
June 30, 2022	161,084
June 30, 2023	161,084
June 30, 2024	161,084
June 30, 2025	<u>26,801</u>
	\$671,137
Less: Amount Representing Interest	( <u>58,580</u> )
Present Value of Net Minimum Lease Payment	\$612,557
Less: Current Portion of Capital Lease Obligation	( <u>137,033</u> )
Long-Term Portion of Capital Lease Obligation	<u>\$475,524</u>

**I. Fund Balances**

As of June 30, 2020, the governmental fund financial statements fund balances are comprised of the following:

**Nonspendable Fund Balance**

Inventories	\$ 8,068
Prepaid Expenses	<u>18,170</u>
	<u>\$ 26,238</u>

**J. Interfund Receivables and Payables**

Interfund balances as of June 30, 2020, consisted of the following:

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 9,405
Capital Projects Fund	Agency Fund	<u>8,948</u>
		<u>\$18,353</u>

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**  
**(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, 2020 were \$83,881 and \$375,982, 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 2018-2019 fiscal year, the Academy recognized \$1,904,745 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, 2020**

	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Local Sources	\$3,238,878	\$3,238,878	\$3,029,699	(\$ 209,179)
State Sources	757,622	757,622	1,536,700	779,078
Federal Sources	<u>160,453</u>	<u>160,453</u>	<u>237,855</u>	<u>77,402</u>
Total Revenues	<u>\$4,156,953</u>	<u>\$4,156,953</u>	<u>\$4,804,254</u>	<u>\$ 647,301</u>
<b><u>Expenditures</u></b>				
Special Programs	\$ 127,223	\$ 127,223	\$ 124,060	\$ 3,163
Vocational Programs	1,418,263	1,418,263	1,427,169	( 8,906)
Adult Education Programs	1,014,477	1,014,477	1,434,781	( 420,304)
Administrative Services	580,228	580,228	558,176	22,052
Pupil Health	26,384	26,384	26,475	( 91)
Business Services	227,859	227,859	220,573	7,286
Operation and Maintenance of Plant Services	481,346	481,346	376,382	104,964
Central Support Services	101,927	101,927	100,113	1,814
Student Activities	18,162	18,162	14,205	3,957
Debt Service (Principal and Interest)	<u>161,084</u>	<u>161,084</u>	<u>161,084</u>	<u>0</u>
Total Expenditures	<u>\$4,156,953</u>	<u>\$4,156,953</u>	<u>\$4,443,018</u>	<u>(\$ 286,065)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 361,236</u>	<u>\$ 361,236</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Budgetary Reserve	(\$ 100,293)	(\$ 100,293)	\$ 0	\$ 100,293
Transfers Out	<u>0</u>	<u>0</u>	<u>( 150,418)</u>	<u>( 150,418)</u>
Total Other Financing Sources (Uses)	<u>(\$ 100,293)</u>	<u>(\$ 100,293)</u>	<u>(\$ 150,418)</u>	<u>(\$ 50,125)</u>
Net Change in Fund Balances	<u>(\$ 100,293)</u>	<u>(\$ 100,293)</u>	<u>\$ 210,818</u>	<u>\$ 311,111</u>
<b><u>Fund Balance</u></b> - Beginning of Year	<u>770,223</u>	<u>770,223</u>	<u>1,018,602</u>	<u>248,379</u>
<b><u>Fund Balance</u></b> - End of Year	<u>\$ 669,930</u>	<u>\$ 669,930</u>	<u>\$1,229,420</u>	<u>\$ 559,490</u>

**MIFFLIN COUNTY ACADEMY OF SCIENCE AND TECHNOLOGY  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2020**

**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 during the year ended June 30, 2020, 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, Vocational Programs, Adult Education Programs, and Pupil Health functions as well as Expenditures in total and Transfers Out exceeded their 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**

	<b>As of June 30, 2019 <u>Measurement Date</u></b>
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%

	<b>As of June 30, 2018 <u>Measurement Date</u></b>
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%

	<b>As of June 30, 2017 <u>Measurement Date</u></b>
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%

**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, 2016  
Measurement Date**

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  
Measurement Date**

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%

**As of  
June 30, 2014  
Measurement Date**

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**

	<b>For the year ended <u>June 30, 2019</u></b>
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%

	<b>For the year ended <u>June 30, 2018</u></b>
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%

	<b>For the year ended <u>June 30, 2017</u></b>
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%

**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)**

	<b>For the year ended <u>June 30, 2016</u></b>
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%

	<b>For the year ended <u>June 30, 2015</u></b>
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**

**Actuarial Assumptions**

The total pension liability as of June 30, 2019 was determined by rolling forward the System's total pension liability as of June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - July 1, 2018
- Actuarial cost method - Entry Age Normal
- The Investment Rate of return - 7.25%, includes inflation of 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.

**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)
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<u>Total Pension Liability</u> - Beginning	<u>213,095</u>
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<u>Total Pension Liability</u> - Ending	<u>\$ 191,579</u>
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Plan's Fiduciary Net Position

Net Change in Plan's Fiduciary Net Position	\$ 0
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<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
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<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
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<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%
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Estimated Covered Employee Payroll	\$1,449,600
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Net Pension Liability as a Percentage of Covered Employee Payroll	13.22%
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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	( 38,547)

Net Change in Total Pension Liability	\$ 42,291
---------------------------------------	-----------

<u>Total Pension Liability</u> - Beginning	<u>170,804</u>
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<u>Total Pension Liability</u> - Ending	<u>\$ 213,095</u>
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Plan's Fiduciary Net Position

Net Change in Plan's Fiduciary Net Position	\$ 0
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<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
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<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
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<u>Academy's Net OPEB Liability</u> - Ending	<u>\$ 213,095</u>
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Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
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Estimated Covered Employee Payroll	\$1,414,244
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Net Pension Liability as a Percentage of Covered Employee Payroll	15.07%
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**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)**

<u>Total OPEB Liability</u>	<u>As of and for Year Ended June 30, 2018</u>
Service Cost	\$ 2,743
Interest	5,400
Benefit Payments	( 31,904)
Net Change in Total Pension Liability	(\$ 23,761)
<u>Total Pension Liability</u> - Beginning	194,565
<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	0
<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
	<u>          </u>
Covered Employee Payroll	\$1,449,600
	<u>                    </u>
Contribution as a Percentage of Covered Employee Payroll	N/A
	<u>          </u>

**Schedule of Investment Returns**

Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A
	<u>          </u>

**Fiscal  
Year Ending  
June 30, 2019**

**Schedule of Contributions**

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

**Schedule of Investment Returns**

Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A
	<u>          </u>

**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
	<u>          </u>
Covered Employee Payroll	\$1,167,618
	<u>                          </u>
Contribution as a Percentage of Covered Employee Payroll	N/A
	<u>          </u>

**Schedule of Investment Returns**

Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A
	<u>          </u>

**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"> <li>• Age 60 with 30 years of service</li> <li>• At least 35 years of service</li> <li>• Age 62 with at least 1 year of service</li> </ul> <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"> <li>• Age 65 with at least 3 Years of Service</li> <li>• Age plus at least 35 Years of Service equals 92</li> </ul>								
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> <tr> <td>Age</td><td>Rate</td></tr> <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> </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**

	<b><u>Fiscal Year Ending June 30, 2020</u></b>	<b><u>Fiscal Year Ending June 30, 2019</u></b>	<b><u>Fiscal Year Ending June 30, 2018</u></b>
<b><u>Plan Membership</u></b>			
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**

	<b><u>1% Decrease 2.50%</u></b>	<b><u>Current Discount Rate 3.50%</u></b>	<b><u>1% Increase 4.50%</u></b>
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, 2019**

	<b><u>1% Decrease 2.50%</u></b>	<b><u>Current Discount Rate 3.50%</u></b>	<b><u>1% Increase 4.50%</u></b>
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**

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

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

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

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

	<b>Fiscal Year Ending June 30, 2019</b>
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%

	<b>Fiscal Year Ending June 30, 2018</b>
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**

	<b><u>Fiscal Year Ending June 30, 2019</u></b>
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	55.66%

	<b><u>Fiscal Year Ending June 30, 2018</u></b>
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	54.00%

	<b><u>Fiscal Year Ending June 30, 2017</u></b>
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	51.84%

**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**

***Actuarial Assumptions***

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

- Valuation Date - June 30, 2018
- Actuarial cost method - Entry Age Normal - level % 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 following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- 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-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.

**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, 2020, 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 23, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Young, Baker, Brown & Company, P.C.*