

**ANNUAL REPORT
OF
MIFFLIN COUNTY SCHOOL DISTRICT
MIFFLIN COUNTY, PENNSYLVANIA**

FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors
Mifflin County School District
MCSD Administration Building
201 Eighth Street
Lewistown, Pennsylvania 17044

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Mifflin County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Mifflin County School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mifflin County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Defined Benefit Pension Plan Information related to the Pennsylvania Public School Employees' Retirement System (PSERS), and the Defined Benefit Postemployment Healthcare Plan's schedule of funding progress, on pages 4 through 10 and 65 through 91 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mifflin County School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2023, on our consideration of the Mifflin County School District'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 solely 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 the effectiveness of the Mifflin County School District's 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 Mifflin County School District's internal control over financial reporting and compliance.

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

**MIFFLIN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2022**

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Mifflin County School District (the District) for the year ended June 30, 2023. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. The discussion focuses on the District's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the District's financial performance.

The MD&A focuses on the School District's primary government, and unless otherwise noted, component units reported separately from the primary government are not included.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

The statement of net position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities include all of the District's instructional programs and support services except for its food service operation, which is considered a business-type activity.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. Fund financial statements are prepared using the modified accrual basis of accounting.

Governmental funds – Most of the District'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 District's 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 District'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.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the District's funds, which are the General Fund (major fund), Capital Projects Fund (major fund) and Debt Service Fund (nonmajor fund).

**MIFFLIN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2022
(CONTINUED)**

Proprietary funds – The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as the business-type activity in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds – The District is the trustee, or fiduciary, for some student activity funds and scholarship funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

REPORTING ENTITY

The reporting entity is comprised of the primary government and a component unit. The primary government of the District consists of all funds that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget or the issuance of debt.

The component unit information on the Statement of Net Position and the Statement of Activities identifies the financial data of the District's component unit, the Mifflin County Academy of Science and Technology (the Academy). The Academy is reported separately to emphasize that it is legally separate from the District. A copy of the Academy's full audit report can be obtained by contacting the Business Office, Mifflin County Academy of Science and Technology, 700 Pitt Street, Lewistown, PA 17044.

Government-Wide Financial Analysis

**Condensed Statements of Net Position
June 30, 2023 and 2022**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 47,443,254	\$ 41,329,218	\$152,791	(\$32,301)	\$47,596,045	\$41,296,917
Capital assets	100,182,777	103,757,515	0	0	100,182,777	103,757,515
Right-Of-Use Asset	<u>788,875</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>788,875</u>	<u>0</u>
Total assets	148,414,906	145,086,733	152,791	(32,301)	148,567,697	145,054,432
Deferred Outflows of Resource	<u>6,530.905</u>	<u>6,590.158</u>	<u>126,929</u>	<u>138,823</u>	<u>6,657.834</u>	<u>6,728.981</u>
Total	<u>\$154,945.811</u>	<u>\$151,676.891</u>	<u>\$279,720</u>	<u>\$106,522</u>	<u>\$155,225.531</u>	<u>\$151,783.413</u>
Current and other liab	\$13,125,593	\$13,609,136	\$43,734	\$114,696	\$13,169,327	\$13,723,832
Long-term liabilities	<u>166,639,544</u>	<u>165,283,940</u>	<u>2,559,283</u>	<u>2,439,311</u>	<u>169,198,827</u>	<u>167,723,251</u>
Total liabilities	<u>179,765.137</u>	<u>178,893,076</u>	<u>2,603,017</u>	<u>2,554,007</u>	<u>182,368,154</u>	<u>181,447,083</u>
Defer. Inflows of Resource	<u>9,154.063</u>	<u>16,982.622</u>	<u>137,089</u>	<u>411,213</u>	<u>9,291,152</u>	<u>17,393,835</u>
Net Invested in capital assets	\$24,858,211	\$22,341,414	\$0	\$0	\$24,858,211	\$22,341,414
Restricted	7,403,729	7,237,777	0	0	7,403,729	7,237,777
Unrestricted	<u>(66,235,329)</u>	<u>(73,777,998)</u>	<u>(2,460,386)</u>	<u>(2,858,698)</u>	<u>(68,695,715)</u>	<u>(76,636,696)</u>
Total net position	<u>(33,973,389)</u>	<u>(44,198,807)</u>	<u>(2,460,386)</u>	<u>(2,858,698)</u>	<u>(36,433,775)</u>	<u>(47,057,505)</u>
Total	<u>\$154,945.811</u>	<u>\$151,676.891</u>	<u>\$279,720</u>	<u>\$106,522</u>	<u>\$155,225.531</u>	<u>\$151,783.413</u>

**MIFFLIN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2022
(CONTINUED)**

**Condensed Statements of Activities
For the Years Ended June 30, 2023 and 2022**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues and Transfers						
Program revenues						
Charges for services	\$ 160,838	\$ 167,755	\$678,800	\$232,042	\$ 839,638	\$ 399,797
Operating grants and contributions	30,415,726	31,100,823	3,089,320	3,457,005	33,505,046	34,557,828
General revenues						
Property taxes	27,310,579	27,716,267	0	0	27,310,579	27,716,267
Other taxes	9,358,900	8,754,423	0	0	9,358,900	8,754,423
Grants, subsidies and contributions, unrestricted	27,297,328	24,166,601	0	0	27,297,328	24,166,601
Interest	1,275,993	43,965	14,192	541	1,290,185	44,506
Transfer to Component Unit	(460,577)	0	0	0	(460,577)	0
Total revenues and transfers	<u>95,358,787</u>	<u>91,949,834</u>	<u>3,782,312</u>	<u>3,689,588</u>	<u>99,141,099</u>	<u>95,639,422</u>
Expenses						
Instruction	51,289,093	47,162,964	0	0	51,289,093	47,162,964
Instructional student support	5,153,553	3,183,086	0	0	5,153,553	3,183,086
Administrative and financial support	7,833,944	5,977,762	0	0	7,833,944	5,977,762
Operation and maintenance of plant	6,957,568	5,070,596	0	0	6,957,568	5,070,596
Pupil transportation	5,084,307	4,811,440	0	0	5,084,307	4,811,440
Student activities	1,266,699	842,294	0	0	1,266,699	842,294
Community services	33,232	16,817	0	0	33,232	16,817
Interest on long-term debt	2,364,461	2,477,167	0	0	2,364,461	2,477,167
Unallocated depreciation expense	5,150,512	5,095,196	0	0	5,150,512	5,095,196
Food services	0	0	3,384,000	3,046,277	3,384,000	3,046,277
Total expenses	<u>85,133,369</u>	<u>74,637,322</u>	<u>3,384,000</u>	<u>3,046,277</u>	<u>88,517,369</u>	<u>77,683,599</u>
Change in net position	<u>10,225,418</u>	<u>17,312,512</u>	<u>398,312</u>	<u>643,311</u>	<u>10,623,730</u>	<u>17,955,823</u>
Beginning Net Position	<u>(44,198,807)</u>	<u>(61,511,319)</u>	<u>(2,858,698)</u>	<u>(3,502,009)</u>	<u>(47,057,505)</u>	<u>(65,013,328)</u>
Ending Net Position	<u>(\$33,973,389)</u>	<u>(\$44,198,807)</u>	<u>\$ (2,460,386)</u>	<u>\$ (2,858,698)</u>	<u>(\$36,433,775)</u>	<u>(\$47,057,505)</u>

Total net position of the District increased \$10,623,730 in 2023. Net position of governmental activities increased by \$10,225,418, while net position of the business-type activity increased \$398,312.

The District had \$85,133,369 in expenses and transfers related to governmental activities in 2023; only \$30,576,564 of these expenses were offset by program specific charges for services and operating grants. The District also received general revenues (primarily taxes and state subsidies) of \$64,782,223. The \$10,225,418 increase in governmental activities net position represents the surplus of revenues over expenses.

In the District's business-type activity, net position increased by \$398,312 as a result of the net income in the food service operation.

**MIFFLIN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2022
(CONTINUED)**

Financial Analysis of the Governmental Funds

General Fund

Revenues

Revenues for the 2022-2023 fiscal year were \$95,590,170, compared to \$92,141,393, for the previous fiscal year. The revenues are derived from the three main sources as follows:

	2023 Amount	2022 Amount	Increase (Decrease)	% Change
Local sources	\$38,869,307	\$37,841,919	\$1,027,388	2.71%
State sources	45,832,320	42,250,181	3,582,139	8.48%
Federal sources	10,888,543	12,049,293	(1,160,750)	(9.63%)
Total	<u>\$95,590,170</u>	<u>\$92,141,393</u>	<u>\$3,448,777</u>	3.74%

Local revenues are derived primarily from levying taxes such as real estate tax, earned income tax and real estate transfer tax. Local revenues increased by \$1,027,388 compared to the prior year. Local real estate tax collections were \$373,092 below 2022 due to additional homestead and farmstead exclusions granted to taxpayers through the state-funded local tax relief program. Earned income tax collections increased by \$700,716 over the prior year, continuing the trend we've seen for strong employment of district residents. Transfer tax decreased \$81,171. Delinquent real estate tax collections decreased \$168,047 as the collection rate of current real estate tax has climbed in recent years. Interest income increased \$997,244 over the prior year due to the sharp increase in interest rates year over year.

State revenues are derived primarily from state subsidies for basic education, special education, transportation and an approximate 50 percent reimbursement for social security and retirement costs. The state also reimburses a percentage of principal and interest payments for outstanding bond issues. State revenues increased \$3,582,139 or 8.48% over the prior year. Basic education subsidy increased \$1,506,903 and the special education subsidy increased \$253,240. In addition, the district received level-up funding in the amount of \$1,102,471. Level-up funding was a supplement to basic education subsidy for school districts with higher at-risk populations of students in the enacted state budget for 2022-2023. The state property tax allocation increased \$498,658 over 2022 due to an increase in state gaming funds. These funds are passed through to taxpayers in the form of property tax relief via the homestead and farmstead exclusion as authorized by the Taxpayer Relief Act, also known as Special Session Act 1 of 2006. Retirement and social security reimbursements increased a net \$378,081, due to increased payroll expense.

Federal revenues include Title I, Title II, Title III, Title IV, Rural and Low as well as medical assistance reimbursement for Access expenditures. The difference between federal revenue received and the actual expense incurred is recorded as either a prepaid expense or a deferred revenue to be recognized in the subsequent fiscal period. Federal revenue decreased \$1,160,750 over the prior year or 9.63% due to the close-out of portions of the Elementary and Secondary School Emergency Relief (ESSER) grant program. ESSER funding was a result of various federal stimulus acts that were created in response to the COVID-19 pandemic. The net decrease in ESSER funding over the prior year was \$1,240,654.

Expenditures

Expenditures for the General Fund for the 2022-2023 fiscal year were \$90,716,321 compared to the 2021-2022 fiscal year total of \$86,902,643. The following table shows the expenditures by object category:

	2022-2023	2021-2022	Increase (Decrease)	% Change
Salaries and benefits	\$56,406,376	\$54,364,740	\$2,041,636	3.76%
Professional services	2,718,642	2,226,989	491,653	22.08%
Purchased property services	1,899,288	2,191,744	(292,456)	(13.34%)
Other purchased services	13,056,271	12,231,722	824,549	6.74%
Supplies	5,197,470	5,821,529	(624,059)	(10.72%)
Property	1,231,543	1,001,699	229,844	22.95%
Other objects	8,746,154	8,064,220	681,934	8.46%
Other uses of funds	<u>1,460,577</u>	<u>1,000,000</u>	<u>460,577</u>	46.06%
Total	<u>\$90,716,321</u>	<u>\$86,902,643</u>	<u>\$3,813,678</u>	4.39%

**MIFFLIN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2022
(CONTINUED)**

Expenditures increased by \$3,813,678 or 4.39% over the prior year. Salary expense increased \$1,278,383 due to various factors including adjustments to rates per contractual agreements as well as modifications to staffing to accommodate student needs. Benefits increased \$763,255 primarily due to an increase in health insurance of \$262,938 and an increase in retirement expense of \$506,583. The District is required by statute to contribute a percentage of every dollar paid in wages to the retirement fund of each employee. For 2022-2023 the percentage increased to 35.26% from 34.94% in 2021-2022.

Professional services increased 22.08% to \$2,718,642 in 2022-2023 primarily due to engineering and architectural fees incurred for preliminary design work associated with the outdoor multi-sport athletic project.

Overall purchased property services were down from the prior year. An ESCO project for Lewistown Elementary School was completed in 2021-2022. A roof project for Lewistown Elementary School was completed in the 2022-2023 school year.

Other purchased services increased \$824,549 or 6.74% over 2021-2022 due to increased transportation costs of \$391,947, charter school tuition of \$246,689 and vocational education costs of 283,266.

Supplies decreased \$624,059 or 10.72% primarily due to a large smart board technology purchase in 2021-2022.

Property increased \$229,844 or 22.95% which was a combination of an increase of \$704,455 in right-to-use assets for the district's copier leases per a new accounting rule, in addition to \$346,224 in right-to use assets per district subscription-based information technology arrangements. These were offset by \$857,878 in technology equipment purchases that were made in the prior year, with no similar equipment purchased in the current fiscal year.

Other objects increased by \$681,934 or 8.46% due to scheduled debt service payments and the amortization of the right-to-use assets per the new accounting rules.

Other uses of funds increased by funds transferred to the Academy in the amount of \$460,577 for a capital expansion project. The transfer to Capital Reserve remained the same year over year at \$1,000,000.

Capital Projects Fund

The Capital Projects Fund is used to account for transfers from the General Fund that are to be used to fund future capital projects and equipment. The Capital Projects Fund balance as of June 30, 2023 is \$7,403,729.

General Fund Budgetary Highlights

The District prepares a budget each year for its General Fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the School Board of Directors (the Board). The District maintains a conservative budget approach by estimating revenue based on known tax collections in the prior year and by maintaining state funding at current levels, typically including only a fraction of the proposed state budget increases. All anticipated personnel positions are budgeted based on expected salary for the position and on a family insurance benefit package. During the fiscal year, the Board authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is allowed by state law.

The most significant transfers occur from the budget reserve category to specific expenditure areas. The budgetary reserve includes amounts that will be funded by current revenues found in the general fund budget. These amounts will only be appropriated into expenditure categories to account for unforeseen expenditures after the budget process has been completed. The Board is using this method of budgeting to control tax increases while also protecting the integrity of the fund balance.

The General Fund's originally approved budget for 2022-2023 included \$94,652,031 of revenues and \$94,652,031 of expenditures. The actual 2022-2023 revenues were \$97,100,919 or 2.6% greater than budget. Local revenues showed favorable variances in earned income tax of approximately \$1,367,000, real estate tax revenue of approximately \$140,000 and interest income of \$1,007,000. A positive budget variance was recognized on the state revenue for basic education subsidy in the amount of \$1,217,246, including \$1,102,471 in level-up funding that will become part of the base amount in future years' basic education subsidy calculation. Special education subsidy exceeded budget by \$64,524. The state share of social security and pension revenue exceeded budget by a combined total of \$365,825. The original budget included a transfer in the amount of \$1,800,000 to the Academy for a capital expansion project. Revenue to fund this transfer came from the district's Capital Projects Fund. The actual amount of transfer made during the year was \$460,577, resulting in \$1,339,423 negative budget variance in revenue for the year.

**MIFFLIN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2022
(CONTINUED)**

Actual expenditures and other financing uses were \$3,935,710 or 4.16% less than the original budget. The most significant positive budget variances include salary, benefits, and budgetary reserve that was not utilized. In addition, a transfer to the Academy of \$1,800,000 was included in the original expense budget and the actual amount transferred was \$460,577 and \$1,000,000 to the Capital Reserve Fund, resulting in \$339,423 favorable budget variance in expense for the year.

The District established an assigned fund balance in 2019-2020 to fund projected revenue shortfalls in future years related to the impacts of the COVID-19 pandemic. The assigned fund balance at June 30, 2023 is \$8,700,000.

The District received \$3,000,000 in grant funding in 2021-2022 for improvements to its outdoor multi-sport athletic facilities. This amount is reflected in deferred revenue in the Capital Projects Fund.

An assigned general fund balance was established in 2021-2022 to earmark funds for the outdoor multi-sport athletic facilities project. The balance at June 30, 2023 is \$7,000,000.

Capital Assets

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2023 is summarized below:

	Governmental Activities	Business-Type Activities	Total
Land, buildings and improvements	\$166,924,224	\$0	\$166,924,224
Equipment and other capital assets	<u>7,333,022</u>	<u>128,061</u>	<u>7,461,083</u>
Total	174,257,246	128,061	174,385,307
Accumulated depreciation	<u>(74,074,469)</u>	<u>(128,061)</u>	<u>(74,202,530)</u>
Net	<u>\$100,182,777</u>	<u>\$0</u>	<u>\$100,182,777</u>

Long-Term Debt

At June 30, 2023, the District had \$70,328,213 in outstanding general obligation bonds (excluding unamortized bond premium), and notes payable. The District had a net decrease of \$5,467,186 in bonds and notes during the fiscal year. Detailed information regarding long-term debt activity is included in the notes to the basic financial statements (Note H).

Factors Expected to have an Effect on Future Operations

Labor Relations

The professional staff of the District is represented by the Association of Mifflin County Educators (AMCE). This group has an agreement with the District which details terms of employment. The contract with AMCE runs through June 30, 2024.

The support staff of the District is represented by the Mifflin County Education Support Professionals Association PSEA/NEA. This contract runs through June 30, 2027.

The cafeteria and custodial/maintenance staff of the District is represented by the Mifflin County Support Association ESPA/PSEA/NEA. This contract runs through June 30, 2026.

Act 1 of 2006

On June 27, 2006, Pennsylvania Governor Ed Rendell signed into law Special Session Act 1, also known as the Taxpayer Relief act, which changed various aspects of Act 72, originally signed into law in July 2004. Act 72 established a distribution mechanism for new revenues expected to be generated from the legalization of slot machines in various areas around the state. The main objective of the law was to increase state funding for education, thereby reducing local property taxes, given the relative dependence of local school districts on such taxes.

**MIFFLIN COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)
JUNE 30, 2022
(CONTINUED)**

One significant change contained in the new legislation was the expansion of property tax rate limits to all school districts in the state. School districts are required to limit tax rate increases to an annual index based on the average increase in the statewide average weekly wage and the employment cost index for schools. The index is adjusted upward for school districts whose aid ratios are above .4.

The base index was 3.4% for 2022-2023, 4.1% for 2023-2024 and has been certified at 5.3% for the 2024-2025 school year. The adjusted index for the District was 4.7%, 5.7% and 7.3%, respectively.

Other

The District's general obligation bond rating is Standard and Poors A Stable.

The District continues to monitor increases in health benefit costs, special education, contracted services, charter school expenses, and retirement contributions. These areas are a challenge for the District in budgeting. Special education costs are dependent upon the type of student enrolled in the District each year. Enrollment and/or withdrawal of students with significant needs can cause this expenditure to fluctuate. While the District attempts to prepare a budget with a modest reserve each year for unexpected emergencies, this expenditure is dependent upon actual experience during the fiscal year.

The District does not expect significant growth in the near future given the residential nature of the local economy and a lack of developable land within the District. The implementation of Clean and Green throughout the District has resulted in substantial loss in assessed value. The local manufacturing economy remains volatile; however, there are local manufacturing plants that are expanding production operations which should have a positive impact on the area. It is unclear what permanent impact, if any, the COVID-19 pandemic will have on the local economy.

On September 18, 2020, the Board entered into an energy savings agreement that included upgrades to the Mifflin County Middle School roof and chiller as well as the demolition of Highland Park Elementary School. In conjunction with these capital projects, agreements were also executed to authorize the construction of 3 solar photovoltaic (pv) power systems to provide energy district-wide. The East Derry site went online in December, 2021. The Mifflin County High School site went online in November, 2022. The third potential site at Indian Valley Elementary Center did not come to fruition. All district buildings, other than Indian Valley and Strodes Mills Elementary School, are served by the solar power system.

The expenditure budget for the 2023-24 year is \$107,923,615, which is \$13,271,584 more than the final budget for 2022-23. This represents a 14% increase in budgeted expenditures, 12.7% of which is due to an anticipated transfer to capital project fund for the outdoor athletic facilities project which was approved in October, 2023. The District millage rate for the 2023-2024 school year remains at 34.5215.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Chief Financial Officer at Mifflin County School District, 201 Eighth Street – Highland Park, Lewistown, PA 17044, (717) 248-0148.

**MIFFLIN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

	----- Primary Government -----			-- Component Unit --
	Governmental Activities	Business-Type Activities	Total	Mifflin County Academy of Science and Technology
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 37,967,491	\$ 333,851	\$ 38,301,342	\$2,884,144
Receivables:				
Taxes - Net	1,608,890	0	1,608,890	0
Internal Balances	262,961	(262,961)	0	0
Intergovernmental	5,842,852	39,657	5,882,509	155,139
Other	1,725,692	8,730	1,734,422	25,278
Due from Fiduciary Fund	3,352	0	3,352	709
Inventories	0	33,405	33,405	0
Prepaid Expenses	32,016	109	32,125	9,440
Capital Assets:				
Not Depreciated	1,173,122	0	1,173,122	516,762
Depreciated, Net of Depreciation	99,009,655	0	99,009,655	2,912,078
Right-of-Use Asset - Lease	563,564	0	563,564	18,258
Right-of-Use Asset - SBITA	<u>225,311</u>	<u>0</u>	<u>225,311</u>	<u>327</u>
Total Assets	<u>\$148,414,906</u>	<u>\$ 152,791</u>	<u>\$148,567,697</u>	<u>\$6,522,135</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Outflows related to Defined Benefit Pension Plan and OPEB	<u>\$ 6,530,905</u>	<u>\$ 126,929</u>	<u>\$ 6,657,834</u>	<u>\$ 61,860</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,089,755	\$ 2,825	\$ 1,092,580	\$ 77,610
Accrued Salaries and Benefits	7,307,892	1,570	7,309,462	303,439
Payroll Deduction and Withholdings	680,845	0	680,845	2,894
Accrued Interest	854,343	0	854,343	0
Unearned Revenue	3,137,243	39,339	3,176,582	91,520
Other Current Liabilities	55,515	0	55,515	0
Noncurrent Liabilities:				
Due Within One Year	6,634,266	0	6,634,266	156,765
Due in More Than One Year	<u>160,005,278</u>	<u>2,559,283</u>	<u>162,564,561</u>	<u>4,437,718</u>
Total Liabilities	<u>\$179,765,137</u>	<u>\$2,603,017</u>	<u>\$182,368,154</u>	<u>\$5,069,946</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows related to Defined Benefit Pension Plan and OPEB	<u>\$ 9,154,063</u>	<u>\$ 137,089</u>	<u>\$ 9,291,152</u>	<u>\$ 213,344</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 24,858,211	\$ 0	\$ 24,858,211	\$3,258,746
Restricted for Capital Projects	7,403,729	0	7,403,729	0
Unrestricted	(<u>66,235,329</u>)	(<u>2,460,386</u>)	(<u>68,695,715</u>)	(<u>1,958,041</u>)
Total Net Position	<u>(\$ 33,973,389)</u>	<u>(\$2,460,386)</u>	<u>(\$ 36,433,775)</u>	<u>\$1,300,705</u>

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>
<u>Governmental Activities</u>	
Unallocated Depreciation, excluding direct depreciation	\$ 5,150,512
Instruction	51,289,093
Instructional Student Support	5,153,553
Administrative and Financial Support Services	7,833,944
Operation and Maintenance of Plant Services	6,957,568
Pupil Transportation	5,084,307
Student Activities	1,266,699
Community Services	33,232
Interest on Long-Term Obligations	<u>2,364,461</u>
Total Governmental Activities	\$85,133,369
<u>Business-Type Activities</u>	
Food Service	\$ 3,384,000
Total Primary Government	<u>\$88,517,369</u>
<u>Component Unit</u>	
Mifflin County Academy of Science and Technology	<u>\$ 4,143,354</u>
<u>General Revenues and Transfers</u>	
Taxes:	
Real Estate Taxes, Levied for General Purposes	
Other Taxes, Levied for General Purposes	
Grants, Subsidies, and Contributions Not Restricted	
Receipts from Mifflin County School District	
Investment Earnings	
Miscellaneous Income	
Transfer to Component Unit from Primary Government	
Total General Revenues and Transfers	
Change in Net Position	
<u>Net Position</u> - Beginning	
Prior Period Adjustment	
<u>Net Position</u> - Beginning (Restated)	
<u>Net Position</u> - Ending	

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

----- Program Revenues -----			----- Primary Government -----			Component Unit
Charges for Services	Operating Grants and Contributions	Capital Grant	Governmental Activities	Business-Type Activities	Total	Mifflin County Academy of Science and Technology
\$ 0	\$ 0	\$ 0	(\$ 5,150,512)	\$ 0	(\$ 5,150,512)	\$ 0
91,520	19,276,285	0	(31,921,288)	0	(31,921,288)	0
0	1,736,379	0	(3,417,174)	0	(3,417,174)	0
0	2,532,856	0	(5,301,088)	0	(5,301,088)	0
7,781	3,129,769	0	(3,820,018)	0	(3,820,018)	0
0	3,612,219	0	(1,472,088)	0	(1,472,088)	0
61,537	125,253	0	(1,079,909)	0	(1,079,909)	0
0	2,965	0	(30,267)	0	(30,267)	0
0	0	0	(2,364,461)	0	(2,364,461)	0
\$ 160,838	\$30,415,726	\$ 0	(\$54,556,805)	\$ 0	(\$54,556,805)	\$ 0
\$ 678,800	\$ 3,089,320	\$ 0	\$ 0	\$ 384,120	\$ 384,120	\$ 0
\$ 839,638	\$33,505,046	\$ 0	(\$54,556,805)	\$ 384,120	(\$54,172,685)	\$ 0
\$1,269,367	\$ 1,453,667	\$514,045	\$ 0	\$ 0	\$ 0	(\$ 906,275)
			\$27,310,579	\$ 0	\$27,310,079	\$ 0
			9,358,900	0	9,358,900	0
			27,297,328	0	27,297,328	0
			0	0	0	1,892,434
			1,275,993	14,192	1,290,185	9,858
			0	0	0	66,203
			(460,577)	0	(460,577)	460,577
			\$64,782,223	\$ 14,192	\$64,796,415	\$2,429,072
			\$10,225,418	\$ 398,312	\$10,623,730	\$1,522,797
			(\$44,198,807)	(\$2,858,698)	(\$47,057,505)	(\$ 211,540)
			0	0	0	(10,552)
			(\$44,198,807)	(\$2,858,698)	(\$47,057,505)	(\$ 222,092)
			(\$33,973,389)	(\$2,460,386)	(\$36,433,775)	\$1,300,705

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$28,486,682	\$ 9,471,978	\$8,831	\$37,967,491
Receivables:				
Taxes - Net of Allowance for Unavailable	1,608,890	0	0	1,608,890
Interfund	3,266,313	1,000,000	0	4,266,313
Due from Other Governments	939,732	0	0	939,732
State Revenue Receivables	3,254,337	0	0	3,254,337
Federal Revenue Receivables	1,648,783	0	0	1,648,783
Other Receivables	1,725,692	0	0	1,725,692
Prepaid Expenses	32,016	0	0	32,016
TOTAL ASSETS	\$40,962,445	\$10,471,978	\$8,831	\$51,443,254
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 1,000,000	\$ 3,000,000	\$ 0	\$ 4,000,000
Accounts Payable - Trade	1,021,506	68,249	0	1,089,755
Accrued Salaries and Benefits	7,307,892	0	0	7,307,892
Payroll Deductions and Withholdings	680,845	0	0	680,845
Unearned Revenue	4,773,945	0	0	4,773,945
Other Current Liabilities	55,515	0	0	55,515
Total Liabilities	\$14,839,703	\$ 3,068,249	\$ 0	\$17,907,952
<u>Fund Balances</u>				
Nonspendable	\$ 32,016	\$ 0	\$ 0	\$ 32,016
Assigned:				
Capital Projects Fund	0	7,403,729	0	7,403,729
Future PSERS Obligations	1,500,000	0	0	1,500,000
Future OPEB Obligations	220,000	0	0	220,000
Future Charter School Costs	500,000	0	0	500,000
Future Multi-Sport Project	7,000,000	0	0	7,000,000
Technology	96,140	0	0	96,140
Debt Service	0	0	8,831	8,831
Safety and Security	200,000	0	0	200,000
COVID-19	8,700,000	0	0	8,700,000
Committed:				
Encumbrances	302,546	0	0	302,546
Unassigned:				
General Fund	7,572,040	0	0	7,572,040
Total Fund Balances	\$26,122,742	\$ 7,403,729	\$8,831	\$33,535,302
TOTAL LIABILITIES AND FUND BALANCES	\$40,962,445	\$10,471,978	\$8,831	\$51,443,254

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balances - Governmental Funds	\$ 33,535,302
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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	\$174,257,246	
Accumulated Depreciation	(74,074,469)	100,182,777

Right-of-Use Assets used in governmental activities are not financial resources, and are not reported as assets in governmental funds.	788,875
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Accounts receivable, including property taxes receivable will be collected but are not available soon enough to pay for the current period's expenditures, and, therefore, are deferred in the governmental funds.	1,636,702
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The net pension liability is not due and payable in the current period and, therefore, is not reported in the funds.	(81,312,397)
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The net other postemployment benefits obligation liability is not due and payable in the current period and, therefore, is not reported in the funds.	(7,297,685)
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The deferred outflows and inflows of resources related to defined benefit pension plans and OPEB are not reported in the funds since they are measured on the accrual basis:

Deferred Outflows of Resources	\$ 6,530,905	
Deferred Inflows of Resources	(9,154,063)	(2,623,158)

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

Bonds Payable	(\$ 69,405,000)	
Note Payable	(923,213)	
Unamortized Bond Premium	(4,996,353)	
Accrued Interest on Bonds	(854,343)	
Compensated Absences	(2,013,294)	
Lease Liability	(571,851)	
SBITA Liability	(119,751)	(78,883,805)

Total Net Position - Governmental Activities	(\$ 33,973,389)
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See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Local Sources	\$38,869,307	\$ 249,423	\$ 0	\$39,118,730
State Sources	45,832,320	0	0	45,832,320
Federal Sources	<u>10,888,543</u>	<u>0</u>	<u>0</u>	<u>10,888,543</u>
Total Revenues	<u>\$95,590,170</u>	<u>\$ 249,423</u>	<u>\$ 0</u>	<u>\$95,839,593</u>
<u>Expenditures</u>				
Current:				
Instruction	\$52,471,290	\$ 0	\$ 0	\$52,471,290
Support Services	24,469,516	0	0	24,469,516
Operation of Noninstructional Services	1,315,173	0	0	1,315,173
Capital Outlays:				
Support Services	1,838,394	0	0	1,838,394
Operation of Noninstructional Services	21,695	0	0	21,695
Facilities Acquisition, Construction, and Improvement Services	462,601	418,145	0	880,746
Debt Service:				
Principal	5,325,000	142,186	0	5,467,186
Interest	2,969,439	62,563	0	3,032,002
Leases and Other Right-to-Use Arrangements:				
Principal	358,570	0	0	358,570
Interest	19,256	0	0	19,256
Refund of Prior Years' Receipts	<u>4,810</u>	<u>0</u>	<u>0</u>	<u>4,810</u>
Total Expenditures	<u>\$89,255,744</u>	<u>\$ 622,894</u>	<u>\$ 0</u>	<u>\$89,878,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 6,334,426</u>	<u>(\$ 373,471)</u>	<u>\$ 0</u>	<u>\$ 5,960,955</u>
<u>Other Financing Sources (Uses)</u>				
Interfund Transfers In	\$ 460,577	\$ 1,000,000	\$ 0	\$ 1,460,577
Proceeds from Leases and Other Right-to-Use Arrangements	1,050,172	0	0	1,050,172
Interfund Transfer Out	(1,000,000)	(460,577)	0	(1,460,577)
Transfer Out to Component Unit	<u>(460,577)</u>	<u>0</u>	<u>0</u>	<u>(460,577)</u>
Total Other Financing Sources (Uses)	<u>\$ 50,172</u>	<u>\$ 539,423</u>	<u>\$ 0</u>	<u>\$ 589,595</u>
Net Change in Fund Balances	\$ 6,384,598	\$ 165,952	\$ 0	\$ 6,550,550
<u>Fund Balance</u> - July 1, 2022	<u>19,738,144</u>	<u>7,237,777</u>	<u>8,831</u>	<u>26,984,752</u>
<u>Fund Balance</u> - June 30, 2023	<u>\$26,122,742</u>	<u>\$ 7,403,729</u>	<u>\$8,831</u>	<u>\$33,535,302</u>

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023**

Total Net Change in Fund Balances - Governmental Funds	\$ 6,550,550
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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 amortization expense. This is the amount by which assets exceeded depreciation in the current period:

Capital Outlays	\$ 2,740,835	
Less: Depreciation Expense	(6,291,840)	(3,551,005)

Governmental funds report leases and other right-to-use arrangements as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. This is the amount by which leases and other right-to-use arrangements for the 2022-2023 year exceeded amortization in the current period:

Right-to-Use Assets	\$ 1,050,679	
Less: Amortization Expense	(261,804)	788,875

Because some accounts receivable, including taxes, will not be collected for several months after the School District's year end, they are not considered as "available" revenues and, thus, are deferred revenues in the governmental funds. Deferred revenue decreased by this amount during the year.	(15,419)
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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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The issuance and repayment of long-term debt increases and decreases, respectively, long-term liabilities in the statement of net assets. The effect of these transactions in the statement of activities is as follows:

Repayment of Principal	\$ 5,325,000	
Repayment of Note Payable	142,186	
Proceeds from Leases and Other		
Right-to-Use Arrangements	(1,050,172)	
Repayments of Leases and Other		
Right-to-Use Arrangements	358,570	
Amortization of Bond Premium	<u>624,349</u>	5,399,933

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The difference between the amount of interest due over interest accrued in the statement of activities is shown here.	62,448
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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 amount of financial resources used. These amounts represent the difference between the amount earned versus the amount used:

Vacation and Sick Days	16,580
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The reduction in pension expense associated with the Defined Benefit Pension Plan (PSERS) that does not provide the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	976,937
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The reduction in other postemployment benefit obligation that does not provide the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	20,252
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The net effect of various miscellaneous transactions involving capital assets (disposals) decrease net assets.	(23,733)
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Changes in Net Position of Governmental Activities	<u>\$10,225,418</u>
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See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

**Food
Service**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 333,851
State Revenue Receivable	2,743
Federal Revenue Receivable	36,914
Other Receivables	8,730
Inventories	33,405
Prepaid Expenses	<u>109</u>

Total Current Assets \$ 415,752

Capital Assets - Depreciated, Net of Depreciation

0

Total Assets \$ 415,752

Deferred Outflows of Recourses

126,929

Total Assets and Deferred Outflows of Resources \$ 542,681

LIABILITIES

Current Liabilities

Due to Other Funds	\$ 262,961
Accounts Payable	2,825
Accrued Salaries and Benefits	1,570
Unearned Revenue	<u>39,339</u>

Total Current Liabilities \$ 306,695

Noncurrent Liabilities

Compensated Absences	\$ 55,132
Other Postemployment Benefits Obligation	143,655
Net Pension Liability	<u>2,360,496</u>

Total Noncurrent Liabilities \$2,559,283

Total Liabilities \$2,865,978

Deferred Inflows of Resources

\$ 137,089

NET POSITION

Unrestricted (\$2,460,386)

Total Liabilities and Deferred Inflows of Resources and Net Position \$ 542,681

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Food Service</u>
<u>Operating Revenues</u>	
Food Service Revenue	\$ 630,845
Other Operating Revenue	<u>47,955</u>
Total Operating Revenues	<u>\$ 678,800</u>
<u>Operating Expenses</u>	
Personnel Services - Salaries	\$1,019,655
Personnel Services - Employee Benefits	530,178
Purchased Professional and Technical Services	152
Purchased Property Services	36,633
Other Purchased Services	167,262
Supplies	1,626,498
Miscellaneous Expenses	<u>3,622</u>
Total Operating Expenses	<u>\$3,384,000</u>
Operating (Loss)	<u>(\$2,705,200)</u>
<u>Nonoperating Revenues</u>	
Earnings on Investments	\$ 14,192
Contributions and Donations from Private Sources	4,333
State Sources	374,114
Federal Sources	<u>2,710,873</u>
Total Nonoperating Revenues	<u>\$3,103,512</u>
Change in Net Position	\$ 398,312
<u>Net Position</u> - July 1, 2022	(<u>2,858,698</u>)
<u>Net Position</u> - June 30, 2023	<u>(\$2,460,386)</u>

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Food Service</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Users	\$ 597,480
Cash Payments to Employees for Services	(1,816,304)
Cash Payments to Suppliers for Goods and Services	(1,623,569)
Net Cash (Used) by Operating Activities	(\$2,842,393)
<u>Cash Flows from Noncapital Financing Activities</u>	
Local Sources	\$ 4,331
State Sources	371,372
Federal Sources	<u>2,468,837</u>
Net Cash Provided by Noncapital Financing Activities	\$2,844,540
<u>Cash Flows from Investing Activities</u>	
Earnings on Investments	\$ 14,192
Net Increase in Cash and Cash Equivalents	\$ 16,339
<u>Cash and Cash Equivalents</u> - Beginning	<u>317,512</u>
<u>Cash and Cash Equivalents</u> - Ending	<u>\$ 333,851</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:	
Operating (Loss)	(\$2,705,200)
<u>Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities</u>	
Donated Commodities Included in Operating Expenses	210,703
Decrease in Other Receivables	2,380
Decrease in Inventories	1,387
(Increase) in Prepaid Expenses	(109)
Decrease in Deferred Outflows	11,894
(Decrease) in Due to Other Funds	(138,335)
Increase in Accounts Payable	868
(Decrease) in Accrued Salaries/Benefits	(2,699)
Increase in Net Pension Liability	178,315
(Decrease) in Other Postemployment Benefit Obligation	(52,618)
(Decrease) in Unearned Revenue	(69,129)
(Decrease) in Accumulated Compensated Absences	(5,726)
(Decrease) in Deferred Inflows	(274,124)
Net Cash (Used) by Operating Activities	(\$2,842,393)

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	----- Primary Government -----		Component Unit
	Private Purpose Trust	Student Activity Custodial	Mifflin County Academy of Science and Technology Agency Fund
<u>ASSETS</u>			
Cash and Cash Equivalents	\$3,985	\$245,378	\$51,532
	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 19,174	\$ 254
Due to Other Funds	0	3,352	709
Other Current Liabilities	<u>0</u>	<u>0</u>	<u>410</u>
Total Liabilities	\$ 0	\$ 22,526	\$ 1,373
	<u> </u>	<u> </u>	<u> </u>
<u>NET POSITION HELD IN TRUST</u>	\$3,985	\$222,852	\$50,159
	<u> </u>	<u> </u>	<u> </u>

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Private Purpose Trust</u>	<u>Student Activity Custodial Funds</u>	<u>Academy Custodial Fund</u>
<u>Additions</u>			
Gifts and Contributions	\$27,500	\$ 16,863	\$ 0
Net Investment Earnings	22	130	97
Other Addition	<u>0</u>	<u>453,637</u>	<u>169,293</u>
Total Additions	<u>\$27,522</u>	<u>\$470,630</u>	<u>\$169,390</u>
<u>Deductions</u>			
Scholarships Awarded	\$70,700	\$ 0	\$ 0
Other Deduction	<u>0</u>	<u>484,627</u>	<u>162,483</u>
Total Deductions	<u>\$70,700</u>	<u>\$484,627</u>	<u>\$162,483</u>
Change in Net Position	(\$43,178)	(\$ 13,997)	\$ 6,907
<u>Change in Net Position</u> - Beginning	<u>47,163</u>	<u>236,849</u>	<u>43,252</u>
<u>Change in Net Position</u> - Ending	<u>\$ 3,985</u>	<u>\$222,852</u>	<u>\$ 50,159</u>

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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 School District and its component unit. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The Mifflin County School District (a class 2 school district) operates under a nine-member Board of Education and provides instruction, support services, and certain non-instructional services. The accompanying financial statements present the School District and its component unit, an entity for which the School District is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the School District.

Discretely presented component unit. The Mifflin County Academy of Science and Technology was established on April 1, 1996 under the provisions of the Pennsylvania School Code for the purpose of providing vocational and technical programs. The Mifflin County Academy of Science and Technology operates with a four-member Operating Committee, which is appointed by the Mifflin County School District. The Mifflin County School District approves the Mifflin County Academy of Science and Technology's budget and provide funds for operations. In addition, the Mifflin County Academy of Science and Technology receives federal and state revenues as well as other miscellaneous receipts. The Mifflin County School District has an on-going financial responsibility for the Mifflin County Academy of Science and Technology.

Separately issued financial statements are available for the Mifflin County Academy of Science and Technology. Copies of the Mifflin County Academy of Science and Technology's financial statements may be obtained by contacting the Mifflin County Academy of Science and Technology's Business Office, 700 Pitt Street, Lewistown, Pennsylvania 17044.

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, while business-type activities incorporate data from the School District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation - Government-Wide Financial Statements (Continued)

The School District has a discretely presented component unit. The Mifflin County Academy of Science and Technology is shown in a separate column in 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 School District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The School District reports the following major governmental funds:

- The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, 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 School District's major capital equipment and facilities.
- The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The School District reports the following major enterprise fund:

- The *food service fund* accounts for the operation of the School District's cafeterias.

Additionally, the School District reports the following fiduciary fund types:

- The *private purpose trust fund* is used to account for trust arrangements under which principal or interest benefit specific individuals, private organizations, or other governments - but not the School District.
- The *Student Activity Custodial fund* report resources held by the School District in a purely custodial capacity.

The proprietary funds and the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

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

During the course of operations, the School District 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. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, the net amount is included as transfers in the business-type activities column.

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. Property taxes are recognized as revenues in the year for which they are levied. 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 School District 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. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting (Continued)

Property taxes and 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). 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 School District.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and pooled funds which can be immediately converted into cash.

2. Inventories and Prepaid Items

Inventories consist of commodities held by the School District's Food Service Fund at cost, if purchased, and market, if donated.

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 applicable governmental or business-type activities column in the government-wide financial statements. Effective July 1, 2015, the School District defines capital assets as independent asset units which have a per unit cost equal to or greater than \$5,000 and have an estimated useful life of one year or more. In addition, the item should (1) retain its original shape, appearance, and character with use; (2) not lose its identity through incorporation or fabrication into a different or more complex unit or substance; and (3) be more feasible to repair rather than replace when a failure occurs. 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 SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

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

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 School District and its component unit are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 - 40
Building Improvements	5 - 30
Equipment	3 - 20
Improvements Other Than Buildings	10 - 20

4. Deferred Outflows/Inflows of Resources

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

MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

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

5. Net Position Flow Assumption

Sometimes the School District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or 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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

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

6. Fund Balance Flow Assumptions

Sometimes the School District 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 School District'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 School District 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 School Board (e.g., encumbrances or future anticipated costs). The School Board establishes, modifies, and rescinds commitments by passage of an ordinance or resolution, typically through the adoption and amendment of the budget.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

Note 1: Summary of Significant Accounting Policies (Continued)

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

7. Fund Balance Policies (Continued)

Assigned - amounts that management intends 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 balances are 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 or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 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. Property Taxes

The School District's real estate tax is levied each August 1 on the assessed values currently in effect per the Mifflin County, Pennsylvania assessment office records for all real property located in the School District. The assessed value for which the current levy was based was \$794,835,080. Assessed values represent 50% of the estimated market value which was \$1,589,670,160. For the fiscal year ended June 30, 2023, School District real estate taxes were levied at the rate of 34.5215 mills on every dollar of taxable adjusted valuation. A total of \$26,022,839 was collected on this levy, which represents 94.84% of the total levied of \$27,438,899. The duplicate value was reduced via the homestead farmstead exclusion by the amount of the state property tax relief allocation in the amount of \$2,422,548.

For the year ended June 30, 2023, real estate taxes were billed August 2 and due on or before December 31. A discount of 2% was allowed on taxes paid on or before October 4. A 10% penalty was applied to all taxes paid after December 6. Taxes delinquent after December 31 were turned over to the Mifflin County Tax Claim Bureau for collection.

3. Compensated Absences

Under the terms of personnel policies and union contracts, employees of the School District and its component unit accumulate sick, personal, and/or vacation leave hours in varying amounts according to length of service and employee type.

MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

Note 1: Summary of Significant Accounting Policies (Continued)

G. Revenues and Expenditures/Expenses (Continued)

3. Compensated Absences (Continued)

These benefits can be available for subsequent use or for payment upon termination or retirement. Accumulated sick, personal and vacation expense to be paid in future periods is accrued when the benefits are earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due and are not yet paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 2: Detailed Notes on All Activities and Funds

A. Cash Deposits with Financial Institutions

The School District's carrying amount of bank deposits at June 30, 2023 is \$38,550,705 and the bank balance is \$39,420,027. Of the bank balance, \$256,112 is covered by federal depository insurance and \$15,854,107 is covered by collateral held in the pledging bank's trust department, but not in the School District's name. In addition, \$23,309,808 of the bank balance is invested in an external investment pool, which is rated AAAM, from which the School District 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 School District.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned, or the School District will not be able to recover collateral securities in the possession of an outside party. The School District'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.

MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

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

A. Cash Deposits with Financial Institutions (Continued)

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

Discretely Presented Component Unit

The Mifflin County Academy of Science and Technology's carrying amount of bank deposits at June 30, 2023 is \$2,972,838 and the bank balance is \$2,935,677. Of the bank balance, \$250,000 is covered by federal depository insurance and \$2,471,893 is covered by collateral held in the pledging bank's trust department, but not in the Academy's name. In addition, \$250,945 of the bank balance and book balance is invested in an external investment pool from which the Mifflin County Academy of Science and Technology 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 Mifflin County Academy of Science and Technology.

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

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

B. Capital Assets

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance 06/30/22	Additions	Deletions	Transfer	Balance 06/30/23
<u>Governmental Activities</u>					
Capital Assets, not being depreciated:					
Land	\$ 703,809	\$ 0	\$ 0	\$ 0	\$ 703,809
Construction in Progress	52,787	462,601	0	(46,075)	469,313
Total Capital Assets, not being depreciated	\$ 756,596	\$ 462,601	\$ 0	(\$46,075)	\$ 1,173,122
Capital Assets, being depreciated:					
Building	\$146,696,862	\$ 880,098	\$ 0	\$46,075	\$147,623,035
Buildings and Improvements	17,678,778	461,275	(11,986)	0	18,128,067
Furniture and Equipment	8,454,432	936,861	(2,058,271)	0	7,333,022
Total Capital Assets, being depreciated	\$172,830,072	\$2,278,234	(\$2,070,257)	\$46,075	\$173,084,124
Less Accumulated Depreciation for:					
Building	(\$ 57,078,354)	(\$4,775,038)	\$ 0	\$ 0	(\$ 61,853,392)
Buildings and Improvements	(7,307,738)	(839,290)	11,986	0	(8,135,042)
Furniture and Equipment	(5,443,061)	(677,512)	2,034,538	0	(4,086,035)
Total Accumulated Depreciation	(\$ 69,829,153)	(\$6,291,840)	\$2,046,524	\$ 0	(\$ 74,074,469)
Total Capital Assets, being depreciated, net	\$103,000,919	(\$4,013,606)	(\$ 23,733)	\$46,075	\$ 99,009,655
Governmental Activities Capital Assets, net	\$103,757,515	(\$3,551,005)	(\$ 23,733)	\$ 0	\$100,182,777
<u>Business-Type Activities</u>					
Capital Assets, not being depreciated:					
Food Service Equipment	\$ 128,061	\$ 0	\$ 0	\$ 0	\$ 128,061
Less: Accumulated Depreciation for:					
Food Service Equipment	(\$ 128,061)	\$ 0	\$ 0	\$ 0	(\$ 128,061)
Total Capital Assets, being depreciated, net	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Business-Type Activities Capital Assets, net	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Depreciation expense was charged to governmental functions as follows:

Governmental Activities

Depreciation - Unallocated	\$5,150,512
Instructional	238,430
Support Services:	
Administrative and Financial Support Services	308,447
Operating and Maintenance of Plant Services	594,451
Total Depreciation Expense, Governmental Activities	\$6,291,840

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

B. Capital Assets (Continued)

Discretely Presented Component Unit

The Mifflin County Academy of Science and Technology's capital assets activity for the year ended June 30, 2023, was as follows:

	<u>Balance 06/30/22</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Balance 06/30/23</u>
<u>Governmental Activities</u>					
Capital Assets, not being depreciated:					
Land	\$ 32,035	\$ 0	\$0	\$ 0	\$ 32,035
Construction in Progress	<u>492,176</u>	<u>439,408</u>	<u>0</u>	<u>(446,857)</u>	<u>484,727</u>
Total Capital Assets, not being depreciated	<u>\$ 524,211</u>	<u>\$439,408</u>	<u>\$0</u>	<u>(\$446,857)</u>	<u>\$ 516,762</u>
Capital Assets, being depreciated:					
Buildings and Improvements	\$4,986,370	\$205,658	\$0	\$446,857	\$5,638,885
Furniture and Equipment	<u>2,850,583</u>	<u>195,217</u>	<u>0</u>	<u>0</u>	<u>3,045,800</u>
Total Capital Assets, being depreciated	<u>\$7,836,953</u>	<u>\$400,875</u>	<u>\$0</u>	<u>\$446,857</u>	<u>\$8,684,685</u>
Less Accumulated Depreciation:					
Building and Improvements	(\$3,697,583)	(\$195,171)	\$0	\$ 0	(\$3,892,754)
Furniture and Equipment	<u>(1,674,358)</u>	<u>(205,495)</u>	<u>0</u>	<u>0</u>	<u>(1,879,853)</u>
Total Accumulated Depreciation	<u>(\$5,371,941)</u>	<u>(\$400,666)</u>	<u>\$0</u>	<u>\$ 0</u>	<u>(\$5,772,607)</u>
Total Capital Assets, being depreciated, net	<u>\$2,465,012</u>	<u>\$ 209</u>	<u>\$0</u>	<u>\$446,857</u>	<u>\$2,912,078</u>
Governmental Activities, Capital Assets, Net	<u>\$2,989,223</u>	<u>\$439,617</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$3,428,840</u>

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

Depreciation - Unallocated	\$161,932
Instructional Services	215,381
Supporting Services:	
Administrative and Financial Support	602
Operation and Maintenance of Plant Services	<u>22,751</u>
Total Depreciation Expense, Governmental Activities	<u>\$400,666</u>

MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

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

C. Retirement Plans

Pensions

1. Summary of Significant Accounting Policies Relative to Pension

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

General Information about the Pension Plan

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

C. Retirement Plans (Continued)

Pensions (Continued)

1. Summary of Significant Accounting Policies Relative to Pension (Continued)

Benefits Provided (Continued)

the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally equal to 1% 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.

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:

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

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

C. Retirement Plans (Continued)

Pensions (Continued)

1. Summary of Significant Accounting Policies Relative to Pension (Continued)

Contributions (Continued)

Member Contributions: (Continued)

Member Contribution Rates

<u>Membership Class</u>	<u>Continuous Employment Since</u>	<u>Defined Benefit (DB) Contribution Rate</u>	<u>DC Contribution Rate</u>	<u>Total Contribution Rate</u>
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary

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

Employer Contributions:

The School District's contractually required contribution rate for fiscal year ended June 30, 2023 was 34.31% 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 School District were \$11,513,107 for the year ended June 30, 2023.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

C. Retirement Plans (Continued)

Pensions (Continued)

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

At June 30, 2023, the School District reported a liability of \$83,672,893 for its proportionate share of the net pension liability, reduced by contributions of \$11,513,107 subsequent to the measurement date. The net pension liability was measured as of June 30, 2022, reduced by contributions subsequent to the measurement date, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2022, the School District's proportion was .2141%, which was an increase of .0059% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$10,326,751. At June 30, 2023, the School District 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	\$ 20,988	\$ 427,542
Net Difference Between Projected and Actual Investment Earnings	0	670,621
Changes of Assumptions	1,382,021	0
Changes in Proportions	<u>1,360,000</u>	<u>373,000</u>
Total	<u>\$2,763,009</u>	<u>\$1,471,163</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 Ending June 30:</u>	<u>Amount</u>
2024	\$ 712,964
2025	(1,675,438)
2026	2,254,320
2027	0
2028	<u>0</u>
	<u>\$1,291,846</u>

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

C. Retirement Plans (Continued)

Pensions (Continued)

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

Changes in Actuarial Assumptions

The Total Pension Liability as of June 30, 2022 was determined by rolling forward the System's Total Pension Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2021
- Actuarial Cost Method - Entry Age Normal - Level % of Pay
- The Investment Rate of Return 7.00%, includes inflation at 2.75%
- Salary Growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and as of June 30, 2022
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

C. Retirement Plans (Continued)

Pensions (Continued)

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

Changes in Actuarial Assumptions (Continued)

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	28.0%	5.3%
Private Equity	12.0%	8.0%
Fixed Income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute Return	6.0%	3.5%
Infrastructure/MLPs	9.0%	5.4%
Real Estate	11.0%	4.6%
Cash	3.0%	0.5%
Leverage	(11.0%)	0.5%
	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, 2022.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

C. Retirement Plans (Continued)

Pensions (Continued)

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

Sensitivity of the School District'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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's Proportionate Share of the Net Pension Liability	\$123,117,000	\$95,186,000	\$71,637,000

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.

Condensed summary information of the School District's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2022 is as follows:

Assets	\$176,754,100
Liabilities	(25,753,100)
Net Position Held in Trust for Benefits	\$151,001,000

Pension Plan Fiduciary Net Position

In addition, as of June 30, 2023, the School District had a payable of \$4,007,093 to the PSERS Pension Plan, of which \$3,016,823 represents the second quarter 2023 required contribution, while \$990,270 represents the liability related to accrued payroll as of June 30, 2023.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

D. Other Postemployment Benefits - PSERS

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age.

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

D. Other Postemployment Benefits - PSERS (Continued)

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.

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.

Employer Contributions

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% 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 School District were \$251,671 for the year ended June 30, 2023.

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

At June 30, 2023, the School District reported a liability of \$183,066 for its proportionate share of the net OPEB liability, reduced by contributions of \$13,934 made subsequent to the measurement date. The net OPEB liability was measured as of June 30, 2023, 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, 2021 to June 30, 2022. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the School District's proportion was .2152%, which was an increase of .0064% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$111,003. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

D. Other Postemployment Benefits - PSERS (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 24,986	\$ 16,978
Changes in Assumptions	327,830	721,254
Net Difference Between Projected and Actual Investment Earnings	6,818	0
Changes in Proportions	<u>105,995</u>	<u>41,250</u>
Total	<u>\$465,629</u>	<u>\$779,482</u>

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

<u>Year Ended June 30:</u>	<u>Amount</u>
2024	(\$69,004)
2025	(61,822)
2026	(86,666)
2027	(96,361)
2028	0
Thereafter	0

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

D. Other Postemployment Benefits - PSERS (Continued)

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

Actuarial Assumptions (Continued)

- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.
- Participation Rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the 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 SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

D. Other Postemployment Benefits - PSERS (Continued)

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

Actuarial Assumptions (Continued)

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.5%

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, 2022.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. 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 4.09%, which represents the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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, 2022, 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, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 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, 2022, 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:

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

D. Other Postemployment Benefits - PSERS (Continued)

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

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates (Cont.)

	<u>Dollar Amounts in Thousands</u>		
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System Net OPEB Liability	\$1,840,584	\$1,840,771	\$1,840,921

**Sensitivity of the School District'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 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
District's Proportionate Share of the Net OPEB Liability	\$4,480,000	\$3,961,000	\$3,527,000

OPEB Plan Fiduciary Net Position

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

Condensed summary information of the School District's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2022 is as follows:

Assets	\$1,280,900
Liabilities	(150,500)
Net Position Held in Trust for Benefits	\$1,130,400

In addition, as of June 30, 2023, the School District had a payable of \$87,593 to the PSERS OPEB plan, of which \$65,946 represents the second quarter 2023 required contribution, while \$21,647 represents the liability related to accrued payroll as of June 30, 2023.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

E. Other Postemployment Benefits - Single-Employer

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

Summary of Plan Provisions			
Group	Eligibility	Coverage and Premium Sharing	Duration
I. Superintendent	All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.	<ul style="list-style-type: none"> • Coverage: Medical, Prescription Drug, Dental and Vision • Premium sharing: The District provides six months of fully subsidized retiree and spouse medical, prescription drug, dental, and vision coverage for each year of administrative service completed. After the subsidized period ends, the retiree and spouse may continue coverage by paying the full premium determined for the purpose of COBRA. • Dependents: Spouse Included 	<ul style="list-style-type: none"> • Member is eligible for coverage until Medicare age. Spouse Coverage ceases at the earlier of member or spouse Medicare age.
II. Directors, Coordinators, and Chief Officers	All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.	<ul style="list-style-type: none"> • Coverage: Medical and Prescription Drug • Premium Sharing: The District provides six months of fully subsidized retiree and spouse medical and prescription drug coverage for each year of administrative service completed. Following this period, the District contributes \$2,400 annually toward medical and prescription drug premiums with retirees responsible for paying the remaining premiums. • Dependents: Spouse Included 	<ul style="list-style-type: none"> • Member is eligible for coverage until Medicare age. Spouse Coverage ceases at the earlier of member or spouse Medicare age.
III. All Other Administrators	All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.	<ul style="list-style-type: none"> • Coverage: Medical and Prescription Drug • Premium Sharing: The District contributes \$2,400 annually toward medical and prescription drug premiums. Retirees are responsible for paying the remaining premiums. • Dependents: Spouse Included 	<ul style="list-style-type: none"> • Member is eligible for coverage until Medicare age. Spouse Coverage ceases at the earlier of member or spouse Medicare age.
IV. All Other Employees	All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.	<ul style="list-style-type: none"> • Coverage: Medical and Prescription Drug • Premium Sharing: Retirees may continue coverage by paying the full premium determined for the purpose of COBRA. • Dependents: Spouse Included 	<ul style="list-style-type: none"> • Member is eligible for coverage until Medicare age. Spouse Coverage ceases at the earlier of member or spouse Medicare age.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

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

Valuation Date

First day of the Fiscal Year (July 1, 2021)

Asset Valuation Method

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

Actuarial Assumptions

a. Discount Rate

4.06%, based on S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2022.

b. Salary

Salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0%.

c. Withdrawal

Rates of withdrawal are based on PSERS plan experience and vary by age, gender, years of service, and PSERS pension class. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.5500%	3.9000%	45	1.4100%	1.6000%
30	4.5500%	3.9000%	50	1.8900%	2.0800%
35	1.6800%	2.8300%	55	3.6300%	3.6600%
40	1.4200%	1.6700%	60	5.4900%	5.9400%

d. Mortality

PubT-2010 Headcount-Weighted Mortality Table including rates for contingent survivors for teachers. PubG-2010 Headcount-Weighted Mortality Table including rates for contingent survivors for all other employees.

Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

e. Disability

No disability was assumed.

f. Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

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

Actuarial Assumptions (Continued)

f. Retirement (Continued)

	Special Early Retirement		TC & TD Superannuation		TE, TF, TG, & TH Superannuation	
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	14.5%	14.5%	25.0%	16.0%	16.3%	19.5%
56	14.5%	14.5%	25.0%	20.0%	16.3%	19.5%
57	14.5%	15.0%	28.0%	28.0%	16.3%	19.5%
58	14.5%	15.0%	28.0%	30.0%	16.3%	19.5%
59	21.6%	20.7%	28.0%	30.0%	16.3%	19.5%
60	14.5%	15.0%	29.0%	31.0%	16.3%	19.5%
61	29.0%	29.0%	29.0%	31.0%	16.3%	19.5%
62	29.0%	29.0%	36.0%	31.0%	16.3%	19.5%
63	29.0%	29.0%	21.0%	20.0%	16.3%	19.5%
64	29.0%	29.0%	22.0%	25.0%	16.3%	19.5%
65	29.0%	29.0%	23.0%	28.0%	16.3%	19.5%
66	29.0%	29.0%	23.0%	27.0%	16.3%	19.5%
67	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
68	29.0%	29.0%	20.0%	22.0%	16.3%	19.5%
69	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
70	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
71-73	29.0%	29.0%	20.0%	20.0%	16.3%	19.5%
74-79	29.0%	29.0%	25.0%	25.0%	16.3%	19.5%
80+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

g. Percent of Eligible Retirees Electing Coverage in Plan

60% of employees are assumed to elect coverage.

h. Percent Married at Retirement

80% of retirees are assumed to be married, and 25% of employees are assumed to have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

i. Spouse Age

Wives are assumed to be two years younger than their husbands.

j. Per Capita Claims Cost

The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

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

Actuarial Assumptions (Continued)

j. Per Capita Claims Cost (Continued)

Medical and Prescription Drug Combined

<u>Age</u>	<u>Males Rate</u>	<u>Females Rate</u>
45-49	\$ 7,316	\$10,565
50-54	\$ 9,689	\$11,941
55-59	\$11,800	\$12,494
60-64	\$15,399	\$14,353

k. Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

l. Health Care Cost Trend Rate

6.5% in 2022, 6.0% in 2023, and 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

m. Actuarial Value of Assets

Equal to the Market Value of Assets

n. Actuarial Cost Method - Entry Age Normal

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

o. Participant Data

Based on census information as of February 2022. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2021-2022 school year.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(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

Memberships of the plan are as follows:

Active Members	616
Retirees and Beneficiaries Currently Receiving Benefits	23
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	<u>0</u>
Total	639

Components of Net OPEB Liability as of July 1, 2022 Measurement Date

Total OPEB Liability	\$ 3,887,337
Plan Fiduciary Net Position	<u>0</u>
Net OPEB Liability	<u>\$ 3,887,337</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$29,789,851
Net Liability as a Percentage of Covered Employee Payroll	13.05%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate as of July 1, 2022

	<u>1% Decrease</u> <u>3.06%</u>	<u>Current</u> <u>Discount Rate</u> <u>4.06%</u>	<u>1% Increase</u> <u>5.06%</u>
Net OPEB Liability	<u>\$4,207,453</u>	<u>\$3,887,337</u>	<u>\$3,587,368</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates as of July 1, 2022

	<u>1% Decrease</u>	<u>Current</u> <u>Healthcare</u> <u>Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	<u>\$3,417,507</u>	<u>\$3,887,337</u>	<u>\$4,450,110</u>

Investments and Discount Rate

The discount rate is based on a 20 year High-Grade Municipal Rate Index (4.06%) as of July 1, 2022.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

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

Changes in Net OPEB Liability

	----- Increase (Decrease) -----		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$4,932,971	\$0	\$4,932,971
	-----	-----	-----
Changes for the Year:			
Service Cost	\$ 387,143	\$0	\$ 387,143
Interest	119,321	0	119,321
Changes of Assumptions	(1,391,991)	0	(1,391,991)
Benefit Payments	(160,107)	0	(160,107)
Net Changes	(\$1,045,634)	\$0	(\$1,045,634)
	-----	-----	-----
Balances at June 30, 2022	\$3,887,337	\$0	\$3,887,337
	=====	=====	=====

The amount is reduced by benefits paid subsequent to July 1, 2022 of \$155,326.

Deferred Outflows of Resources and Deferred Inflows of Resources

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$ 0	\$4,896,748
Changes of Assumptions	3,429,196	2,143,758
Total	\$3,429,196	\$7,040,506
	=====	=====

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

<u>Year Ended June 30:</u>	<u>Amount</u>
2024	(\$ 80,779)
2025	(80,779)
2026	(80,779)
2027	(80,779)
2028	(80,779)
Thereafter	(3,207,415)

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

E. Annual OPEB Expense

Components of OPEB Expense for the year ended June 30, 2023:

Service Cost	\$387,143
Interest	119,321
Recognition of Difference between Expected and Actual Experience	(406,116)
Recognition of Changes of Assumptions	<u>325,337</u>
Total OPEB Expense	<u>\$425,685</u>

School District Contributions

The School District's contributions for the year ended June 30, 2023 was \$155,326.

Plan Related Financial Statement Items

As of June 30, 2023, and for the year then ended, the Plan's had the following:

Plan Related Assets	\$ 0
Deferred Outflows of Resources	3,429,196
Net OPEB Liability	(3,887,337)
Deferred Inflows of Resources	(7,040,506)
OPEB Expense	425,685
OPEB Expenditures	155,326

F. Other Significant Commitments

Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	<u>\$302,546</u>
--------------	------------------

G. Risk Management

The School District is exposed to various risks of loss related to torts; workers' compensation; employee life; unemployment; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School District carries commercial insurance.

H. Leases

The School District is committed under a lease for thirty-eight copiers. In accordance with GASB Statement No. 87, *Leases*, the School District records a Right-to-Use Asset and a related Lease Liability for this lease on the premise that leases are financing transactions.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

H. Leases (Continued)

As of June 30, 2023, the Right-of-Use Asset under this lease is recognized on the Statement of Net Position at net book value of \$563,564 (basis of \$704,455, less accumulated amortization of \$140,891).

As of June 30, 2023, the Lease Liability under this lease is recognized on the Statement of Net Position at a value of \$571,851.

Future minimum lease payments for this lease is as follows:

<u>Years Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$136,624	\$15,236	\$151,860
2025	140,765	11,095	151,860
2026	145,032	6,828	151,860
2027	<u>149,430</u>	<u>2,430</u>	<u>151,860</u>
Total	\$571,851	\$35,589	\$607,440

Subscription-Based Information Technology Arrangements (SBITA)

The School District is committed under four SBITAs with Lancaster-Lebanon Intermediate Unit, Workfence, and Integra One. Some of these agreements were fully paid in the 2022-2023 year. In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, the School District records Right-to-Use Assets and related SBITA Liabilities for these SBITAs on the premise that these arrangements has future benefit to the School District, as well as an obligation for unpaid amounts.

As of June 30, 2023, the Right-of-Use Asset under these SBITAs are recognized on the Statement of Net Position at net book value of \$225,311 (basis of \$346,224, less accumulated amortization of \$120,913).

As of June 30, 2023, the SBITA Liabilities under this agreements are recognized on the Statement of Net Position at a value of \$119,751.

Future minimum lease payments for this lease is as follows:

<u>Years Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$119,751	\$3,581	\$123,332

This agreement expires between April 20, 2024 and May 22, 2028.

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, 2023.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

H. Long-Term Liabilities (Continued)

Primary Government

	Balance 07/01/22	Increases	Decreases	Balance 06/30/23	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds:					
2016 Issue	\$ 17,655,000	\$ 0	(\$ 1,925,000)	\$ 15,730,000	\$1,955,000
2016A Issue	18,275,000	0	(1,725,000)	16,550,000	1,805,000
2018 Issue	9,965,000	0	(10,000)	9,955,000	10,000
2019 Issue	8,190,000	0	(5,000)	8,185,000	5,000
2019 Issue A	7,020,000	0	(505,000)	6,515,000	520,000
2020 Issue	<u>13,625,000</u>	<u>0</u>	<u>(1,155,000)</u>	<u>12,470,000</u>	<u>1,255,000</u>
Total General Obligation Bonds	\$ 74,730,000	\$ 0	(\$ 5,325,000)	\$ 69,405,000	\$5,550,000
Unamortized Bond Premium (Discount)	5,620,702	0	(624,349)	4,996,353	624,350
Note Payable	1,065,399	0	(142,186)	923,213	203,541
Other Postemployment Benefits	9,273,957	0	(1,976,272)	7,297,685	0
Net Pension Liability	72,564,008	8,748,389	0	81,312,397	0
Other Long-Term Obligations:					
Accrued Vacation and Sick Leave	2,029,874	0	(16,580)	2,013,294	0
Lease Liability	0	704,455	(132,604)	571,851	136,624
SBITA Liability	<u>0</u>	<u>345,717</u>	<u>(225,966)</u>	<u>119,751</u>	<u>119,751</u>
Total Governmental Activities	\$165,283,940	\$9,798,561	(\$ 8,442,957)	\$166,639,544	\$6,634,266
<u>Business-Type Activities</u>					
Other Long-Term Obligations:					
Accrued Vacation and Sick Leave	\$ 60,857	\$ 0	(\$ 5,725)	\$ 55,132	\$ 0
Other Postemployment Benefits	195,273	0	(52,618)	143,655	0
Net Pension Liability	<u>2,182,181</u>	<u>178,315</u>	<u>0</u>	<u>2,360,496</u>	<u>0</u>
Total Business-Type Activities	\$ 2,439,311	\$ 178,315	(\$ 58,343)	\$ 2,559,283	\$ 0

Component Unit

	Balance 07/01/22	Increases	Decreases	Balance 06/30/23	Due Within One Year
<u>Governmental Activities</u>					
Capital Lease	\$ 332,380	\$ 0	(\$162,286)	\$ 170,094	\$156,765
Other Long-Term Obligations:					
Accrued Vacation and Sick Leave	108,055	0	(24,737)	83,318	0
Other Postemployment Benefits	366,239	0	(75,686)	290,553	0
Other Leases	0	22,823	(4,296)	18,527	0
Net Pension Liability	<u>3,781,350</u>	<u>250,641</u>	<u>0</u>	<u>4,031,991</u>	<u>0</u>
Total Governmental Activities	\$4,588,024	\$273,464	(\$267,005)	\$4,594,483	\$156,765

General Obligation Bonds

General Obligation Bonds - Series of 2016

The General Obligation Bond Issues - Series of 2016 were issued March 30, 2016 in the amount of \$24,280,000. The net proceeds of \$27,788,444, including net original issue premium of \$3,714,824 less \$206,380 of underwriter's discount, were used to refund the 2007 Bonds (\$24,955,000) as well as to paying costs and expenses of issuing these bonds. The Series of 2016 bonds are repayable over a 15 year period with interest rates ranging from .39% to 5.0%. Interest on the bonds is payable semi-annually on September 1 and March 1. The Series of 2016 bonds maturing on September 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the School District, on September 1, 2024, or on any date thereafter.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

H. Long-Term Liabilities (Continued)

General Obligation Bonds (Continued)

General Obligation Bonds - Series of 2016 (Continued)

The annual bond payment requirements for the 2016 issue as of June 30, 2023 are as follows:

<u>Payment Dates</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>
09/01/2023	\$1,955,000	2.000% and 5.000%	\$ 387,550	\$ 2,342,550
03/01/2024			344,375	344,375
09/01/2024	2,000,000	5.000%	344,375	2,344,375
03/01/2025			294,375	294,375
09/01/2025	2,035,000	5.000%	294,375	2,329,375
03/01/2026			243,500	243,500
09/01/2026	2,095,000	5.000%	243,500	2,338,500
03/01/2027			191,125	191,125
09/01/2027	2,130,000	5.000%	191,125	2,321,125
03/01/2028			137,875	137,875
09/01/2028	2,170,000	5.000%	137,875	2,307,875
03/01/2029			83,625	83,625
09/01/2029	2,800,000	5.000%	83,625	2,883,625
03/01/2030			13,625	13,625
09/01/2030	<u>545,000</u>	5.000%	<u>13,625</u>	<u>558,625</u>
	<u>\$15,730,000</u>		<u>\$3,004,550</u>	<u>\$18,734,550</u>

General Obligation Bonds - Series A of 2016

The General Obligation Bond Issues - Series A of 2016 were issued December 8, 2016 in the amount of \$23,230,000. The net proceeds of \$26,835,330, including net original issue premium of \$3,802,785 less \$197,455 of underwriter's discount, were used to advance refund the 2009 Bonds (\$24,820,000) as well as to paying costs and expenses of issuing these bonds. The Series A of 2016 bonds are repayable over a 14 year period with interest rates ranging from .9% to 5.0%. Interest on the bonds is payable semi-annually on September 1 and March 1. The Series A of 2016 bonds maturing on September 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the School District, on March 1, 2025, or on any date thereafter.

To affect the advance refunding of the 2009 bonds, a portion of the proceeds (\$26,636,962) will be irrevocably deposited into an escrow fund maintained by Manufacturers and Traders Trust Company (the Escrow Agent), as paying agent for the 2009 Bonds, under the terms of an Irrevocable Escrow Agreement (the Escrow Agreement). A portion of the amounts so deposited, with a cash balance (\$3,347) will be used to purchase direct United States Treasury obligations, State and Local Government Series which will mature and earn interest at such rates as will provide

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

H. Long-Term Liabilities (Continued)

General Obligation Bonds (Continued)

General Obligation Bonds - Series A of 2016 (Continued)

sufficient funds to pay the interest, mandatory redemption price and optional redemption price of the 2009 Bonds as and when due through March 1, 2018, when all then outstanding 2009 Bonds will be paid upon optional redemption.

The annual bond payment requirements for the Series A of 2016 issue as of June 30, 2023 are as follows:

<u>Payment Dates</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>
09/01/2023	\$ 1,805,000	5.000%	\$ 413,750	\$ 2,218,750
03/01/2024			368,625	368,625
09/01/2024	1,895,000	5.000%	368,625	2,263,625
03/01/2025			321,250	321,250
09/01/2025	2,000,000	5.000%	321,250	2,321,250
03/01/2026			271,250	271,250
09/01/2026	2,100,000	5.000%	271,250	2,371,250
03/01/2027			218,750	218,750
09/01/2027	2,215,000	5.000%	218,750	2,433,750
03/01/2028			163,375	163,375
09/01/2028	2,325,000	5.000%	163,375	2,488,375
03/01/2029			105,250	105,250
09/01/2029	2,690,000	5.000%	105,250	2,795,250
03/01/2030			38,000	38,000
09/01/2030	<u>1,520,000</u>	5.000%	<u>38,000</u>	<u>1,558,000</u>
	\$16,550,000		\$3,386,750	\$19,936,750

General Obligation Bond Issues - Series of 2018

The General Obligation Bond Issue - Series A of 2018 and Series AA of 2018 were issued on April 19, 2018 in the amounts of \$8,420,000 and \$1,575,000, respectively. The net proceeds of \$8,392,696, less original issue discount of \$27,304, related to Series A of 2018 will be used to pay costs of designing, acquiring, constructing, equipping, and furnishing alterations, additions, renovations and improvements to existing school buildings and facilities of the School District as well as to paying costs and expenses of issuing the Series A of 2018 bonds. The net proceeds of \$1,550,186, less original issue discount of \$24,814, related to Series AA of 2018 will be used to currently refund a portion (\$1,500,000) of the School District's outstanding General Obligation Bonds, Series of 2012 currently outstanding in the aggregate amount of \$7,755,000 and to pay costs and expenses of issuing the Series AA of 2018 bonds. Of the Series AA of 2018 net proceeds, \$1,513,667 were deposited with Manufacturers and Traders Trust Company, as paying agent, for the 2012 Refunded Bonds, for optional redemption on May 23, 2018 at a redemption price of 100% plus accrued interest pursuant to the optional redemption provisions applicable to the Refunded 2012 Bonds.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

H. Long-Term Liabilities (Continued)

General Obligation Bonds (Continued)

General Obligation Bonds - Series of 2018 (Continued)

The Series A of 2018 bonds are repayable over a 14 year period with interest rates ranging from 1.95% to 3.30%. Interest on the bonds is payable semi-annually on September 1 and March 1. The Series A of 2018 bonds maturing on September 1, 2024 and thereafter are subject to redemption prior to maturity, at the option of the School District, as a whole, on September 1, 2023, or on any date thereafter, or from time to time, in part, upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

The Series AA of 2018 bonds are repayable over a 15 year period with interest rates ranging from 1.95% to 3.25%. Interest on the bonds is payable semi-annually on September 1 and March 1. The Series A of 2018 bonds maturing on September 1, 2024 and thereafter are subject to redemption prior to maturity, at the option of the School District, as a whole, on September 1, 2023, or on any date thereafter, or from time to time, in part, upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

The annual bond payment requirements for the Series A of 2018 and the Series AA of 2018 issues as of June 30, 2023 are as follows:

Payment Date	----- Series A of 2018 -----				----- Series AA of 2018 -----			
	Principal	Rate	Interest	Debt Service	Principal	Rate	Interest	Debt Service
09/01/2023	\$ 5,000	2.500%	\$ 138,467	\$ 143,467	\$ 5,000	2.500%	\$ 24,901	\$ 29,901
03/01/2024			138,404	138,404			24,839	24,839
09/01/2024	5,000	2.625%	138,404	143,404	5,000	2.625%	24,839	29,839
03/01/2025			138,339	138,339			24,773	24,773
09/01/2025	5,000	3.125%	138,339	143,339	5,000	3.125%	24,773	29,773
03/01/2026			138,260	138,260			24,695	24,695
09/01/2026	5,000	3.125%	138,260	143,260	5,000	3.125%	24,695	29,695
03/01/2027			138,183	138,183			24,617	24,617
09/01/2027	5,000	3.125%	138,183	143,183	5,000	3.125%	24,617	29,617
03/01/2028			138,104	138,104			24,539	24,539
09/01/2028	5,000	3.125%	138,104	143,104	10,000	3.125%	24,539	34,539
03/01/2029			138,028	138,028			24,383	24,383
09/01/2029	90,000	3.125%	138,028	228,028	10,000	3.125%	24,383	34,383
03/01/2030			136,619	136,619			24,226	24,226
09/01/2030	3,370,000	3.300%	136,619	3,506,619	250,000	3.125%	24,226	274,226
03/01/2031			81,015	81,015			20,320	20,320
09/01/2031	4,910,000	3.300%	81,015	4,991,015	620,000	3.200%	20,320	640,320
03/01/2032			0	0			10,400	10,400
09/01/2032	<u>0</u>		<u>0</u>	<u>0</u>	<u>640,000</u>	3.250%	<u>10,400</u>	<u>650,400</u>
	<u>\$8,400,000</u>		<u>\$2,232,371</u>	<u>\$10,632,371</u>	<u>\$1,555,000</u>		<u>\$430,485</u>	<u>\$1,985,485</u>

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

H. Long-Term Liabilities (Continued)

General Obligation Bonds (Continued)

General Obligation Bond Issues - Series of 2019

The General Obligation Bond Issue - Series 2019 was issued on April 15, 2019 in the amount of \$8,200,000. The net proceeds of \$8,736,582, including an original issue premium of \$536,582, will be used to pay costs of designing, acquiring, constructing, equipping, and furnishing alterations, additions, renovations, and improvements to the Strodes Mills Elementary School, and to other buildings and facilities of the School District as well as to paying costs and expenses of issuing the Bonds.

The Series of 2019 bonds are repayable over a 15 year period with interest rates ranging from 1.80% to 4.00%. Interest on the bonds is payable semi-annually on September 1 and March 1. The Series of 2019 bonds maturing on September 1, 2029 are subject to redemption prior to maturity, at the option of the School District, as a whole, on September 1, 2024, or on any date thereafter, or from time to time, in part, upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

The annual bond payment requirements for the Series of 2019 issue as of June 30, 2023 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 5,000	\$ 326,905	\$ 331,905
2024-25	5,000	326,803	331,803
2025-26	5,000	326,675	331,675
2026-27	5,000	326,525	331,525
2027-28	5,000	326,375	331,375
2028-29	5,000	326,225	331,225
2029-30	5,000	326,075	331,075
2030-31	10,000	325,800	335,800
2031-32	500,000	315,600	815,600
2032-33	5,620,000	193,200	5,813,200
2033-34	<u>2,020,000</u>	<u>40,400</u>	<u>2,060,400</u>
	<u>\$8,185,000</u>	<u>\$3,160,583</u>	<u>\$11,345,583</u>

General Obligation Bond Issues - Series A of 2019

The General Obligation Bond Issue - Series A of 2019 was issued on May 9, 2019 in the amounts of \$8,270,000. The net proceeds of \$8,306,552, including an original issue premium of \$36,552, will be used to currently refund all of School District's outstanding General Obligation Bonds, Series of 2013 currently outstanding in the aggregate amount of \$8,100,000 and to pay costs and expenses of issuing the Series A of 2019 bonds.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

H. Long-Term Liabilities (Continued)

General Obligation Bonds (Continued)

General Obligation Bond Issues - Series A of 2019 (Continued)

The Series A of 2019 bonds are repayable over a 15 year period with interest rates ranging from 1.80% to 4.00%. Interest on the bonds is payable semi-annually on May 15 and November 15. The Series A of 2019 bonds maturing on November 15, 2025 and thereafter are subject to redemption prior to maturity, at the option of the School District, as a whole, on November 15, 2024, or on any date thereafter, or from time to time, in part, upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

The annual bond payment requirements for the Series A of 2019 issue as of June 30, 2023 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	\$ 520,000	\$156,468	\$ 676,468
2024-25	540,000	140,668	680,668
2025-26	550,000	129,768	679,768
2026-27	560,000	115,868	675,868
2027-28	575,000	101,143	676,143
2028-29	590,000	88,180	678,180
2029-30	605,000	74,434	679,434
2030-31	620,000	59,575	679,575
2031-32	635,000	43,570	678,570
2032-33	650,000	26,703	676,703
2033-34	<u>670,000</u>	<u>9,045</u>	<u>679,045</u>
	<u>\$6,515,000</u>	<u>\$945,422</u>	<u>\$7,460,422</u>

General Obligation Bond Issues - Series of 2020

The General Obligation Bond Issue - Series 2020 was issued on March 3, 2020 in the amount of \$14,395,000. The net proceeds of \$15,837,572, including an original issue premium of \$1,570,687 and an Underwriter's Discount of (\$128,115), was used to currently refund \$5,375,000 of Series of 2012 General Obligation Bonds, currently refund \$5,830,000 of Series of 2014 General Obligation Bonds, and currently refund \$4,415,000 of Series of 2015 General obligation Bonds as well as to paying costs and expenses of issuing the Bonds.

The Series of 2020 bonds are repayable over a 15 year period with interest rates ranging from 1.10% to 4.00%. Interest on the bonds is payable semi-annually on September 1 and March 1. The Series of 2020 bonds maturing on and after September 1, 2028 are subject to redemption prior to maturity, at the option of the School District, as a whole, on March 1, 2028, or on any date thereafter, or from time to time, in part, upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

H. Long-Term Liabilities (Continued)

General Obligation Bonds (Continued)

General Obligation Bond Issues - Series of 2020 (Continued)

The annual bond payment requirements for the Series of 2020 issue as of June 30, 2023 are as follows:

<u>Year</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023-24	1.50% and 4.00%	\$ 1,255,000	\$ 420,560	\$ 1,675,560
2024-25	1.50% and 4.00%	1,370,000	370,560	1,740,560
2025-26	1.50% and 4.00%	1,485,000	316,898	1,801,898
2026-27	4.00%	1,600,000	257,385	1,857,385
2027-28	4.00%	1,740,000	190,585	1,930,585
2028-29	4.00%	1,895,000	117,885	2,012,885
2029-30	3.00%	940,000	65,885	1,005,885
2030-31	3.00%	760,000	40,385	800,385
2031-32	2.00%	465,000	24,335	489,335
2032-33	2.00%	475,000	14,935	489,935
2033-34	2.10%	<u>485,000</u>	<u>5,093</u>	<u>490,093</u>
		\$12,470,000	\$1,824,506	\$14,294,506

Note Payable

In the 2020-2021 year, the School District entered into a Guaranteed Energy Savings Agreement that provided for certain facility improvement measures and subsequent guaranteed energy and operational savings. The improvements included chiller and roof upgrades at Mifflin County Middle School in addition to the demolition of Highland Park Elementary School, all of which were completed in the 2020-2021 school year. The note is noninterest bearing; however, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 8.134%. The note requires quarterly payments of \$68,250, which includes the imputed interest.

The following is a summary of debt service requirements as of June 30, 2022:

<u>Year Ended June 30:</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2024	\$ 69,457	\$203,541	\$ 272,998
2025	52,270	220,728	272,998
2026	33,632	239,366	272,998
2027	13,420	259,578	272,998
2028	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$168,779	\$923,213	\$1,091,992

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

H. Long-Term Liabilities (Continued)

Capital Lease

Component Unit

On January 13, 2009, the Mifflin County Academy of Science and Technology 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 Mifflin County Academy of Science and Technology. 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 Mifflin County Academy of Science and Technology's energy use analysis performed by the lessor, the lessor guarantees that the Mifflin County Academy of Science and Technology 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, 2023, the cost and accumulated depreciation of assets recorded under the capital lease were \$1,687,363 and \$1,138,970, respectively.

The Mifflin County Academy of Science and Technology'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, 2024	\$161,084
June 30, 2025	13,424
June 30, 2026	0
June 30, 2027	0
June 30, 2028	<u>0</u>
	\$174,508
Less: Amount Representing Interest	(<u>4,414</u>)
Present Value of Net Minimum Lease Payment	\$170,094
Less: Current Portion of Capital Lease Obligation	(<u>156,765</u>)
Long-Term Portion of Capital Lease Obligation	<u>\$ 13,329</u>

I. Fund Balances

As of June 30, 2023, the governmental fund financial statements fund balances are comprised of the following:

Nonspendable Fund Balance

Prepaid Expenses	\$ 32,016
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Committed Fund Balance

Encumbrances	\$302,546
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**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

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

J. Interfund Receivables and Payables

Interfund balances at June 30, 2023, consisted of the following:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Fund	\$3,000,000
Capital Projects	General Fund	1,000,000
General Fund	Food Service	262,961
General Fund	Custodial Fund	3,352

Due to/from transactions are used for short-term interfund loans. The outstanding balances for the food service and agency funds are the result of a time lag between the date the expenditure was incurred and when the reimbursement was made.

K. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2023 is as follows:

Interfund Transfers:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Capital Projects	General	\$ 460,577	To fund component unit's capital projects
General	Capital Projects	1,000,000	To provide funds for capital purchases

L. Details of General Fund Local Revenues

Real Estate Taxes	\$27,330,804
Per Capita Taxes	118,992
Act 511 Taxes	9,239,908
Earnings on Investments	1,026,571
Revenues from LEA Activities	61,538
Federal IDEA Revenue Received as Pass-Through	827,984
Rentals	7,782
Contributions and Donations from Private Sources	5,817
Summer School Tuition	10,050
Receipts from Other LEA's in Pennsylvania - Education	22,950
Transportation Services Provided to Other Pennsylvania LEAs	17,157
Other Services Provided to Other Pennsylvania	28,229
All Other Services Provided Other Governments	30,293
Miscellaneous Revenue	141,232
Total Local Revenue	\$38,869,307

M. Economic Dependency

The School District is economically dependent on the Commonwealth of Pennsylvania to provide both pass-through federal funds and direct state funds.

MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

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

N. 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, 2023 were \$1,292,120 and \$7,096,565, respectively.

O. Contingencies

The School District participates in various federal and state grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the School District'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 School District anticipates such amounts, if any, will be immaterial.

The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the School District.

P. Transactions with Component Unit

During the 2022-2023 year, the School District incurred expenditures of \$1,892,434 related to services provided by the Mifflin County Academy of Science and Technology.

Q. Solar Agreements

On September 18, 2020, the School District entered into a Solar Site Lease Agreement with McClure Company whereby McClure Company, as the lessee, is the developer, owner and operator of photovoltaic solar energy generation equipment and facilities constructed and operated on district-owned property. The project includes construction of a combination roof mount and ground mount solar system at East Derry Elementary School, a ground mount system at Indian Valley Elementary Center and a ground mount system at Mifflin County High School.

Also on September 18, 2020, the School District entered into a Solar Power Purchase Agreement with McClure Company to purchase one hundred percent of the energy generated by the system for a period of twenty years commencing on the commercial operation date.

Note 3: Subsequent Events

Subsequent events were evaluated through November 10, 2023, which is the date the financial statements were available to be issued.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

Note 4: External Investment Pools

The School District participates in (2) External Investment Pools - the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT).

PSDLAF's and PLGIT's financial statements are available on their respective websites, www.psdlaf.org and www.plgit.com.

Per PSDLAF's latest available financial statements (September 30, 2022), all investments consist solely of instruments permitted pursuant to Section 440.1 of the School Code. In addition, all cash was fully collateralized by an irrevocable letter of credit from the Federal Home Loan Bank of Pittsburgh. Portfolio securities are valued at amortized cost, which approximates market value. Per PLGIT's latest financial statements (December 31, 2022), all investments consist only of securities which are permitted under Pennsylvania law for borough's, towns, townships, counties, cities, school districts, and authorities of the Commonwealth of Pennsylvania. Portfolio securities are valued at amortized costs, which approximates fair value.

Note 5: Accounting Change

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), which changes the accounting for certain subscription-based IT arrangements by requiring them to be reported on the Statement of Net Position and Balance Sheet. Effective July 1, 2022, the School District was required to recognize an intangible SBITA asset and related SBITA liability, which offset.

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

	As of June 30, 2022 <u>Measurement Date</u>
District's Proportion of the Collective Net Pension Liability	.2141%
District's Proportionate Share of the Collective Net Pension Liability	\$ 95,186,000
District's Covered Employee Payroll	\$ 31,391,530
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	303.22%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	61.34%

	As of June 30, 2021 <u>Measurement Date</u>
District's Proportion of the Collective Net Pension Liability	.2082%
District's Proportionate Share of the Collective Net Pension Liability	\$ 85,480,000
District's Covered Employee Payroll	\$ 29,526,428
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	289.50%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	63.67%

	As of June 30, 2020 <u>Measurement Date</u>
District's Proportion of the Collective Net Pension Liability	.2113%
District's Proportionate Share of the Collective Net Pension Liability	\$104,042,000
District's Covered Employee Payroll	\$ 29,587,824
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	351.64%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.32%

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

	As of June 30, 2019 <u>Measurement Date</u>
District's Proportion of the Collective Net Pension Liability	.2139%
District's Proportionate Share of the Collective Net Pension Liability	\$100,068,000
District's Covered Employee Payroll	\$ 29,494,667
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	339.27%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	55.66%

	As of June 30, 2018 <u>Measurement Date</u>
District's Proportion of the Collective Net Pension Liability	.2114%
District's Proportionate Share of the Collective Net Pension Liability	\$101,483,000
District's Covered Employee Payroll	\$ 28,463,172
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	356.54%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.00%

	As of June 30, 2017 <u>Measurement Date</u>
District's Proportion of the Collective Net Pension Liability	.2130%
District's Proportionate Share of the Collective Net Pension Liability	\$105,197,000
District's Covered Employee Payroll	\$ 28,363,134
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	370.89%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	51.84%

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

	<u>As of June 30, 2016 Measurement Date</u>
District's Proportion of the Collective Net Pension Liability	.2164%
District's Proportionate Share of the Collective Net Pension Liability	\$107,241,000
District's Covered Employee Payroll	\$ 28,024,044
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	382.67%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	50.14%

	<u>As of June 30, 2015 Measurement Date</u>
District's Proportion of the Collective Net Pension Liability	.2162%
District's Proportionate Share of the Collective Net Pension Liability	\$ 93,648,000
District's Covered Employee Payroll	\$ 27,822,739
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	336.59%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.4%

	<u>As of June 30, 2014 Measurement Date</u>
District's Proportion of the Collective Net Pension Liability	.2183%
District's Proportionate Share of the Collective Net Pension Liability	\$ 86,404,000
District's Covered Employee Payroll	\$ 27,863,144
District's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	310.10%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	57.2%

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

	<u>For the Year Ended June 30, 2022</u>
Contractually Required Employer Contribution	\$10,669,981
Contributions in Relation to the Contractually Required Contribution	(<u>10,669,981</u>)
Contribution Deficiency (Excess)	<u>\$ 0</u>
District's Covered Employee Payroll	\$31,391,530
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	33.99%

	<u>For the Year Ended June 30, 2021</u>
Contractually Required Employer Contribution	\$ 9,894,306
Contributions in Relation to the Contractually Required Contribution	(<u>9,894,306</u>)
Contribution Deficiency (Excess)	<u>\$ 0</u>
District's Covered Employee Payroll	\$29,526,428
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	33.51%

	<u>For the Year Ended June 30, 2020</u>
Contractually Required Employer Contribution	\$ 9,870,498
Contributions in Relation to the Contractually Required Contribution	(<u>9,870,498</u>)
Contribution Deficiency (Excess)	<u>\$ 0</u>
District's Covered Employee Payroll	\$29,587,824
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	33.36%

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

	<u>For the Year Ended June 30, 2019</u>
Contractually Required Employer Contribution	\$ 9,583,412
Contributions in Relation to the Contractually Required Contribution	(<u>9,583,412</u>)
Contribution Deficiency (Excess)	<u>\$ 0</u>
District's Covered Employee Payroll	\$29,396,969
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	32.60%

	<u>For the Year Ended June 30, 2018</u>
Contractually Required Employer Contribution	\$ 8,959,251
Contributions in Relation to the Contractually Required Contribution	(<u>8,959,251</u>)
Contribution Deficiency (Excess)	<u>\$ 0</u>
District's Covered Employee Payroll	\$28,227,004
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	31.74%

	<u>For the Year Ended June 30, 2017</u>
Contractually Required Employer Contribution	\$ 8,391,523
Contributions in Relation to the Contractually Required Contribution	(<u>8,391,523</u>)
Contribution Deficiency (Excess)	<u>\$ 0</u>
District's Covered Employee Payroll	\$28,738,092
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	29.20%

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

	<u>For the Year Ended June 30, 2016</u>
Contractually Required Employer Contribution	\$ 7,067,905
Contributions in Relation to the Contractually Required Contribution	(<u>7,067,905</u>)
Contribution Deficiency (Excess)	\$ 0
	<hr/>
District's Covered Employee Payroll	\$28,271,620
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	25.00%

	<u>For the Year Ended June 30, 2015</u>
Contractually Required Employer Contribution	\$ 5,810,038
Contributions in Relation to the Contractually Required Contribution	(<u>5,810,038</u>)
Contribution Deficiency (Excess)	\$ 0
	<hr/>
District's Covered Employee Payroll	\$27,614,249
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	21.04%

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

Change in Benefit Terms

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

Change in Assumptions Used in Measurement of the Total Pension Liability beginning June 30, 2022

None

Change in Assumptions Used in Measurement of the Total Pension Liability beginning June 30, 2021

The Discount Rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.

Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75% and real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

For disabled annuitants, the rates were modified from the RP-2014 Mortality Tables for Males and Females to the Pub-2020 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Change in Assumptions Used in Measurement of the Total Pension Liability beginning June 30, 2017, beginning June 30, 2018, beginning June 30, 2019 and beginning June 30, 2020

None

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

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

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

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM (PSERS)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(CONTINUED)**

Methods and Assumptions Used in Calculation of Actuarially Determined Contributions

The actuarially determined contributions are calculated as of June 30 of the preceding fiscal year in which contributions are made. That is, the contributions calculated as of the June 30, 2021 actuarial valuation will be made during the fiscal year ending June 30, 2023. The following actuarial methods and assumptions were used to determine contribution rates reported:

- The Investment Rate of Return - 7.00%, includes inflation of 2.50% and the real rate of return of 4.50%.
- Salary growth - Effective average of 4.50%, which reflects an allowance for inflation of 2.50% and real wage growth and merit or seniority of 2.00%.
- Benefit payments - No postretirement benefit increases are assumed in the future.
- Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

10-Year Reporting Requirements

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

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

	<u>As of and for Year Ended June 30, 2022</u>
<u>Total OPEB Liability</u>	
Service Cost	\$ 387,143
Interest	119,321
Benefit Payments	(160,107)
Change of Assumptions	(1,391,991)
Differences Between Expected and Actual Experience	<u>0</u>
Net Change in Total Pension Liability	(\$ 1,045,634)
<u>Total OPEB Liability</u> – Beginning	<u>4,932,971</u>
<u>Total OPEB Liability</u> – Ending	<u>\$ 3,887,337</u>
<u>Plan's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>School District's Net OPEB Liability</u> - Ending	<u>\$ 3,887,337</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$29,789,851
Net OPEB Liability as a Percentage of Covered Employee Payroll	13.05%

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

	<u>As of and for Year Ended June 30, 2021</u>
<u>Total OPEB Liability</u>	
Service Cost	\$ 483,743
Interest	377,603
Benefit Payments	(669,527)
Change of Assumptions	(982,147)
Differences Between Expected and Actual Experience	(5,158,251)
Net Change in Total Pension Liability	(\$ 5,948,579)
<u>Total OPEB Liability</u> - Beginning	<u>10,881,550</u>
<u>Total OPEB Liability</u> - Ending	<u>\$ 4,932,971</u>
<u>Plan's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>School District's Net OPEB Liability</u> - Ending	<u>\$ 4,932,971</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$29,789,851
Net OPEB Liability as a Percentage of Covered Employee Payroll	16.56%

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

	<u>As of and for Year</u> <u>Ended June 30, 2020</u>
<u>Total OPEB Liability</u>	
Service Cost	\$ 506,619
Interest	370,363
Benefit Payments	(647,829)
Change of Assumptions	0
Differences Between Expected and Actual Experience	<u>0</u>
Net Change in Total Pension Liability	\$ 229,153
<u>Total OPEB Liability</u> - Beginning	<u>10,652,397</u>
<u>Total OPEB Liability</u> - Ending	<u>\$10,881,550</u>
<u>Plan's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>School District's Net OPEB Liability</u> - Ending	<u>\$10,881,550</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$29,417,633
Net OPEB Liability as a Percentage of Covered Employee Payroll	36.99%

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

	<u>As of and for Year Ended June 30, 2019</u>
<u>Total OPEB Liability</u>	
Service Cost	\$ 319,038
Interest	201,560
Benefit Payments	(332,360)
Change of Assumptions	4,182,511
Differences Between Expected and Actual Experience	(443,686)
Net Change in Total Pension Liability	\$ 3,927,063
<u>Total OPEB Liability</u> - Beginning	<u>6,725,334</u>
<u>Total OPEB Liability</u> - Ending	<u>\$10,652,397</u>
<u>Plan's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>School District's Net OPEB Liability</u> - Ending	<u>\$10,652,397</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$28,700,130
Net OPEB Liability as a Percentage of Covered Employee Payroll	37.11%

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

	<u>As of and for Year Ended June 30, 2018</u>
<u>Total OPEB Liability</u>	
Service Cost	\$ 327,135
Interest	197,463
Benefit Payments	(435,575)
Change of Assumptions	0
Differences Between Expected and Actual Experience	<u>0</u>
Net Change in Total Pension Liability	\$ 89,023
<u>Total OPEB Liability</u> - Beginning	<u>6,636,311</u>
<u>Total OPEB Liability</u> - Ending	<u>\$ 6,725,334</u>
<u>Plan's Fiduciary Net Position</u>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<u>Plan's Fiduciary Net Position</u> - Beginning	<u>0</u>
<u>Plan's Fiduciary Net Position</u> - Ending	<u>\$ 0</u>
<u>School District's Net OPEB Liability</u> - Ending	<u>\$ 6,725,334</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Employee Payroll	\$28,130,056
Net OPEB Liability as a Percentage of Covered Employee Payroll	23.91%

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS**

**Fiscal
Year Ending
June 30, 2022**

Schedule of Contributions

Actuarially Determined Contribution	N/A
District Contribution	<u>N/A</u>
Contribution Deficiency (Excess)	<u>N/A</u>
Covered Employee Payroll	<u>\$29,789,851</u>
Contribution as a Percentage of Covered Employee Payroll	<u>N/A</u>

Schedule of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>N/A</u>
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**Fiscal
Year Ending
June 30, 2021**

Schedule of Contributions

Actuarially Determined Contribution	N/A
District Contribution	<u>N/A</u>
Contribution Deficiency (Excess)	<u>N/A</u>
Covered Employee Payroll	<u>\$29,789,851</u>
Contribution as a Percentage of Covered Employee Payroll	<u>N/A</u>

Schedule of Investment Returns

Annual Money-Weighted Rate of Return, Net of Investment Expense	<u>N/A</u>
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**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS
(CONTINUED)**

**Fiscal
Year Ending
June 30, 2020**

Schedule of Contributions

Actuarially Determined Contribution	N/A
District Contribution	<u>N/A</u>
Contribution Deficiency (Excess)	N/A
	<u> </u>
Covered Employee Payroll	\$29,417,633
	<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
District Contribution	<u>N/A</u>
Contribution Deficiency (Excess)	N/A
	<u> </u>
Covered Employee Payroll	\$28,700,130
	<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 SCHOOL DISTRICT
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
District Contribution	<u>N/A</u>
Contribution Deficiency (Excess)	N/A
	<u> </u>
Covered Employee Payroll	\$28,130,056
	<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 SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Valuation date	07/01/21
Actuarial cost method	Entry Age Normal
Amortization method	Straight-Line
Remaining amortization period	13 Years
Actuarial asset valuation method	N/A

Actuarial Assumptions

a. Discount Rate

4.06%, based on S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2022.

b. Salary

Salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0%.

c. Withdrawal

Rates of withdrawal are based on PSERS plan experience and vary by age, gender, years of service, and PSERS pension class. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.5500%	3.9000%	45	1.4100%	1.6000%
30	4.5500%	3.9000%	50	1.8900%	2.0800%
35	1.6800%	2.8300%	55	3.6300%	3.6600%
40	1.4200%	1.6700%	60	5.4900%	5.9400%

d. Mortality

PubT-2010 Headcount-Weighted Mortality Table including rates for contingent survivors for teachers. PubG-2010 Headcount-Weighted Mortality Table including rates for contingent survivors for all other employees.

Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

e. Disability

No disability was assumed.

f. Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(CONTINUED)**

Actuarial Assumptions (Continued)

f. Retirement (Continued)

	Special Early Retirement		TC & TD Superannuation		TE, TF, TG, & TH Superannuation	
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	14.5%	14.5%	25.0%	16.0%	16.3%	19.5%
56	14.5%	14.5%	25.0%	20.0%	16.3%	19.5%
57	14.5%	15.0%	28.0%	28.0%	16.3%	19.5%
58	14.5%	15.0%	28.0%	30.0%	16.3%	19.5%
59	21.6%	20.7%	28.0%	30.0%	16.3%	19.5%
60	14.5%	15.0%	29.0%	31.0%	16.3%	19.5%
61	29.0%	29.0%	29.0%	31.0%	16.3%	19.5%
62	29.0%	29.0%	36.0%	31.0%	16.3%	19.5%
63	29.0%	29.0%	21.0%	20.0%	16.3%	19.5%
64	29.0%	29.0%	22.0%	25.0%	16.3%	19.5%
65	29.0%	29.0%	23.0%	28.0%	16.3%	19.5%
66	29.0%	29.0%	23.0%	27.0%	16.3%	19.5%
67	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
68	29.0%	29.0%	20.0%	22.0%	16.3%	19.5%
69	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
70	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
71-73	29.0%	29.0%	20.0%	20.0%	16.3%	19.5%
74-79	29.0%	29.0%	25.0%	25.0%	16.3%	19.5%
80+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

g. Percent of Eligible Retirees Electing Coverage in Plan

100% of Administrative staff eligible for subsidized coverage are assumed to elect coverage. 50% of employees eligible for unsubsidized coverage are assumed to elect coverage. 0% of Administrative staff are assumed to elect Life Insurance coverage.

h. Percent Married at Retirement

80% of retirees are assumed to be married, 25% of employees are assumed to have a spouse covered in the plan at retirement. Non-spouse dependents are deemed to be immaterial.

i. Spouse Age

Wives are assumed to be two years younger than their husbands.

j. Per Capita Claims Cost

The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(CONTINUED)**

Actuarial Assumptions (Continued)

j. Per Capita Claims Cost (Continued)

Medical and Prescription Drug Combined

<u>Age</u>	<u>Males Rate</u>	<u>Females Rate</u>
45-49	\$ 7,316	\$10,565
50-54	\$ 9,689	\$11,941
55-59	\$11,800	\$12,494
60-64	\$15,399	\$14,353

k. Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

l. Health Care Cost Trend Rate

6.5% in 2022, 6.0% in 2023, and 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

m. Actuarial Value of Assets

Equal to the Market Value of Assets

n. Actuarial Cost Method - Entry Age Normal

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

o. Participant Data

Based on census information as of February 2022. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2021-2022 school year.

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION
COST SHARING PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	<u>Fiscal Year Ending June 30, 2022</u>
Contractually Required Contribution	\$ 251,000
Contributions in Relation to the Contractually Required Contribution	(251,000)
Contribution Deficiency (Excess)	\$ 0
	<hr/>
District's Covered Employee Payroll	\$31,650,267
	<hr/>
Contributions as a Percentage of Covered Employee Payroll	.80%

	<u>Fiscal Year Ending June 30, 2021</u>
Contractually Required Contribution	\$ 243,000
Contributions in Relation to the Contractually Required Contribution	(243,000)
Contribution Deficiency (Excess)	\$ 0
	<hr/>
District's Covered Employee Payroll	\$29,605,893
	<hr/>
Contributions as a Percentage of Covered Employee Payroll	.82%

	<u>Fiscal Year Ending June 30, 2020</u>
Contractually Required Contribution	\$ 249,975
Contributions in Relation to the Contractually Required Contribution	(249,975)
Contribution Deficiency (Excess)	\$ 0
	<hr/>
District's Covered Employee Payroll	\$29,758,950
	<hr/>
Contributions as a Percentage of Covered Employee Payroll	.84%

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION
COST SHARING PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(CONTINUED)**

	<u>Fiscal Year Ending June 30, 2019</u>
Contractually Required Contribution	\$ 243,995
Contributions in Relation to the Contractually Required Contribution	(<u>243,995</u>)
Contribution Deficiency (Excess)	\$ 0
	<hr/>
District's Covered Employee Payroll	\$29,396,969
	<hr/>
Contributions as a Percentage of Covered Employee Payroll	.83%

	<u>Fiscal Year Ending June 30, 2018</u>
Contractually Required Contribution	\$ 234,284
Contributions in Relation to the Contractually Required Contribution	(<u>234,284</u>)
Contribution Deficiency (Excess)	\$ 0
	<hr/>
District's Covered Employee Payroll	\$28,227,004
	<hr/>
Contributions as a Percentage of Covered Employee Payroll	.83%

	<u>Fiscal Year Ending June 30, 2017</u>
Contractually Required Contribution	\$ 235,000
Contributions in Relation to the Contractually Required Contribution	(<u>235,000</u>)
Contribution Deficiency (Excess)	\$ 0
	<hr/>
District's Covered Employee Payroll	\$28,363,134
	<hr/>
Contributions as a Percentage of Covered Employee Payroll	.83%

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION
COST SHARING PLAN
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY**

	<u>Fiscal Year Ending June 30, 2022</u>
School District's Proportion of the Net OPEB Liability	.2152%
School District's Proportionate Share of the Net OPEB Liability	\$ 3,961,000
School District's Covered Employee Payroll	\$31,650,267
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	12.51%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.86%

	<u>Fiscal Year Ending June 30, 2021</u>
School District's Proportion of the Net OPEB Liability	.2088%
School District's Proportionate Share of the Net OPEB Liability	\$ 4,950,000
School District's Covered Employee Payroll	\$29,605,893
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	16.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.30%

	<u>Fiscal Year Ending June 30, 2020</u>
School District's Proportion of the Net OPEB Liability	.2113%
School District's Proportionate Share of the Net OPEB Liability	\$ 4,581,000
School District's Covered Employee Payroll	\$29,587,824
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.69%

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT OPEB PLAN INFORMATION
COST SHARING PLAN
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
(CONTINUED)**

	<u>Fiscal Year Ending June 30, 2019</u>
School District's Proportion of the Net OPEB Liability	.2139%
School District's Proportionate Share of the Net OPEB Liability	\$ 4,549,000
School District's Covered Employee Payroll	\$29,494,667
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%

	<u>Fiscal Year Ending June 30, 2018</u>
School District's Proportion of the Net OPEB Liability	.2114%
School District's Proportionate Share of the Net OPEB Liability	\$ 4,408,000
School District's Covered Employee Payroll	\$28,463,172
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%

	<u>Fiscal Year Ending June 30, 2017</u>
School District's Proportion of the Net OPEB Liability	.2130%
School District's Proportionate Share of the Net OPEB Liability	\$ 4,340,000
School District's Covered Employee Payroll	\$28,363,134
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.73%

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
TOTAL OPEB LIABILITY INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM (PSERS)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

Change in Benefit Terms

None.

Change in Assumptions Used in Measurement of the Total OPEB Liability beginning June 30, 2022

The Discount Rate increased from 2.18% to 4.09%.

Change in Assumptions Used in Measurement of the Total Pension Liability beginning June 30, 2021

The Discount Rate decreased from 2.66% to 2.18%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.

Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75% and real wage growth and for merit or seniority increases of 2.25%, to an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

Mortality rates were modified from the RP-2014 Mortality Tables for Males and Females to a blended to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

For disabled annuitants, the rates were modified from the RP-2014 Mortality Tables for Males and Females to the Pub-2020 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Change in Assumptions Used in Measurement of the Total Pension Liability beginning June 30, 2020

The Discount Rate decreased from 2.79% to 2.66%.

Change in Assumptions Used in Measurement of the Total Pension Liability beginning June 30, 2019

The Discount Rate decreased from 2.98% to 2.79%.

Change in Assumptions Used in Measurement of the Total Pension Liability beginning June 30, 2018

The Discount Rate decreased from 3.13% to 2.98%.

Change in Assumptions Used in Measurement of the Total Pension Liability beginning June 30, 2017

The Discount Rate increased from 2.71% to 3.13%.

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

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

Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
TOTAL OPEB LIABILITY INFORMATION
RELATED TO THE PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES'
RETIREMENT SYSTEM (PSERS)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(CONTINUED)**

Methods and Assumptions Used in Calculation of Actuarially Determined Contributions

The actuarially determined contributions are calculated as of June 30 of the preceding fiscal year in which contributions are made. That is, the contributions calculated as of the June 30, 2021 actuarial valuation will be made during the fiscal year ending June 30, 2023. The following actuarial methods and assumptions were used to determine contribution rates reported:

- The Investment Rate of Return - 4.09% - 20 year S&P Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, which reflects an allowance for inflation of 2.50% and real wage growth and merit or seniority of 2.00%.
- Benefit payments - No postretirement benefit increases are assumed in the future.
- Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.

10-Year Reporting Requirements

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

MIFFLIN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources	\$36,155,078	\$36,155,078	\$38,869,307	\$2,714,229
State Sources	44,239,961	44,239,961	45,832,320	1,592,359
Federal Sources	<u>12,456,992</u>	<u>12,456,992</u>	<u>10,888,543</u>	(1,568,449)
Total Revenues	<u>\$92,852,031</u>	<u>\$92,852,031</u>	<u>\$95,590,170</u>	<u>\$2,738,139</u>
Expenditures				
Regular Programs - Elementary/Secondary	\$34,069,362	\$34,069,362	\$33,283,242	\$ 786,120
Special Programs - Elementary/Secondary	13,602,120	13,602,120	13,748,643	(146,523)
Vocational Programs	4,118,976	4,118,976	4,062,132	56,844
Other Instructional Programs - Elementary/Secondary	1,500,685	1,500,685	1,274,356	226,329
Nonpublic School Programs	106,244	106,244	102,917	3,327
Support Services - Students	2,690,052	2,690,052	2,640,921	49,131
Instructional Staff Services	1,909,332	1,909,332	1,676,612	232,720
Administrative Services	4,883,043	4,883,043	4,573,574	309,469
Pupil Health	1,050,041	1,050,041	920,241	129,800
Business Services	1,007,493	1,007,493	919,580	87,913
Operation and Maintenance of Plant Services	7,370,473	7,370,473	7,503,860	(133,387)
Student Transportation Services	5,100,632	5,100,632	5,086,477	14,155
Central	3,830,136	3,830,136	2,986,645	843,491
Student Activities	1,309,466	1,309,466	1,303,283	6,183
Community Services	26,740	26,740	33,585	(6,845)
Facilities Acquisition, Construction, and Improvement Services	1,240,425	1,240,425	462,601	777,824
Debt Service (Principal and Interest)	8,294,439	8,294,439	8,294,439	0
Refund of Prior Year Receipts	0	0	4,810	(4,810)
Leases and Other Right-to-Use Arrangements	<u>0</u>	<u>0</u>	<u>377,826</u>	(377,826)
Total Expenditures	<u>\$92,109,659</u>	<u>\$92,109,659</u>	<u>\$89,255,744</u>	<u>\$2,853,915</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 742,372</u>	<u>\$ 742,372</u>	<u>\$ 6,334,426</u>	<u>\$5,592,054</u>
Other Financing Sources (Uses)				
Interfund Transfers In	\$ 1,800,000	\$ 1,800,000	\$ 460,577	(\$1,339,423)
Interfund Transfers Out	(1,800,000)	(1,800,000)	(1,000,000)	800,000
Proceeds from Leases and Other Right-to-Use Arrangements	0	0	1,050,172	1,050,172
Transfers Out to Component Units	0	0	(460,577)	(460,577)
Budgetary Reserve	<u>(742,372)</u>	<u>(742,372)</u>	<u>0</u>	<u>742,372</u>
Total Other Financing Sources (Uses)	<u>(\$ 742,372)</u>	<u>(\$ 742,372)</u>	<u>\$ 50,172</u>	<u>\$ 792,544</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,384,598</u>	<u>\$6,384,598</u>
Fund Balance - Beginning of Year	<u>16,518,234</u>	<u>16,518,234</u>	<u>19,738,144</u>	<u>3,219,910</u>
Fund Balance - End of Year	<u>\$16,518,234</u>	<u>\$16,518,234</u>	<u>\$26,122,742</u>	<u>\$9,604,508</u>

See Accompanying Notes and Independent Auditor's Report

**MIFFLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

Budgetary Data

Budgets are presented on the modified accrual basis of accounting for the General Fund. All annual appropriations lapse at fiscal year-end, with the exception of those indicated as a fund balance reserve.

Annual operating budgets are adopted each year through passage of an annual budget resolution. Budgetary control is exercised at the building or department head level. The Chief Financial Officer exercises oversight control over the entire budget. All budget appropriations lapse at the end of the year, except for certain encumbrances which are indicated as a fund balance reserve. All other encumbrances are re-appropriated from the cash carryover in the ensuing year's budget.

The following procedures are used in establishing the budgetary data reflected in the financial statements.

- Throughout the school year, the building principals and department heads use current financial status reports and reports and established School District objectives to develop financial projections for the ensuing year.
- The Chief Financial Officer assembles the information and presents it to the various Board of Education committees for approval or revision.
- The Board of Education adopts a tentative budget in May of each year which is available for public scrutiny and comment for a period of thirty days.
- The final budget is approved by the Board in June of each year and the required budget report is filed with the Commonwealth of Pennsylvania by June 30.
- Budget transfers are normally approved by the Board as required and these revised amounts are reflected in this schedule.

Encumbrance accounting is employed in the governmental funds. Certain 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 appropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. 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. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenues variances will be negative, and overall fund expenditures variances will be positive.

In the General Fund, Special Program - Elementary/Secondary; Operation and Maintenance of Plant Services; Community Services; Refunds of Prior Year Receipts; Leases and Other Right-to-Use Arrangements; as well as Transfers Out to Component Units exceeded the amount budgeted.

**MIFFLIN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Grantor Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Thru Grantor's Number</u>	<u>Grant Period</u>
<u>U.S. Department of Education</u>				
(Passed Through Pennsylvania Department of Education)				
Title I - Grants to Local Educational Agencies	I	84.010	013-230251	07/01/22 - 09/30/23
Title I - Grants to Local Educational Agencies	I	84.010	013-220251	07/01/21 - 09/30/22
Subtotal - Federal Assistance Listing Number 84.010				
(Passed Through Pennsylvania Department of Education)				
English Language Acquisition State Grants	I	84.365	010-230251	07/01/22 - 09/30/23
English Language Acquisition State Grants	I	84.365	010-220251	07/01/21 - 09/30/22
Subtotal - Federal Assistance Listing Number 84.365				
(Passed Through Pennsylvania Department of Education)				
Rural Education	I	84.358	007-220251	12/15/21 - 09/30/23
(Passed Through Pennsylvania Department of Education)				
Improving Teacher Quality - State Grants	I	84.367	020-230251	07/01/22- 09/30/23
Improving Teacher Quality - State Grants	I	84.367	020-220251	07/01/21 - 09/30/22
Improving Teacher Quality - State Grants	I	84.367	020-210251	07/01/20 - 09/30/22
Subtotal - Federal Assistance Listing Number 84.367				
(Passed Through Pennsylvania Department of Education)				
Student Support and Academic Enrichment Program	I	84.424	144-230251	07/01/22 - 09/30/23
Student Support and Academic Enrichment Program	I	84.424	144-220251	07/01/21 - 09/30/22
Subtotal - Federal Assistance Listing Number 84.424				
(Passed Through Pennsylvania Department of Education)				
Elementary and Secondary School Emergency Relief Fund	I	84.425D	200 200251	03/13/20 - 09/30/22
Elementary and Secondary School Emergency Relief Fund	I	84.425D	200-210251	03/13/20 - 09/30/23
Elementary and Secondary School Emergency Relief Fund	I	84.425D	223-210251	03/13/20 - 09/30/24
ARP ESSER	I	84.425U	225-210251	03/13/20 - 09/30/24
ARP ESSER	I	84.425U	225-210251	03/13/20 - 09/30/24
ARP ESSER	I	84.425U	225-210251	03/13/20 - 09/30/24
ARP Homeless Children and Youth	I	84.425W	181-212258	07/01/21 - 09/30/24
Subtotal - Federal Assistance Listing Number 84.425				
(Passed through Tuscarora Intermediate Unit 11)				
Special Education - Preschool Grants	I	84.173	H173A230090	07/01/22 - 09/30/23

**MIFFLIN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

<u>Program Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue 07/01/22</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/23</u>
\$ 2,594,494 <u>2,259,998</u>	\$ 1,549,451 <u>1,054,638</u>	\$ 0 <u>355,059</u>	\$ 1,698,704 <u>699,579</u>	\$ 1,698,704 <u>699,579</u>	\$ 149,253 <u>0</u>
\$ 4,854,492 <u> </u>	\$ 2,604,089 <u> </u>	\$ 355,059 <u> </u>	\$ 2,398,283 <u> </u>	\$ 2,398,283 <u> </u>	\$ 149,253 <u> </u>
\$ 13,362 <u>13,223</u>	\$ 10,588 <u>164</u>	\$ 0 <u>164</u>	\$ 11,202 <u>0</u>	\$ 11,202 <u>0</u>	\$ 614 <u>0</u>
\$ 26,585 <u> </u>	\$ 10,752 <u> </u>	\$ 164 <u> </u>	\$ 11,202 <u> </u>	\$ 11,202 <u> </u>	\$ 614 <u> </u>
\$ 112,583 <u> </u>	\$ 67,550 <u> </u>	\$ 28,532 <u> </u>	\$ 39,018 <u> </u>	\$ 39,018 <u> </u>	\$ 0 <u> </u>
\$ 312,442 274,416 <u>306,542</u>	\$ 271,090 36,378 <u>0</u>	\$ 0 20,181 (<u>685</u>)	\$ 301,171 17,777 <u>685</u>	\$ 301,171 17,777 <u>685</u>	\$ 30,081 1,580 <u>0</u>
\$ 893,400 <u> </u>	\$ 307,468 <u> </u>	\$ 19,496 <u> </u>	\$ 319,633 <u> </u>	\$ 319,633 <u> </u>	\$ 31,661 <u> </u>
\$ 177,330 <u>171,744</u>	\$ 139,343 <u>34,430</u>	\$ 0 <u>11,449</u>	\$ 139,719 <u>22,981</u>	\$ 139,719 <u>22,981</u>	\$ 376 <u>0</u>
\$ 349,074 <u> </u>	\$ 173,773 <u> </u>	\$ 11,449 <u> </u>	\$ 162,700 <u> </u>	\$ 162,700 <u> </u>	\$ 376 <u> </u>
\$ 1,835,215 8,433,337 17,058,201 947,003 189,401 189,401 <u>72,051</u>	\$ 0 1,882,207 8,374,026 430,456 86,091 86,091 <u>48,034</u>	(\$ 39,523) 352,494 3,961,896 16,156 14,210 (13,775) <u>31,690</u>	\$ 39,523 2,282,672 4,821,885 307,320 161,416 189,401 <u>23,877</u>	\$ 39,523 2,282,672 4,821,885 307,320 161,416 189,401 <u>23,877</u>	\$ 0 752,959 409,755 (106,980) 89,535 89,535 <u>7,533</u>
\$28,724,609 <u> </u>	\$10,906,905 <u> </u>	\$4,323,148 <u> </u>	\$ 7,826,094 <u> </u>	\$ 7,826,094 <u> </u>	\$1,242,337 <u> </u>
\$ 17,504 <u> </u>	\$ 0 <u> </u>	\$ 0 <u> </u>	\$ 17,504 <u> </u>	\$ 17,504 <u> </u>	\$ 17,504 <u> </u>

**MIFFLIN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

<u>Grantor Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Thru Grantor's Number</u>	<u>Grant Period</u>
<u>U.S. Department of Education</u> (Continued)				
(Passed through Tuscarora Intermediate Unit 11) (Continued)				
Special Education - Grants to States	I	84.027	062-23-0011	07/01/22 - 09/30/23
Special Education - Grants to States	I	84.027	062-22-0011	07/01/21 - 09/30/22
ARP - Special Education - Grants to States	i	84.027	062-22-0011	07/01/21 - 09/30/22
Subtotal - Federal Assistance Listing Number 84.027				
Subtotal - Special Education Cluster				
Total U.S. Department of Education				
<u>U.S. Department of Agriculture</u>				
(Passed through the Pennsylvania Department of Education)				
School Breakfast Program	I	10.553	365	07/01/22 - 06/30/23
Fresh Fruit and Vegetable Program	I	10.582	353	07/01/22 - 06/30/23
National School Lunch Program	I	10.555	362	07/01/22 - 06/30/23
National School Lunch Program	I	10.555	356	07/01/21 - 06/30/23
National School Lunch Program	I	10.555	356	07/01/22 - 06/30/23
(Passed through the Pennsylvania Department of Agriculture)				
National School Lunch Program	I	10.555	N/A	07/01/22 - 06/30/23
Subtotal - Federal Assistance Listing Number 10.555				
Subtotal - Child Nutrition Cluster				
(Passed through the Pennsylvania Department of Education)				
State Pandemic Electronic Benefit Transfer Administrative Costs Grants	I	10.649	358	07/01/22 - 06/30/23
Total U.S. Department of Agriculture				
<u>U.S. Department of Health and Human Services</u>				
(Passed Through Pennsylvania Department of Education and Human Services)				
Medical Assistance Program	I	93.778	N/A	N/A

**MIFFLIN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023
(CONTINUED)**

<u>Program Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue 07/01/22</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/23</u>
\$ 810,480	\$ 547,121	\$ 0	\$ 810,480	\$ 810,480	\$ 263,359
798,771	798,771	798,771	0	0	0
<u>182,620</u>	<u>37,204</u>	<u>37,204</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ 1,791,871	\$ 1,383,096	\$ 835,975	\$ 810,480	\$ 810,480	\$ 263,359
<u>1,809,375</u>	<u>1,383,096</u>	<u>835,975</u>	<u>827,984</u>	<u>827,984</u>	<u>280,863</u>
\$36,770,118	\$15,453,633	\$5,573,823	\$11,584,914	\$11,584,914	\$1,705,104
<u>463,276</u>	<u>455,685</u>	<u>0</u>	<u>463,276</u>	<u>463,276</u>	<u>7,591</u>
<u>29,332</u>	<u>29,332</u>	<u>0</u>	<u>29,332</u>	<u>29,332</u>	<u>0</u>
\$ 1,817,816	\$ 1,788,493	\$ 0	\$ 1,817,816	\$ 1,817,816	\$ 29,323
93,390	0	(66,036)	66,036	66,036	0
<u>126,157</u>	<u>126,157</u>	<u>0</u>	<u>126,157</u>	<u>126,157</u>	<u>0</u>
<u>205,121</u>	<u>205,121</u>	<u>0</u>	<u>205,121</u>	<u>205,121</u>	<u>0</u>
\$ 2,242,484	\$ 2,119,771	(\$ 66,036)	\$ 2,215,130	\$ 2,215,130	\$ 29,323
<u>2,735,092</u>	<u>2,604,788</u>	<u>(\$ 66,036)</u>	<u>2,707,738</u>	<u>2,707,738</u>	<u>36,914</u>
<u>3,135</u>	<u>3,135</u>	<u>0</u>	<u>3,135</u>	<u>3,135</u>	<u>0</u>
\$ 2,738,227	\$ 2,607,923	(\$ 66,036)	\$ 2,710,873	\$ 2,710,873	\$ 36,914
<u>N/A</u>	<u>32,250</u>	<u>18,200</u>	<u>28,060</u>	<u>28,060</u>	<u>14,010</u>

**MIFFLIN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

<u>Grantor Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Thru Grantor's Number</u>	<u>Grant Period</u>
<u>U.S. Department of the Treasury</u>				
(Passed Through Pennsylvania Department of Community and Economic Development)				
Coronavirus State and Local Fiscal Recovery Funds	I	21.027	C000082646	03/01/20 - 12/31/24
Total Federal Awards				

Source Codes
I - Indirect Funding

**MIFFLIN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023
(CONTINUED)**

<u>Program Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue 07/01/22</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 6/30/23</u>
\$ 3,000,000	\$ 0	(\$3,000,000)	\$ 0	\$ 0	(\$3,000,000)
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$42,508,345	\$18,093,806	\$2,525,987	\$14,323,847	\$14,323,847	(\$1,243,972)
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Note 1: Basis of Accounting

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

Note 2: Major Federal Programs

An extensive compliance test, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) was performed on the Education Stabilization Fund; Special Education Cluster; and Improving Teacher Quality - State Grants, which represent 63% of the total expenditures reflected on the Schedule of Expenditures of Federal Awards.

The 20% test for a low-risk auditee was satisfied as follows:

<u>Project Title</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
Education Stabilization Fund	84.425C/ 84.425D/84.425U	\$ 7,826,094
Child Nutrition Cluster:		
National School Lunch Program	10.555	2,215,130
School Breakfast Program	10.553	463,276
Fresh Fruits and Vegetables Program	10.582	29,332
Title I Grants to Local Educational Agencies	84.010	2,398,283
Special Education Cluster:		
Special Education - Grants to States	84.027	810,480
Special Education - Preschool Grants	84.173	17,504
Improving Teacher Quality State Grants	84.367	319,633
Student Support and Academic Enrichment Program	84.424	162,700
Rural Education	84.358	39,018
Medical Assistance Program	93.778	28,060
English Language Acquisition State Grants	84.365	11,202
State Pandemic Electronic Benefit Transfer		
Administrative Costs Grants	10.649	<u>3,135</u>
		\$14,323,847
		x <u>20%</u>
Minimum Amount Which Must Be Tested		<u>\$ 2,864,769</u>

Education Stabilization Fund; Special Education Cluster; and Improving Teacher Quality - State Grants exceeded \$2,864,769, and, therefore, represent the only programs to which the specific compliance requirements must be tested.

**MIFFLIN COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023
(CONTINUED)**

Note 3: In-Kind Federal Support

USDA Donated Commodities are valued at market value, which represents the costs to replace those commodities.

Note 4: Medical Assistance Reimbursements

The School District had a \$96,491 receivable for the ACCESS program as of June 30, 2022. During the current year, the School District received \$96,491 for the ACCESS program. The ACCESS program is the medical assistance (MA) program that reimburses school entities for direct, eligible health-related services provided to MA enrolled, special needs children. These reimbursements are classified as federal money in the School District's account code structure; however, these funds are not restricted in use like other federal monies. ACCESS reimbursements are classified as fee-for-service revenues, and are not considered federal financial assistance, which results in ACCESS funds not being reporting on the School District's Schedule of Expenditures of Federal Awards. Expenditures totaling \$103,551 were recognized in the current year. As a result, as of June 30, 2023, the School District had a \$103,551 receivable for the ACCESS program.

Note 5: Indirect Cost Rate

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

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

To the Board of School Directors
Mifflin County School District
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, the business-type activities, the aggregate discretely presented component units, and each major fund of Mifflin County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Mifflin County School District's basic financial statements, and have issued our report thereon dated November 10, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mifflin County School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mifflin County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mifflin County School District'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 or significant deficiencies may exist that were not 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)**

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

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

To the Board of School Directors
Mifflin County School District
MCSD Administration Building
201 Eighth Street
Lewistown, Pennsylvania 17044

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mifflin County School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mifflin County School District's major federal programs for the year ended June 30, 2023. Mifflin County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mifflin County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mifflin County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mifflin County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mifflin County School District's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mifflin County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mifflin County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mifflin County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mifflin County School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mifflin County School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

**MIFFLIN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

A. Summary of Auditors Results

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

B. Financial Statements Findings

No findings noted.

C. Federal Awards Findings and Questioned Cost

No findings noted.

**MIFFLIN COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

No prior year finding were noted.