

**SUN AREA TECHNICAL INSTITUTE**

New Berlin, PA 17855

A.U.N. 1-16-60-670-7

**AUDITED FINANCIAL STATEMENTS**

June 30, 2021

# SUN AREA TECHNICAL INSTITUTE

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# SUN AREA TECHNICAL INSTITUTE

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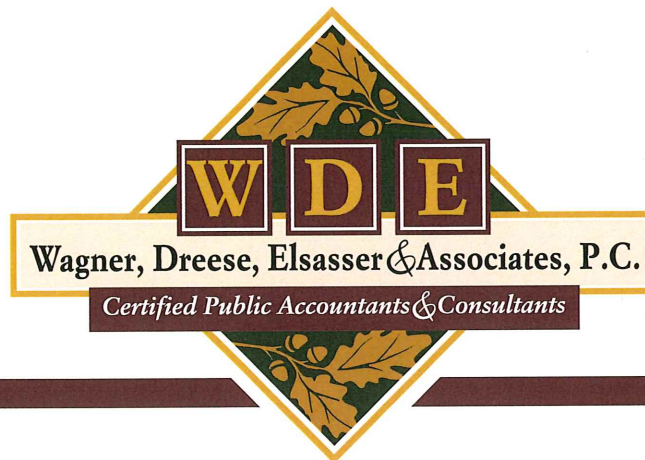
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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Joint Operating Committee of  
SUN Area Technical Institute

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of SUN Area Technical Institute as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the SUN Area Technical Institute's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the SUN Area Technical Institute as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

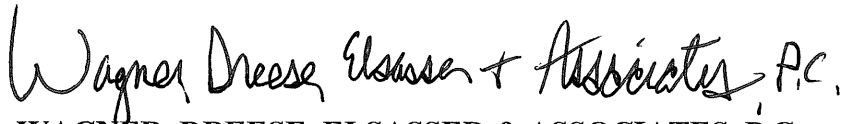
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15, the schedule of the school's proportionate share of the net pension liability and the schedule of the school's contributions on pages 56 through 57, and the schedule of changes in net OPEB liability and related ratios, schedule of school's proportionate share of the net OPEB liability, and schedule of school's contributions – OPEB plan on pages 58 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SUN Area Technical Institute's basic financial statements. The supplementary information on pages 61 through 66 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Wagner, Dreesse, Elsasser & Associates, P.C." in a cursive script.

**WAGNER, DREESE, ELSASSER & ASSOCIATES, P.C.**

*Certified Public Accountants and Consultants*

Selinsgrove, PA

November 12, 2021

**SUN AREA TECHNICAL INSTITUTE**  
**Management's Discussion and Analysis (MD&A)**

**June 30, 2021**

The discussion and analysis of SUN Area Technical Institute's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of School's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

Joint Venture

SUN Area Technical Institute is a joint venture of five public school districts in Northumberland, Snyder and Union Counties in Pennsylvania organized under the Public School Code of Pennsylvania. The School provides Career & Technology Education programs for high school students who are residents of the participating school districts and out-of-school youths and adults. Each district is responsible for a share of the operating budget based on student enrollment and fixed charges described within the Articles of Agreement. The Participating districts include: Lewisburg Area School District, Midd-West School District, Mifflinburg Area School District, Selinsgrove Area School District and Shikellamy School District. Continuing Education for out-of-school youths and adults receives no school district funding and operates on student paid tuition.

Mission Statement

SUN Area Technical Institute will provide world class technical education by continually improving: safe and supportive environment; unparalleled instructional services and curriculum; nationally recognized student achievement to equal highly skilled future leaders.

Comprehensive Plan Goals

The SUN Area Technical Institute will adopt, develop, and implement program curriculum that will ensure its students acquire and master the career technical skills necessary to earn family sustaining wages and for success in their future careers.

**IMPROVE EDUCATIONAL OPPORTUNITIES FOR ALL STUDENTS**

The SUN Area Technical Institute will improve the educational opportunities for all students through curriculum development, professional development and data driven decision making by providing instructors with the opportunity to participate in industry

based training in their specific trade areas in the latest advancements and developments to promote continuous learning and quality teaching. SUN Tech will align curriculum with the PA Core Standards, PDE Programs of Study, Industry Standards, identify and incorporate Best Practices and utilize data to implement a systematic plan for on-going CTE program improvement. Instructional effectiveness will be improved by providing on-going professional development in use of technology and Best Practices in instructional strategies through the development of a 5-year plan of activities and trainings.

### **IMPROVE ASSESSMENT PERFORMANCE**

The SUN Area Technical Institute will increase the percentage of students earning a Pennsylvania Skills Certificate and/or a PDE approved industry certification each year. To improve assessment performance on the end-of-year NOCTI or other approved skills attainment tests, pretests will be administered at least once in each program. Formative and summative assessment data will drive lesson plan and curriculum revisions. SUN Area Technical Institute will strive to meet the State proficiency benchmark for NOCTI and other approved state tests. Due to the COVID-19 pandemic, SUN Area Technical Institute received a waiver from the Pennsylvania Department of Education for the NOCTI exam in 2020-2021. For the purpose of data analysis SUN Tech voluntarily administered the theory portion of the NOCTI exam to determine the effects of remote learning and effectiveness of industry produced online learning platforms. In 2020-2021 58% of students scored advanced, 33% competent, and 9% earning basic. This was down from 2018-2019 pre-pandemic scores with 78% of students earning advanced, 19% competent, and 3% basic.

### **SUN Tech Belief Statements**

- All students can learn and must be encouraged and challenged to reach their full potential.
- Programs should enable students to acquire the knowledge, skills, and attitudes necessary to be productive members of society.
- Career guidance is essential for all students.
- Professional development is vital for a well-trained and creative staff.
- Students, through their actions and choices, have the final responsibility for their education.
- Students must have saleable skills upon program completion.
- The community and students must be committed to the pursuit of excellence in programs and services.
- Education is a continuing experience.
- Students must have respect for themselves and others.
- Partnering with the private sector to ensure a curriculum that is valid and business/industry responsive.
- Students must be **Self-Directed Learners** who use positive core values to create a positive vision for themselves and their future, set priorities and achievable goals, create options for themselves, monitor and evaluate their progress, and assume responsibility for their actions.
- Students must be **Collaborative Workers** who use effective leadership and group skills to develop and manage interpersonal relationships within culturally and organizationally diverse settings.
- Students must be **Complex Thinkers** who identify, access, integrate, and use available resources and information to reason, make decisions, and solve problems in a variety of contexts.
- Students must be **Community Contributors** who contribute their time and energies, and talents to improving the welfare of other and the quality of life in their diverse communities.
- Students must be **Quality Producers** who create intellectual, artistic, practical and physical products which reflect originality in high standards and use of advance technologies.



System Wide Quality Objectives:

- To prepare students for gainful employment and further education through the delivery of relevant, quality curricula and effective instructional practices.
- To effectively establish unity of purpose and direction that supports the mission of the School.
- To manage a process system that provides the framework to effectively and efficiently achieve our objectives, while encouraging continuous improvement.
- To access and utilize accurate, valid and reliable data and facts to make informed decisions that contribute to the overall quality of the organization.
- To enhance relationships with sponsoring school districts and the community to expand quality learning opportunities.
- To build relationships which enhance quality through the use of appropriate expertise and effectual resources.
- To effectively and efficiently manage and utilize essential resources which support the achievement of the quality objectives and the fulfillment of the mission.

## FINANCIAL HIGHLIGHTS

District Contributions

The participating School Districts provide the largest sum of revenue, which supports the secondary education program and totaled \$5,299,763 for 2020-2021. This amount is based on a funding formula that is agreed upon by all districts as part of the Articles of Agreement.

Table A-1  
District Contributions, Fiscal Year ended June 30, 2021

<b>District</b>	<b>Actual District Payments 2020-21</b>	<b>Total District Share 2020-21</b>	<b>Remaining Money From 2020-21 FY</b>
Lewisburg	\$835,035	\$714,931	\$120,104
Midd-West	1,396,906	1,179,450	217,456
Mifflinburg	1,556,998	1,314,363	242,635
Selinsgrove	1,226,377	1,038,470	187,907
Shikellamy	1,241,803	1,052,549	189,254
<b>Totals</b>	<b>\$6,257,119</b>	<b>\$5,299,763</b>	<b>\$957,356</b>

Total contributions from participating school districts were over 77% of the secondary program's revenue for 2020-2021. In addition, \$170,538 was contributed by member districts to fund extended term financing.

## FINANCIAL STATEMENTS

The financial statements consist of three parts: Management Discussion and Analysis, the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of SUN Area Technical Institute. The first two statements are government-wide financial statements – the Statement of Net Assets and

the Statement of Activities. These provide both long-term and short-term information about the School's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School's operations in more detail than the government-wide statements. The governmental funds statements tell how general the School's services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities that the School operates like a business. For the School, this is our Food Service Fund, Student House Project and Program Production Accounts. Fiduciary fund statements provide information about financial relationships where the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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

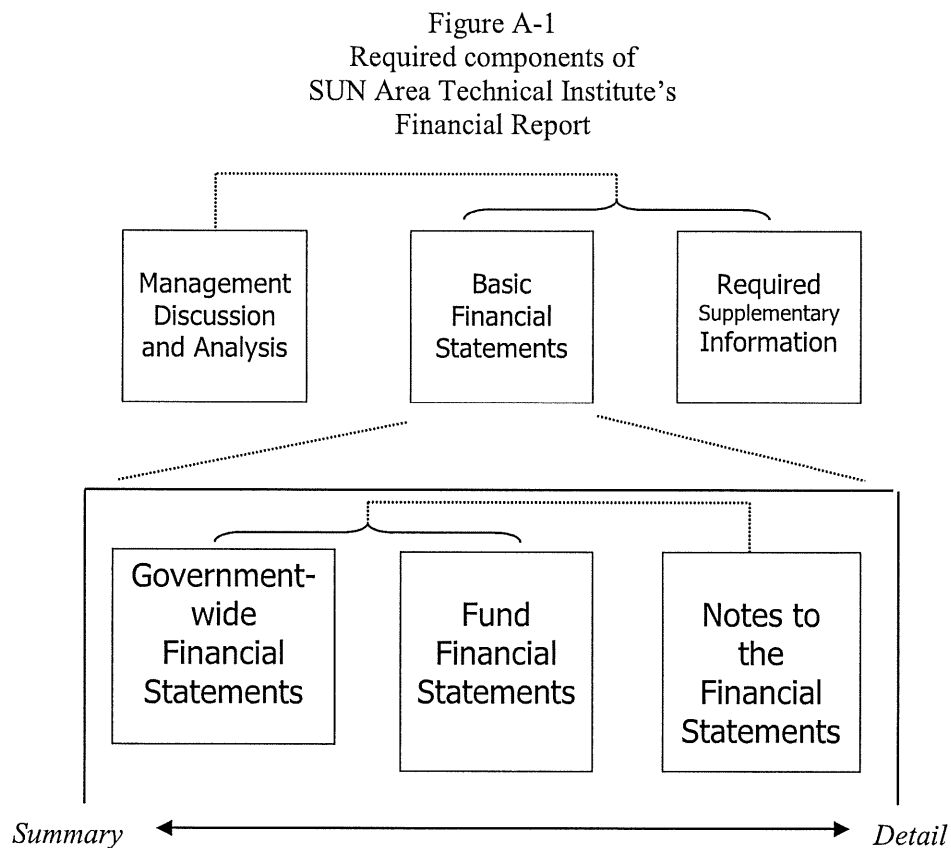


Figure A-2 summarizes the major features of the financial statements, including the portion of the Program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2  
Major Features of SUN Area Technical Institute's  
Government-wide and Fund Financial Statements  
Fund Statements

	Government- Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School (except fiduciary funds).	The activities of the School that are not proprietary or fiduciary, such as education, administration and community services.	Activities the School operates similar to private business – Food Services and Production.	Instances in which the School is the trustee or agent to someone else's resources – Scholarship Fund.
Required financial statements.	Statement of Net Assets Statement of Activities.	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance.	Statement of Net Assets Statement of Revenues, Expenses and Changes in Net Assets Statement of Cash Flows.	Statement of Net Assets Statement of Changes in Net Assets.
Accounting basis and measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information.	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.
Type of inflow-outflow information.	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

## OVERVIEW OF FINANCIAL STATEMENTS

### Government-Wide Statements

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

The two government-wide statements report the School's net assets and how they have changed. Net assets, the difference between the School's assets and liabilities, are one way to measure the School's financial health or position.

Over time, increases or decreases in the School's net assets are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School, you need to consider additional factors, such as changes in the member school district contributions and the projected enrollment of the students.

The government-wide financial statements of the School are divided into two categories:

- Governmental activities – All of the School's basic services are included here, such as instruction, administration and community services. Participating school district contributions, state and federal subsidies and grants finance most of these activities.
- Business type activities –The School operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

### Fund Financial Statements

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

- Governmental funds – Most of the School's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- Proprietary funds – These funds are used to account for the School's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School charges customers for services it provides – whether to outside customers or to other units in the School – these services are generally reported in proprietary funds. The Food

Service Fund, Student House Project and Program Production Accounts are the School's proprietary fund and are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows.

- Fiduciary funds – The School is the trustee, of fiduciary, for assets that belong to others, such as scholarship fund. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

The School's total net position was \$3,299,074 at June 30, 2021.

Table A-2  
Fiscal Year ended June 30, 2021  
Net Assets

	Governmental Activities	Business- type Activities	2021 Total
Current Assets	\$2,980,377	\$58,739	\$3,039,116
Non Current Assets	13,070,229	15,876	13,086,105
<b>Total Assets</b>	<b>\$16,050,606</b>	<b>\$74,615</b>	<b>\$16,125,221</b>
Deferred Outflows of Resources	\$2,015,994	0	\$2,015,994
Current Liabilities	\$1,763,702	\$991	\$1,764,693
Non Current Liabilities	12,699,067	0	12,699,067
<b>Total Liabilities</b>	<b>14,462,769</b>	<b>991</b>	<b>14,463,760</b>
Deferred Inflows of Resources	\$378,381	0	\$378,381
Invested in Capital Assets	12,512,701	15,876	12,528,577
Unrestricted, Designated & Undesignated	-9,287,251	57,748	-9,229,503
<b>Total Net Position</b>	<b>\$3,225,450</b>	<b>\$73,624</b>	<b>\$3,299,074</b>

Most of the School's net assets are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are a combination of designated amounts. The designated balances are amounts set-aside for Customized Training and Growth & Expansion exploration.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the

School's activities that are supported by other general revenues. The largest general revenue category is the contributions from the participating school districts.

Table A-3 takes the information from that Statement, rearranges it slightly, so you can see our total revenues for the year.

Table A-3  
Fiscal Year ended June 30, 2021  
Changes in Net Assets

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	2021 <u>Total</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 182,745	38,369	\$ 221,114
Operating Grants and Contributions	7,017,498	112,626	7,130,124
Capital Grants and Contributions	336,751	0	336,751
General Revenues	124,494	118	124,612
<b>Total Revenues</b>	<b>7,661,488</b>	<b>151,113</b>	<b>7,812,601</b>
<b>Expenses</b>			
Instruction	4,303,806	0	4,303,806
Instructional Student Support	964,288	0	964,288
Administration & Financial Support	646,821	0	646,821
Operation & Maintenance of Plant	752,576	0	752,576
Student Activities	89,986	0	89,986
Community Services	2,275	0	2,275
Facilities	473,192	0	473,192
Interest on Long-Term Debt	32,439	0	32,439
Unallocated Depreciation	92,138	0	92,138
Food Services	0	156,052	156,052
<b>Total Expenses</b>	<b>7,357,521</b>	<b>156,052</b>	<b>7,513,573</b>
<b>Increase (decrease) in Net Position</b>	<b>303,967</b>	<b>(4,939)</b>	<b>299,028</b>
<b>Net Position July 1, 2020</b>	<b>2,921,483</b>	<b>78,563</b>	<b>3,000,046</b>
<b>Net Position June 30, 2021</b>	<b>\$3,225,450</b>	<b>\$73,624</b>	<b>\$3,299,074</b>

#### Fund Balances

At June 30, 2021, the School's governmental funds reported a combined fund balance of \$1,362,908, which is an increase of \$161,975 from the June 30, 2020 amount of \$1,200,933.

#### General Fund Budget

During the fiscal year, the Joint Operating Committee (JOC) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School. A schedule showing the School's original and final budget amounts compared with amounts actually paid and received is provided.

The Budgetary Reserve includes amounts that may be transferred into expenditure accounts for planned expenditures, upon approval of the JOC. These amounts will only be appropriated into expenditure categories when the expenditure is necessary for the operation of the School.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### Capital Assets

At June 30, 2021 the School had \$13,070,229 in Governmental Funds and \$15,876 in Business Type invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net increase (including additions, deletions, and depreciation) of \$239,223 Governmental Activities and a net decrease of \$5,509 from Business Activities from June 30, 2020.

Table A-4  
Governmental Activities  
Capital Assets - Net of Depreciation

	<b>2021</b>
Land	\$ 132,918
Land Improvements	279,962
Buildings & Building Improvements	11,618,726
Furniture & Equipment	1,038,623
<b>Total Assets:</b>	<b>\$13,070,229</b>

### Construction in Progress

At June 30, 2021 a welding canopy was a construction in progress. At June 30, 2021 the value of the construction in progress was \$34,088 and was completed in August of 2021 with a final cost of \$77,743.

### Debt Administration

Leases – The School has entered into operating leases for building upgrades for energy savings.

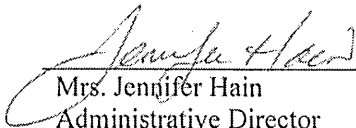
## **FACTORS BEARING ON SUN AREA TECHNICAL INSTITUTE FUTURE**

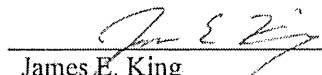
Factors that will affect the future finances of the SUN Area Technical Institute's upcoming Operating Budgets include vocational subsidies, employee health benefits and PSERS projected retirement rates along with collective bargaining agreements with the Educators' Association.

***CONTACTING THE SCHOOL FINANCIAL MANAGEMENT***

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the School's finances and to show the Joint Operating Committee's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office, SUN Area Technical Institute, 815 East Market Street, New Berlin, PA 17855.

Respectfully submitted,

  
\_\_\_\_\_  
Mrs. Jennifer Hain  
Administrative Director

  
\_\_\_\_\_  
James E. King  
Business Manager



**SUN AREA TECHNICAL INSTITUTE**

## Statement of Net Position

June 30, 2021

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 2,404,850	\$ 52,273	\$ 2,457,123
Investments	374,212	-	374,212
Due from Foundation	20,514	-	20,514
Due from Other Governmental Units	180,801	730	181,531
Inventories	-	5,736	5,736
Total Current Assets	2,980,377	58,739	3,039,116
<b>CAPITAL ASSETS</b>			
Land	132,918	-	132,918
Construction in Progress	34,088	-	34,088
Site Improvements	279,962	-	279,962
Building and Building Improvements	11,584,638	-	11,584,638
Furniture and Equipment	1,038,623	15,876	1,054,499
Total Capital Assets	13,070,229	15,876	13,086,105
<b>TOTAL ASSETS</b>	16,050,606	74,615	16,125,221
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to Pension Plan in Current Fiscal Year	901,382	-	901,382
Contributions to OPEB Plan in Current Fiscal Year	22,057	-	22,057
Pension Deferral	379,953	-	379,953
OPEB Deferral	712,602	-	712,602
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 2,015,994	\$ -	\$ 2,015,994

The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE**

Statement of Net Position - continued

June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Due to Member Districts	\$ 807,355	\$ -	\$ 807,355
Due to Other Governmental Units	257,073	-	257,073
Accounts Payable	90,510	-	90,510
Interest Payable	709	-	709
Accrued Salaries and Benefits	462,531	-	462,531
Customer Deposits	-	991	991
Lease Payable Within One Year	<u>145,524</u>	<u>-</u>	<u>145,524</u>
Total Current Liabilities	<u>1,763,702</u>	<u>991</u>	<u>1,764,693</u>
<b>LONG-TERM LIABILITIES</b>			
Due in More Than One Year:			
Extended Term Financing			
Agreements Payable	412,004	-	412,004
Proportionate Share of the Net			
Collective Pension Liability	9,158,000	-	9,158,000
Other Post-Employment Benefits Liability	<u>3,129,063</u>	<u>-</u>	<u>3,129,063</u>
Total Long-Term Liabilities	<u>12,699,067</u>	<u>-</u>	<u>12,699,067</u>
<b>TOTAL LIABILITIES</b>	<u>14,462,769</u>	<u>991</u>	<u>14,463,760</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferral	299,703	-	299,703
OPEB Deferral	<u>78,678</u>	<u>-</u>	<u>78,678</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>378,381</u>	<u>-</u>	<u>378,381</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	12,512,701	15,876	12,528,577
Unrestricted	<u>(9,287,251)</u>	<u>57,748</u>	<u>(9,229,503)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,225,450</u>	<u>\$ 73,624</u>	<u>\$ 3,299,074</u>

The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE**  
Statement of Activities  
June 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
Governmental Activities:							
Instruction	4,303,806	\$ 182,745	\$ 4,175,610	\$ 336,751	\$ 391,300	\$ -	\$ 391,300
Instructional Student Support	964,288	-	935,565	-	(28,723)	-	(28,723)
Administration and Financial Support Services	646,821	-	627,554	-	(19,267)	-	(19,267)
Operation and Maintenance of Plant Services	752,576	-	730,159	-	(22,417)	-	(22,417)
Student Activities	89,986	-	87,306	-	(2,680)	-	(2,680)
Community Services	2,275	-	2,207	-	(68)	-	(68)
Facilities	473,192	-	459,097	-	(14,095)	-	(14,095)
Interest on Long-Term Debt	32,439	-	-	-	(32,439)	-	(32,439)
Unallocated Depreciation Expense	92,138	-	-	-	(92,138)	-	(92,138)
Total Governmental Activities	7,357,521	182,745	7,017,498	336,751	179,473	-	179,473
Business-Type Activities:							
Food Service	156,052	38,369	112,626	-	-	(5,057)	(5,057)
Total Primary Government	\$ 7,513,573	\$ 221,114	\$ 7,130,124	\$ 336,751	179,473	(5,057)	174,416
<b>GENERAL REVENUES</b>							
Local Sources:							
Interest Income					2,614	118	2,732
Rental Income					5,560	-	5,560
Other Revenue					116,320	-	116,320
Total General Revenues and Transfers					124,494	118	124,612
<b>CHANGE IN NET POSITION</b>					303,967	(4,939)	299,028
<b>NET POSITION, July 1, 2020 as restated (See Note 13)</b>					2,921,483	78,563	3,000,046
<b>NET POSITION, June 30, 2021</b>					\$ 3,225,450	\$ 73,624	\$ 3,299,074

The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE****Balance Sheet - Governmental Funds**

June 30, 2021

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,100,308	\$ 182,415	\$ 122,127	\$ 2,404,850
Investments	374,212	-	-	374,212
Due from Foundation	20,514	-	-	20,514
Due from Other Governmental Units	180,801	-	-	180,801
<b>TOTAL ASSETS</b>	<u>\$ 2,675,835</u>	<u>\$ 182,415</u>	<u>\$ 122,127</u>	<u>\$ 2,980,377</u>
<b>LIABILITIES</b>				
Due to Member Districts	\$ 807,355	\$ -	\$ -	\$ 807,355
Due to Other Governmental Units	257,073	-	-	257,073
Accounts Payable	90,510	-	-	90,510
Accrued Salaries and Benefits	462,531	-	-	462,531
<b>TOTAL LIABILITIES</b>	<u>1,617,469</u>	<u>-</u>	<u>-</u>	<u>1,617,469</u>
<b>FUND BALANCES</b>				
Unassigned	743,020	-	-	743,020
Assigned:				
Encumbrances	81,385	-	-	81,385
Committed:				
Capital Projects	-	182,415	-	182,415
Customized Training	138,298	-	-	138,298
Growth and Expansion	5,304	-	-	5,304
Restricted	90,359	-	122,127	212,486
<b>TOTAL FUND BALANCES</b>	<u>1,058,366</u>	<u>182,415</u>	<u>122,127</u>	<u>1,362,908</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,675,835</u>	<u>\$ 182,415</u>	<u>\$ 122,127</u>	<u>\$ 2,980,377</u>

The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE**  
Reconciliation of the Governmental Funds Balance  
Sheet to the Statement of Net Position  
For the Year Ended June 30, 2021

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 1,362,908**

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 therefore are not reported as assets in governmental funds. At June 30, 2020 the costs of assets is \$25,250,512 and the accumulated depreciation is \$12,180,283.	13,070,229
Extended term financing and accrued interest on capital lease.	(558,237)
Contributions to the pension plan in the current fiscal year and pension deferred outflow of resources are on the statement of net position but are not reported in the governmental funds.	1,281,335
Contributions to the OPEB Plan in the current fiscal year and OPEB deferred outflow of resources are on the statement of net position but are not reported in the governmental funds	734,659
Proportionate share of net pension liability.	(9,158,000)
Net OPEB Liability.	(3,129,063)
Pension deferred inflows of resources are on the statement of net position but are not reported in the governmental funds.	(299,703)
OPEB deferred inflows of resources are on the statement of net position but are not reported in the governmental funds.	<u>(78,678)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 3,225,450</u></u></b>

The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balance - Governmental Funds**  
**For the Year Ended June 30, 2021**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Local Sources				
Member School Districts	\$ 5,797,761	\$ -	\$ -	\$ 5,797,761
Adult Education Tuition	2,386	-	-	2,386
Interest Income	2,614	-	-	2,614
Rental Income	5,560	-	-	5,560
Other Revenues	34,431	20	81,869	116,320
<b>Total Local Sources</b>	<u>5,842,752</u>	<u>20</u>	<u>81,869</u>	<u>5,924,641</u>
State Sources	1,400,096	-	-	1,400,096
Federal Sources	336,751	-	-	336,751
<b>TOTAL REVENUES</b>	<u>7,579,599</u>	<u>20</u>	<u>81,869</u>	<u>7,661,488</u>
<b>EXPENDITURES</b>				
Instruction	4,008,920	-	-	4,008,920
Support Services	2,409,529	-	-	2,409,529
Noninstructional Services	9,791	-	82,469	92,260
Facilities Acquisition, Construction and Improvements Services	817,359	768	-	818,127
Debt Service Payments (Principal and Interest)	170,539	-	-	170,539
<b>TOTAL EXPENDITURES</b>	<u>7,416,138</u>	<u>768</u>	<u>82,469</u>	<u>7,499,375</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>163,461</u>	<u>(748)</u>	<u>(600)</u>	<u>162,113</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	(138)	-	-	(138)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(138)</u>	<u>-</u>	<u>-</u>	<u>(138)</u>
<b>NET CHANGE IN FUND BALANCES</b>	163,323	(748)	(600)	161,975
<b>FUND BALANCE, July 1, 2020 as restated (see Note 13)</b>	895,043	183,163	122,727	1,200,933
<b>FUND BALANCE, June 30, 2021</b>	<u>\$ 1,058,366</u>	<u>\$ 182,415</u>	<u>\$ 122,127</u>	<u>\$ 1,362,908</u>

The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE**  
Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the  
Statement of Activities  
For the Year Ended June 30, 2021

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 161,975</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	1,080,004	
Depreciation expense	(833,848)	
Loss on disposal	<u>(6,933)</u>	
		239,223

Net extended term financing and interest on capital lease.	138,100
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Change in the proportionate share of collective net pension liability does not require the use of, or provide, current financial resources and is not reported in the governmental funds.	(129,656)
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Change in the net OPEB liability does not require the use of, or provide, current financial resources and is not reported in the governmental funds.	(105,675)
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 303,967</u></b>
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The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE**  
Statement of Revenues, Expenditures and Changes in  
Fund Balance, Budget and Actual – General Fund  
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Local Revenues	\$ 6,322,819	\$ 6,335,900	\$ 5,842,752	\$ (493,148)
State Program Revenues	1,050,700	1,156,694	1,400,096	243,402
Federal Program Revenues	148,000	318,233	336,751	18,518
Total Revenues	<u>7,521,519</u>	<u>7,810,827</u>	<u>7,579,599</u>	<u>(231,228)</u>
<b>EXPENDITURES</b>				
Regular Programs	124,418	124,418	109,587	14,831
Special Programs	622,235	622,152	548,217	73,935
Vocational Programs	3,437,645	3,613,225	3,322,251	290,974
Other Instructional Programs	12,000	12,000	351	11,649
Adult Education Programs	54,699	54,699	28,514	26,185
Pupil Personnel Services	134,100	134,199	130,544	3,655
Instructional Staff Services	663,300	760,726	789,529	(28,803)
Administrative Services	570,372	560,987	480,623	80,364
Pupil Health Services	84,488	90,778	90,059	719
Business Services	139,047	138,947	135,382	3,565
Operation and Maintenance of Plant Services	819,160	848,173	752,576	95,597
Central and Other Support Services	40,500	40,500	30,816	9,684
Student Activities	17,855	17,855	7,516	10,339
Community Services	2,200	2,275	2,275	-
Facilities Acquisition and Construction	767,000	781,824	817,359	(35,535)
Debt Service Payments (Principal and Interest)	-	-	170,539	(170,539)
Total Expenditures	<u>7,489,019</u>	<u>7,802,758</u>	<u>7,416,138</u>	<u>386,620</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>32,500</u>	<u>8,069</u>	<u>163,461</u>	<u>155,392</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Budgetary Reserve	(30,000)	(5,569)	-	5,569
Fund Transfers	(2,500)	(2,500)	(138)	2,362
Total Other Financing Sources (Uses)	<u>(32,500)</u>	<u>(8,069)</u>	<u>(138)</u>	<u>7,931</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	163,323	163,323
<b>FUND BALANCE, Beginning</b>	<u>895,043</u>	<u>895,043</u>	<u>895,043</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 895,043</u>	<u>\$ 895,043</u>	<u>\$ 1,058,366</u>	<u>\$ 163,323</u>

The accompanying notes are an integral part of the financial statements.



**SUN AREA TECHNICAL INSTITUTE**

Statement of Net Position –

Proprietary Fund

June 30, 2021

	<u>Food Service</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 52,273
Accounts Receivable	730
Inventories	<u>5,736</u>
Total Current Assets	<u>58,739</u>
<b>NONCURRENT ASSETS</b>	
Machinery and Equipment, Net	<u>15,876</u>
Total Noncurrent Assets	<u>15,876</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 74,615</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Customer Deposits	<u>\$ 991</u>
Total Current Liabilites	<u>991</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	15,876
Unrestricted	<u>57,748</u>
<b>TOTAL NET POSITION</b>	<u>73,624</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 74,615</u></u>

The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE**  
Statement of Revenues, Expenses and Changes in  
Fund Net Position - Proprietary Fund  
June 30, 2021

	<u>Food Service</u>
<b>OPERATING REVENUES</b>	
Food Service Revenues	<u>\$ 38,369</u>
Total Operating Revenues	<u>38,369</u>
<b>OPERATING EXPENSES</b>	
Salaries	35,254
Employee Benefits	14,789
Purchased Professional and Technical Service	6,500
Purchased Property Services	2,332
Supplies	90,595
Dues and Fees	1,073
Depreciation	<u>5,509</u>
Total Operating Expenses	<u>156,052</u>
Operating Loss	<u>(117,683)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Earnings on Investments	118
State Sources	11,073
Federal Sources	<u>101,553</u>
Total Non-Operating Revenues (Expenses)	<u>112,744</u>
<b>CHANGE IN NET POSITION</b>	<u>(4,939)</u>
<b>TOTAL NET POSITION, July 1, 2020</b>	<u>78,563</u>
<b>TOTAL NET POSITION, June 30, 2021</b>	<u><u>\$ 73,624</u></u>

The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE**  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2021

	<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Users	\$ 38,603
Cash Payments to Employees for Services	(50,043)
Cash Payments to Supplier for Goods and Services	<u>(88,752)</u>
Net Cash Used for Operating Activities	<u>(100,192)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State Sources	11,073
Federal Sources	<u>91,404</u>
Net Cash Provided by Non-Capital Financing Activities	<u>102,477</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on Investments	<u>118</u>
Net Cash Provided by Investing Activities	<u>118</u>
<b>NET INCREASE IN CASH</b>	2,403
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>49,870</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u><u>\$ 52,273</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES</b>	
Operating Loss	<u>\$ (117,683)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation and Amortization	5,509
Donated Commodities	10,149
(Increase) Decrease in Accounts Receivable	234
(Increase) Decrease in Inventories	1,315
Increase (Decrease) in Current Liabilities	<u>284</u>
Total Adjustments	<u>17,491</u>
Net Cash Used for Operating Activities	<u><u>\$ (100,192)</u></u>

The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE**  
Statement of Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended June 30, 2021

	<u>Private Purpose Trust</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 3,517</u>
Total Assets	<u><u>\$ 3,517</u></u>
<b>LIABILITIES</b>	
Due to Other Funds	<u>\$ -</u>
Total Liabilities	<u>-</u>
<b>NET POSITION</b>	
Restricted for Student Activities	-
Net Position Held in Trust for Scholarships	<u>3,517</u>
Total Net Position	<u><u>\$ 3,517</u></u>

The accompanying notes are an integral part of the financial statements.

**SUN AREA TECHNICAL INSTITUTE**  
**Statement of Changes in Fiduciary Net Position -**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2021**

	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Contributions	\$ 2,000
Earnings on Investments	1
<b>DEDUCTIONS</b>	
Scholarships Awarded	<u>(250)</u>
<b>CHANGE IN NET POSITION</b>	1,751
<b>TOTAL NET POSITION, July 1, 2020</b>	<u>1,766</u>
<b>TOTAL NET POSITION, June 30, 2021</b>	<u><u>\$ 3,517</u></u>

The accompanying notes are an integral part of the financial statements.

## **SUN AREA TECHNICAL INSTITUTE**

### **Notes to Financial Statements**

**June 30, 2021**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

SUN Area Technical Institute is governed by a joint operating committee composed of members from each of the five member school districts. SUN Area Technical Institute provides vocational and technical education for students of those districts. Each member school district pays tuition to SUN Area Technical Institute based upon their enrollment percentage. At the end of each fiscal year, actual instructional expenditures are divided among the member school districts based upon the average of the three prior years' enrollment percentages. The fixed expenses are allocated equally among the districts. The excess of tuition paid over allocable expenditures is refundable by SUN Area Technical Institute to the member school district. If allocable expenditures exceed the tuition paid by any member school district, the school district will pay the additional amount due to SUN Area Technical Institute. The financial statements of SUN Area Technical Institute has been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the authoritative standard - setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

##### **Reporting Entity**

In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the school's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the school's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of SUN Area Technical Institute. The school is not a component unit of another reporting entity, nor does it have any component units.

SUN Area Technical Institute is not required to include the member school districts as part of its general purpose financial statements. The significant factors for exclusion are:

SUN Area Technical Institute is separately chartered from the school districts it serves, the joint operating committee controls the employment of personnel, the joint operating committee has the power to approve all operating expenditures of the technical school, and the technical school is maintained as a separate operating unit.

In this situation, the preceding factors are conclusive in contrast with the following factors indicating inclusion: The member school districts approve the budget of the technical school.

##### **Fund Accounting**

The accounts of SUN Area Technical Institute are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses/expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

#### Basis of Presentation

Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the school. As a general rule the effect of inter-fund activity has been eliminated from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately in the government-wide financial statements from business-type activities, which rely, to a significant extent on fees and charges for support.

The statements of activities present a comparison between direct expenses and program revenues for business-type activities and for each function of the school's governmental activities. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among programs revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the school. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the school enterprise fund are food service charges. Operating expenses for the school enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

The School reports the following governmental funds:

The general fund is the school's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The capital projects fund is used to account for financial resources used for the acquisition and construction of facilities.

The student activity funds account for assets held by the School for various student activities. The School has the ability to direct how the funds are applied towards their intended purposes established.

The school operates one enterprise fund, the food service fund. This fund accounts for the activities of the school's food service program.

## SUN AREA TECHNICAL INSTITUTE

### Notes to Financial Statements

June 30, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

##### Basis of Presentation - continued

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

**Nonspendable** – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – Amounts that can be spent only for specific purposes.

**Committed** – Amounts that can be used only for specific purposes determined by formal action by the joint operating committee. The amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraint.

**Assigned** – Amounts that are intended for a particular purpose. Intent can be expressed by the joint operating committee.

**Unassigned** – All amounts not included in other spendable classifications.

The school accounts for assets held by the school in a trustee capacity in a private-purpose trust fund.

This fund accounts for activities in the various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as prescribed by donor stipulations.

##### Basis of Accounting

Governmental fund financial statements are reported using current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both available and measurable, while expenditures are recognized in the accounting period in which the fund liability is incurred. The fund also utilizes encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies is recorded as a reserve of current year funds. Inventories are stated at cost or value on date of donation.

##### Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statements include all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.



## SUN AREA TECHNICAL INSTITUTE

### Notes to Financial Statements

June 30, 2021

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

##### Budget and Budgetary Accounting

The School Charter establishes the fiscal year as the twelve month period beginning July 1. The departments submit to the Business Manager a budget of estimated expenditures for the ensuing fiscal year after which the Business Manager subsequently submits a budget of estimated expenditures and revenues to the Joint Operating Committee.

Prior to July 1, the budget is submitted to the member school districts for approval. The Business Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Joint Operating Committee. Budgeted amounts are as originally adopted or as amended by the Joint Operating Committee.

##### Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the Governmental Fund Types. For budgetary purposes appropriations lapse at fiscal year end except for that portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

##### Inventories

A physical inventory of the Cafeteria Fund food and supplies was taken as of June 30, 2021. The inventory consisted of governmental donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method.

##### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the school as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	40
Building Improvements	20
Land Improvements	20
Furniture & Equipment	5-10
Textbooks	5

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis in compliance with the above guidelines.

#### Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The school has two items that qualify for reporting in these categories: deferred outflow/inflows relating to pensions and deferred outflows/inflows relating to other post employment benefits (OPEB). These are discussed in Note 8 and 9.

#### Interfund Balances

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables, to the extent they exist, are classified as amounts Due To/From other funds as presented in the statement of net position.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **SUN AREA TECHNICAL INSTITUTE**

### **Notes to Financial Statements**

**June 30, 2021**

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

##### **Cash, Cash Equivalents and Investments**

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

All investments are stated at cost including accrued interest which approximates fair value.

##### **Other Post-Employment Benefits**

Other Post-Employment Benefits (OPEB) consists of health care plans provided by the School through a single employer defined benefit plan which funds fixed amounts toward the purchase of health insurance for qualified retirees. OPEB also includes benefits provided through the Public School Employees' Retirement System (PSERS) Health Insurance Premium Assistance Program. The Health Insurance Premium Assistance Program is a governmental cost sharing multiple-employer OPEB plan for eligible retirees who qualify and elect to participate.

##### **Operating and Nonoperating Revenue**

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating in the financial statements.

#### **NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

##### **Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Capital related differences include (1) gross proceeds reflected as revenue on the government fund statements as opposed to gain on the sale of a fixed asset reflected in the statement of activities (2) non-facility related fixed asset purchases are recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and capitalization and recording of depreciation expense in the statement of activities.

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 3 - CASH AND INVESTMENTS

At June 30, 2021, the deposits of the school are collateralized as prescribed by Act 72 of the Commonwealth of Pennsylvania.

1. Insured or collateralized with securities held by the School or by its agent in the School's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the School's name.
3. Uncollateralized.

Balances held in each category at June 30, 2021, are as follows:

	Carrying Amount	Bank Balance	Credit Risk
Insured (FDIC)	\$ 606,415	\$ 662,324	1
Uninsured and collateral held by pledging financial institution, or agent not in the Institutes name	1,850,708	1,924,220	3
	<u>\$ 2,457,123</u>	<u>\$ 2,586,544</u>	

### **Risk Categories - Investments**

All investments are stated at cost, which approximates fair value. There are three categories of credit risk that may apply to the School's investments.

1. Insured or registered, or securities held by the School or its agent in the School's name.
2. Uninsured or unregistered, with securities held by the counter party's trust department or agent in the School's name.
3. Uninsured and unregistered, with securities held by the counter party, or by the counter party's trust department or agent, but not in the School's name.

The School's investments consist of certificates of deposit and the amounts held in each investment category at June 30, 2019, are as follows

	Carrying Amount	Bank Balance	Credit Risk
Insured (FDIC)	\$ 367,140	\$ 367,140	1
Uninsured and collateral held by pledging financial institution, or agent not in the Institutes name	7,072	7,072	3
	<u>\$ 374,212</u>	<u>\$ 374,212</u>	

<u>CERTIFICATES OF DEPOSIT</u>	Amount	Interest Rate	Maturity Date
General Fund	\$ 111,836	0.0500%	05/31/2022
House Projects	257,072	0.1499%	05/19/2022
Growth & Expansions	5,304	0.2498%	10/07/2021
	<u>\$ 374,212</u>		

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 4 - CHANGES IN CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, not Being Depreciated:				
Land	\$ 132,918	\$ -	\$ -	\$ 132,918
Construction in Progress	-	34,088	-	34,088
Total Capital Assets not Being Depreciated	132,918	34,088	-	167,006
Capital Assets Being Depreciated:				
Land Improvements	541,147	-	-	541,147
Buildings and Building Improvements	16,821,168	766,275	(167,452)	17,419,991
Furniture and Equipment	6,966,338	279,641	(135,712)	7,110,267
Textbooks	12,100	-	-	12,100
Total Assets Being Depreciated	24,340,753	1,045,916	(303,164)	25,083,505
Less: Accumulated Depreciation:				
Land Improvements	238,202	22,983	-	261,185
Buildings and Building Improvements	5,592,628	410,177	(167,452)	5,835,353
Furniture and Equipment	5,799,735	400,687	(128,778)	6,071,644
Textbooks	12,100	-	-	12,100
Total Accumulated Depreciation	11,642,665	833,847	(296,230)	12,180,282
Total Capital Assets Being Depreciated, Net	12,698,088	212,069	(6,934)	12,903,223
Governmental Activities Capital Assets, Net	<u>\$ 12,831,006</u>	<u>\$ 246,157</u>	<u>\$ (6,934)</u>	<u>\$ 13,070,229</u>
<u>Business-Type Activities</u>				
Capital Assets Being Depreciated:				
Equipment	\$ 100,085	\$ -	\$ (4,080)	\$ 96,005
Total Capital Assets, Being Depreciated	100,085	-	(4,080)	96,005
Less: Accumulated Depreciation:				
Equipment	78,700	5,509	(4,080)	80,129
Total Accumulated Depreciation	78,700	5,509	(4,080)	80,129
Total Capital Assets Being Depreciated	21,385	(5,509)	-	15,876
Business-Type Activities Capital Assets, Net	<u>\$ 21,385</u>	<u>\$ (5,509)</u>	<u>\$ -</u>	<u>\$ 15,876</u>

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 4 - CHANGES IN CAPITAL ASSETS - continued

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Government Activities</u>	
Instruction	\$ 271,446
Support Services	21,771
Operation and Maintenance of Plant	448,494
Unallocated Depreciation Expense	92,137
Total Depreciation Expense -Governmental Activities	<u>\$ 833,848</u>
 <u>Business-Type Activities</u>	
Cafeteria	<u>\$ 5,509</u>
 Total Depreciation Expense - Business-Type Activities	 <u>\$ 5,509</u>

### NOTE 5 - REFUNDS TO MEMBER SCHOOL DISTRICTS

The excess of the revenues received over expenditures and encumbrances of the School is returned to the member districts in the form of a credit against future payments. The refund due member districts for year end June 30, 2021 was \$807,355.

### NOTE 6 - COMMITTED FUND BALANCES

SUN Area Technical Institute offers training to the employees of various local industries for a fee. The member school districts have agreed the profits from this activity may remain with SUN Area Technical Institute. The accumulated profits attributable to these programs are transferred to the general fund, and are available for use by the school for purchase of major equipment and continuation of the customized training program. The activity of this fund may be summarized as follows for the year ended June 30, 2021:

Balance, Beginning	\$ 138,298
Profits Designated from Customized Training Activities	<u>-</u>
Balance, Ending	<u>\$ 138,298</u>

SUN Area Technical Institute established a fund for investigation of future growth and expansion of new programs. The member school districts will share in the costs of this endeavor. These funds and the interest earned by investing these funds, have been segregated by the school and will be used only for costs incurred in this research. Any unused funds will be returned to the member school districts. The activity of this fund may be summarized as follows for the year ended June 30, 2021:

Balance, Beginning	\$ 5,283
Interest Earned	<u>21</u>
Balance, Ending	<u>\$ 5,304</u>

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 6 - COMMITTED FUND BALANCES - continued

SUN Area Technical Institute established a fund to account for financial resources used for the acquisition, construction and renovation of a facility to be used for student programs. The activity of this fund may be summarized as follows for the year ended June 30, 2021:

Balance, Beginning	\$ 183,163
General Fund Credit Transfer	-
Other Income (Expenses)	20
Capital Project Expenditures	<u>(768)</u>
Balance, Ending	<u>\$ 182,415</u>

### NOTE 7 – EXTENDED TERM FINANCING AGREEMENTS

The school entered into a capital lease in 2010 with M&T Bank in the amount of \$1,786,515. The purpose was to finance upgrades to equipment throughout the building. It bears an interest rate of 5.09% and matures in January, 2025. The balance outstanding as of June 30, 2021 was \$557,528.

During the fiscal year ended June 30, 2021, long-term debt changed as follows:

Balance, Beginning	\$ 695,845
Principal Repayments and Retirements	<u>(138,317)</u>
Balance, Ending	<u>\$ 557,528</u>

The future annual payments required to amortize all outstanding debt as of June 30, 2021, including total interest payments is as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2022	\$ 25,014	\$ 145,524	\$ 170,538
2023	17,432	153,106	170,538
2024	9,454	161,084	170,538
2025	<u>1,670</u>	<u>97,814</u>	<u>99,484</u>
Total	<u>\$ 53,570</u>	<u>\$ 557,528</u>	<u>\$ 611,098</u>

## SUN AREA TECHNICAL INSTITUTE

### Notes to Financial Statements

June 30, 2021

#### NOTE 8 – PENSION PLAN

##### **General Information About the Plan**

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

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

##### Benefits Provided

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

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 a 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.



**SUN AREA TECHNICAL INSTITUTE**  
Notes to Financial Statements  
June 30, 2021

**NOTE 8 - PENSION PLAN – continued**

**Contributions Rates**

**Member Contributions:**

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

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

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

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

**Employer Contributions:**

The School's contractually required contribution rate for fiscal year ended June 30, 2021 was 34.51% of covered payroll which includes 0.18% for the Act 5 defined contribution plan members, 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. For the year ended June 30, 2021, contributions to the pension plan from the School were \$906,224 of which \$901,382 was towards the defined benefit plan and \$4,842 towards the defined contribution plan. For the year ended June 30, 2021 employees contributed \$3,113 to the defined contribution plan.

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

At June 30, 2021, the School reported a liability of \$9,158,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The School'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, 2021, the School's proportion was .0186%, which was an increase of .0002% from its proportion measured as of June 30, 2020.

**SUN AREA TECHNICAL INSTITUTE**

## Notes to Financial Statements

June 30, 2021

**NOTE 8 - PENSION PLAN** - continued

For the year ended June 30, 2021, the School recognized pension expense of \$1,031,038. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 18,000	\$ 164,250
Net difference Between Projected and Actual		
Investment Earnings	301,500	-
Changes in Proportion	60,453	135,453
Contributions Subsequent to the Measurement Date	901,382	-
Total	<u>\$ 1,281,335</u>	<u>\$ 299,703</u>

\$901,382 reported as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Total
2021	\$ (113,000)
2022	(42,000)
2023	143,000
2024	<u>120,000</u>
Total	<u>\$ 108,000</u>

**Actuarial Assumptions**

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

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 8 - PENSION PLAN - continued

#### **Actuarial Assumptions** - continued

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	15.0%	5.2%
Private e\Equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute Return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real Estate	10.0%	5.5%
Risk Parity	8.0%	3.3%
Cash	6.0%	(0.1%)
Financing (LIBOR)	(14.0%)	(0.7%)
Total	<u>100%</u>	

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

## SUN AREA TECHNICAL INSTITUTE

### Notes to Financial Statements

June 30, 2021

#### NOTE 8 - PENSION PLAN - continued

##### Discount Rate

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

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
School's Proportionate Share of the Net Pension Liability	\$ 11,331,000	\$ 9,158,000	\$ 7,318,000

##### Pension Plan Fiduciary Net Position

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

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

##### SINGLE EMPLOYER DEFINED BENEFIT PLAN

##### Summary of Significant Accounting Policies

For purposes of measuring the School's 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 OPEB Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## SUN AREA TECHNICAL INSTITUTE

### Notes to Financial Statements

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS - continued

##### General Information about the OPEB Plan

*Plan Description:* SUN Area Technical Institute provides access to retiree medical, vision, and dental care benefits, including prescription drug coverage, to eligible retired employees and qualified spouses and their dependents. This is a single employer defined benefit plan administered by SUN Area Technical Institute. The plan does not issue a separate stand-alone financial statement.

##### General Information about the OPEB Plan - continued

*Plan Membership:* Plan member consisted of the following at July 1, 2020:

Active Participants	46
Vested Former Participants	0
Retired Participants	7

*Benefits Provided:* The Plan provides medical, prescription drug, dental and visions benefits for retirees and their dependents.

For those retired prior to 07/1/2015: the member and spouse may continue coverage at the School's expense until the member reaches Medicare age. If the member does not reach age 57 with 15 years of service with SUN Area Technical Institute, the member and spouse are eligible for the ACT 110/43 benefit, the member and spouse may continue group coverage by paying the full premiums. Dependents are included.

For those retired on or after 07/1/2015: the member and spouse may continue coverage by paying the active premium sharing percentage in effect at retirement until the member reaches Medicare age. If the member does not reach age 57 with 15 years of service with SUN Area Technical Institute, but the member and spouse are eligible for the ACT 110/43 benefit, the member and spouse may continue group coverage by paying the full premiums. Dependents are included.

**ACT 110/43 Eligibility:** All employees are eligible for this benefit upon retirement with 30 years of service or upon superannuation retirement.

**ACT 110/43 Coverage & Premium Sharing:** Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS - continued

#### PSERS Superannuation Retirement

- 1) For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age.
- 2) For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.

Coordination with Medicare. The School pays primary. Medicare pays secondary.

*Contributions:* The OPEB Expense and Net OPEB Liability figures that are provided in the valuation are based on estimated contributions. Because the plan is unfunded, the estimated contributions are simply equal to the estimated benefit payments which are \$184,139. Employees are not required to contribute to the OPEB plan.

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

At June 30, 2021, the School reported a liability of \$3,129,063 for its net OPEB liability. Of that, \$2,727,063 relates to the Single Employer OPEB plan. The net OPEB liability was measured as of July 1, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

For the year ended June 30, 2021, the School recognized OPEB expense of \$317,583. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 136,863	\$ 24,970
Changes of Assumptions	344,757	37,840
School Contributions Subsequent to the Measurement Date	211,364	-
Total	<u>\$ 692,984</u>	<u>\$ 62,810</u>

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS - continued

Of the total amount reported as deferred outflows of resources related to OPEB, \$184,139 resulting from School contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the School's OPEB expense as follows:

#### Year ended June 30:

2022	\$ 70,084
2023	\$ 70,084
2024	\$ 70,084
2025	\$ 70,078
2026	\$ 38,919
Thereafter	\$ 99,561

### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020.

*Discount Rate:* 1.86% - Based on S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2020.

*Salary:* An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.

*Withdrawal:* Rates of withdrawal vary by age, gender, and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9% for both men and women and decrease with age and service.

<u>Age</u>	<u>Male</u> <u>Rate</u>	<u>Female</u> <u>Rate</u>	<u>Age</u>	<u>Male</u> <u>Rate</u>	<u>Female</u> <u>Rate</u>
25	2.5700%	5.0200%	45	1.3700%	1.6500%
30	2.5700%	4.0200%	50	1.9200%	2.0600%
35	1.5000%	2.8500%	55	3.3800%	3.1100%
40	1.3400%	1.6000%	60	5.5700%	6.4000%

*Mortality:* Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.

**SUN AREA TECHNICAL INSTITUTE**

Notes to Financial Statements

June 30, 2021

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS - continued**

Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

*Disability:* No disability was assumed.

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

	<u>Age 55 &amp; 25 Years of Service</u>		<u>Superannuation</u>	
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	19%	19%	27%	10%
56	17%	17%	32%	30%
57	17%	17%	32%	30%
58	17%	17%	32%	35%
59	22%	21%	31%	36%
60	14%	17%	31%	36%
61	29%	30%	29%	31%
62	51%	61%	51%	61%
63	26%	26%	26%	26%
64	21%	22%	21%	22%
65	100%	100%	100%	100%

**Actuarial Assumptions - continued**

When a participant is between ages 57 and 59 with 25 to 34 years of service, a factor of 1.75 is applied to all retirement rates.

*Percent of Eligible Retirees Electing Coverage in Plan:* 100% of employees are assumed to elect coverage.

*Percent Married at Retirement:* 75% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

*Spouse Age:* Wives are assumed to be two years younger than their husbands.

*Per Capita Claims Cost:* Making use of weighted averages for various plan designs, 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.



**SUN AREA TECHNICAL INSTITUTE**

Notes to Financial Statements

June 30, 2021

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS** – continued

The resulting costs are as follows:

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Males</u>	<u>Females</u>
45-49	\$ 7,946	\$ 11,476
50-54	\$ 10,523	\$ 12,969
55-59	\$ 12,817	\$ 13,571
60-64	\$ 16,726	\$ 15,590
65+	\$ 21,417	\$ 19,956

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

*Health Care Cost Trend Rate:* 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

*Actuarial Value of Assets:* Equal to the Market Value of Assets.

*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.

**Actuarial Assumptions** - continued

Participant Data: Based on census information as of July 2019.

Discount Rate: The discount rate used to measure the total OPEB liability was 1.86%. The discount rate changed from 3.36% to 1.86%. The trend assumption was updated.

Sensitivity of the School's Net OPEB Liability to Changes in the Discount Rate: The following presents the OPEB liability of the plan, as well as what the plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.86% percent) or 1-percentage-point higher (2.86% percent) than the current discount rate:

	1% Decrease 0.86%	Discount Rate 1.86%	1% Increase 2.86%
School's Net OPEB Liability	\$ 2,869,611	\$ 2,727,063	\$ 2,589,644

## SUN AREA TECHNICAL INSTITUTE

### Notes to Financial Statements

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS – continued

Sensitivity of the School's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
School's Net OPEB Liability	\$ 2,475,179	\$ 2,727,063	\$ 3,017,079

#### COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN

##### General Information about the Cost Sharing Health Insurance Premium Assistance Program

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

##### Premium Assistance Eligibility Criteria

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

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

##### Plan Description

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

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS – continued

#### Benefits Provided

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

#### Employer Contributions:

The School's contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance unfunded accrued liability. Contribution to the OPEB plan for the School were \$22,057 for the year ended June 30, 2021.

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

At June 30, 2021, the School reported a liability of \$3,129,063 for its net OPEB liability. Of that, \$402,000 relates to the Cost Sharing OPEB plan. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The School'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, 2021, the School's proportion was .0186% which was an increase of .0002% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School recognized OPEB expense of \$21,508. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,000	\$ -
Changes of Assumptions	12,000	6,750
Net difference Between Projected and Actual		
Investment Earnings	750	-
Changes in Proportion	3,868	9,118
Contributions Subsequent to the Measurement Date	22,057	-
Total	<u>\$ 41,675</u>	<u>\$ 15,868</u>

# SUN AREA TECHNICAL INSTITUTE

## Notes to Financial Statements

June 30, 2021

### NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS – continued

\$22,057 reported as deferred outflows of resources related to OPEB resulting from School contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB will be recognize din OPEB expense as follows:

Year ended June 30:	
2022	\$ (1,000)
2023	\$ (1,000)
2024	\$ 3,000
2025	\$ 1,000
2026	\$ 2,000
Thereafter	\$ 4,000

### Actuarial Assumptions

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

Actuarial cost method – Entry Age Normal – level % of pay.

Investment return – 2.79% - S&P 20 Year Municipal Bond Rate

Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Premium Assistance reimbursement is capped at \$1,200 per year.

Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

Mortality rates were based on the RP-2014 Mortality Tales for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Participation rate:

Eligible retirees will elect to participate Pre age 65 at 50%

Eligible retirees will elect to participate Post age 65 at 70%

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

**SUN AREA TECHNICAL INSTITUTE**

Notes to Financial Statements

June 30, 2021

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS** – continued

The following assumptions were used to determine the contribution rate:

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

Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.

Asset valuation method: Market Value

Participation rate: 63% of eligible retirees are assumed to elect premium assistance.

Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

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

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

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

## SUN AREA TECHNICAL INSTITUTE

### Notes to Financial Statements

June 30, 2021

#### NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS -- continued

##### Discount rate

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

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2020, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
<u>\$ 402,000</u>	<u>Rate</u>	
\$ 402,000	\$ 402,000	\$ 402,000

##### Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66%) or 1 percentage point higher (3.66%) than the current rate

<u>Decrease</u>	<u>Current Trend</u>	<u>Increase</u>
<u>1.66%</u>	<u>2.66%</u>	<u>3.66%</u>
\$ 458,000	\$ 402,000	\$ 355,000

## **SUN AREA TECHNICAL INSTITUTE**

### **Notes to Financial Statements**

**June 30, 2021**

#### **NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS – continued**

##### **OPEB plan fiduciary net position**

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

#### **NOTE 10 - RISK MANAGEMENT**

SUN Area Technical Institute is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the school carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

#### **NOTE 11 - COMMITMENTS AND CONTINGENCIES**

##### **Grant Programs**

The school participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

At June 30, 2021 the School was under contract with R.H. Marcon, Inc. and Weatherproofing Technologies, Inc. for phase 4 of the roof project. The proposal for this work is \$536,706.

At June 30, 2021 the School was under contract with Zartman Construction in the amount of \$77,743 for a welding canopy. At June 30, 2021 \$34,088 was construction in progress.

#### **NOTE 12 - SUBSEQUENT EVENT**

In July of 2021 the School purchased a lathe for \$24,486.

In July of 2021 the School did a paving project totaling \$29,454

Phase 4 of the roof project was completed in August of 2021. The project totaling \$536,706 was paid in full at that time.

Zartman Construction completed the welding canopy in August of 2021 and the balance was paid in September of 2021. The total of this project was \$77,743.

In October 2021 the board approved a bid for a Clausing Variable Speed Lathe in the amount of \$26,974

In October 2021 the board approved a bid in the amount of \$53,590 for a Culinary Arts Buffet.

In October 2021 the School purchased a fire arms simulator for the Criminal Justice program for \$31,345.

**SUN AREA TECHNICAL INSTITUTE**

**Notes to Financial Statements**

**June 30, 2021**

**NOTE 14 – RESTATEMENT OF NET POSITION/FUND BALANCE**

The following restatement was necessary to reflect the adoption of the provisions of GASB Statement No 84, “Fiduciary Activities” in which the District changed its classification and presentation of custodial funds in its governmental and fiduciary fund financial statements.

	Governmental Activities	Non-Major Funds
Net Position/Fund Balance, as previously stated *	\$ 2,798,756	\$ -
Understatement due to change in custodial funds	122,727	122,727
Net Position/Fund Balance, as restated	<u>\$ 2,921,483</u>	<u>122,727</u>

\* Custodial Funds did not have a net position as of June 30, 2020, the \$122,727 at year end was deemed a liability. Due to the adoption of GASB 84, the amounts have been reclassified as fund balance.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**SUN AREA TECHNICAL INSTITUTE**  
Schedule of School's Proportionate Share of the Net Pension Liability  
June 30, 2015 through 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School's Proportion of the Net Pension Liability	0.0186%	0.0184%	0.0191%	0.0190%	0.0192%	0.0188%	0.0185%
School's Proportionate Share of the Net Pension Liability	\$ 9,158,000	\$ 8,608,000	\$ 9,169,000	\$ 9,384,000	\$ 9,515,000	\$ 8,143,000	\$ 7,323,000
School's Covered-Employee Payroll	\$ 2,611,715	\$ 2,537,881	\$ 2,576,752	\$ 2,529,466	\$ 2,488,502	\$ 2,422,076	\$ 2,363,321
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	350.6508%	339.1806%	355.8356%	370.9874%	382.3585%	336.1992%	309.8606%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

**SUN AREA TECHNICAL INSTITUTE**  
Schedule of the School Contributions – Pension Plan  
June 30, 2015 through 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 901,382	\$ 866,538	\$ 827,431	\$ 814,390	\$ 741,378	\$ 625,625	\$ 490,827
Contributions in Relation to the Contractually Required Contribution	<u>(901,382)</u>	<u>(866,538)</u>	<u>(827,431)</u>	<u>(814,390)</u>	<u>(741,378)</u>	<u>(625,625)</u>	<u>(490,827)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 2,611,715	\$ 2,537,881	\$ 2,576,752	\$ 2,529,466	\$ 2,488,502	\$ 2,422,076	\$ 2,363,321
Contributions as a Percentage of Covered Employee Payroll	34.51%	34.14%	32.11%	32.20%	29.79%	25.83%	20.77%

**SUN AREA TECHNICAL INSTITUTE**  
Schedule of Changes in Net OPEB Liability and Related Ratios  
SUN Area Technical Institute Post Employment Benefit Plan  
June 30, 2018 through June 30, 2021

Fiscal Year Ending*	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 163,055	\$ 156,733	\$ 148,699	\$ 120,052
Interest	84,444	70,097	72,767	53,001
Changes of Benefit Terms	-	-	-	(85,232)
Differences Between Expected and Actual Experience	-	175,967	-	(49,938)
Changes of Assumptions	213,798	(48,652)	8,172	299,220
Benefit Payments	(184,139)	(217,628)	(201,550)	(131,605)
Net Change	277,158	136,517	28,088	205,498
Total OPEB Liability - Beginning	<u>2,449,905</u>	<u>2,313,388</u>	<u>2,285,300</u>	<u>2,079,802</u>
Total OPEB Liability - Ending	<u>\$ 2,727,063</u>	<u>\$ 2,449,905</u>	<u>\$ 2,313,388</u>	<u>\$ 2,285,300</u>
Covered Employee Payroll	\$ 2,551,424	\$ 2,551,424	\$ 2,467,504	\$ 2,467,504
Total OPEB Liability as a % of Covered-Employee Payroll	106.88%	96.02%	93.75%	92.62%

\*This information is shown for the last 10 years if available

*Changes of Assumptions*

The discount rate changed from 3.36% to 1.86%.

*Changes of Benefits Terms*

Each year's loss (or gain) is recognized over a closed period, using the average of the expected remaining service lives of all active and inactive employees that are currently receiving a benefit or may be eligible to receive a benefit in the future.

These figures are based on estimated benefit payments. These amounts maybe adjusted for actual benefit payments made during the year.

**SUN AREA TECHNICAL INSTITUTE**  
Schedule of the School's Proportionate Share of the Net OPEB Liability  
PSERS Health Insurance Premium Assistance Program  
June 30, 2019 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.0186%	0.0184%	0.0191%
District's proportionate share of the net OPEB liability (asset)	402,000	391,000	398,000
District's covered-employee payroll	2,611,715	2,537,881	2,576,752
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	15.39%	15.41%	15.45%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%

\*This information is shown for the last 10 years if available

**SUN AREA TECHNICAL INSTITUTE**  
Schedule of School Contributions  
PSERS Health Insurance Premium Assistance Program  
June 30, 2019 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 22,057	\$ 21,819	\$ 20,543
Contributions in relation to the contractually required contribution	<u>(22,057)</u>	<u>(21,819)</u>	<u>(20,543)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	2,611,715	2,537,881	2,576,752
Contributions as a percentage of covered-employee payroll	0.8445%	0.8597%	0.7972%

\*This information is shown for the last 10 years if available

## **SUPPLEMENTARY INFORMATION**

**SUN AREA TECHNICAL INSTITUTE**  
Schedule of Revenues and Other Financing Sources  
Compared with Budget – General Fund  
For the Year Ended June 30, 2021

	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>REVENUE FROM LOCAL SOURCES</b>			
Member School Districts	\$ 6,257,119	\$ 5,797,761	\$ (459,358)
Adult Education Tuition	54,700	2,386	(52,314)
Interest Income	8,000	2,614	(5,386)
Rental Income	3,000	5,560	2,560
Contributions and Donations	3,750	3,750	-
Other Revenue	9,331	30,681	21,350
	<u>6,335,900</u>	<u>5,842,752</u>	<u>(493,148)</u>
<b>REVENUE FROM STATE SOURCES</b>			
Vocational Education Reimbursement	420,200	689,540	269,340
Adult Education Reimbursement	-	-	-
State Grant Funds	105,994	82,656	(23,338)
Social Security Reimbursement	116,500	115,799	(701)
Retirement Reimbursement	514,000	512,101	(1,899)
	<u>1,156,694</u>	<u>1,400,096</u>	<u>243,402</u>
<b>REVENUE FROM FEDERAL SOURCES</b>			
Federal Grant Funds	318,233	336,751	18,518
	<u>318,233</u>	<u>336,751</u>	<u>18,518</u>
<b>Total Revenues</b>	<u><u>\$ 7,810,827</u></u>	<u><u>\$ 7,579,599</u></u>	<u><u>\$ (231,228)</u></u>



**SUN AREA TECHNICAL INSTITUTE**  
Schedule of Expenditures and Other Financing Uses  
Compared with Budget – General Fund  
For the Year Ended June 30, 2021

<b>EXPENDITURES</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance Positive (Negative)</b>
Regular Programs			
Salaries	\$ 68,267	\$ 67,767	\$ 500
Employee Benefits	55,826	41,778	14,048
Other Purchased Services	125	-	125
General Supplies and Textbooks	200	42	158
Total Regular Programs	<u>124,418</u>	<u>109,587</u>	<u>14,831</u>
Special Programs			
Salaries	264,064	242,421	21,643
Employee Benefits	355,271	305,083	50,188
Other Purchased Services	2,000	-	2,000
General Supplies and Textbooks	517	438	79
Dues and Fees	300	275	25
Total Special Programs	<u>622,152</u>	<u>548,217</u>	<u>73,935</u>
Vocational Programs			
Salaries	1,646,334	1,615,275	31,059
Employee Benefits	1,278,961	1,158,257	120,704
Purchased Professional and Technical Services	100	82	18
Purchased Property Services	43,375	26,528	16,847
Other Purchased Services	9,800	799	9,001
General Supplies and Textbooks	282,763	269,842	12,921
Property and Equipment Costs	349,892	250,600	99,292
Dues and Fees	2,000	868	1,132
Total Vocational Programs	<u>3,613,225</u>	<u>3,322,251</u>	<u>290,974</u>
Other Instructional Programs			
Other Purchased Services	<u>12,000</u>	<u>351</u>	<u>11,649</u>
Total Other Instructional Programs	<u>12,000</u>	<u>351</u>	<u>11,649</u>

**SUN AREA TECHNICAL INSTITUTE**  
Schedule of Expenditures and Other Financing Uses  
Compared with Budget – General Fund - continued  
For the Year Ended June 30, 2021

<b>EXPENDITURES (continued)</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance Positive (Negative)</b>
Adult Education Programs			
Salaries	\$ 29,495	\$ 19,645	\$ 9,850
Employee Benefits	15,704	8,091	7,613
Other Purchased Services	6,500	248	6,252
General Supplies and Textbooks	3,000	530	2,470
	<u>54,699</u>	<u>28,514</u>	<u>26,185</u>
Total Adult Education Programs			
Pupil Personnel Programs			
Salaries	65,702	64,850	852
Employee Benefits	67,548	65,382	2,166
Other Purchased Services	349	-	349
General Supplies and Textbooks	500	312	188
Dues and Fees	100	-	100
	<u>134,199</u>	<u>130,544</u>	<u>3,655</u>
Total Pupil Personnel Programs			
Instructional Staff Services			
Salaries	252,088	249,848	2,240
Employee Benefits	224,252	220,084	4,168
Purchased Professional and Technical Services	9,699	9,699	-
Purchased Property Services	1,300	800	500
General Supplies and Textbooks	44,746	49,072	(4,326)
Property and Equipment Costs	228,641	260,026	(31,385)
	<u>760,726</u>	<u>789,529</u>	<u>(28,803)</u>
Total Instructional Staff Services			

**SUN AREA TECHNICAL INSTITUTE**  
Schedule of Expenditures and Other Financing Uses  
Compared with Budget – General Fund - continued  
For the Year Ended June 30, 2021

<b>EXPENDITURES (continued)</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance Positive (Negative)</b>
<b>Administrative Services</b>			
Salaries	\$ 237,277	\$ 215,837	\$ 21,440
Employee Benefits	201,395	184,034	17,361
Purchased Professional and Technical Services	58,750	41,027	17,723
Purchased Property Services	14,919	8,634	6,285
Other Purchased Services	27,546	13,571	13,975
General Supplies and Textbooks	14,800	11,773	3,027
Dues and Fees	6,300	5,747	553
<b>Total Administrative Services</b>	<b>560,987</b>	<b>480,623</b>	<b>80,364</b>
<b>Pupil Health Services</b>			
Salaries	36,917	36,915	2
Employee Benefits	44,602	43,928	674
Purchased Professional and Technical Services	6,289	6,289	-
General Supplies and Textbooks	2,970	2,927	43
<b>Total Pupil Health Services</b>	<b>90,778</b>	<b>90,059</b>	<b>719</b>
<b>Business Services</b>			
Salaries	64,837	64,190	647
Employee Benefits	55,760	54,147	1,613
Purchased Professional and Technical Services	14,375	14,162	213
Purchased Property Services	1,500	1,004	496
Other Purchased Services	1,575	1,375	200
General Supplies and Textbooks	600	240	360
Dues and Fees	300	264	36
<b>Total Business Services</b>	<b>138,947</b>	<b>135,382</b>	<b>3,565</b>

**SUN AREA TECHNICAL INSTITUTE**  
**Schedule of Expenditures and Other Financing Uses**  
**Compared with Budget – General Fund - continued**  
**For the Year Ended June 30, 2021**

<b>EXPENDITURES (continued)</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance Positive (Negative)</b>
Operation and Maintenance of Plant Services			
Salaries	\$ 135,540	\$ 132,446	\$ 3,094
Employee Benefits	153,820	140,634	13,186
Purchased Professional and Technical Services	13,711	5,871	7,840
Purchased Property Services	177,345	172,205	5,140
Other Purchased Services	100,346	87,190	13,156
General Supplies and Textbooks	211,751	170,671	41,080
Property and Equipment Costs	54,635	42,534	12,101
Dues and Fees	1,025	1,025	-
	<u>848,173</u>	<u>752,576</u>	<u>95,597</u>
Total Operation and Maintenance of Plant Services			
Central and Other Support Services			
Purchased Professional and Technical Services	15,500	8,573	6,927
Other Purchased Services	25,000	22,243	2,757
	<u>40,500</u>	<u>30,816</u>	<u>9,684</u>
Total Central and Other Support Services			
Student Activities			
Salaries	7,575	5,250	2,325
Employee Benefits	3,280	2,266	1,014
Purchased Professional and Other Purchased Services	7,000	-	7,000
	<u>17,855</u>	<u>7,516</u>	<u>10,339</u>
Total Student Activities			
Community Services			
Purchased Professional and Technical Services	2,275	2,275	-
	<u>2,275</u>	<u>2,275</u>	<u>-</u>
Total Community Services			

**SUN AREA TECHNICAL INSTITUTE**  
Schedule of Expenditures and Other Financing Uses  
Compared with Budget – General Fund - continued  
For the Year Ended June 30, 2021

	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>EXPENDITURES (continued)</b>			
Facilities Acquisition and Construction			
Purchased Property Services	\$ 769,136	\$ 805,930	\$ (36,794)
Property and Equipment Costs	<u>12,688</u>	<u>11,429</u>	<u>1,259</u>
Total Facilities Acquisition and Construction	<u>781,824</u>	<u>817,359</u>	<u>(35,535)</u>
Debt Service Payments			
Principal and Interest	<u>-</u>	<u>170,539</u>	<u>(170,539)</u>
Total Debt Service Payments	<u>-</u>	<u>170,539</u>	<u>(170,539)</u>
Total Expenditures	<u>7,802,758</u>	<u>7,416,138</u>	<u>386,620</u>
<b>OTHER FINANCING USES</b>			
Budgetary Reserve	5,569	-	(5,569)
Fund Transfers	<u>2,500</u>	<u>138</u>	<u>(2,362)</u>
Total Other Financing Uses	<u>8,069</u>	<u>138</u>	<u>(7,931)</u>
Total Expenditures and Other Financing Uses	<u><u>\$ 7,810,827</u></u>	<u><u>\$ 7,416,276</u></u>	<u><u>\$ 394,551</u></u>