

SUN AREA TECHNICAL INSTITUTE

New Berlin, PA 17855

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

AUDITED FINANCIAL STATEMENTS

June 30, 2023

SUN AREA TECHNICAL INSTITUTE

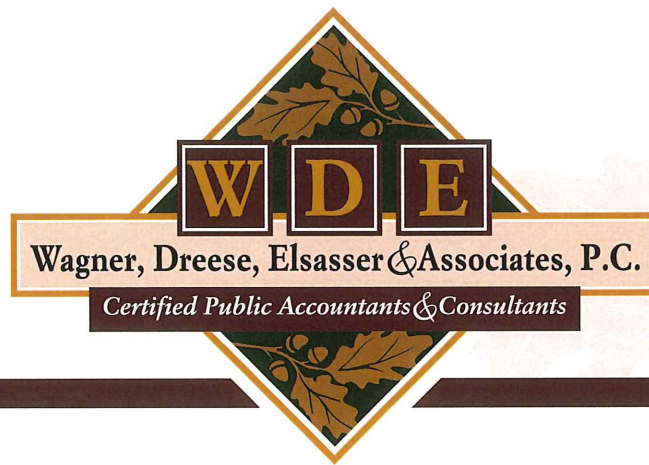
Table of Contents

Table of Contents	1
Independent Auditor's Report	3
Management's Discussion and Analysis	6
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	16
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual - General Fund	23
Statement of Net Position - Proprietary Fund	24
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	25
Statement of Cash Flows - Proprietary Fund	26
Statement of Fiduciary Net Position - Fiduciary Funds	27
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	28

SUN AREA TECHNICAL INSTITUTE

Table of Contents - continued

Notes to the Financial Statements	29
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the School's Proportionate Share of the Net Pension Liability	59
Schedule of School Contributions - Pension Plan	60
Schedule of Changes in Net OPEB Liability and Related Ratios - SUN Area Technical Institute Post Employment Benefit Plan	61
Schedule of the School's Proportionate Share of the Net OPEB Liability - PSERS Health Insurance Premium Assistance Program	62
Schedule of the School Contributions - OPEB Plan PSERS Health Insurance Premium Assistance Program	63
SUPPLEMENTARY INFORMATION	
Schedule of Revenues and Other Financing Sources Compared with Budget - General Fund	64
Schedule of Expenditures and Other Financing Sources Compared with Budget - General Fund	65



INDEPENDENT AUDITOR'S REPORT

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

Opinions

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 the SUN Area Technical Institute, as of and for the year ended June 30, 2023, 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.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the district adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* as of July 1, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

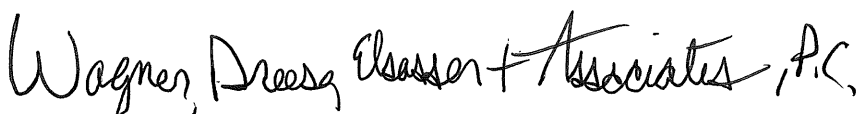
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the School's Proportionate Share of the Net pension Liability, the Schedule of School Contributions – Pension Plan, the Schedule of changes in Net OPEB Liability and Related Ratios – SUN Area Technical Institute Post Employment Benefit Plan, the Schedule of the School's Proportionate Share of the Net OPEB Liability – PSERS Health Insurance Premium Assistance Program, and the Schedule of School Contributions – PSERS Health Insurance Premium Assistance Program information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SUN Area Technical Institute's basic financial statements. The Schedule of Revenues and Other Financing Sources Compared with Budget – General Fund and the Schedule of Expenditures and Other Financing sources Compared with Budget – General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

Certified Public Accountants & Consultants

Selinsgrove, PA

November 17, 2023

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

June 30, 2023

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, 2023. 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. In 2022-2023, 69% of students scored advanced, 25% competent, and 6% earning basic. This was up from 2021-2022 scores with 55% of students earning advanced, 29% competent, and 16% 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 \$5,966,915 for 2022-2023. 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, 2023

District	Actual District Payments 2022-23	Total District Share 2022-23	Remaining Money From 2022-23 FY
Lewisburg	\$891,045	\$788,006	\$103,039
Midd-West	1,485,369	1,297,733	187,636
Mifflinburg	1,618,743	1,417,519	201,224
Selinsgrove	1,358,163	1,194,538	163,625
Shikellamy	1,451,158	1,269,119	182,039
Totals	\$6,804,478	\$5,996,915	\$837,563

Total contributions from participating school districts were over 79% of the secondary program's revenue for 2022-2023. 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 position and the Statement of Activities. These provide both long-term and short-term information about the School's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School's operations in more detail than the government-wide statements. The governmental funds statements tell how 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:

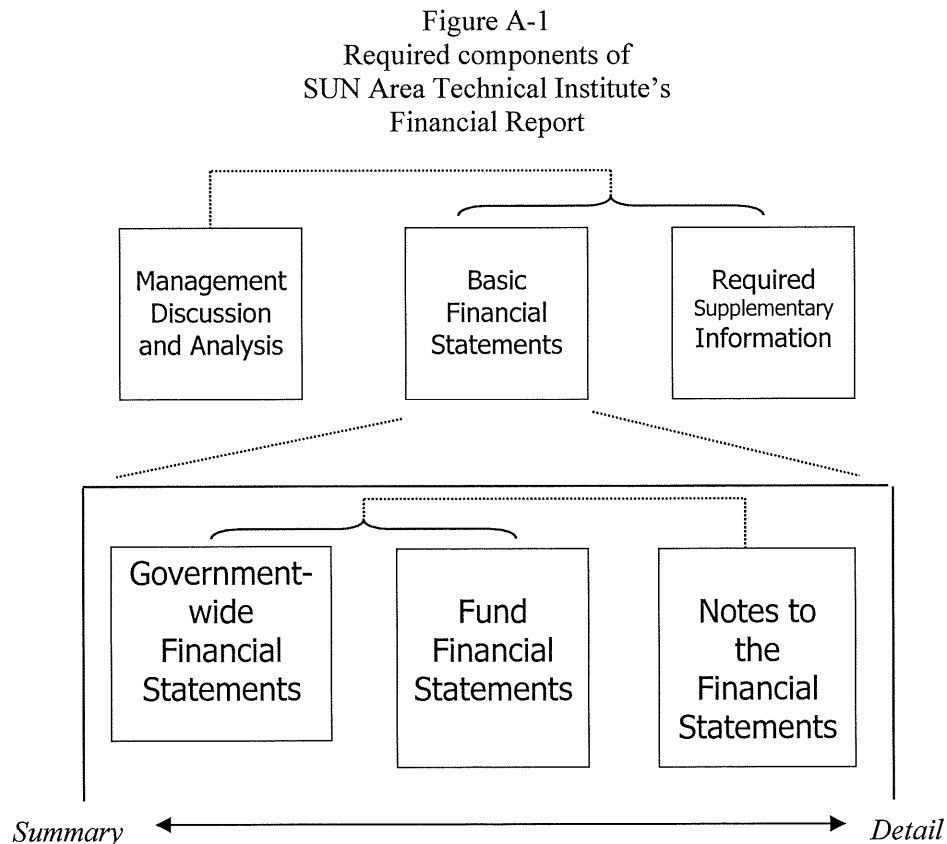


Figure A-2 summarizes the major features of the financial statements, including the portion of the Program they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

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 and Student Activities Funds.
Required financial statements.	Statement of Net position Statement of Activities.	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance.	Statement of Net position Statement of Revenues, Expenses and Changes in Net position Statement of Cash Flows.	Statement of Net position Statement of Changes in Net position.
Accounting basis and measurement focus.	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	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 position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how it has changed. Net position, 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 position is 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 position 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 funds or student activity funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the 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 \$6,121,534 at June 30, 2023.

Table A-2
Fiscal Year ended June 30, 2023
Net position

	Governmental Activities	Business- type Activities	2023 Total
Current Assets	\$3,833,237	\$158,700	\$3,991,937
Non Current Assets	13,401,176	4,858	13,406,034
Total Assets	\$17,234,413	\$163,558	\$17,397,971
Deferred Outflows of Resources	\$1,732,781	0	\$1,732,781
Current Liabilities	\$1,628,273	\$1,095	\$1,629,368
Non Current Liabilities	9,949,496	0	9,949,496
Total Liabilities	11,577,769	1,095	11,578,864
Deferred Inflows of Resources	\$1,430,354	0	\$1,430,354
Invested in Capital Assets	13,142,279	4,858	13,147.137
Unrestricted, Designated & Undesignated	-7,183,208	157,605	-7,025,603
Total Net Position	\$5,959,071	\$162,463	\$6,121,534

Most of the School's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is 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, 2023
Changes in Net position

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	2023 <u>Total</u>
Revenues			
Program Revenues			
Charges for Services	\$ 160,781	103,001	\$ 263,782
Operating Grants and Contributions	7,716,966	125,619	7,842,585
Capital Grants and Contributions	379,348	0	379,348
General Revenues	318,167	974	319,141
Total Revenues	8,575,262	229,594	8,804,856
Expenses			
Instruction	3,687,275	0	3,687,275
Instructional Student Support	852,510	0	852,510
Administration & Financial Support	770,603	0	770,603
Operation & Maintenance of Plant	1,008,686	0	1,008,686
Student Activities	175,209	0	175,209
Community Services	2,000	0	2,000
Facilities	276,363	0	276,363
Interest on Long-Term Debt	18,575	0	18,575
Unallocated Depreciation	18,958	0	18,958
Food Services	0	207,058	207,058
Total Expenses	6,810,179	207,058	7,017,237
Increase (decrease) in Net Position	1,765,083	22,536	1,787,619
Net Position July 1, 2022	4,193,988	139,927	4,333,915
Net Position June 30, 2023	\$5,959,071	\$162,463	\$6,121,534

Fund Balances

At June 30, 2023, the School's governmental funds reported a combined fund balance of \$2,366,939, which is an increase of \$1,053,265 from the June 30, 2022 amount of \$1,313,674.

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, 2023 the School had \$17,234,413 in Governmental Funds and \$163,558 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 \$3,970,024 Governmental Activities and a net increase of \$153,191 from Business Activities from June 30, 2022.

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

	2023
Land	\$ 132,918
Land Improvements	331,505
Buildings & Building Improvements	11,714,760
Furniture & Equipment	1,221,993
Total Assets:	\$13,401,176

Construction in Progress

The ionization/HVAC rooftop unit replacement project started in May of 2022 is still in progress at year end with a cumulative construction in progress amount of \$313,285. An annex addition project was started during this fiscal year and \$95,183 is considered construction in progress.

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 Market Street, New Berlin, PA 17855.

Respectfully submitted,

Mr. David Bacher
Administrative Director

James E. King
Business Manager

SUN AREA TECHNICAL INSTITUTE

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 1,552,352	\$ 149,637	\$ 1,701,989
Investments	1,873,856	-	1,873,856
Due from Foundation	12,668	-	12,668
Due from Other Governmental Units	394,361	648	395,009
Inventories	<u>-</u>	<u>8,415</u>	<u>8,415</u>
Total Current Assets	<u>3,833,237</u>	<u>158,700</u>	<u>3,991,937</u>
CAPITAL ASSETS			
Land	132,918	-	132,918
Construction in Progress	408,468	-	408,468
Site Improvements	331,505	-	331,505
Building and Building Improvements	11,306,292	-	11,306,292
Furniture and Equipment	<u>1,221,993</u>	<u>4,858</u>	<u>1,226,851</u>
Total Capital Assets	<u>13,401,176</u>	<u>4,858</u>	<u>13,406,034</u>
TOTAL ASSETS	<u>17,234,413</u>	<u>163,558</u>	<u>17,397,971</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to Pension Plan in Current Fiscal Year	924,680	-	924,680
Contributions to OPEB Plan in Current Fiscal Year	20,213	-	20,213
Pension Deferral	285,200	-	285,200
OPEB Deferral	<u>502,688</u>	<u>-</u>	<u>502,688</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,732,781</u>	<u>\$ -</u>	<u>\$ 1,732,781</u>

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

SUN AREA TECHNICAL INSTITUTE
Statement of Net Position - continued
June 30, 2023

	Governmental Activities	Business-type Activities	Total
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Due to Member Districts	\$ 687,563	\$ -	\$ 687,563
Due to Other Governmental Units	257,376	-	257,376
Accounts Payable	50,369	-	50,369
Interest Payable	525	-	525
Accrued Salaries and Benefits	470,990	-	470,990
Customer Deposits	-	1,095	1,095
Lease Payable Within One Year	161,450	-	161,450
	<u>1,628,273</u>	<u>1,095</u>	<u>1,629,368</u>
LONG-TERM LIABILITIES			
Due in More Than One Year:			
Lease Obligations	25,299	-	25,299
Extended Term Financing			
Agreements Payable	97,447	-	97,447
Proportionate Share of the Net			
Collective Pension Liability	7,825,000	-	7,825,000
Other Post-Employment Benefits Liability	2,001,750	-	2,001,750
	<u>9,949,496</u>	<u>-</u>	<u>9,949,496</u>
TOTAL LIABILITIES	<u>11,577,769</u>	<u>1,095</u>	<u>11,578,864</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferral	538,700	-	538,700
OPEB Deferral	891,654	-	891,654
	<u>1,430,354</u>	<u>-</u>	<u>1,430,354</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,430,354</u>	<u>-</u>	<u>1,430,354</u>
NET POSITION			
Net Investment in Capital Assets	13,142,279	4,858	13,147,137
Unrestricted	(7,183,208)	157,605	(7,025,603)
TOTAL NET POSITION	<u>\$ 5,959,071</u>	<u>\$ 162,463</u>	<u>\$ 6,121,534</u>

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

SUN AREA TECHNICAL INSTITUTE
Statement of Activities
June 30, 2023

	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
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	3,687,275	\$ 160,781	\$ 4,201,397	\$ 379,348	\$ 1,054,251	\$ -	\$ 1,054,251
Instructional Student Support	852,510	-	971,377	-	118,867	-	118,867
Administration and Financial							
Support Services	770,603	-	878,049	-	107,446	-	107,446
Operation and Maintenance							
of Plant Services	1,008,686	-	1,149,328	-	140,642	-	140,642
Student Activities	175,209	-	199,639	-	24,430	-	24,430
Community Services	2,000	-	2,279	-	279	-	279
Facilities	276,363	-	314,897	-	38,534	-	38,534
Interest on Long-Term Debt	18,575	-	-	-	(18,575)	-	(18,575)
Unallocated Depreciation Expense	18,958	-	-	-	(18,958)	-	(18,958)
Total Governmental Activities	6,810,179	160,781	7,716,966	379,348	1,446,916	-	1,446,916
Business-Type Activities:							
Food Service	207,058	103,001	125,619	-	-	21,562	21,562
Total Primary Government	\$ 7,017,237	\$ 263,782	\$ 7,842,585	\$ 379,348	1,446,916	21,562	1,468,478
GENERAL REVENUES							
Local Sources:							
Interest Income					18,338	974	19,312
Rental Income					5,810	-	5,810
Other Revenue					294,019	-	294,019
Total General Revenues and Transfers					318,167	974	319,141
CHANGE IN NET POSITION					1,765,083	22,536	1,787,619
NET POSITION, July 1, 2022					4,193,988	139,927	4,333,915
NET POSITION, June 30, 2023					<u>\$ 5,959,071</u>	<u>\$ 162,463</u>	<u>\$ 6,121,534</u>

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

SUN AREA TECHNICAL INSTITUTE

Balance Sheet - Governmental Funds

June 30, 2023

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,420,272	\$ -	\$ 132,080	\$ 1,552,352
Investments	1,873,856	-	-	1,873,856
Due from Foundation	12,668	-	-	12,668
Due from Other Governmental Units	394,361	-	-	394,361
TOTAL ASSETS	<u>\$ 3,701,157</u>	<u>\$ -</u>	<u>\$ 132,080</u>	<u>\$ 3,833,237</u>
LIABILITIES				
Due to Member Districts	\$ 687,563	\$ -	\$ -	\$ 687,563
Due to Other Governmental Units	257,376	-	-	257,376
Accounts Payable	50,369	-	-	50,369
Accrued Salaries and Benefits	470,990	-	-	470,990
TOTAL LIABILITIES	<u>1,466,298</u>	<u>-</u>	<u>-</u>	<u>1,466,298</u>
FUND BALANCES				
Unassigned	665,269	-	-	665,269
Assigned:				
Encumbrances	1,385,985	-	-	1,385,985
Committed:				
Capital Projects	-	-	-	-
Customized Training	138,298	-	-	138,298
Growth and Expansion	5,313	-	-	5,313
Restricted	39,994	-	132,080	172,074
TOTAL FUND BALANCES	<u>2,234,859</u>	<u>-</u>	<u>132,080</u>	<u>2,366,939</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,701,157</u>	<u>\$ -</u>	<u>\$ 132,080</u>	<u>\$ 3,833,237</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, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 2,366,939**

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, 2022 the costs of assets is \$26,229,487 and the accumulated depreciation is \$12,965,098. 13,401,176

Extended term financing and accrued interest on capital lease. (259,422)

Lease Obligations (25,299)

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. 1,209,880

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 522,901

Proportionate share of net pension liability. (7,825,000)

Net OPEB Liability. (2,001,750)

Pension deferred inflows of resources are on the statement of net position but are not reported in the governmental funds. (538,700)

OPEB deferred inflows of resources are on the statement of net position but are not reported in the governmental funds. (891,654)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 5,959,071**

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, 2023

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources				
Member School Districts	\$ 6,443,216	\$ -	\$ -	\$ 6,443,216
Adult Education Tuition	6,489	-	-	6,489
Interest Income	18,338	-	-	18,338
Rental Income	5,810	-	-	5,810
Other Revenues	126,964	20	167,032	294,016
Total Local Sources	6,600,817	20	167,032	6,767,869
State Sources	1,429,512	-	-	1,429,512
Federal Sources	379,348	-	-	379,348
TOTAL REVENUES	8,409,677	20	167,032	8,576,729
EXPENDITURES				
Instruction	4,258,793	-	-	4,258,793
Support Services	2,619,500	-	-	2,619,500
Noninstructional Services	19,976	-	157,233	177,209
Facilities Acquisition, Construction and Improvements Services	288,022	-	-	288,022
Debt Service Payments (Principal and Interest)	211,028	-	-	211,028
TOTAL EXPENDITURES	7,397,319	-	157,233	7,554,552
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,012,358	20	9,799	1,022,177
OTHER FINANCING SOURCES (USES)				
Leases on Right to Use Arrangements	32,225	-	-	32,225
Transfers	181,179	(182,316)	-	(1,137)
TOTAL OTHER FINANCING SOURCES (USES)	213,404	(182,316)	-	31,088
NET CHANGE IN FUND BALANCES	1,225,762	(182,296)	9,799	1,053,265
FUND BALANCE, July 1, 2022	1,009,097	182,296	122,281	1,313,674
FUND BALANCE, June 30, 2023	\$ 2,234,859	\$ -	\$ 132,080	\$ 2,366,939

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, 2023

**TOTAL NET CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS**

\$ 1,053,265

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	986,646	
Depreciation expense	(849,093)	
Loss on disposal	(764)	
	<u>136,789</u>	136,789

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect on these differences in the treatment of

Repayment of Long-Term Debt	153,107
Leases Issued	(32,225)
Repayment of Lease Obligations	6,926

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. 427,602

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. 19,619

**CHANGE IN NET POSITION OF
GOVERNMENTAL ACTIVITIES**

\$ 1,765,083

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Local Revenues	\$ 6,830,878	\$ 7,002,054	\$ 6,600,817	\$ (401,237)
State Program Revenues	1,142,700	1,193,799	1,429,512	235,713
Federal Program Revenues	148,000	711,281	379,348	(331,933)
Total Revenues	<u>8,121,578</u>	<u>8,907,134</u>	<u>8,409,677</u>	<u>(497,457)</u>
EXPENDITURES				
Regular Programs	132,146	132,146	129,878	2,268
Special Programs	662,783	667,044	632,417	34,627
Vocational Programs	3,331,262	3,551,159	3,511,635	39,524
Other Instructional Programs	12,000	12,108	12,108	-
Adult Education Programs	20,396	22,085	4,980	17,105
Pupil Personnel Services	142,695	142,695	140,882	1,813
Instructional Staff Services	660,276	652,189	616,055	36,134
Administrative Services	547,179	600,649	584,529	16,120
Pupil Health Services	91,784	84,622	83,274	1,348
Business Services	142,955	142,955	138,344	4,611
Operation and Maintenance of Plant Services	875,725	1,018,019	1,008,686	9,333
Central and Other Support Services	55,600	61,821	47,730	14,091
Student Activities	24,077	21,194	17,976	3,218
Community Services	2,200	2,200	2,000	200
Facilities Acquisition and Construction	1,388,000	1,792,619	288,022	1,504,597
Debt Service Payments (Principal and Interest)	-	-	178,803	(178,803)
Total Expenditures	<u>8,089,078</u>	<u>8,903,505</u>	<u>7,397,319</u>	<u>1,506,186</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>32,500</u>	<u>3,629</u>	<u>1,012,358</u>	<u>1,008,729</u>
OTHER FINANCING SOURCES (USES)				
Budgetary Reserve	(30,000)	(1,129)	-	1,129
Leases on Right to Use Arrangements	-	-	32,225	
Fund Transfers	(2,500)	(2,500)	181,179	183,679
Total Other Financing Sources (Uses)	<u>(32,500)</u>	<u>(3,629)</u>	<u>213,404</u>	<u>184,808</u>
NET CHANGE IN FUND BALANCES	-	-	1,225,762	1,193,537
FUND BALANCE, Beginning	<u>1,009,097</u>	<u>1,009,097</u>	<u>1,009,097</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 1,009,097</u>	<u>\$ 1,009,097</u>	<u>\$ 2,234,859</u>	<u>\$ 1,225,762</u>

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

SUN AREA TECHNICAL INSTITUTE
Statement of Net Position –
Proprietary Fund
June 30, 2023

	<u>Food Service</u>
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 149,637
Accounts Receivable	648
Inventories	<u>8,415</u>
Total Current Assets	<u>158,700</u>
NONCURRENT ASSETS	
Machinery and Equipment, Net	<u>4,858</u>
Total Noncurrent Assets	<u>4,858</u>
TOTAL ASSETS	<u><u>\$ 163,558</u></u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Customer Deposits	<u>\$ 1,095</u>
Total Current Liabilites	<u>1,095</u>
NET POSITION	
Net Investment in Capital Assets	4,858
Unrestricted	<u>157,605</u>
TOTAL NET POSITION	<u>162,463</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 163,558</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, 2023

	<u>Food Service</u>
OPERATING REVENUES	
Food Service Revenues	<u>\$ 103,001</u>
Total Operating Revenues	<u>103,001</u>
OPERATING EXPENSES	
Salaries	40,964
Employee Benefits	16,864
Purchased Professional and Technical Service	9,250
Purchased Property Services	1,327
Supplies	130,793
Dues and Fees	2,351
Depreciation	<u>5,509</u>
Total Operating Expenses	<u>207,058</u>
Operating Loss	<u>(104,057)</u>
NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	974
State Sources	12,596
Federal Sources	<u>113,023</u>
Total Non-Operating Revenues (Expenses)	<u>126,593</u>
CHANGE IN NET POSITION	22,536
TOTAL NET POSITION, July 1, 2021	<u>139,927</u>
TOTAL NET POSITION, June 30, 2022	<u><u>\$ 162,463</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, 2023

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 103,020
Cash Payments to Employees for Services	(57,828)
Cash Payments to Supplier for Goods and Services	<u>(117,073)</u>
Net Cash Used for Operating Activities	<u>(71,881)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Sources	12,596
Federal Sources	<u>98,717</u>
Net Cash Provided by Non-Capital Financing Activities	<u>111,313</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	<u>974</u>
Net Cash Provided by Investing Activities	<u>974</u>
NET INCREASE IN CASH	40,406
CASH AND CASH EQUIVALENTS, Beginning	<u>109,231</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 149,637</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating Loss	<u>\$ (104,057)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation and Amortization	5,509
Donated Commodities	14,306
(Increase) Decrease in Accounts Receivable	19
(Increase) Decrease in Inventories	11,893
Increase (Decrease) in Current Liabilities	<u>449</u>
Total Adjustments	<u>32,176</u>
Net Cash Used for Operating Activities	<u><u>\$ (71,881)</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, 2023

	<u>Private Purpose Trust</u>
ASSETS	
Cash and Cash Equivalents	<u>\$ 3,018</u>
Total Assets	<u><u>\$ 3,018</u></u>
LIABILITIES	
Due to Other Funds	<u>\$ -</u>
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for Student Activities	-
Net Position Held in Trust for Scholarships	<u>3,018</u>
Total Net Position	<u><u>\$ 3,018</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, 2023

	<u>Private Purpose Trust</u>
ADDITIONS	
Contributions	\$ -
Earnings on Investments	1
DEDUCTIONS	
Scholarships Awarded	<u>(250)</u>
CHANGE IN NET POSITION	(249)
TOTAL NET POSITION, July 1, 2021	<u>3,267</u>
TOTAL NET POSITION, June 30, 2022	<u><u>\$ 3,018</u></u>

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

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

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, 2023

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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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, 2023

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, 2023. 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, 2023

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 9 and 10.

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, 2023

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.

In accordance with Government Accounting Standards Board (GASB) Statement No. 31, short term money investments and interest bearing investment contracts are reported at amortized cost, provided that the remaining maturity is one year or less at the time of purchase. Long term investments (maturity of more than one year) are reportable at 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.

Leases

The School is a lessee for non-cancellable leases of equipment. A lease liability and an intangible right-to-use lease asset is recognized in the government-wide financial statements. The School considers all leases above their capitalization policy for recognition. Leases that are material individually or in the aggregate are recognized.

At the commencement of a lease, the School initially measures the lease liability at the present value of payments expected to be made during the leases term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School determines (1) the discount rate it used to discount the expected lease payments to present value, (2) lease term and (3) lease payments. The School uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School generally uses its estimated incremental borrowing rate as the discount rate for leases.

SUN AREA TECHNICAL INSTITUTE
Notes to Financial Statements
June 30, 2023

Note 1 - Summary of Significant Accounting Policies – continued

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School is reasonably certain to exercise.

The School monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

New Accounting Pronouncements

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended June 30, 2023:

GASB issued Statement No. 87, Leases, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

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, 2023

NOTE 3 - CASH AND INVESTMENTS

Cash and Cash Equivalents

At June 30, 2023, the cash and cash equivalents of the school are collateralized as prescribed by 1971 Act 72 (as amended) 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.

Cash and Cash Equivalents - continued

Balances held in each category at June 30, 2023, are as follows:

	Carrying Amount	Bank Balance	Credit Risk
Insured (FDIC)	\$ 500,000	\$ 500,000	1
Uninsured and collateral held by pledging financial institution, or agent not in the Institutes name	1,201,989	1,480,463	3
	<u>\$ 1,701,989</u>	<u>\$ 1,980,463</u>	

Investments

At June 30, 2023, the investments of the school are FDIC insured or collateralized as prescribed by 1971 Act 72 (as amended) and/or the 2016 Act 10 (as amended) of the Commonwealth of Pennsylvania

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 and the amounts held in each investment category at June 30, 2023, are as follows.

	Carrying Amount	Bank Balance	Credit Risk
Insured (FDIC)	\$ 5,313	\$ 5,313	1
Uninsured and collateral held by pledging financial institution, or agent not in the Institutes name	1,868,543	1,868,543	3
	<u>\$ 1,873,856</u>	<u>\$ 1,873,856</u>	

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 3 - CASH AND INVESTMENTS - continued

As of June 30, 2023, there is one certificate of deposit at First National Bank which is stated at cost, which approximates fair value.

<u>CERTIFICATES OF DEPOSIT</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
Growth & Expansion	5,313	0.0300%	10/7/2023
	<u>\$ 5,313</u>		

As of June 30, 2023, the School had the following investments with FNB Wealth Management:

<u>FNB Wealth Management</u>	<u>Maturities</u>	<u>Fair Value</u>
FNB Daily Money Market		109,157
US Treasury Notes	24-38 Months	1,661,550
Certificate of Deposit	26 Months	97,836
		<u>1,868,543</u>

Custodial Credit Risk-Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments, or collateral security that are in the possession of an outside party. The School has no investment subject to custodial credit risk.

Interest Rate Risk

The School does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The School has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023. The School Investments were rated as:

<u>Investment</u>	<u>Standard & Poor's</u>
US. Treasury Obligations	AAA
Money Market Funds	Various

Concentration of Credit Risk

The School places no limit on the amount the School may invest in any one issuer. 21% percent of the School's investments are in US Treasury Obligations and Money Market Funds.

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 4 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, 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	24,244	384,226	-	408,470
Total Capital Assets not Being Depreciated	<u>157,162</u>	<u>384,226</u>	<u>-</u>	<u>541,388</u>
Capital Assets Being Depreciated:				
Land Improvements	570,601	70,124	-	640,725
Buildings and Building Improvements	18,028,406	-	-	18,028,406
Furniture and Equipment	7,461,218	532,297	(467,858)	7,525,657
Textbooks	12,100	-	(1,344)	10,756
Total Assets Being Depreciated	<u>26,072,325</u>	<u>602,421</u>	<u>(469,202)</u>	<u>26,205,544</u>
Less: Accumulated Depreciation:				
Land Improvements	284,328	24,892	-	309,220
Buildings and Building Improvements	6,277,015	445,099	-	6,722,114
Furniture and Equipment	6,391,655	367,224	(467,096)	6,291,783
Textbooks	12,100	-	(1,344)	10,756
Total Accumulated Depreciation	<u>12,965,098</u>	<u>837,215</u>	<u>(468,440)</u>	<u>13,333,873</u>
Less: Accumulated Amortization:				
Right-To-Use Leased Equipment	-	11,883	-	11,883
Total Accumulated Depreciation/Amortization				
Total Capital Assets Being Depreciated/Amortized, Net	<u>13,107,227</u>	<u>(246,677)</u>	<u>(762)</u>	<u>12,859,788</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 13,264,389</u></u>	<u><u>\$ 137,549</u></u>	<u><u>\$ (762)</u></u>	<u><u>\$ 13,401,176</u></u>
<u>Business-Type Activities</u>				
Capital Assets Being Depreciated:				
Equipment	\$ 96,005	\$ -	\$ -	\$ 96,005
Total Capital Assets, Being Depreciated	<u>96,005</u>	<u>-</u>	<u>-</u>	<u>96,005</u>
Less: Accumulated Depreciation:				
Equipment	85,638	5,509	-	91,147
Total Accumulated Depreciation	<u>85,638</u>	<u>5,509</u>	<u>-</u>	<u>91,147</u>
Total Capital Assets Being Depreciated	<u>10,367</u>	<u>(5,509)</u>	<u>-</u>	<u>4,858</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 10,367</u></u>	<u><u>\$ (5,509)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,858</u></u>

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 4 - CHANGES IN CAPITAL ASSETS - continued

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

<u>Government Activities</u>	
Instruction	\$ 303,108
Support Services	12,299
Operation and Maintenance of Plant	478,821
Unallocated Depreciation Expense	54,870
Total Depreciation Expense -Governmental Activities	<u>\$ 849,098</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, 2023 was \$687,583.

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, 2023:

Balance, Beginning	\$ 138,298
Profits Designated from Customized Training Activities	-
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, 2023:

Balance, Beginning	\$ 5,311
Interest Earned	2
Balance, Ending	<u>\$ 5,313</u>

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

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, 2023:

Balance, Beginning	\$ 182,296
General Fund Credit Transfer	(182,296)
Capital Project Expenditures	-
Balance, Ending	<u><u>\$ -</u></u>

NOTE 7 - LEASES

The School leases equipment for certain offices and buildings. The term of the lease is five years. The district's equipment lease contains scheduled monthly payments with expiration dates extending through 2027. Lease and finance purchase obligations are fully funded by the general fund. The following is a schedule of future minimum lease payments for leases with initial or remaining terms in excess of one year as of June 30, 2023:

Year Ended June 30,	Interest	Principal	Total
2024	\$ 1,013	\$ 7,251	\$ 8,264
2025	672	7,592	8,264
2026	313	7,951	8,264
2027	23	2,505	2,528
Total	<u><u>\$ 2,021</u></u>	<u><u>\$ 25,299</u></u>	<u><u>\$ 27,320</u></u>

NOTE 8 – EXTENDED TERM FINANCING AGREEMENTS

The school entered into a capital 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, 2023 was \$258,897.

During the fiscal year ended June 30, 2023, long-term debt changed as follows:

Balance, Beginning	\$ 412,004
Principal Repayments and Retirements	<u>(153,107)</u>
Balance, Ending	<u><u>\$ 258,897</u></u>

SUN AREA TECHNICAL INSTITUTE
Notes to Financial Statements
June 30, 2023

NOTE 8 – EXTENDED TERM FINANCING AGREEMENTS - continued

The future annual payments required to amortize all outstanding debt as of June 30, 2023, including total interest payments is as follows:

Year Ended June 30,	Interest	Principal	Total
2024	\$ 9,455	\$ 161,083	\$ 170,538
2025	1,670	97,814	99,484
Total	<u>\$ 11,125</u>	<u>\$ 258,897</u>	<u>\$ 270,022</u>

NOTE 9 – PENSION PLAN

1. Summary of Significant Accounting Policies

Pensions

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

General Information about the Plan

Plan description

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.

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLAN - continued

Benefits provided

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

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLAN - continued

Contributions

Member Contributions:

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

Member Contribution Rates

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

Shared Risk Program Summary

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

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.31%* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$X,XXX for the year ended June 30, 2023.

*The defined contribution rate of 0.20% is an estimated rate. It is recommended employers use the actual defined contributions made to the PSERS defined contribution plan. This may impact contributions made to the pension plan.

SUN AREA TECHNICAL INSTITUTE
Notes to Financial Statements
June 30, 2023

NOTE 9 – PENSION PLAN - continued

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

At June 30, 2023, the District reported a liability of \$7,825,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's proportion was .0176 percent, which was a decrease of .0010 from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$497,078. At June 30, 2023, the District 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	\$ 3,000	\$ 51,000
Changes in Assumptions	175,500	-
Net difference Between Projected and Actual		
Investment Earnings	-	99,750
Changes in Proportion	106,700	387,950
Contributions Subsequent to the Measurement Date	924,680	-
Total	<u>\$ 1,209,880</u>	<u>\$ 538,700</u>

\$924,680 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, 2023. 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
2023	\$ (61,000)
2024	(85,000)
2025	(377,000)
2026	<u>185,000</u>
Total	<u>\$ (338,000)</u>

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLAN - continued

Changes in Actuarial Assumptions

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

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

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

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.

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 9 – PENSION PLAN - continued

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
School's Proportionate Share of the Net Pension Liability	\$ 10,121,000	\$ 7,825,000	\$5,889,000

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 9 - PENSION PLAN – continued

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.

NOTE 10 – 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.

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.

Plan Membership: Plan member consisted of the following at July 1, 2021:

Active Participants	43
Vested Former Participants	0
Retired Participants	7
Total	<u>50</u>

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.

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS - continued

For those retired between 07/1/2015 and 07/01/2020: 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.

For those retired after 07/01/2020: Must attain age 57, 35 year of service in PSERS, and complete 20 years of service at SUN ATI or age 58 and complete 20 years of service at SUN ATI. 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 PSERS' 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.

PSERS Superannuation Retirement

- 1) Pension Class T-C or T-D: an employee is eligible to 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. In general, these pension classes apply to individuals who were member of PSERS prior to July 1, 2011.
- 2) Pension class T-E or T-F: 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. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSEWRS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general this pension class applies to individuals who became members of PSER on or after July 1, 2019.

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS - continued

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

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, 2023, the School reported a liability of \$2,001,750 for its net OPEB liability. Of that, \$1,675,752 relates to the Single Employer OPEB plan. The net OPEB liability was measured as of July 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of \$172,110. At June 30, 2023, 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	\$ 97,759	\$ 360,726
Changes of Assumptions	220,397	449,520
School Contributions Subsequent to the Measurement Date	148,124	-
Total	<u>\$ 466,280</u>	<u>\$ 810,246</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$224,679 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:	
2024	\$ (20,927)
2025	(20,933)
2026	(52,092)
2027	(53,110)
2028	(53,109)
Thereafter	(291,919)

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS - continued

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Discount Rate: 4.06% - Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2022.

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, 1.50% 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 25.93% for men and 2.74% for 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	4.5500%	3.9000%	45	1.4100%	1.6000%
30	4.5500%	3.9000%	50	1.8900%	2.0800%
35	1.6800%	2.8300%	55	3.6300%	3.6600%
40	1.4200%	1.6700%	60	5.4900%	5.9400%

Mortality: PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers.

PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.

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

Disability: No disability was assumed.

SUN AREA TECHNICAL INSTITUTE
Notes to Financial Statements
June 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS - continued

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

<u>Age</u>	<u>Special Early Retirement</u>		<u>TC & TD Superannuation</u>		<u>TE, TF, TG, & TH Superannuation</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	14.5%	14.5%	25.0%	16.0%	16.3%	19.5%
56	14.5%	14.5%	25.0%	20.0%	16.3%	19.5%
57	14.5%	15.0%	28.0%	28.0%	16.3%	19.5%
58	14.5%	15.0%	28.0%	30.0%	16.3%	19.5%
59	21.6%	20.7%	28.0%	30.0%	16.3%	19.5%
60	14.5%	15.0%	29.0%	31.0%	16.3%	19.5%
61	29.0%	29.0%	29.0%	31.0%	16.3%	19.5%
62	29.0%	29.0%	36.0%	31.0%	16.3%	19.5%
63	29.0%	29.0%	21.0%	20.0%	16.3%	19.5%
64	29.0%	29.0%	22.0%	25.0%	16.3%	19.5%
65	29.0%	29.0%	23.0%	28.0%	16.3%	19.5%
66	29.0%	29.0%	23.0%	27.0%	16.3%	19.5%
67	29.0%	29.0%	23.0%	23.0%	16.3%	19.5%
68	29.0%	29.0%	23.0%	22.0%	16.3%	19.5%
69	29.0%	29.0%	23.0%	23.0%	16.3%	19.5%
70	29.0%	29.0%	23.0%	23.0%	16.3%	19.5%
71-73	29.0%	29.0%	23.0%	20.0%	16.3%	19.5%
74-79	29.0%	29.0%	25.0%	25.0%	16.3%	19.5%
80+	100.0%	100.0%	100%	100%	100.0%	100.0%

When a participant is between ages 58 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.

The resulting costs are as follows:

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Males</u>	<u>Females</u>
45-49	\$ 7,537	\$ 10,885
50-54	\$ 9,982	\$ 12,302
55-59	\$ 12,158	\$ 12,872
60-64	\$ 15,865	\$ 14,787
65+	\$ 20,322	\$ 18,928

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS - continued

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

Health Care Cost Trend Rate: 6.5% in 2022, 6.0% in 2023, 515% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

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.

Participant Data: Based on census information as of July 2021.

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 (3.06% percent) or 1-percentage-point higher (5.06% percent) than the current discount rate:

	1% Decrease 3.06%	Discount Rate 4.06%	1% Increase 5.06%
School's Net OPEB Liability	\$ 1,777,300	\$ 1,675,750	\$ 1,579,380

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:

	1% Decrease	Discount Rate	1% Increase
School's Net OPEB Liability	\$ 1,524,490	\$ 1,675,750	\$ 1,849,861

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS - continued

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

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

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

Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021 there were no assumed future benefit increases to participating eligible retirees.

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS - continued

Employer Contributions:

The School's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance unfunded accrued liability. Contribution to the OPEB plan for the School were \$20,608 for the year ended June 30, 2023.

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

At June 30, 2023, the School reported a liability of \$2,001,750 for its net OPEB liability. Of that, \$326,000 relates to the Cost Sharing OPEB plan. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The School'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, 2023, the School's proportion was .0177% which was a decrease of .0013% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School recognized OPEB income of \$23,389. At June 30, 2023, 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	\$ 2,250	\$ 1,500
Changes of Assumptions	27,000	57,750
Net difference Between Projected and Actual		
Investment Earnings	750	-
Changes in Proportion	6,408	22,158
Contributions Subsequent to the Measurement Date	20,213	-
Total	<u>\$ 56,621</u>	<u>\$ 81,408</u>

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – continued

\$20,213 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ 13,000
2024	\$ 10,000
2025	\$ 12,000
2026	\$ 11,000
Thereafter	\$ 13,000

Actuarial Assumptions

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

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

Investment return – 4.09% - S&P 20 Year Municipal Bond Rate

Salary growth – Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

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

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

Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

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

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

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

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 10 – 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, 2020 determined the employer contribution rate for fiscal year 2022.

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

Asset valuation method: Market Value

Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.

Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer 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	100.0%	0.5%
	<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, 2022.

Discount rate

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

SUN AREA TECHNICAL INSTITUTE
Notes to Financial Statements
June 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS – continued

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, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	Current Trend Rate	1% Increase
\$ 326,000	\$ 326,000	\$ 326,000

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

Decrease 3.09%	Current Trend 4.09%	Increase 5.09%
\$ 368,000	\$ 326,000	\$ 290,000

OPEB plan fiduciary net position

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

SUN AREA TECHNICAL INSTITUTE

Notes to Financial Statements

June 30, 2023

NOTE 11 - 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 12 - 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.

In October of 2023 the School entered into the following contracts for the West Campus Electrical Systems and Mechatronics Program Addition:

eciConstruction - \$2,190,500
Selsyn Electric - \$364,750
Silvertip, Inc.(HVAC) - \$379,450
Silvertip, Inc.(plumbing) - \$145,200

REQUIRED SUPPLEMENTARY INFORMATION

SUN AREA TECHNICAL INSTITUTE
Schedule of School's Proportionate Share of the Net Pension Liability
June 30, 2015 through 2023

	<u>2023</u>	<u>2022</u>	<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	0.0176%	0.0191%	0.0186%	0.0184%	0.0191%	0.0190%	0.0192%	0.0188%	0.0185%
School's Proportionate Share of the Net Pension Liability	\$ 7,825,000	\$ 7,842,000	\$ 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	\$ 2,737,883	\$ 2,700,008	\$ 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	285.8048%	290.4436%	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	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

SUN AREA TECHNICAL INSTITUTE
Schedule of School's Contributions – Pension Plan
June 30, 2015 through 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 924,680	\$ 875,578	\$ 901,382	\$ 866,538	\$ 827,431	\$ 814,390	\$ 741,378	\$ 625,625	\$ 490,827
Contributions in Relation to the Contractually Required Contribution	<u>(924,680)</u>	<u>(875,578)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 2,737,883	\$ 2,700,008	\$ 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	33.77%	32.43%	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 2023

Fiscal Year Ending*	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 143,879	\$ 211,770	\$ 163,055	\$ 156,733	\$ 148,699	\$ 120,052
Interest	49,158	52,533	84,444	70,097	72,767	53,001
Changes of Benefit Terms	-	(162,504)	-	-	-	(85,232)
Differences Between Expected and Actual Experience ¹	-	(435,300)	-	175,967	-	(49,938)
Changes of Assumptions ¹	(426,495)	(48,309)	213,798	(48,652)	8,172	299,220
Benefit Payments ²	(224,679)	(211,364)	(184,139)	(217,628)	(201,550)	(131,605)
Net Change	(458,137)	(593,174)	277,158	136,517	28,088	205,498
Total OPEB Liability - Beginning	2,133,889	2,727,063	2,449,905	2,313,388	2,285,300	2,079,802
Total OPEB Liability - Ending	<u>\$ 1,675,752</u>	<u>\$ 2,133,889</u>	<u>\$ 2,727,063</u>	<u>\$ 2,449,905</u>	<u>\$ 2,313,388</u>	<u>\$ 2,285,300</u>
Covered Employee Payroll	\$ 2,516,032	\$ 2,516,032	\$ 2,551,424	\$ 2,551,424	\$ 2,467,504	\$ 2,467,504
Total OPEB Liability as a % of Covered-Employee Payroll	66.60%	84.81%	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 2.28% to 4.06%.

¹Each 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.

²These 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 2023

	2023	2022	2021	2020	2019
District's proportion of the net OPEB liability	0.0177%	0.0190%	0.0186%	0.0184%	0.0191%
District's proportionate share of the net OPEB liability (asset)	326,000	451,000	402,000	391,000	398,000
District's covered-employee payroll	2,602,990	2,700,008	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	12.52%	16.70%	15.39%	15.41%	15.45%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%

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

SUN AREA TECHNICAL INSTITUTE
Schedule of School's Contributions – OPEB Plan
PSERS Health Insurance Premium Assistance Program
June 30, 2019 through 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 20,213	\$ 20,608	\$ 22,057	\$ 21,819	\$ 20,543
Contributions in relation to the contractually required contribution	<u>(20,213)</u>	<u>(20,608)</u>	<u>(22,057)</u>	<u>(21,819)</u>	<u>(20,543)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	2,737,883	2,700,008	2,611,715	2,537,881	2,576,752
Contributions as a percentage of covered-employee payroll	0.7383%	0.7633%	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, 2023

	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUE FROM LOCAL SOURCES			
Member School Districts	\$ 6,804,478	\$ 6,443,216	\$ (361,262)
Adult Education Tuition	20,400	6,489	(13,911)
Interest Income	3,000	18,338	15,338
Rental Income	3,000	5,810	2,810
Contributions and Donations	171,176	86,088	(85,088)
Other Revenue	-	40,876	40,876
	<u>7,002,054</u>	<u>6,600,817</u>	<u>(401,237)</u>
REVENUE FROM STATE SOURCES			
Vocational Education Reimbursement	500,200	726,229	226,029
Adult Education Reimbursement	-	-	-
State Grant Funds	51,099	55,613	4,514
Social Security Reimbursement	115,000	118,626	3,626
Retirement Reimbursement	527,500	529,044	1,544
	<u>1,193,799</u>	<u>1,429,512</u>	<u>235,713</u>
REVENUE FROM FEDERAL SOURCES			
Federal Grant Funds	711,281	379,348	(331,933)
	<u>711,281</u>	<u>379,348</u>	<u>(331,933)</u>
OTHER FINANCING SOURCES			
Leases on Right to Use Arrangements	-	32,225	32,225
Transfers	-	182,316	182,316
	<u>-</u>	<u>214,541</u>	<u>214,541</u>
Total Revenues	<u>\$ 8,907,134</u>	<u>\$ 8,624,218</u>	<u>\$ (282,916)</u>

SUN AREA TECHNICAL INSTITUTE
Schedule of Expenditures and Other Financing Uses
Compared with Budget – General Fund
For the Year Ended June 30, 2023

EXPENDITURES	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Regular Programs			
Salaries	\$ 73,584	\$ 72,431	\$ 1,153
Employee Benefits	58,187	57,326	861
Other Purchased Services	125	-	125
General Supplies and Textbooks	250	121	129
Total Regular Programs	132,146	129,878	2,268
Special Programs			
Salaries	298,330	296,907	1,423
Employee Benefits	365,646	333,144	32,502
Other Purchased Services	1,594	1,222	372
General Supplies and Textbooks	1,134	804	330
Dues and Fees	340	340	-
Total Special Programs	667,044	632,417	34,627
Vocational Programs			
Salaries	1,564,585	1,541,941	22,644
Employee Benefits	1,217,155	1,083,005	134,150
Purchased Professional and Technical Services	100	82	18
Purchased Property Services	28,625	15,304	13,321
Other Purchased Services	9,710	6,563	3,147
General Supplies and Textbooks	268,484	361,911	(93,427)
Property and Equipment Costs	459,657	499,986	(40,329)
Dues and Fees	2,843	2,843	-
Total Vocational Programs	3,551,159	3,511,635	39,524
Other Instructional Programs			
Other Purchased Services	12,108	12,108	-
Total Other Instructional Programs	12,108	12,108	-

SUN AREA TECHNICAL INSTITUTE
Schedule of Expenditures and Other Financing Uses
Compared with Budget – General Fund - continued
For the Year Ended June 30, 2023

EXPENDITURES (continued)	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Adult Education Programs			
Salaries	\$ 12,624	\$ 1,845	\$ 10,779
Employee Benefits	5,522	801	4,721
Other Purchased Services	1,450	145	1,305
General Supplies and Textbooks	2,489	2,189	300
Total Adult Education Programs	22,085	4,980	17,105
Pupil Personnel Programs			
Salaries	72,534	72,234	300
Employee Benefits	68,761	68,015	746
Other Purchased Services	800	633	167
General Supplies and Textbooks	500	-	500
Dues and Fees	100	-	100
Total Pupil Personnel Programs	142,695	140,882	1,813
Instructional Staff Services			
Salaries	225,115	224,767	348
Employee Benefits	250,356	250,620	(264)
Purchased Professional and Technical Services	15,000	4,315	10,685
Purchased Property Services	1,000	-	1,000
General Supplies and Textbooks	72,558	66,580	5,978
Property and Equipment Costs	88,160	69,773	18,387
Total Instructional Staff Services	652,189	616,055	36,134

SUN AREA TECHNICAL INSTITUTE
Schedule of Expenditures and Other Financing Uses
Compared with Budget – General Fund - continued
For the Year Ended June 30, 2023

EXPENDITURES (continued)	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Administrative Services			
Salaries	\$ 274,699	\$ 274,233	\$ 466
Employee Benefits	211,908	211,508	400
Purchased Professional and Technical Services	40,328	34,390	5,938
Purchased Property Services	15,610	11,111	4,499
Other Purchased Services	28,547	25,108	3,439
General Supplies and Textbooks	22,657	22,269	388
Dues and Fees	6,900	5,910	990
Total Administrative Services	600,649	584,529	16,120
Pupil Health Services			
Salaries	39,089	39,089	-
Employee Benefits	28,495	27,681	814
Purchased Professional and Technical Services	11,340	11,340	-
General Supplies and Textbooks	5,698	5,164	534
Total Pupil Health Services	84,622	83,274	1,348
Business Services			
Salaries	68,786	68,098	688
Employee Benefits	55,769	55,078	691
Purchased Professional and Technical Services	16,000	14,015	1,985
Purchased Property Services	1,500	970	530
Other Purchased Services	100	-	100
General Supplies and Textbooks	500	-	500
Dues and Fees	300	183	117
Total Business Services	142,955	138,344	4,611

SUN AREA TECHNICAL INSTITUTE
Schedule of Expenditures and Other Financing Uses
Compared with Budget – General Fund - continued
For the Year Ended June 30, 2023

EXPENDITURES (continued)	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
Operation and Maintenance of Plant Services			
Salaries	\$ 148,695	\$ 147,411	\$ 1,284
Employee Benefits	165,006	163,319	1,687
Purchased Professional and Technical Services	13,660	9,690	3,970
Purchased Property Services	181,638	163,414	18,224
Other Purchased Services	112,209	102,525	9,684
General Supplies and Textbooks	186,589	149,312	37,277
Property and Equipment Costs	209,922	272,745	(62,823)
Dues and Fees	300	270	30
	<u>1,018,019</u>	<u>1,008,686</u>	<u>9,333</u>
Total Operation and Maintenance of Plant Services			
Central and Other Support Services			
Employee Benefits	20,797	10,735	10,062
Purchased Professional and Technical Services	18,622	18,122	500
Other Purchased Services	22,402	18,873	3,529
	<u>61,821</u>	<u>47,730</u>	<u>14,091</u>
Total Central and Other Support Services			
Student Activities			
Salaries	11,245	9,250	1,995
Employee Benefits	5,227	4,004	1,223
Purchased Professional and Other Purchased Services	4,722	4,722	-
	<u>21,194</u>	<u>17,976</u>	<u>3,218</u>
Total Student Activities			
Community Services			
Purchased Professional and Technical Services	2,200	2,000	200
	<u>2,200</u>	<u>2,000</u>	<u>200</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, 2023

	Final Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES (continued)			
Facilities Acquisition and Construction			
Purchased Property Services	\$ 1,761,013	\$ 222,941	\$ 1,538,072
Property and Equipment Costs	31,606	65,081	(33,475)
Total Facilities Acquisition and Construction	1,792,619	288,022	1,504,597
Debt Service Payments			
Principal and Interest	-	178,803	(178,803)
Total Debt Service Payments	-	178,803	(178,803)
Total Expenditures	8,903,505	7,397,319	1,506,186
OTHER FINANCING USES			
Budgetary Reserve	1,129	-	(1,129)
Fund Transfers	2,500	1,137	(3,637)
Total Other Financing Uses	3,629	1,137	(4,766)
Total Expenditures and Other Financing Uses	\$ 8,907,134	\$ 7,398,456	\$ 1,501,420