

**MOUNT UNION AREA SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT ON  
BASIC FINANCIAL STATEMENTS**

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**YEAR ENDED JUNE 30, 2019**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of School Directors  
Mount Union Area School District  
603 N. Industrial Drive  
Mount Union, Pennsylvania 17066

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Mount Union Area School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Mount Union Area School District, as of June 30, 2019, 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.



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

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Defined Benefit Pension Plan Information related to the Pennsylvania Public School Employees' Retirement System (PSERS), and the Defined Benefit Postemployment Healthcare Plan's schedule of funding progress, on pages 3 through 8 and 54 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019 on our consideration of the Mount Union Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mount Union Area School District's internal control over financial reporting and compliance.

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

**MOUNT UNION AREA SCHOOL DISTRICT  
MOUNT UNION, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

The discussion and analysis of Mount Union Area School District's financial performance provides an overall review of the Districts' financial activities for the fiscal year ended June 30, 2019. The discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, and (b) provide an overview of the District's financial activity. Since the Management's Discussion and Analysis is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the financial statements and audit report. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Beginning in 2015-16, GASB 68 reporting impacted the Districts' financial overview.

**FINANCIAL HIGHLIGHTS**

\*Liabilities and deferred inflows of resources of the District exceeded Assets and Deferred Outflows as of June 30, 2019 by \$22,931,705, a decrease of \$3,302,394 from the previous year's adjusted net position. The primary reason for the decrease is depreciation exceeding capital outlays by over \$1,000,000 and an increase in Pension and OPEB Liabilities of approximately \$2,000,000.

\*The District's total revenue decreased .02% (\$11,155) which is attributed to a decrease in federal grants.

\*The General Fund's Expenditures and Other Financing Uses exceeded the Revenues and Other Financing Sources by \$160,535 and there is a Prior Period negative adjustment to fund balance of \$137,440.

\*At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,500,000. The balance of fund equity \$3,248,088 was assigned to help fund future retirement, medical, and salary increases.

\*Total fund balance is just over \$6.5 million comprised of General Fund - \$4,748,087, Capital Reserve - \$1,314,919, and the Morrison Trust - \$484,314. The district has been working to manage fund balance and use it appropriately for the benefit of student achievement and educational programs wherever possible.

\*The District did not change the revenue generated from property tax for 2018-19, however the equalized millage calculation resulted in a decrease in real estate taxes by .07 mills for Huntingdon County Residents and .21 mills those residing in Mifflin County.

\*The district-wide average poverty level of students attending Mount Union in 2018-19 was 48% which allowed for continuation of the Community Eligibility Program as it relates to the school nutrition program. Under this provision, all students in the District received free breakfast and lunch during the school year which resulted in a decrease in the Food Service fund balance of \$287,167.

**FINANCIAL STATEMENTS**

The accompanying financial statements have been prepared in accordance with GASB Statement Number 34 and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting respectively.

The first two statements (district-wide) are government-wide financial statements – the Statement of Net assets and the Statement of Activities. These statements provide both long-term and short-term information about the District’s overall financial status.

The remaining statements (fund) focus on individual parts of the District’s operations in more detail than the government-wide statements. The governmental funds’ statements tell how general District 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 District operates like a business. For this District this is our Food Service Fund.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

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

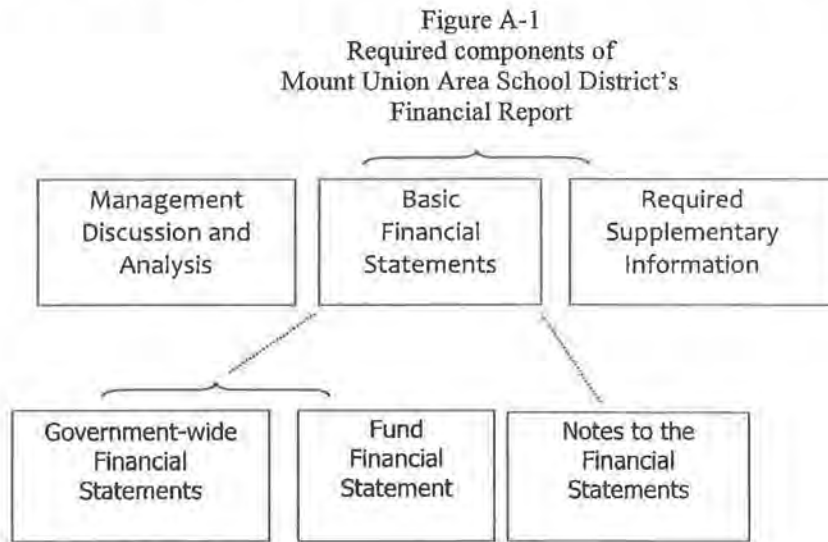


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the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

Figure A-2

	Government-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire School District	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	The activities the School District that operates similar to a private business-food services
Required financial statements	Statement of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Net Assets Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, and 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



## Government-wide Statements

### The Statement of Net Assets and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps the reader understand if the District is better off or worse off as a result of the year's activities. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position—the difference between assets and liabilities— as one way to measure the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax and earned income tax base and the condition of the District's buildings and facilities, to assess the *overall health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- ❑ Governmental activities- Most of the District's basic services are reported here, including instruction, administration, business office, athletics, buildings and grounds, and debt service. Basic education subsidy, property taxes, earned income taxes, and state and federal grants finance most of these activities.
- ❑ Business-type activities- The District charges a fee to students and adults to help cover some of the services it provides. The State and Federal governments, through the National School Lunch Program, also provide financing toward lunch program costs.

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds- not the District as a whole. The District's three kinds of funds- *governmental*, *proprietary* and *fiduciary* funds- use different accounting approaches.

- Governmental funds-Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other *financial* assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- Proprietary funds- These funds are used to account for the District 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 district charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provides more detail and additional information, such as cash flow.
- Fiduciary funds - The District is the trustee, or *fiduciary*, for its student activity fund and payroll fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Mount Union Area School District's own programs. Separate statements for the fiduciary fund are included with the fund statements.

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

**Net assets:** The District's *combined* net assets decreased from \$-19.8 million to \$-22.9 million. (See Table A1)

**Table A1: NET ASSETS**

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent Change
	2019	2018	2019	2018	2019	2018	2018-19
<b>Assets:</b>							
Current & other assets	9,075,891	10,856,962	40,869	299,914	9,116,760	11,156,876	-18.29%
Capital assets	29,187,480	30,112,352	129,187	137,823	29,316,667	30,250,175	-3.09%
Deferred outflow of Resources	1,542,026	6,242,580	42,875	-	1,584,901	6,242,580	-74.61%
<b>Total Assets and Deferred Outflow of Resources</b>	<b>39,805,397</b>	<b>47,211,894</b>	<b>212,931</b>	<b>437,737</b>	<b>40,018,328</b>	<b>47,649,631</b>	<b>-16.02%</b>
<b>Liabilities:</b>							
Long-term debt outstanding	23,409,000	29,362,354	114,459	74,426	23,523,459	29,436,780	-20.09%
Other liabilities	6,803,528	4,894,723	36,372	76,548	6,839,900	4,971,271	37.59%
Net pension liability	28,060,681	31,954,000	780,202	-	28,840,883	31,954,000	-9.74%
Deferred Inflow of Resources	3,681,786	1,098,344	64,005	-	3,745,791	1,098,344	241.04%
<b>Total Liab. and Deferred Inflow of Resources</b>	<b>61,954,995</b>	<b>67,309,421</b>	<b>995,038</b>	<b>150,974</b>	<b>62,950,033</b>	<b>67,460,395</b>	<b>-6.69%</b>
<b>Net assets:</b>							
Invested in capital assets, net of debt	5,778,480	5,004,352	129,187	137,823	5,907,667	5,142,175	14.89%
Restricted	1,799,233	2,034,547	-	148,940	1,799,233	2,183,487	-17.60%
Unrestricted (deficit)	(29,727,311)	(27,136,427)	(911,294)	-	(30,638,605)	(27,136,427)	12.91%
<b>Total net position</b>	<b>\$ (22,149,598)</b>	<b>\$ (20,097,527)</b>	<b>\$ (782,107)</b>	<b>\$ 286,763</b>	<b>\$ (22,931,705)</b>	<b>\$ (19,810,764)</b>	<b>15.75%</b>

**Changes in net position:** The District's total revenues (excluding special items) decreased .02 percent to \$22,888,264. State formula aid accounted for most of the District's revenue, contributing about 39 cents of every dollar raised (See Table A2). Thirty-four (34) percent of the District's revenue came from Federal and State grants, which was used for specific programs, and 23 percent from taxes. The remaining 4 percent came from fees charged for services and miscellaneous sources.

**Table A2: REVENUE, EXPENSES AND CHANGE IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percent Change
	2019	2018	2019	2018	2019	2018	2018-19
<b>Revenues:</b>							
Program Revenues:							
Charges for Services	126,856	4,416,745	68,452	69,407	195,308	4,486,152	-95.65%
Operating Grants & Contrib.	7,113,299	3,032,592	804,312	838,222	7,917,611	3,870,814	104.55%
General Revenues:							
Taxes	5,419,055	5,258,270	-	-	5,419,055	5,258,270	3.06%
State Formula Aid	8,986,752	9,203,617	-	-	8,986,752	9,203,617	-2.36%
Other	369,495	116,800	43	101	369,538	116,901	216.11%
<b>Total Revenues</b>	<b>22,015,457</b>	<b>22,028,024</b>	<b>872,807</b>	<b>907,730</b>	<b>22,888,264</b>	<b>22,935,754</b>	<b>-0.21%</b>
<b>Expenses:</b>							
Buildings	1,086,432	1,120,370	-	-	1,086,432	1,120,370	-3.03%
Instruction	15,720,538	15,512,993	-	-	15,720,538	15,512,993	1.34%
Student Support	1,063,481	1,075,418	-	-	1,063,481	1,075,418	-1.11%
Administration	2,567,549	2,409,592	-	-	2,567,549	2,409,592	6.56%
Maintenance and Operations	1,821,278	1,614,444	-	-	1,821,278	1,614,444	12.81%
Pupil Transportation	1,014,084	1,061,880	-	-	1,014,084	1,061,880	-4.50%
Student Activities	461,302	434,418	-	-	461,302	434,418	6.19%
Community Services	2,493	1,698	-	-	2,493	1,698	46.82%
Debt Service	1,293,527	1,075,521	-	-	1,293,527	1,075,521	20.27%
Food Service	-	-	1,159,974	1,106,599	1,159,974	1,106,599	4.82%
<b>Total Expenses</b>	<b>25,030,684</b>	<b>24,306,334</b>	<b>1,159,974</b>	<b>1,106,599</b>	<b>26,190,658</b>	<b>25,412,933</b>	<b>3.06%</b>
<b>Increase(decrease) in Net Position</b>	<b>(3,015,227)</b>	<b>(2,278,310)</b>	<b>(287,167)</b>	<b>(198,869)</b>	<b>(3,302,394)</b>	<b>(2,477,179)</b>	<b>33.31%</b>
Beginning Net Assets (Restated)	(19,134,371)	(17,819,218)	(494,940)	485,632	(19,629,311)	(17,333,586)	13.24%
<b>Ending Net Assets</b>	<b>\$ (22,149,598)</b>	<b>\$ (20,097,528)</b>	<b>\$ (782,107)</b>	<b>\$ 286,763</b>	<b>\$ (22,931,705)</b>	<b>\$ (19,810,765)</b>	<b>15.75%</b>



The total cost of all programs and services increased 3.06% to \$26.1 million. The District's expenses are predominantly related to education and caring for students and make up 64%. Administrative and Maintenance each accounted for 9% and 6% respectively of total costs, while Student Support Services and Pupil Transportation contributed 4% and 3% respectively of the total. Food Service Costs were 4% of the overall expenses.

#### FINANCIAL ANALYSIS OF THE DISTRICT'S MOST SIGNIFICANT FUNDS

At June 30, 2019, the District governmental funds reported a combined fund balance of \$9,907,961 which is a decrease of \$571,963 over the prior year after considering a prior period adjustment of (\$137,440).

The General Fund showed a decrease of \$297,975 after considering a prior period adjustment of (\$137,440), the Scholarship Fund showed a decrease of \$100,604, and the Capital Project Fund decreased \$134,709.

As in previous years, the Food Service fund was contracted with a Food Management Company to operate the District's food service program (cafeteria). The board of directors decided to continue participation in the Community Eligibility Program (CEP) for the 2018-19 school year. The program allows the district to offer breakfast and lunch to all students free of charge. In order to be eligible for the program, the directly certified poverty level of the district must exceed 40% and Mount Union had an average of 48% district-wide for 2018-19, up from 46% in 2017-18. Participation in the program and the purchase of several large pieces of equipment that needed replaced has resulted in a net position decrease of \$287,167. In addition, there was a prior period adjustment of (\$781,703), which resulted in a deficit in the net position of the Fund. The fund balance entering the 2019-2020 fiscal year is somewhat diminished, however the level of Federal and State reimbursement has increased therefore the district opted to continue the CEP program. Continuation in the CEP program will be evaluated each year moving forward.

#### GENERAL FUND BUDGET

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year and is permitted by state law.

Actual expenses were 2.45% or \$533,759 more than the amount budgeted. Actual revenues exceeded the amount budgeted by \$1,269,889 or 6.16%. The biggest increases were in tuition income and federal and state grants which were not anticipated at the time the budget was prepared.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

##### Capital Assets:

At June 30, 2019, the District had invested in a broad range of capital assets, including land, buildings and furniture and equipment. The net result for 2018-19 was a decrease of \$1,015,102 for the governmental activities. This net decrease is a combination of new assets and capital improvements of \$225,087, and depreciation expense of \$1,240,189. There were no asset deletions in 2018-19.

##### Debt Administration:

On July 1, 2018, the District had total outstanding bonds of \$25,108,000. The net decrease in bonds payable for 2018-19 was \$1,699,000, therefore, as of June 30, 2019, ending outstanding bonds payable was \$23,409,000.

In November 2018, the District refunded the Series 2009 General Obligation Build America Bonds by issuing a Series 2018 General Obligation Bond. The savings earned on the refinancing is \$561,919 over the course of the note which is scheduled through September 2036.

On June 30, 2019, the District also had compensated absences payable of \$468,590, other post-employment benefits of \$4,051,970, and the District's share of retirement benefits of \$28,840,883, making the total outstanding debt at June 30, 2019 \$56,770,443.

**Table A3: OUTSTANDING BONDS**

	June 30, 2018	June 30, 2019
General Obligation Bonds		
Series of 2009 (refinance 2009 with 2018)	11,765,000	0
Series of 2012	205,000	0
Series of 2013	2,760,000	2,710,000
Series of 2015 (note)	804,000	0
Series of 2017 (refinance 2012 with note)	9,574,000	9,534,000
Series of 2018	0	11,165,000
Total Outstanding	25,108,000	23,409,000

### ECONOMIC CONDITIONS AND OUTLOOK

The District continues to seek local, state, and federal grant funding and fee for service revenue to compliment local property tax revenues in order to increase the capacity of the District to provide services while minimizing the burden on local taxpayers. For our geographic area, federal and state funding streams continue to be decrease while state mandates to provide additional programs, retirement costs for employees and funding for charter schools continue to rise.

As in prior years, the growth and continued financial stability of the District rests with its ability to provide quality services in a cost-effective manner. The District will continue to examine expenditures closely and make every effort to contain costs and eliminate excess spending where feasible. The District is fortunate to have financial reserves available and occasionally relies on net assets/fund balances to supplement revenues.

A continued major impact on the financial statements was seen with the implementation of GASB Statement No. 68 – Accounting and financial reporting for pensions. The District as a cost-sharing employer in the Pennsylvania School Employees Retirement System, was required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pension obligations for its proportionate share of pension liabilities for all employers in this pension plan. The liability for the year ended June 30, 2019 was over \$28,000,000. The details are discussed in the Notes to the Financial Statements. All school districts in Pennsylvania recorded a proportionate share of the liability. The financial statement impact is tremendous.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Mount Union Area School District, 603 North Industrial Drive, Mount Union, PA 17066.

**MOUNT UNION AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 1,735,300	(\$ 29,703)	\$ 1,705,597
Investments	3,990,016	0	3,990,016
Taxes Receivable, net	759,956	0	759,956
Internal Balances	( 7,200)	7,200	0
Due from Other Governments	2,207,182	0	2,207,182
Prepaid Expenses	240,445	0	240,445
Other Receivables	150,192	3,417	153,609
Inventories	0	59,955	59,955
Capital Assets, Not Being Depreciated:			
Land	104,218	0	104,218
Construction in Progress	13,572	0	13,572
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	28,658,098	129,187	28,787,285
Furniture and Equipment	<u>411,592</u>	<u>0</u>	<u>411,592</u>
Total Assets	<u>\$38,263,371</u>	<u>\$170,056</u>	<u>\$38,433,427</u>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred Resources Related to Pensions	\$ 822,628	\$ 22,872	\$ 845,500
Deferred Resources Related to OPEB	<u>719,398</u>	<u>20,003</u>	<u>739,401</u>
Total Deferred Outflows of Resources	<u>\$ 1,542,026</u>	<u>\$ 42,875</u>	<u>\$ 1,584,901</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 181,924	\$ 4,640	\$ 186,564
Accrued Salaries and Benefits	1,110,293	0	1,110,293
Payroll Deductions and Withholdings	804,706	0	804,706
Accrued Interest	294,438	0	294,438
Other Current Liabilities	0	928	928
Unearned Revenue	6,066	30,804	36,870
Noncurrent Liabilities:			
Bonds Payable, Due Within One Year	1,081,000	0	1,081,000
Due in More Than One Year	<u>54,794,782</u>	<u>894,661</u>	<u>55,689,443</u>
Total Liabilities	<u>\$58,273,209</u>	<u>\$931,033</u>	<u>\$59,204,242</u>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred Resources Related to Pensions	\$ 649,491	\$ 18,059	\$ 667,550
Deferred Resources Related to OPEB	1,652,499	45,946	1,698,445
Deferred Resources Related to Bond Premium	<u>1,379,796</u>	<u>0</u>	<u>1,379,796</u>
Total Deferred Inflows of Resources	<u>\$ 3,681,786</u>	<u>\$ 64,005</u>	<u>\$ 3,745,791</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	\$ 5,778,480	\$129,187	\$ 5,907,667
Restricted for Capital Projects	1,314,919	0	1,314,919
Restricted for Eitner Trust	484,314	0	484,314
Unrestricted	( 29,727,311)	( 911,294)	( 30,638,605)
Total Net Position	<u>(\$22,149,598)</u>	<u>(\$782,107)</u>	<u>(\$22,931,705)</u>

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



**MOUNT UNION AREA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

Expenses

**Governmental Activities**

Instruction	\$15,720,538
Instructional Student Support	1,063,481
Administrative and Financial Support Services	2,567,549
Operation and Maintenance of Plant Services	1,821,278
Pupil Transportation	1,014,084
Student Activities	461,302
Community Services	2,493
Interest on Long-Term Debt	1,293,527
Unallocated Deprecation	<u>1,086,432</u>
Total Governmental Activities	<u>\$25,030,684</u>

**Business-Type Activities**

Food Services	\$ 1,159,974
Total Primary Government	<u>\$26,190,658</u>

**General Revenues**

Taxes:
Property Taxes, Levied for General Purposes, Net
Other Taxes
Grants, Subsidies, and Contributions Not Restricted
Investment Earnings
Miscellaneous Income
Sale of Fixed Assets
Total General Revenues

Change in Net Position

**Net Position** - Beginning

Prior Period Adjustment

**Net Position** - Beginning (Restated)

**Net Position** - Ending

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

**MOUNT UNION AREA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
<u>Charges for Services</u>	<u>Operating Grants and Contribution</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 84,004	\$4,931,825	(\$10,704,709)	\$ 0	(\$10,704,709)
0	158,427	( 905,054)	0	( 905,054)
0	284,227	( 2,283,322)	0	( 2,283,322)
725	711,640	( 1,108,913)	0	( 1,108,913)
0	764,100	( 249,984)	0	( 249,984)
42,127	55,401	( 363,774)	0	( 363,774)
0	0	( 2,493)	0	( 2,493)
0	207,679	( 1,085,848)	0	( 1,085,848)
<u>0</u>	<u>0</u>	<u>( 1,086,432)</u>	<u>0</u>	<u>( 1,086,432)</u>
\$126,856	\$7,113,299	(\$17,790,529)	\$ 0	(\$17,790,529)
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
\$ 68,452	\$ 804,312	\$ 0	(\$287,210)	(\$ 287,210)
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
\$195,308	\$7,917,611	(\$17,790,529)	(\$287,210)	(\$18,077,739)
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		\$ 4,462,245	\$ 0	\$ 4,462,245
		956,810	0	956,810
		8,986,752	0	8,986,752
		102,363	43	102,406
		264,962	0	264,962
		<u>2,170</u>	<u>0</u>	<u>2,170</u>
		\$14,775,302	\$ 43	\$14,775,345
		<u>          </u>	<u>          </u>	<u>          </u>
		(\$ 3,015,227)	(\$287,167)	(\$ 3,302,394)
		<u>          </u>	<u>          </u>	<u>          </u>
		(\$20,097,528)	\$286,763	(\$19,810,765)
		<u>963,157</u>	<u>( 781,703)</u>	<u>181,454</u>
		(\$19,134,371)	(\$494,940)	(\$19,629,311)
		<u>          </u>	<u>          </u>	<u>          </u>
		(\$22,149,598)	(\$782,107)	(\$22,931,705)
		<u>          </u>	<u>          </u>	<u>          </u>

See Accompanying Notes and Independent Auditor's Report

**MOUNT UNION AREA SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<u>General Fund</u>	<u>Capital Reserve</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
<b><u>Current Assets</u></b>				
Cash and Cash Equivalents	\$ 963,770	\$ 560,906	\$210,624	\$ 1,735,300
Investments	3,752,041	0	237,975	3,990,016
Taxes Receivable, Net	759,956	0	0	759,956
Interfund Receivables	0	788,955	35,915	824,870
Intergovernmental Receivables	2,207,182	0	0	2,207,182
Prepaid Expenditures	240,445	0	0	240,445
Other Receivables	<u>150,192</u>	<u>0</u>	<u>0</u>	<u>150,192</u>
<b>TOTAL ASSETS</b>	<b>\$8,073,586</b>	<b>\$1,349,861</b>	<b>\$484,514</b>	<b>\$ 9,907,961</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>Liabilities</u></b>				
Interfund Payables	\$ 832,070	\$ 0	\$ 0	\$ 832,070
Accounts Payable	146,782	34,942	200	181,924
Accrued Salaries and Benefits	1,110,293	0	0	1,110,293
Payroll Deductions and Withholding	804,706	0	0	804,706
Unearned Revenue	<u>431,648</u>	<u>0</u>	<u>0</u>	<u>431,648</u>
Total Liabilities	<u>\$3,325,499</u>	<u>\$ 34,942</u>	<u>\$ 200</u>	<u>\$ 3,360,641</u>
<b><u>Fund Balances</u></b>				
Restricted	\$ 0	\$ 0	\$484,314	\$ 484,314
Assigned	3,248,087	1,314,919	0	4,563,006
Unassigned	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>1,500,000</u>
Total Fund Balances	<u>\$4,748,087</u>	<u>\$1,314,919</u>	<u>\$484,314</u>	<u>\$ 6,547,320</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$8,073,586</b>	<b>\$1,349,861</b>	<b>\$484,514</b>	<b>\$ 9,907,961</b>

See Accompanying Notes and Independent Auditor's Report



**MOUNT UNION AREA SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

Total Fund Balances - Governmental Funds \$ 6,547,320

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.

Cost of Assets	\$46,851,104	
Accumulated Depreciation	( <u>17,663,624</u> )	29,187,480

Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures. 425,582

Long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable	(\$23,409,000)	
Unamortized Bond Premium	( 1,379,796)	
Other Postemployment Benefits	( 3,942,356)	
Compensated Absences	( 463,745)	
Net Pension Liability	( 28,060,681)	
Accrued Interest on Bonds	( <u>294,438</u> )	( 57,550,016)

The deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time these inflow/outflow resources are not reported in the governmental funds.

Deferred Outflows of Resources	\$ 1,542,026	
Deferred Inflows of Resources	( <u>2,301,990</u> )	( <u>759,964</u> )

Total Net Position - Governmental Activities (\$22,149,598)

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

**MOUNT UNION AREA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>				
Local Sources	\$ 5,997,498	\$ 5,402	\$163,452	\$ 6,166,352
State Sources	14,584,767	0	0	14,584,767
Federal Sources	<u>1,309,362</u>	<u>0</u>	<u>0</u>	<u>1,309,362</u>
Total Revenues	<u>\$21,891,627</u>	<u>\$ 5,402</u>	<u>\$163,452</u>	<u>\$22,060,481</u>
<b><u>Expenditures</u></b>				
Current:				
Instruction	\$13,965,819	\$ 0	\$197,162	\$14,162,981
Support Services	5,910,264	6,745	0	5,917,009
Operation of Noninstructional Services	429,042	0	0	429,042
Facilities Acquisition, Construction, and Improvement Services	0	23,842	0	23,842
Capital Outlay:				
Instruction	14,671	0	66,894	81,565
Support Services	30,603	53,682	0	84,285
Operation of Noninstructional Services	3,395	0	0	3,395
Facilities Acquisition, Construction, and Improvement Services	0	55,842	0	55,842
Debt Service - Principal	1,099,000	0	0	1,099,000
Debt Service - Interest	845,758	0	0	845,758
Refund of Prior Year Receipts	<u>836</u>	<u>0</u>	<u>0</u>	<u>836</u>
Total Expenditures	<u>\$22,299,388</u>	<u>\$ 140,111</u>	<u>\$264,056</u>	<u>\$22,703,555</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(\$ 407,761)</u>	<u>(\$ 134,709)</u>	<u>(\$100,604)</u>	<u>(\$ 643,074)</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Refunding Bonds Issued	\$11,165,000	\$ 0	\$ 0	\$11,165,000
Sale of Fixed Assets	2,170	0	0	2,170
Bond Premiums	1,433,139	0	0	1,433,139
Debt Service Refunded Bonds	<u>( 12,353,083)</u>	<u>0</u>	<u>0</u>	<u>( 12,353,083)</u>
Total Other Financing Sources (Uses)	<u>\$ 247,226</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 247,226</u>
Net Change in Fund Balances	<u>(\$ 160,535)</u>	<u>(\$ 134,709)</u>	<u>(\$100,604)</u>	<u>(\$ 395,848)</u>
<b><u>Fund Balances</u></b> - Beginning	\$ 5,046,063	\$ 1,449,628	\$584,918	\$ 7,080,609
Prior Period Adjustment	<u>( 137,440)</u>	<u>0</u>	<u>0</u>	<u>( 137,440)</u>
<b><u>Fund Balances</u></b> - Beginning (Restated)	<u>\$ 4,908,623</u>	<u>\$ 1,449,628</u>	<u>\$584,918</u>	<u>\$ 6,943,169</u>
<b><u>Fund Balances</u></b> - Ending	<u>\$ 4,748,088</u>	<u>\$ 1,314,919</u>	<u>\$484,314</u>	<u>\$ 6,547,321</u>

See Accompanying Notes and Independent Auditor's Report

**MOUNT UNION AREA SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

Total Net Change in Fund Balances - Governmental Funds (\$ 395,848)

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 the estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in this period.

Depreciation Expense	(\$1,240,189)	
Capital Outlays	<u>225,187</u>	( 1,015,102)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year. 48,543

Repayment of bond principal payments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position, which bond proceeds are a financing source in the governmental funds, versus an increase to long-term liabilities in the Statement of Net Position.

Bond Proceeds	(\$11,165,000)	
Repayment of Bond Principal	( 1,379,796)	
Amortization of Bond Premium, Net of Premium Capitalized	<u>12,864,000</u>	319,204

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and, thus, requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The amount shown represents the difference between interest accrued and interest expensed in the current fiscal year. 86,971

In the statement of activities, certain operating expenses-compensated absences (vacations, sick days, and retirement incentives) are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amounts earned versus the amount used. ( 84,335)

In the statement of activities, certain operating expenses are measured by the amounts charged during the year.

Other Postemployment Benefits	(\$ 257,188)	
Pension Expense	<u>( 1,717,472)</u>	( 1,974,660)

Change in Net Position - Governmental Activities (\$3,015,227)

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



**MOUNT UNION AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2019**

	<b>Enterprise Fund</b>
	<b><u>Food Service</u></b>
<b><u>Assets</u></b>	
<b><u>Current Assets</u></b>	
Cash and Cash Equivalents	(\$ 29,703)
Other Receivables	3,417
Due from Other Funds	7,200
Inventories	<u>59,955</u>
Total Current Assets	\$ 40,869
<b><u>Noncurrent Assets</u></b>	
Machinery and Equipment, Net	<u>129,187</u>
Total Assets	\$170,056
<b><u>Deferred Outflows of Resources</u></b>	
Total Assets and Deferred Outflows of Resources	<u>\$212,931</u>
<b><u>Liabilities</u></b>	
<b><u>Current Liabilities</u></b>	
Accounts Payable	\$ 4,640
Unearned Revenue	30,804
Other Current Liabilities	<u>928</u>
Total Current Liabilities	\$ 36,372
<b><u>Noncurrent Liabilities</u></b>	
Compensated Absences	\$ 4,845
Other Postemployment Benefits	109,614
Net Pension Liability	<u>780,202</u>
Total Noncurrent Liabilities	\$894,661
Total Liabilities	\$931,033
<b><u>Deferred Inflows of Resources</u></b>	
Total Liabilities and Deferred Inflows of Resources	\$ 64,005
<b><u>Net Position</u></b>	
Invested in Capital Assets	\$129,187
Unrestricted	( <u>911,294</u> )
Total Net Position	(\$782,107)
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$212,931</u>

See Accompanying Notes and Independent Auditor's Report

**MOUNT UNION AREA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2019**

<b><u>Operating Revenues</u></b>	
Food Service Revenue	\$ 48,144
Other Operating Revenue	<u>20,308</u>
Total Operating Revenue	<u>\$ 68,452</u>
<b><u>Expenses</u></b>	
Salaries	\$ 237,985
Employee Benefits	235,220
Other Purchased Services	572,980
Purchased Property Service	14,347
Supplies	89,009
Depreciation	<u>10,433</u>
Total Expenses	<u>\$1,159,974</u>
Operating (Loss)	<u>(\$1,091,522)</u>
<b><u>Nonoperating Revenues</u></b>	
Federal Subsidies	\$ 712,517
State Subsidy	91,795
Interest Income	<u>43</u>
Total Nonoperating Revenues	<u>\$ 804,355</u>
Change in Net Position	<u>(\$ 287,167)</u>
<b><u>Net Position</u></b> - Beginning	\$ 286,763
Prior Period Adjustment	( <u>781,703</u> )
<b><u>Net Position</u></b> - Beginning (Restated)	<u>(\$ 494,940)</u>
<b><u>Net Position</u></b> - Ending	<u>(\$ 782,107)</u>

See Accompanying Notes and Independent Auditor's Report

**MOUNT UNION AREA SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2019**

<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from Users	\$ 45,361
Cash Payments to Employees	( 384,873)
Cash Payments for Goods and Services	( 490,805)
Cash Received Other Operating Revenue	<u>23,888</u>
Net Cash (Used) by Operating Activities	(\$ 806,429)
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Federal Subsidy	\$ 644,405
State Subsidy	<u>91,469</u>
Net Cash Provided from Noncapital Financing Activities	\$ 735,874
<b><u>Cash Flows from Investing Activities</u></b>	
Interest Income	\$ 43
<b><u>Cash Flows from Capital Activities</u></b>	
Purchase of Equipment	(\$ 30,467)
Net (Decrease) in Cash and Cash Equivalents	(\$ 100,979)
<b><u>Cash and Cash Equivalents</u> - Beginning</b>	<u>71,276</u>
<b><u>Cash and Cash Equivalents</u> - Ending</b>	(\$ 29,703)
Operating (Loss)	(\$1,091,522)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:	
Depreciation Expense	10,433
Federal Commodities Expense Related to Noncash Grant	68,439
(Increase) Decrease in Operating Assets:	
Inventory	9,059
Other Receivables	3,580
Due to Other Funds	109,093
Increase (Decrease) in Operating Liabilities:	
Compensated Absences	( 2,145)
Accounts Payable	( 1,060)
Other Postemployment Benefits	6,893
Other Liabilities	( 2,783)
Net Pension Liability	( 75,266)
Deferred Outflows of Resources	124,250
Deferred Inflows of Resources	<u>34,600</u>
Net Cash (Used) by Operating Activities	(\$ 806,429)

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



**MOUNT UNION AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2019**

	<b><u>Agency Fund</u></b>
<b><u>Assets</u></b>	
Cash and Equivalents	\$38,152
	<hr/>
<b><u>Liabilities</u></b>	
Accounts Payable	\$ 2,720
Other Current Liabilities	<u>35,432</u>
Total Liabilities	\$38,152
	<hr/>
<b>Net Position</b>	<b>\$ 0</b>
	<hr/> <hr/>

See Accompanying Notes and Independent Auditor's Report

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**I. Summary of Significant Accounting Policies**

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The Mount Union Area School District, which is located in Huntingdon County, Pennsylvania, operates under a nine-member school board and is responsible for providing all activities related to public elementary and secondary school education within the jurisdiction of the Mount Union Area School District. The accompanying financial statements present only the School District's primary government as it has been determined that the School District has no component units.

**C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the School's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

**D. Basis of Presentation - Fund Financial Statements**

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

**Governmental Funds**

The School District reports the following major governmental funds:

- The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those specifically required by law to be accounted for in another fund. This fund also accounts for the money authorized by the School Code for school athletics where the school has responsibilities for revenues generated and expenditures incurred for school related activities for the benefit of children.
- The *capital reserve fund* is used to account for moneys transferred during the year from appropriations made for any particular purpose, which may not be needed or surplus moneys at the end of the year. The moneys in this fund may be expended only for capital improvements and for replacement of and additions to public works and improvements, and for deferred maintenance, and for the purchase or replacement of school buses, and for no other purpose.

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**I. Summary of Significant Accounting Policies** (Continued)

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

**Governmental Funds** (Continued)

- The *permanent fund* is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

**Proprietary Funds**

The School District reports the following major enterprise fund:

- The *food service fund* accounts for the financial transactions related to the food service operations of the School District.

**Fiduciary Fund Types**

- The *agency funds* report resources held by the School District in a purely custodial capacity, i.e. the Student Activity Accounts and Payroll Fund.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, only the net amount is included as internal balances in the business-type activities column.

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

**E. Measurement Focus and Basis of Accounting**

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

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

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**I. Summary of Significant Accounting Policies (Continued)**

**E. Measurement Focus and Basis of Accounting (Continued)**

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

**1. Cash and Cash Equivalents**

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash deposits are reported at carrying amounts, which approximate fair values.

**2. Investments**

Investments, which consist of certificates of deposit, are reported at carrying amounts, which approximate fair values.

**3. Inventories and Prepaid Items**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis.



**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**I. Summary of Significant Accounting Policies** (Continued)

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

**3. Inventories and Prepaid Items** (Continued)

**Enterprise Fund - Food Service**

Inventories of \$30,803 represent food inventories including commodities donated by the federal government.

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

**4. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of three hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land, land improvements, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Activities Estimated Lives</u>	<u>Activities Estimated Lives</u>
Buildings and Improvements	10 - 40 years	N/A
Furniture and Equipment	5 - 20 years	10 - 15 years

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has four items that qualify for reporting in this category. They are the deferred outflows resulting from differences between expected and actual experience; changes in proportions; changes in assumptions; and net

**MOUNT UNION AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**  
**(CONTINUED)**

**I. Summary of Significant Accounting Policies** (Continued)

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

**5. *Deferred Outflows/Inflows of Resources*** (Continued)

differences between projected and actual investment earnings related to the School's defined benefit pension and OPEB plans and are reported in the government-wide statement of net position. These amounts are deferred and are amortized over the next eleven years.

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

**6. *Net Position Flow Assumption***

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

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

**7. *Fund Balance Flow Assumptions***

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

**8. *Fund Balance Policies***

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

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**I. Summary of Significant Accounting Policies** (Continued)

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

**8. Fund Balance Policies** (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a Board policy (e.g., encumbrances or future anticipated costs). The governing council is the highest level of decision-making authority for the government that can, prior to the end of the fiscal year, commit fund balance. Once committed, the limitation imposed by the policy remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) assigns fund balance. The council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Real Estate and Per Capita Taxes and Unearned Revenue**

Real Estate Taxes for the School District are collected from the following municipalities, which make up the Mount Union Area School District.

**Huntingdon County**

Mount Union Borough  
Shirleysburg Borough  
Mapleton Borough  
Shirley Township  
Union Township

**Mifflin County**

Wayne Township  
Kistler Borough  
Newton Hamilton Borough

The tax on real estate in these municipalities for public school purposes for fiscal year 2019 was 42.81 mills for residents of Huntingdon County and 26.42 mills for residents of Mifflin County as levied by the Board. Assessed valuations of property are determined by Huntingdon and Mifflin Counties and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	- Levy Date
July 1 - August 31	- 2% Discount Period
September 1 - October 31	- Face Payment Period
November 1 - December 31	- 5% Penalty Period
January 2	- Lien Date

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**I. Summary of Significant Accounting Policies** (Continued)

**G. Revenues and Expenditures/Expenses** (Continued)

**2. Real Estate and Per Capita Taxes and Unearned Revenue** (Continued)

The School District, on the government-wide financial statements, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance as unearned in the fund financial statements. All taxes, net of uncollectible amounts, are recognized in the period for which levied in the government-wide financial statements, regardless of when collected.

The balances at June 30, 2019 are as follows:

	<u>Taxes Receivable</u>	<u>Governmental Funds Gross Revenue Recognized</u>	<u>Unearned Taxes</u>
Real Estate	\$564,276	\$196,010	\$368,266
Act 511 and Other	58,165	849	57,316
Real Estate Transfer	7,341	7,341	0
Wage Tax	<u>130,174</u>	<u>130,174</u>	<u>0</u>
 Total	 <u>\$759,956</u>	 <u>\$334,374</u>	 <u>\$425,582</u>

**3. Intergovernmental Receivables and Unavailable Revenue**

Intergovernmental receivables are comprised of amounts due from other governments. Revenue is recorded as earned when eligibility requirements are met. Revenue received prior to meeting all eligibility requirements are considered unavailable until such time as the eligibility requirements are met.

**4. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. Employees must have 15 years of service with the School District to qualify.

The entire compensated absence liability is reported on the government-wide financial statements as a long-term liability, since management is unable to reasonably estimate the current portion.



**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**I. Summary of Significant Accounting Policies** (Continued)

**G. Revenues and Expenditures/Expenses** (Continued)

**4. Compensated Absences** (Continued)

In the governmental fund financial statements, none of the liability is reported, as it is not expected to be paid using expendable available resources. In proprietary funds, the entire amount of compensated absences related to employees of those funds is reported as a fund liability.

**Vacation**

School District employees who are required to work on a twelve-month schedule are credited with vacation at rates, which vary with length of service or job classification. Vacation (for most employee categories) may be taken or accumulated within certain limits and are paid prior to retirement or termination at the employee's current rate of pay.

**Early Retirement Incentive**

The School District periodically offers early retirement incentive programs to teacher personnel and to administrative and supervisory personnel. A single payment is made to the retiree during the month of July immediately following the year of retirement or, if the retiree so requests, the payment may be held and made in the subsequent January. The early retirement incentive programs are subject to annual adoption by the Mount Union Area School District Directors.

**Sick Leave and Personal Leave**

1. All full-time employees are credited with ten (10) days sick allowance, which may be accumulated from year to year without limitation.
2. All part-time employees are credited with two (2) days sick allowance, which may be accumulated from year to year without limitation.
3. Upon retirement, all professional employees receive \$85 per day for each day of accumulated sick, family emergency, and personal days accrued.
4. Upon retirement, nonprofessional employees receive \$30 per day for each day of accumulated sick leave.

**5. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds**

**A. *Cash and Investments***

**Deposits**

The School District's carrying amount of bank deposits at June 30, 2019 is \$5,733,765 and the bank balance is \$6,466,928. Of the bank balance, \$461,284 is covered by federal depository insurance, \$2,015,628 is collateralized by securities held by the pledging financial institution's trust department or agent, but not in the School District's name. In addition, \$3,990,016 of the bank balance and book balance is invested in external investment pools from which the School District purchased a prorata share of all investments and deposits, which are held in the name of the fund, which is considered to be a cash equivalent by the School District but are shown as investments.

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned, or the School District will not be able to recover collateral securities in the possession of an outside party. The School District's policy requires that deposits be insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law shall be pledged by the depository and obligations of the United States of America, Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

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

**B. School District's Investment Policies**

**Credit risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the School District's investing activities are managed by a Board designated individual. Investing is performed in accordance with the investment policies adopted by the School District's Board of Directors complying with State Statutes and the Pennsylvania School Code. School District funds may be invested in U. S. treasury bills, short-term obligations of the United States Government or its agencies or instrumentalities, deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law shall be pledged by the depository and obligations of the United States of America, Commonwealth of Pennsylvania, or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

**MOUNT UNION AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**  
**(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**B. School District's Investment Policies (Continued)**

**Interest rate risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. **Concentration of credit risk** is the risk of loss attributed to the magnitude of the School District's investments in a single issuer.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Investments of the School District's reporting entity are insured or collateralized with securities held by the School District, its agent, or by the pledging financial institution's trust department or agent in the name of the School District, or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the School District's name. The School District's policy regarding collateral follows State Statutes.

**C. Restricted Net Position**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include bond proceeds to be used for capital construction and amounts required by statute to be set-aside to create a reserve for budget stabilization.

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**D. Fund Equity**

Beginning with fiscal year 2011, the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications described in the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory and prepaid expenditures) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**D. Fund Equity (Continued)**

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The School Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the School Board through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes). Committed and assigned fund balance are considered to have been spent when an expenditure is incurred for purposes for which these fund balances as well as unassigned could be used.

**E. Capital Assets**

Capital asset activity for the year ended June 30, 2019 is as follows:

	<u>Restated Balance</u> <u>06/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/19</u>
<b><u>Governmental Activities</u></b>				
Capital Assets, not being depreciated:				
Land	\$ 104,218	\$ 0	\$ 0	\$ 104,218
Work in Progress	<u>0</u>	<u>13,572</u>	<u>0</u>	<u>13,572</u>
Total Assets Not Being Depreciated	\$ 104,218	\$ 13,572	\$ 0	\$ 117,790
Capital Assets, being depreciated:				
Buildings and Improvements	\$41,943,465	\$ 5,323	\$ 0	\$41,948,788
Furniture and Equipment	2,997,899	163,922	0	3,161,821
Land Improvements	<u>1,580,435</u>	<u>42,270</u>	<u>0</u>	<u>1,622,705</u>
Total Capital Assets, Being Depreciated	\$46,521,799	\$ 211,515	\$ 0	\$46,733,314
Less Accumulated Depreciation:				
Buildings	(\$12,424,075)	(\$1,086,365)	\$ 0	(\$13,510,440)
Furniture and Equipment	( 2,631,729)	( 118,500)	0	( 2,750,229)
Land Improvements	<u>( 1,367,631)</u>	<u>( 35,324)</u>	<u>0</u>	<u>( 1,402,955)</u>
Total Accumulated Depreciation	(\$16,423,435)	(\$1,240,189)	\$ 0	(\$17,663,624)
Net Capital Assets, Being Depreciated, Net	\$30,098,364	(\$1,028,674)	\$ 0	\$29,069,690
Governmental Activities Capital Assets, Net	<u>\$30,202,582</u>	<u>(\$1,015,102)</u>	<u>\$ 0</u>	<u>\$29,187,480</u>



**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**E. Capital Assets (Continued)**

	<u>Restated Balance</u> <u>06/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/19</u>
<b><u>Business-Type Activities</u></b>				
Furniture and Equipment	\$ 721,996	\$ 30,467	(\$ 20,495)	\$ 731,968
Less: Accumulated Depreciation	( 612,843)	( 10,433)	20,495	( 602,781)
Business-Type Activities Capital Assets, Net	<u>\$ 109,153</u>	<u>\$ 20,034</u>	<u>\$ 0</u>	<u>\$ 129,187</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 39,373
Support	111,833
Noninstructional Services	2,551
Buildings (Unallocated)	<u>1,086,432</u>
Total Depreciation Expense	<u>\$1,240,189</u>

**F. Retirement Plans**

**Pensions**

**1. Summary of Significant Accounting Policies Relative to Pension**

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

***General Information about the Pension Plan***

**Plan Description**

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

**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

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**F. Retirement Plans (Continued)**

**Pensions (Continued)**

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

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

**Benefits Provided (Continued)**

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

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

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

**Contributions**

**Member Contributions:**

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

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

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**F. Retirement Plans (Continued)**

**Pensions (Continued)**

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

**Contributions (Continued)**

**Member Contributions:** (Continued)

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

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

**Employer Contributions:**

The School's contractually required contribution rate for fiscal year ended June 30, 2019 was 32.60% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School were \$2,890,117 for the year ended June 30, 2019.

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

At June 30, 2019, the School reported a liability of \$28,840,883 for its proportionate share of the net pension liability, reduced by \$2,890,117 of contributions made subsequent to the measurement date for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. The School's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2018, the School's proportion was .0661%, which was an increase of .0014% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School recognized pension expense of \$4,602,892. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**F. Retirement Plans (Continued)**

**Pensions (Continued)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$170,000	\$287,550
Net difference between projected and actual investment earnings	0	302,000
Changes in proportions	380,000	78,000
Change in assumptions	<u>295,500</u>	<u>0</u>
	<u>\$845,500</u>	<u>\$667,550</u>

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

**Year Ended June 30**

2020	\$450,075
2021	( 152,925)
2022	( 119,200)
2023	0
2024	0

**Actuarial Assumptions**

The total pension liability as of June 30, 2018 was determined by rolling forward the System's total pension liability as of the June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2015.



**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**F. Retirement Plans (Continued)**

**Pensions (Continued)**

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

**Actuarial Assumptions (Continued)**

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

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

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Global Public Equity	20.0%	5.2%
Fixed Income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute Return	10.0%	3.5%
Risk Parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real Estate	10.0%	4.2%
Alternative Investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	( 20.0%)	0.9%
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

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

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds** (Continued)

**F. Retirement Plans** (Continued)

**Pensions** (Continued)

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

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

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

	<b>1% Decrease <u>6.25%</u></b>	<b>Current Discount Rate <u>7.25%</u></b>	<b>1% Increase <u>8.25%</u></b>
School's Proportionate Share of the Net Pension Liability	\$39,333,000	\$31,731,000	\$25,304,000

**Pension Plan Fiduciary Net Position**

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

Condensed summary information of the School's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2018 is as follows:

Assets	\$40,119,000
Liabilities	( <u>2,863,000</u> )
Net Position Held in Trust for Benefits	<u>\$37,256,000</u>

In addition, as of June 30, 2019, the School District had a payable of \$985,818 to the PSERS Pension Plan, of which \$729,753 represents the second quarter 2019 required contribution, while \$256,065 represents the liability related to accrued payroll as of June 30, 2019.

**G. Long-Term Debt Obligations**

The amount of long-term debt for bonds payable is \$23,409,000, which is consistent with the generally accepted accounting principles that exclude interest and administrative expenses payable in future years from debt statements on general obligation bonds or other long-term debts.

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**G. Long-Term Debt Obligations (Continued)**

**2013 Bond Issue**

The board of directors elected to refinance the remaining 2007 and 2008 bond issues by issuing a 2013 Bond Issue for \$2,935,000.

The interest rate is 2% for the year ending June 30, 2015 to the year ending June 30, 2022. The interest rate for the remainder of the life of the bond issue is 2.75%. The final payment is scheduled to be made August 15, 2028.

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019 - 2020	\$ 625,000	\$ 56,312	\$ 681,312
2020 - 2021	635,000	43,713	678,713
2021 - 2022	335,000	34,012	369,012
2022 - 2023	15,000	30,456	45,456
2023 - 2024	20,000	29,975	49,975
2024 - 2025	15,000	29,494	44,494
2025 - 2026	20,000	29,012	49,012
2026 - 2027	15,000	28,531	43,531
2027 - 2028	20,000	28,050	48,050
2028 - 2029	<u>1,010,000</u>	<u>13,888</u>	<u>1,023,888</u>
	<u>\$2,710,000</u>	<u>\$323,443</u>	<u>\$3,033,443</u>

**2017 General Obligation Note**

The Note was issued for the purpose of refunding all of the School District's outstanding General Obligation Bonds, Series of 2012, dated May 22, 2012, which were due and payable November 1, 2017 through November 1, 2028, inclusive, and to pay the costs of issuing the Note.

The savings earned on the refinancing is \$131,300.

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Year Total 07/01-06/30</u>
08/01/2019	\$ 451,000	\$ 106,781	\$ 557,781	
02/01/2020		101,730	101,730	\$ 659,511
08/01/2020	468,000	101,730	569,730	
02/01/2021		96,488	96,488	666,218
08/01/2021	824,000	96,488	920,488	
02/01/2022		87,259	87,259	1,007,747
08/01/2022	1,198,000	87,259	1,285,259	
02/01/2023		73,842	73,842	1,359,101
08/01/2023	1,225,000	73,842	1,298,842	
02/01/2024		60,122	60,122	1,358,964
08/01/2024	1,208,000	60,122	1,268,122	
02/01/2025		83,200	83,200	1,351,322

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**G. Long-Term Debt Obligations (Continued)**

**2017 General Obligation Note (Continued)**

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Year Total 07/01-06/30</u>
08/01/2025	\$1,215,000	\$ 83,200	\$ 1,298,200	
02/01/2026		58,900	58,900	\$ 1,357,100
08/01/2026	1,262,000	58,900	1,320,900	
02/01/2027		33,660	33,660	1,354,560
08/01/2027	1,315,000	33,660	1,348,660	
02/01/2028		7,360	7,360	1,356,020
08/01/2028	<u>368,000</u>	<u>7,360</u>	<u>375,360</u>	<u>375,360</u>
	<u>\$9,534,000</u>	<u>\$1,311,903</u>	<u>\$10,845,903</u>	<u>\$10,845,903</u>

**General Obligation Bond Issue - Series of 2018**

The General Obligation Bond Issue - Series of 2108 was issued on November 15, 2018 in the amount of \$11,165,000. The net proceeds of \$12,598,139, including an original issue premium of \$1,433,139, will be used to currently refund all of the School District's outstanding General Obligation Bonds - Series of 2009 currently outstanding in the aggregate amount of \$11,765,000 and to pay costs and expenses of issuing the Series of 2018 Bonds.

The Series 2018 Bonds are repayable over a 17-year period with interest rates ranging from 3.00% to 5.00%. Interest on the bonds is payable semi-annually on March 1 and September 1. The Series 2018 Bonds maturing on September 1, 2029, and, therefore, are subject to redemption prior to maturity at the option of the School District, as a whole, on September 1, 2028, or on any date thereafter, or from time-to-time, in part, upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

The annual bond payment requirements for the Series 2018 Issue as of June 30, 2019 are as follows:

<u>Payment Date</u>	<u>Principal</u>	<u>% Rate</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Total</u>
09/01/2019	\$ 5,000	3.000	\$ 278,625	\$ 283,625	
03/01/2020			278,550	278,550	\$ 562,175
09/01/2020	5,000	3.000	278,550	283,550	
03/01/2021			278,475	278,475	562,025
09/01/2021	5,000	3.000	278,475	283,475	
03/01/2022			278,400	278,400	561,875
09/01/2022	5,000	3.000	278,400	283,400	
03/01/2023			278,325	278,325	561,725
09/01/2023	5,000	3.000	278,325	283,325	
03/01/2024			278,250	278,250	561,575
09/01/2024	5,000	3.000	278,250	283,250	



**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**G. Long-Term Debt Obligations (Continued)**

**General Obligation Bond Issue - Series of 2018 (Continued)**

<u>Payment Date</u>	<u>Principal</u>	<u>% Rate</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Total</u>
03/01/2025			\$ 278,175	\$ 278,175	\$ 561,425
09/01/2025	\$ 5,000	3.000	278,175	283,175	
03/01/2026			278,100	278,100	561,275
09/01/2026	5,000	3.000	278,100	283,100	
03/01/2027			278,025	278,025	561,125
09/01/2027	5,000	3.000	278,025	283,025	
03/01/2028			277,950	277,950	560,975
09/01/2028	5,000	3.000	277,950	282,950	
03/01/2029			277,875	277,875	560,825
09/01/2029	1,365,000	5.000	277,875	1,642,875	
03/01/2030			243,750	243,750	1,886,625
09/01/2030	1,435,000	5.000	243,750	1,678,750	
03/01/2031			207,875	207,875	1,886,625
09/01/2031	1,510,000	5.000	207,875	1,717,875	
03/01/2032			170,125	170,125	1,888,000
09/01/2032	1,580,000	5.000	170,125	1,750,125	
03/01/2033			130,625	130,625	1,880,750
09/01/2033	1,655,000	5.000	130,625	1,785,625	
03/01/2034			89,250	89,250	1,874,875
09/01/2034	1,740,000	5.000	89,250	1,829,250	
03/01/2035			45,750	45,750	1,875,000
09/01/2035	1,830,000	5.000	45,750	1,875,750	
03/01/2036					1,875,750
09/01/2036					
	\$11,165,000		\$7,617,625	\$18,782,625	\$18,782,625

**Change in Long-Term Liabilities**

	<u>Restated Balance 07/01/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/19</u>	<u>Due Within One Year</u>
<b><u>Governmental Activities</u></b>					
Bonds Payable:					
2009 BAB	\$11,765,000	\$ 0	(\$11,765,000)	\$ 0	\$ 0
2012	205,000	0	( 205,000)	0	0
2013	2,760,000	0	( 50,000)	2,710,000	625,000
2015	804,000	0	( 804,000)	0	0
2017	9,574,000	0	( 40,000)	9,534,000	451,000
2018	0	11,165,000	0	11,165,000	5,000
Compensated Absences	379,410	84,335	0	463,745	0
Other Postemployment Benefits	4,696,324	0	( 753,968)	3,942,356	0
Net Pension Liability	31,098,532	0	( 3,037,851)	28,060,681	0
Total Governmental Activities	\$61,282,266	\$11,249,335	(\$16,655,819)	\$55,875,782	\$1,081,000
<b><u>Business-Type Activities</u></b>					
Compensated Absences	\$ 6,990	\$ 0	(\$ 2,145)	\$ 4,845	\$ 0
Other Postemployment Benefits	102,721	6,893	0	109,614	0
Net Pension Liability	855,468	0	( 75,266)	780,202	0
Total Business-Type Activities	\$ 965,179	\$ 6,893	(\$ 77,411)	\$ 894,661	\$ 0

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**H. Nonmonetary Transactions**

The District receives USDA Donated Commodities in the enterprise food service fund, which is a proprietary fund type. These donated commodities are valued at an estimated market value and recognized as federal revenue with unused commodities recorded as inventory. The total food commodities donated by the federal government for the 2018-2019 fiscal year totaled \$68,439.

**I. Related-Party Transactions**

The District is a member of Tuscarora Intermediate Unit 11. Through the membership, the District is able to secure various special services, including special education, curriculum development, and certain internal service functions.

**J. Participation in the Huntingdon County Schools Insurance Trust**

Effective January 1, 1993, the Mount Union Area School District agreed to participate in an insurance trust, which has been specifically established to purchase health and medical insurance coverage and dental and vision coverage from Blue Cross of Western Pennsylvania and Pennsylvania Blue Shield and dental and vision coverage on a cost plus plan in an effort to contain and limit the cost of such coverages, while establishing a Premium Stabilization Fund which will be used to pay settlement charges and ultimately contain such coverage's cost. Since charges are currently being levied and paid by the Mount Union Area School District and since the initial contract period ends on June 30, 2019, no receivable or payable to the Trust has been reflected on these financial statements. As of June 30, 2019, the trust had a positive funding status; however, certain claims relative to that period have not been charged. As a result, the Mount Union Area School District has expensed all premiums made through June 30, 2019. The Trust has available separate audited financial statements.

**K. Commitments and Contingencies**

**Federal and State Compliance under Financial Assistance, Grants, and Programs**

The District is liable for reimbursement of federal and/or state funds relative to any noncompliance with laws, regulations, or contract provisions applicable to the grants and programs. Management is not aware of any material noncompliance as of June 30, 2019.

**L. Risk Management**

The District 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 District carries commercial insurance.

**M. On Behalf of Payments for Fringe Benefits**

The Commonwealth of Pennsylvania's share, of social security of \$430,021 and retirement benefits of \$2,053,367, is included in the basic financial statements as revenue.

**N. Interfund Receivables/Payables**

The composition of interfund balances as of June 30, 2019 is as follows:

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds** (Continued)

**N. Interfund Receivables/Payables** (Continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>For</u>
Food Service	General	\$ 7,200	Food Service Share of Subsidies
Capital Reserve	General	788,955	Transfer
Permanent Fund	General	35,915	Equipment

**O. Joint Venture**

**Huntingdon County Career & Technology Center**

The District is served by the Huntingdon County Career & Technology Center. Students of the District have available at the Center courses and curriculums related to various technical training fields. Costs of the Center are shared with other local school districts. The Mount Union Area School District paid costs of \$574,822 as its share to the Huntingdon County Career & Technology Center during the 2018-2019 fiscal year. The District has no vested interest in what otherwise would be considered a joint venture; however, it would have an obligation to contribute its prorated share of unfunded future expenditures. A copy of the Annual Financial Report can be acquired by contacting the Business Manager at the Huntingdon County Career & Technology Center, PO Box E, Mill Creek, PA 17060.

**P. Other Postretirement Benefits - Single Employer**

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

**Summary of Principal Plan Provisions**

**Retiree Benefits**

Medical Coverage	The following retirement benefits are valued under GASB 75:  No other benefits are valued under GASB 75
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**Medical Coverage**

Description	Self-insured medical, dental, and vision coverage
Eligibility	Employees who retire from active service
Period of Coverage:	
Retiree	Until Age 65; Coverage has been extended indefinitely for 2 retirees
Spouse	Until Age 65; Coverage has been extended indefinitely 2 retirees
Coverage:	
Until Age 65	Medical coverage provided to active employees is continued for eligible retirees, spouses and dependents.
Over Age 65	None; however, coverage has been extended indefinitely for 2 retirees

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**P. Other Postretirement Benefits - Single Employer (Continued)**

**Summary of Principal Plan Provisions (Continued)**

**Medical Coverage (Continued)**

<b>Employer Contributions:</b>	
Retirees with Early Retirement Incentive	There are no longer any participants with this incentive
"Administrators" as defined in the "Administrators' Compensation Plan" and Director of Business Affairs	For every 3 years of administrative employment, employer pays one year of healthcare for individual only, not family.
All Other Retirees	None
<b>Retiree Contributions:</b>	
Retirees with Early Retirement Incentive	There are no longer any participants with this incentive
"Administrators" as defined in the "Administrators' Compensation Plan" and Director of Business Affairs	Retiree pays 100% of premium for spouse and dependents. Retiree pays 100% of individual premium after the earned benefit described above.
All Other Retirees	Retiree pays 100% of premium.

**Medical Assumptions**

**Premium Rates**

The following monthly premium rates were used to determine the starting costs:

	Single	Spouse
PPO Medical	\$599.33	\$1,016.36

**Starting Costs**

Retirees:

Age	Estimated Full Annual Cost Retiree/Spouse	Annual Cost paid by Employer for Retiree/Spouse*	Annual Cost paid by Retiree/Spouse*	Implicit Rate Subsidy paid by Employer for Retiree/Spouse
0 - 49	7,192 / 12,196	0 / 0	7,192 / 12,196	0 / 0
50 - 54	10,069 / 17,075	0 / 0	7,192 / 12,196	2,877 / 4,879
55 - 59	12,226 / 20,734	0 / 0	7,192 / 12,196	5,034 / 8,538
60 - 64	14,024 / 23,783	0 / 0	7,192 / 12,196	6,832 / 11,587
65+	7,192 / 12,196	0 / 0	7,192 / 12,196	0 / 0

Two current retirees have coverage extended past age 65. It is assumed that these retirees past age 65 pay the full cost of benefits. Coverage after age 65 will not be offered to new retirees.

\* "Administrators" as defined in the "Administrators' Compensation Plan" and Director of Business Affairs: For every 3 years of administrative employment, the employer pays one year of healthcare for individual only, not family.



**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**P. Other Postretirement Benefits - Single Employer (Continued)**

**Medical Assumptions** (Continued)

It is assumed that the premium for dental and vision coverage equals the full cost of the benefit and that no implicit rate subsidy exists; therefore, dental and vision benefits for retirees have not been valued.

**Health Care Cost Trend**

The following health care cost trend rate assumptions used in the 7/1/2014 and 7/1/2017 valuations recognize increases due to health care inflation, utilization and intensity, technology and quality of care changes and regulatory requirements.

Year	Trend	Year	Trend
2014/15	10.0%	2017/18	7.0%
2015/16	9.0%	2018/19	6.0%
2016/17	8.0%	2019+	5.0%

**Generational Factors**

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

Age	Generational Factor	Age	Generational Factor
0 - 49	100%	55 - 59	170%
50 - 54	140%	60 - 64	195%

**Actuarial Methods and Assumptions**

**Actuarial Methods**

Actuarial Cost Method	Entry Age Normal actuarial cost method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The actuarial present value of the projected benefits allocated to the valuation year is called the Service Cost. The portion of the actuarial present value of the projected benefits not provided for at the valuation date by the actuarial present value of future Service Costs is called the Total OPEB Liability.
Treatment of Gains (Losses) - Other Postretirement Employee Benefits (OPEB) Plan Investments	Gains (losses) due to the difference between projected and actual earnings on OPEB plan investments are recognized in OPEB expense over a closed five-year period.
Treatment of Gains (Losses) - Liabilities and Assumptions	Gains (losses) due to the difference between expected and actual experience and changes of assumptions are recognized in OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees, determined as of the measurement date.
Adoption of GASB 75	July 1, 2017
Valuation Date	July 1, 2017
Asset Valuation Method	The benefits are funded on a pay-as-you-go basis

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**P. Other Postretirement Benefits - Single Employer (Continued)**

**Actuarial Methods and Assumptions (Continued)**

**Actuarial Assumptions**

Long-Term Expected Return on OPEB Investments	Not Applicable								
Municipal Bond Rate	3.00%; based on 20 Year High-Grade Municipal Rate Index								
Discount Rate	An annual rate of 3.00%								
Assumed Retirement Age	<p>100% of employees hired before July 1, 2011 are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania, or the Mount Union Area School District at the earlier of:</p> <ul style="list-style-type: none"> <li>• Age 60 with 30 years of service</li> <li>• At least 35 years of service</li> <li>• Age 62 with at least 1 year of service</li> </ul> <p>100% of employees hired on or after July 1, 2011 are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania, or the Mount Union Area School District as follows:</p> <ul style="list-style-type: none"> <li>• Age 65 with at least 3 Years of Service</li> <li>• Age plus at least 35 Years of Service equals 92</li> </ul>								
Pre-Retirement Mortality	RP-2014 Employee (Male and Female) as published by the Society of Actuaries; previously RP-2000 Employee Mortality Table (Male and Female) was used								
Post-Retirement Mortality	RP-2014 Healthy Annuitant (Male and Female) as published by the Society of Actuaries; previously RP-2000 Healthy Annuitant Mortality Table (Male and Female) was used								
Mortality Improvement	Scale MP-2016 (Male and Female) as published by the Society of Actuaries; previously no improvement was used								
Total Payroll	Total Payroll reported for the 2017 valuation was increased by 2.5% for the interim year.								
Turnover before Retirement	<p>Actuary's Turnover Table T-3; the following are sample rates:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">5.3%</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: center;">3.8%</td> </tr> <tr> <td style="text-align: center;">55</td> <td style="text-align: center;">0.3%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Rate</u>	25	5.3%	40	3.8%	55	0.3%
<u>Age</u>	<u>Rate</u>								
25	5.3%								
40	3.8%								
55	0.3%								
Marriage Assumption	80% of employees are assumed to be married, with the beneficiary being the opposite sex and the same age as the retiree.								

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**P. Other Postretirement Benefits - Single Employer (Continued)**

**Actuarial Methods and Assumptions (Continued)**

**Actuarial Assumptions (Continued)**

Coverage	It is assumed that 75% of future retirees and 25% of spouses will participate in the retiree medical program. All current participating retirees and spouses are assumed to continue participation in the medical program. Dependents of retirees may be covered; however, it is assumed that the participant pays 100% of the full cost of dependent coverage.
Expenses	Expenses are included in the claim costs.
Rate of Salary Increase	An annual rate of 2.50%

**Plan Descriptions, Contribution Information, and Funding Policies**

Memberships of the plan are as follows:

	<u>June 30, 2019</u>
Active Members	214
Retirees and Beneficiaries Currently Receiving Benefits	10
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	<u>0</u>
Total	<u>224</u>

**Reserves**

There are no assets legally reserved for providing this benefit.

**Components of Net OPEB Liability as of June 30, 2019 Measurement Date**

Total OPEB Liability	\$2,747,553
Plan Fiduciary Net Position	<u>0</u>
Net OPEB Liability	<u>\$2,747,553</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	0%
Estimated Covered Payroll	\$8,433,653
Net Liability as a Percentage of Covered Payroll	32.58%

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**P. Other Postretirement Benefits - Single Employer (Continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate as of June 30, 2019**

	<b>1% Decrease <u>2.50%</u></b>	<b>Current Discount Rate <u>3.50%</u></b>	<b>1% Increase <u>4.50%</u></b>
Net Pension Liability	\$3,004,854	\$2,747,553	\$2,516,380

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

	<b>1% Decrease 4.5% Decreasing to <u>3.70%</u></b>	<b>Current Healthcare Cost Trend Rate 5.5% Decreasing to <u>4.70%</u></b>	<b>1% Increase 6.5% Decreasing to <u>5.70%</u></b>
Net Pension Liability	\$2,453,514	\$2,747,553	\$3,094,660

**Investments and Discount Rate**

Since there are no plan assets, the discount rate is based on a 20 year High-Grade Municipal Rate Index.

**Changes in Net OPEB Liability**

Balances at June 30, 2018	<u>\$3,681,489</u>
Changes for the Year:	
Service Cost	\$ 187,142
Interest	111,163
Benefit Payments	( 139,227)
Change in Assumptions	( 547,766)
Difference between Expected and Actual Experience	( <u>545,248</u> )
Net Changes	<u>(\$ 933,936)</u>
Balances at June 30, 2019	<u>\$2,747,553</u>



**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds** (Continued)

**P. Other Postretirement Benefits - Single Employer** (Continued)

**Deferred Outflows of Resources and Deferred Inflows of Resources**

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between Expected and Actual Experience	\$ 0	\$1,109,779
Changes of Assumptions	<u>687,651</u>	<u>547,766</u>
Total	<u>\$687,651</u>	<u>\$1,657,545</u>

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

<u>Year Ended</u>	<u>Amount</u>
2020	(\$101,600)
2021	( 101,600)
2022	( 101,600)
2023	( 101,600)
2024	( 101,600)
Thereafter	( 461,894)

**Annual OPEB Expense**

Components of OPEB Expense for the year ended June 30, 2019:

Service Cost	\$187,142
Interest	111,163
Recognition of Difference between Expected and Actual Experience	( 107,024)
Recognition of Changes of Assumptions	<u>5,424</u>
Total OPEB Expense	<u>\$196,705</u>

**School District Contributions**

The School District's contributions for the year ended June 30, 2019 was \$196,705.

**Plan Related Financial Statement Items**

As of June 30, 2019 and for the year then ended, the Plan had the following:

Plan Related Assets	\$ 0
Deferred Outflows of Resources	687,651
Net OPEB Liability	2,747,553
Deferred Inflows of Resources	( 1,657,545)
OPEB Expense	196,705
OPEB Expenditures	105,714

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**Q. Other Postemployment Benefits - PSERS**

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

***General Information about the Health Insurance Premium Assistance Program***

**Health Insurance Premium Assistance Program**

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees.

**Premium Assistance Eligibility Criteria**

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

**Pension Plan Description**

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

**Benefits Provided**

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees.

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

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

**Employer Contributions**

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2019 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$73,583 for the year ended June 30, 2019.

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

At June 30, 2019, the School District reported a liability of \$1,304,417 for its proportionate share of the net OPEB liability, reduced by contributions of \$73,583 made subsequent to the measurement date. The net OPEB liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2018, the School District's proportion was .0661%, which was an increase of .0014% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$330,651. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$18,150	\$40,900
Net Difference between Projected and Actual Investment Earnings	1,650	0
Changes in Proportions	24,850	0
Differences between Expected and Actual Experience	<u>7,100</u>	<u>0</u>
	<u>\$51,750</u>	<u>\$40,900</u>

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

**Year Ended June 30:**

2020	\$ 625
2021	625
2022	275
2023	( 50)
2024	9,375
Thereafter	0

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

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

**Actuarial Assumptions**

The Total OPEB Liability as of June 30, 2018, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.98% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation Rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)



**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds** (Continued)

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

**Actuarial Assumptions** (Continued)

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.9%	.3%
U.S. Core Fixed Income	92.8%	1.2%
Non-U.S. Developed Fixed	1.3%	.40%
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 2.98%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 2.98%, which represents the S&P 20 year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2018, 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, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1,077 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.

**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019  
(CONTINUED)**

**II. Detailed Notes on All Activities and Funds** (Continued)

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

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

The following presents the System net OPEB liability for June 30, 2018, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Dollar Amounts in Thousands</u>		
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System Net OPEB Liability	\$2,084,537	\$2,084,949	\$2,085,279

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability, calculated using the discount rate of 2.98%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower 1.98% or 1-percentage-point higher 3.98% than the current rate:

	<u>1% Decrease 1.98%</u>	<u>Current Discount Rate 2.98%</u>	<u>1% Increase 3.98%</u>
School District's Proportionate Share of the Net OPEB Liability	\$1,567,000	\$1,378,000	\$1,221,000

**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](http://www.psers.pa.gov).

Condensed summary information of the School District's proportionate share of the PSERS assets, liabilities, and net position from the PSERS Comprehensive Annual Financial Report for the year ended June 30, 2018 is as follows:

Assets	\$282,000
Liabilities	( 45,000)
Net Position Held in Trust for Benefits	<u>\$237,000</u>

In addition, as of June 30, 2019, the School District had a payable of \$25,099 to the PSERS OPEB plan, of which \$18,580 represents the second quarter 2019 required contribution, while \$6,519 represents the liability related to accrued payroll as of June 30, 2019.

**MOUNT UNION AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**  
**(CONTINUED)**

**II. Detailed Notes on All Activities and Funds** (Continued)

**R. Fund Balance Reporting**

The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB #54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The District has no nonspendable items to report.

In addition to the nonspendable fund balance, GASB #54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

**Restricted** - amounts limited by external parties or legislation. Ex.: Debt covenants.

**Committed** - amounts limited by Board policy or Board action. Ex.: Future anticipated costs. Action must be taken by the Board to commit fund balance for the designated purpose prior to the end of the fiscal year.

**Assigned** - amounts that are intended for a particular purpose.

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

The School District will strive to maintain an unassigned general fund balance of not less than five percent (5%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

The total fund balance, consisting of several portions including restricted, committed, assigned, and unassigned, may exceed eight percent (8%).

1. Restricted Fund Balance to the extent that expenditures related to the restriction contributed to the excess of expenditures over revenues.
2. Committed Fund Balance to the extent that expenditures related to the commitment contributed to the excess of expenditures over revenues. If a plan for periodic use of committed fund balance is reviewed and approved by the Board, committed fund balance will not be reduced by more than the amount designated in the plan.
3. Assigned Fund Balance to the extent that expenditures related to the assignment contributed to the excess of expenditures over revenues.
4. Unassigned Fund Balance for any remaining excess of expenditures over revenues.

**MOUNT UNION AREA SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**  
**(CONTINUED)**

**II. Detailed Notes on All Activities and Funds (Continued)**

**R. Fund Balance Reporting (Continued)**

The Superintendent or Director of Financial Affairs may assign fund balance for items deemed appropriate at any time prior to the issuance of the audited financial statements for a given year.

The Superintendent or Director of Financial Affairs shall be responsible for the enforcement of this policy.

The District has classified its fund balances with the following hierarchy:

**Spendable**

The District has classified the spendable fund balances as Restricted, Assigned, and Unassigned and considered each to have been spent when expenditures are incurred.

**Restricted for Capital Projects**

The restricted fund balance in the amount of \$1,449,628 consists of funds reserved for capital expenditures from the capital project fund (formerly named the capital reserve fund). The restricted balance for the nonmajor fund, the scholarship fund, of \$584,919 has been assigned to supplement expenditures allowed by the trust agreement.

**Assigned for School Operations**

The District Superintendent and Director of Financial Affairs have set aside certain spendable fund balance for school operations. At year end, the assigned fund balance is \$3,608,004 for projected increase costs for retirement benefits.

**Unassigned**

The unassigned fund balance for the general fund is \$1,500,000.

**S. Prior Period Adjustment**

As of July 1, 2018, the School District had to move \$753,033 of PSERS Pension and OPEB liability from the General Fund to the Food Service Fund. In addition, the School District had to adjust its net book value related to its capital assets, which resulted in a positive adjustment to Net Position for the Governmental Activities of \$90,230 and a net adjustment of (\$28,670) in the fund balance of the Food Service Fund. The General Fund's beginning Fund Balance needed to be reduced by \$137,440 related to the receivables. The Governmental Activities Net Position was positively impacted by \$257,334 related to beginning Accumulated Compensated Absences liability.



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

	<b>As of June 30, 2018 <u>Measurement Date</u></b>
School's Proportion of the Collective Net Pension Liability	.0661%
School's Proportionate Share of the Collective Net Pension Liability	\$31,731,000
School's Covered Employee Payroll	\$8,861,509
School's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	358.08%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.00%

	<b>As of June 30, 2017 <u>Measurement Date</u></b>
School's Proportion of the Collective Net Pension Liability	.0647%
School's Proportionate Share of the Collective Net Pension Liability	\$31,954,000
School's Covered Employee Payroll	\$8,620,095
School's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	370.69%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	51.84%

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

	<b>As of June 30, 2016 <u>Measurement Date</u></b>
School's Proportion of the Collective Net Pension Liability	.0644%
School's Proportionate Share of the Collective Net Pension Liability	\$31,915,000
School's Covered Employee Payroll	\$8,338,322
School's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	382.75%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	50.10%

	<b>As of June 30, 2015 <u>Measurement Date</u></b>
School's Proportion of the Collective Net Pension Liability	.0653%
School's Proportionate Share of the Collective Net Pension Liability	\$28,285,000
School's Covered Employee Payroll	\$8,405,292
School's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	336.51%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	54.36%

	<b>As of June 30, 2014 <u>Measurement Date</u></b>
School's Proportion of the Collective Net Pension Liability	.063%
School's Proportionate Share of the Collective Net Pension Liability	\$24,738,000
School's Covered Employee Payroll	\$7,975,000
School's Proportionate Share of the Collective Net Pension Liability as a Percentage of its Covered Employee Payroll	310.19%
PSERS' Fiduciary Net Position as a Percentage of the Total Pension Liability	57.24%

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

	<b>For the Year Ended June 30, 2019</b>
Contractually Required Employer Contribution	\$2,890,117
Contributions in Relation to the Contractually Required Contribution	( 2,890,117)
Contribution Deficiency (Excess)	\$ 0
	=====
School's Covered Employee Payroll	\$8,865,389
	=====
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	32.60%
	<b>For the Year Ended June 30, 2018</b>
Contractually Required Employer Contribution	\$2,877,236
Contributions in Relation to the Contractually Required Contribution	( 2,877,236)
Contribution Deficiency (Excess)	\$ 0
	=====
School's Covered Employee Payroll	\$9,065,017
	=====
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	31.74%

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

	<b><u>For the Year Ended June 30, 2017</u></b>
Contractually Required Employer Contribution	\$2,579,165
Contributions in Relation to the Contractually Required Contribution	( <u>2,579,165</u> )
Contribution Deficiency (Excess)	\$ 0
	<hr/>
School's Covered Employee Payroll	\$8,672,377
	<hr/>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	29.74%
	<b><u>For the Year Ended June 30, 2016</u></b>
Contractually Required Employer Contribution	\$1,993,315
Contributions in Relation to the Contractually Required Contribution	( <u>1,992,576</u> )
Contribution Deficiency (Excess)	\$ 739
	<hr/>
School's Covered Employee Payroll	\$7,975,640
	<hr/>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	24.98%
	<b><u>For the Year Ended June 30, 2015</u></b>
Contractually Required Employer Contribution	\$1,685,552
Contributions in Relation to the Contractually Required Contribution	( <u>1,685,552</u> )
Contribution Deficiency (Excess)	\$ 0
	<hr/>
School's Covered Employee Payroll	\$8,423,549
	<hr/>
Employer's Contributions in Relation to the Contractually Required Contribution as a Percentage of Covered Employee Payroll	20.01%



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

**Actuarial Assumptions**

The total pension liability as of June 30, 2018 was determined by rolling forward the System's total pension liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2017:

- Valuation Date - June 30, 2017
- Actuarial Cost Method - Entry Age Normal
- The Investment Rate of Return 7.25%, includes inflation of 2.75%
- Salary growth effective average of 5.00% comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

	<b>As of and for the Year Ended <u>June 30, 2019</u></b>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 187,142
Interest	111,163
Change of Benefit Terms	0
Differences between Expected and Actual Experience	( 545,248)
Change of Assumptions	( 547,766)
Benefit Payments	( 139,227)
Net Change in Total OPEB Liability	(\$ 933,936)
<b><u>Total OPEB Liability</u></b> - Beginning	<u>3,681,489</u>
<b><u>Total OPEB Liability</u></b> - Ending	<u>\$2,747,553</u>
<b><u>Plan's Fiduciary Net Position</u></b>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<b><u>Plan's Fiduciary Net Position</u></b> - Beginning	<u>0</u>
<b><u>Plan's Fiduciary Net Position</u></b> - Ending	<u>\$ 0</u>
<b><u>School District's Net OPEB Liability</u></b>	<u>\$2,747,553</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%
Covered Employee Payroll	<u>\$8,433,653</u>
Net OPEB Liability as a Percentage of Covered Employee Payroll	32.58%

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

	<b>As of and for the Year Ended <u>June 30, 2018</u></b>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 195,180
Interest	105,850
Change of Benefit Terms	0
Differences between Expected and Actual Experience	0
Change of Assumptions	0
Benefit Payments	( 100,586)
Net Change in Total OPEB Liability	\$ 200,444
<b><u>Total OPEB Liability</u></b> - Beginning	<u>3,481,045</u>
<b><u>Total OPEB Liability</u></b> - Ending	<u>\$3,681,489</u>
<b><u>Plan's Fiduciary Net Position</u></b>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<b><u>Plan's Fiduciary Net Position</u></b> - Beginning	<u>0</u>
<b><u>Plan's Fiduciary Net Position</u></b> - Ending	<u>\$ 0</u>
<b><u>School District's Net OPEB Liability</u></b>	<u>\$3,681,489</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%
Covered Employee Payroll	<u>\$8,918,578</u>
Net OPEB Liability as a Percentage of Covered Employee Payroll	41.28%

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

	<b>As of and for the Year Ended <u>June 30, 2017</u></b>
<b><u>Total OPEB Liability</u></b>	
Service Cost	\$ 170,284
Interest	128,415
Change of Benefit Terms	55,999
Differences between Expected and Actual Experience	( 666,157)
Change of Assumptions	811,441
Benefit Payments	( 118,051)
Net Change in Total OPEB Liability	\$ 381,931
<b><u>Total OPEB Liability</u></b> - Beginning	<u>3,099,114</u>
<b><u>Total OPEB Liability</u></b> - Ending	<u>\$3,481,045</u>
<b><u>Plan's Fiduciary Net Position</u></b>	
Net Change in Plan's Fiduciary Net Position	\$ 0
<b><u>Plan's Fiduciary Net Position</u></b> - Beginning	<u>0</u>
<b><u>Plan's Fiduciary Net Position</u></b> - Ending	<u>\$ 0</u>
<b><u>School District's Net OPEB Liability</u></b>	<u>\$3,481,045</u>
Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%
Covered Employee Payroll	<u>\$8,701,052</u>
Net OPEB Liability as a Percentage of Covered Employee Payroll	40.01%



**MOUNT UNION AREA SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER  
 SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS**

	<b>Fiscal Year Ending June 30, 2019</b>
<b><u>Schedule of Contributions</u></b>	
Actuarially Determined Contribution	N/A
District Contribution	<u>N/A</u>
Contribution Deficiency	N/A
	=
Covered Employee Payroll	\$8,433,653
	=
Contribution as a Percentage of Covered Employee Payroll	N/A
	=
<b><u>Schedule of Investment Returns</u></b>	
Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A
	=

**MOUNT UNION AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER  
SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS  
(CONTINUED)**

	<b>Fiscal Year Ending <u>June 30, 2018</u></b>
<b><u>Schedule of Contributions</u></b>	
Actuarially Determined Contribution	N/A
District Contribution	<u>N/A</u>
Contribution Deficiency	N/A
	=
Covered Employee Payroll	\$8,918,578
	=
Contribution as a Percentage of Covered Employee Payroll	N/A
	=
<b><u>Schedule of Investment Returns</u></b>	
Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A
	=
	<b>Fiscal Year Ending <u>June 30, 2017</u></b>
<b><u>Schedule of Contributions</u></b>	
Actuarially Determined Contribution	N/A
District Contribution	<u>N/A</u>
Contribution Deficiency	N/A
	=
Covered Employee Payroll	\$8,701,052
	=
Contribution as a Percentage of Covered Employee Payroll	N/A
	=
<b><u>Schedule of Investment Returns</u></b>	
Annual Money-Weighted Rate of Return, Net of Investment Expense	N/A
	=

**MOUNT UNION AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT OPEB PLAN INFORMATION - SINGLE EMPLOYER  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Actuarial Assumptions**

Valuation Date	July 1, 2017								
Actuarial Cost Method	Entry Age Normal								
Amortization Method	Straight-Line								
Remaining Amortization Period	11.11 Years								
Actuarial Asset Valuation Method	N/A								
Long-Term Expected Return on OPEB Investments	Not Applicable								
Municipal Bond Rate	3.00%; based on 20 Year High-Grade Municipal Rate Index								
Discount Rate	An annual rate of 3.00%								
Assumed Retirement Age	<p>100% of employees hired before July 1, 2011 are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania, or the Mount Union Area School District at the earlier of:</p> <ul style="list-style-type: none"> <li>• Age 60 with 30 years of service</li> <li>• At least 35 years of service</li> <li>• Age 62 with at least 1 year of service</li> </ul> <p>100% of employees hired on or after July 1, 2011 are assumed to retire when eligible for unreduced benefits under the Public School Employees' Retirement System of Pennsylvania, or the Mount Union Area School District as follows:</p> <ul style="list-style-type: none"> <li>• Age 65 with at least 3 Years of Service</li> <li>• Age plus at least 35 Years of Service equals 92</li> </ul>								
Pre-Retirement Mortality	RP-2014 Employee (Male and Female) as published by the Society of Actuaries; previously RP-2000 Employee Mortality Table (Male and Female) was used								
Post-Retirement Mortality	RP-2014 Healthy Annuitant (Male and Female) as published by the Society of Actuaries; previously RP-2000 Healthy Annuitant Mortality Table (Male and Female) was used								
Mortality Improvement	Scale MP-2016 (Male and Female) as published by the Society of Actuaries; previously no improvement was used								
Total Payroll	Total Payroll reported for the 2017 valuation was increased by 2.5% for the interim year.								
Turnover before Retirement	<p>Actuary's Turnover Table T-3; the following are sample rates:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Age</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">5.3%</td> </tr> <tr> <td style="text-align: center;">40</td> <td style="text-align: center;">3.8%</td> </tr> <tr> <td style="text-align: center;">55</td> <td style="text-align: center;">0.3%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Rate</u>	25	5.3%	40	3.8%	55	0.3%
<u>Age</u>	<u>Rate</u>								
25	5.3%								
40	3.8%								
55	0.3%								
Marriage Assumption	80% of employees are assumed to be married, with the beneficiary being the opposite sex and the same age as the retiree.								
Coverage	It is assumed that 75% of future retirees and 25% of spouses will participate in the retiree medical program. All current participating retirees and spouses are assumed to continue participation in the medical program. Dependents of retirees may be covered; however, it is assumed that the participant pays 100% of the full cost of dependent coverage.								
Expenses	Expenses are included in the claim costs.								
Rate of Salary Increase	An annual rate of 2.50%								

**MOUNT UNION AREA SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 DEFINED BENEFIT OPEB PLAN INFORMATION - COST SHARING PLAN  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	<b>Fiscal Year Ending June 30, 2018</b>
Contractually Required Contributions	\$ 74,000
Contributions in Relation to the Contractually Required Contribution	( 74,000)
Contribution Deficiency (Excess)	\$ 0
<hr style="width: 10%; margin-left: auto; margin-right: 0;"/>	
School District's Covered Employee Payroll	\$8,898,758
Contributions as a Percentage of Covered Employee Payroll	.83%

	<b>Fiscal Year Ending June 30, 2017</b>
Contractually Required Contributions	\$ 57,000
Contributions in Relation to the Contractually Required Contribution	( 57,000)
Contribution Deficiency (Excess)	\$ 0
<hr style="width: 10%; margin-left: auto; margin-right: 0;"/>	
School District's Covered Employee Payroll	\$8,620,095
Contributions as a Percentage of Covered Employee Payroll	.83%



**MOUNT UNION AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
DEFINED BENEFIT OPEB PLAN INFORMATION - COST SHARING PLAN  
SCHEDULE OF THE SCHOOL DISTRICT'S  
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

	<b><u>Fiscal Year Ending June 30, 2018</u></b>
School District's Proportion of the Net OPEB Liability	.0661%
School District's Proportionate Share of the Net OPEB Liability	\$1,378,000
School District's Covered Employee Payroll	\$8,898,758
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.00%
	<b><u>Fiscal Year Ending June 30, 2017</u></b>
School District's Proportion of the Net OPEB Liability	.0647%
School District's Proportionate Share of the Net OPEB Liability	\$1,318,000
School District's Covered Employee Payroll	\$8,620,095
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	15.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.84%

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

**Actuarial Assumptions**

The Total OPEB Liability as of June 30, 2018, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2017
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.98% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MIP-2015 Mortality Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

**MOUNT UNION AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Positive (Negative)</b>
<b>Revenues</b>				
Local Sources	\$ 5,573,220	\$ 5,573,220	\$ 5,997,498	\$ 424,278
State Sources	14,039,518	14,039,518	14,584,767	545,249
Federal Sources	<u>1,009,000</u>	<u>1,009,000</u>	<u>1,309,362</u>	<u>300,362</u>
Total Revenues	<u>\$20,621,738</u>	<u>\$20,621,738</u>	<u>\$21,891,627</u>	<u>\$ 1,269,889</u>
<b>Expenditures</b>				
Regular Programs	\$ 8,268,872	\$ 8,268,872	\$ 8,401,217	(\$ 132,345)
Special Programs	4,228,372	4,228,372	4,284,627	( 56,255)
Vocational Programs	1,120,786	1,120,786	1,116,482	4,304
Other Instructional Programs	168,535	168,535	178,164	( 9,629)
Pupil Personnel Services	547,517	547,517	527,188	20,329
Instructional Staff Services	161,430	161,430	279,153	( 117,723)
Administrative Services	1,337,578	1,337,578	1,475,014	( 137,436)
Pupil Health	235,157	235,157	162,825	72,332
Business Services	420,265	420,265	429,868	( 9,603)
Operation and Maintenance of Plant Services	1,459,418	1,459,418	1,615,165	( 155,747)
Student Transportation Services	936,100	936,100	1,009,936	( 73,836)
Central Services	252,443	252,443	356,460	( 104,017)
Other Support Service	0	0	85,258	( 85,258)
Student Activities	397,690	397,690	429,944	( 32,254)
Community Services	6,230	6,230	2,493	3,737
Facilities Acquisition and Construction	25,000	25,000	0	25,000
Debt Service	<u>2,199,400</u>	<u>2,199,400</u>	<u>1,944,758</u>	<u>254,642</u>
Total Expenditures	<u>\$21,764,793</u>	<u>\$21,764,793</u>	<u>\$22,298,552</u>	<u>(\$ 533,759)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(\$ 1,143,055)</u>	<u>(\$ 1,143,055)</u>	<u>(\$ 406,925)</u>	<u>\$ 736,130</u>
<b>Other Financing Sources (Uses)</b>				
Refunding Bonds Issues	\$ 0	\$ 0	\$11,165,000	\$11,165,000
Bond Premium	0	0	1,433,139	1,433,139
Debt Service - Refunded Bonds	0	0	( 12,353,083)	( 12,353,083)
Sale of Fixed Assets	0	0	2,170	2,170
Refund of Prior Year Receipts	0	0	( 836)	( 836)
Budgetary Reserve	<u>( 200,000)</u>	<u>( 200,000)</u>	<u>0</u>	<u>200,000</u>
Total Other Financing Sources (Uses)	<u>(\$ 200,000)</u>	<u>(\$ 200,000)</u>	<u>\$ 246,390</u>	<u>\$ 446,390</u>
Net Change in Fund Balance	<u>(\$ 1,343,055)</u>	<u>(\$ 1,343,055)</u>	<u>(\$ 160,535)</u>	<u>\$ 1,182,520</u>
<b>Fund Balance - July 1, 2018</b>	<u>\$ 5,340,941</u>	<u>\$ 5,340,941</u>	<u>\$ 5,046,063</u>	<u>(\$ 294,878)</u>
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>( 137,440)</u>	<u>( 137,440)</u>
<b>Fund Balance - July 1, 2018 Restated</b>	<u>\$ 5,340,941</u>	<u>\$ 5,340,941</u>	<u>\$ 4,908,623</u>	<u>(\$ 432,318)</u>
<b>Fund Balance - June 30, 2019</b>	<u>\$ 3,997,886</u>	<u>\$ 3,997,886</u>	<u>\$ 4,748,088</u>	<u>\$ 750,202</u>

**MOUNT UNION AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2019**

**Budgetary Data**

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

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

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

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

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenues variances will be negative, and overall fund expenditures variances will be positive.

In the General Fund, the Regular Programs; Special Programs; Other Instructional Programs; Instructional Staff Services; Administrative Services; Business Services; Operation and Maintenance of Plant Services; Student Transportation Services; Central; Other Support Services; and Student Activities functions exceeded their budgeted amounts. In addition, the total expenditures exceeded the budgeted amounts.



**MOUNT UNION AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Program Year</u>
<b><u>U.S. Department of Education</u></b>				
(Passed Through Pennsylvania Department of Education)				
Title I Grants to LEAs		84.010	013-180270	07/11/17-09/30/18
Title I Grants to LEAs		84.010	013-190270	08/31/18-09/30/19
Total Title I				
Rural Education		84.358	007-190270	11/05/18-09/30/19
Rural Education		84.358	007-180270	10/31/17-09/30/18
Total 84.358				
Improving Teacher Quality State Grants		84.367	020-19-0270	08/31/18-09/30/19
Improving Teacher Quality State Grants		84.367	020-18-0270	07/01/17-09/30/18
Total 84.367				
Student Support and Academic Enrichment		84.424	144-180270	07/13/17-09/30/18
Student Support and Academic Enrichment		84.424	144-190270	08/31/18-09/30/19
Total 84.424				
Twenty-First Century Community Learning Centers		84.287	410068077	10/01/18-09/30/19
Twenty-First Century Community Learning Centers		84.287	N/A	07/01/17-09/30/18
Total 84.287				
(Passed Through Intermediate Unit 11)				
Special Education - Grants to States		84.027	N/A	07/01/18-09/30/19
Special Education - Grants to States		84.027	N/A	07/01/17-06/30/18
Special Education - Preschool Grants		84.173	N/A	07/01/18-06/30/19
Total Special Education Cluster				
Total U.S. Department of Education				

**MOUNT UNION AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Program or Award Amount</u>	<u>Amounts Passed Through to Subrecipients</u>	<u>Cash Received (Returned) for Year</u>	<u>Accrued or (Deferred) Revenue 07/01/18</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue 06/30/19</u>
\$598,177	\$ 0	\$ 38,993	(\$ 2,302)	\$ 119,281	\$ 119,281	\$ 77,986
594,493	0	<u>382,201</u>	<u>0</u>	<u>453,696</u>	<u>453,696</u>	<u>71,495</u>
		\$ 421,194	(\$ 2,302)	\$ 572,977	\$ 572,977	\$149,481
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
27,557	0	\$ 0	\$ 0	\$ 26,701	\$ 26,701	\$ 26,701
25,280	0	<u>2,809</u>	( <u>11,235</u> )	<u>25,280</u>	<u>25,280</u>	<u>11,236</u>
	0	\$ 2,809	(\$ 11,235)	\$ 51,981	\$ 51,981	\$ 37,937
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
72,097	0	\$ 55,990	\$ 0	\$ 51,139	\$ 51,139	(\$ 4,851)
86,036	0	<u>5,955</u>	( <u>3,093</u> )	<u>20,958</u>	<u>20,958</u>	<u>11,910</u>
	0	\$ 61,945	(\$ 3,093)	\$ 72,097	\$ 72,097	\$ 7,059
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
13,630	0	\$ 909	\$ 3,635	\$ 0	\$ 0	\$ 2,726
43,254	0	<u>12,358</u>	<u>0</u>	<u>43,254</u>	<u>43,254</u>	<u>30,896</u>
	0	\$ 13,267	\$ 3,635	\$ 43,254	\$ 43,254	\$ 33,622
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
232,500	72,217	\$ 64,990	\$ 0	\$ 173,076	\$ 173,076	\$108,086
379,194	13,041	<u>78,267</u>	<u>36,323</u>	<u>41,944</u>	<u>41,944</u>	<u>0</u>
		\$ 143,257	\$ 36,323	\$ 215,020	\$ 215,020	\$108,086
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
273,468	0	\$ 0	\$ 0	\$ 273,468	\$ 273,468	\$273,468
277,637	0	277,637	277,637	0	0	0
4,587	0	<u>0</u>	<u>0</u>	<u>4,587</u>	<u>4,587</u>	<u>4,587</u>
		\$ 277,637	\$ 277,637	\$ 278,055	\$ 278,055	\$278,055
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		\$ 920,109	\$ 300,965	\$1,233,384	\$1,233,384	\$614,240
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**MOUNT UNION AREA SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2019  
 (CONTINUED)**

	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Program Year</u>
<b><u>U.S. Department of Agriculture</u></b>				
(Passed Through the Pennsylvania Department of Education)				
National School Lunch Program	I	10.555	N/A	07/01/18-06/30/19
School Breakfast Program	I	10.553	N/A	07/01/18-06/30/19
Summer Food Service Program for Children	I	10.559	N/A	07/01/17-06/30/18
Summer Food Service Program for Children	I	10.559	N/A	07/01/18-06/30/19
(Passed Through the Pennsylvania Department of Agriculture)				
National School Lunch Program	I	10.555	N/A	07/01/18-06/30/19
National School Lunch Program	I	10.555	N/A	07/01/17-06/30/18
Total Child Nutrition Cluster				

**TOTAL EXPENDITURES OF FEDERAL AWARDS**

F - Federal Share  
 S - State Share

**MOUNT UNION AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

<u>Program or Award Amount</u>	<u>Amounts Passed Through to Subrecipients</u>	<u>Cash Received (Returned) for Year</u>	<u>Accrued or (Deferred) Revenue 07/01/18</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue 06/30/19</u>
\$483,808	\$ 0	\$ 479,300	\$ 0	\$ 483,808	\$ 483,808	\$ 4,508
151,016	0	149,631	0	151,016	151,016	1,385
14,681	0	6,111	6,111	0	0	0
9,255	0	5,178	0	9,255	9,255	4,077
85,995	0	85,995	0	55,192	55,192	( 30,803)
82,434	0	0	( 13,247)	13,247	13,247	0
		\$ 726,215	(\$ 7,136)	\$ 712,518	\$ 712,518	(\$ 20,833)
		<u>\$1,646,324</u>	<u>\$ 293,829</u>	<u>\$1,945,902</u>	<u>\$1,945,902</u>	<u>\$593,407</u>



**MOUNT UNION AREA SCHOOL DISTRICT  
NOTES TO SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Note 1:** The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Revenues were adjusted to balance the expenditures incurred for each project.

**Note 2:** Extensive compliance tests, as required by the Single Audit Act of 1996, was performed on the Child Nutrition Cluster, which represents 37% of the total expenditures reflected on the Schedule of Expenditures of Federal Awards.

Test of 20% Rule based on expenditures:

Child Nutrition Cluster:		
National School Lunch Program	10.555	\$ 552,247
School Breakfast Program	10.553	151,016
Summer Food Service Program for Children	10.559	9,255
Title I Grants to LEAs	84.010	572,977
Special Education Cluster:		
Special Education - Grants to States	84.027	273,468
Special Education - Preschool Grants	84.173	4,587
Twenty-First Century Community Learning Centers	84.287	215,020
Improving Teacher Quality State Grants	84.367	72,097
Rural Education	84.358	51,981
Student Support and Academic Enrichment	84.424	<u>43,254</u>
 Total Expenditures		 \$1,945,902
		x <u>20%</u>
 Minimum Amount Which Must Be Tested		 \$ <u>389,180</u>

**Note 3:** The commodities are valued at market value, which represent the cost to replace these commodities.

**Note 4:** The School District has elected not to use 10% de minimis indirect cost rate.

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

The Board of Directors  
Mount Union Area School District  
603 N. Industrial Drive  
Mount Union, PA 17066

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Mount Union School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Mount Union School District's basic financial statements, and have issued our report thereon dated December 19, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Mount Union School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mount Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mount Union School District's internal control.

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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



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

The Board of Directors  
Mount Union Area School District  
603 N. Industrial Drive  
Mount Union, PA 17066

**Report on Compliance for Each Major Federal Program**

We have audited the Mount Union Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Mount Union Area School District's major federal programs for the year ended June 30, 2019. The Mount Union Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Mount Union Area School District's compliance.

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

***Opinion on Each Major Federal Program***

In our opinion, the Mount Union Area School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**Report on Internal Control over Compliance**

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

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

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

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

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



**MOUNT UNION AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Mount Union Area School District were prepared in accordance with GAAP.
2. No material weaknesses in internal control were disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Mount Union Area School District were disclosed during the audit.
4. There were no material weaknesses in the internal control over major federal programs identified by the audit.
5. The auditor's report on compliance for the major federal award programs for the Mount Union Area School District expresses an unmodified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The programs tested as major programs was the Child Nutrition Cluster.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Mount Union Area School District was determined to be a low-risk auditee.

**B. Financial Statements Findings**

There were no findings relative to the financial statements noted during the audit.

**C. Federal Awards Findings and Questioned Costs**

There were no findings relative to the federal awards noted during the audit.

**MOUNT UNION AREA SCHOOL DISTRICT  
MOUNT UNION, PENNSYLVANIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

No prior year findings were noted.