

WYOMING AREA SCHOOL DISTRICT

SINGLE AUDIT REPORT

JUNE 30, 2018

Rainey & Rainey
Certified Public Accountants

TABLE OF CONTENTS

Financial Section:

Management Discussion and Analysis - Unaudited.....	1
Independent Auditor Report	13
Basic Financial Statements:	
Statement of Net Position.....	16
Statement of Activities	17
Balance Sheet – Governmental Funds.....	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21
Statement of Net Position – Proprietary Fund	22
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	23
Statement of Cash Flows - Proprietary Fund.....	24
Statement of Fiduciary Net Position- Fiduciary Fund	25
Notes to Financial Statements	26

Required Supplementary Information

Schedule of the District’s Proportionate Share of the Net Pension Liability	53
Schedule of the District’s Contributions to Pension Plan	54
Schedule of changes in the District’s Total OPEB Liability and Related Ratios.....	55
Schedule of the District’s Proportionate Share of the Net OPEB (HIPAP) Liability.....	56
Schedule of the District’s OPEB (HIPAP) contributions.....	57
Budgetary Comparison Schedule – General Fund.....	58
Notes to the Required Supplementary Information.....	59

Supplementary Information

Schedule of Expenditures of Federal Awards.....	60
Notes to Schedule of Expenditures of Federal Awards.....	61
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	62
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	64
Schedule of Findings and Questions Costs.....	66
Schedule of Prior Audit Findings.....	67

WYOMING AREA SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Wyoming Area School District (the "District") for the year ended June 30, 2018. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the District's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Total net position of the District decreased \$7,738,832 to (\$44,596,902) at June 30, 2018. This occurred with the Net position of governmental activities decreasing by \$7,729,789 and the Net position of the business-type activity decreasing by \$9,043 at June 30, 2018.

The District had \$33,116,046 in expenses related to governmental activities in 2018; of these expenses, \$7,911,942 was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state subsidies) of \$26,580,241 were sufficient to provide for these programs resulting in an increase in net position of \$1,376,136. In addition, an adjustment for \$9,105,925 was recorded for implementation of GASB No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" for its fiscal year ended June 30, 2018 which required that the effects be applied to the earliest period presented.

Also, in the District's business-type activity, net position decreased by \$9,043. The decrease was the result of a decrease in food service revenue mainly for charges for services.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

WYOMING AREA SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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

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

The government-wide financial statements can be found on pages 16-17 of this report.

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement

**WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the District's General Fund and Debt Service Fund.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

The District adopts an annual budget for its General Fund. A budgetary comparison statement for the General Fund has been provided on page 58 of this report to demonstrate compliance with the budget process.

PROPRIETARY FUNDS

The District accounts for its food service operation in a proprietary fund, which report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-52 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District prepares a budget each year for its General Fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the School Board of Directors.

The General Fund's approved budget for 2018 included \$33,954,783 of revenues and \$34,861,046 of expenditures. There were no amendments made to the budget during 2018.

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Actual revenues received for 2018 were \$34,665,505 or 2.09% over budget. The favorable variances were attributable primarily to a favorable increase in Local Revenue, specifically Real Estate Tax and Earned Income Tax Revenue. State source revenue exceeded budgetary expectations by approximately \$149,341 due to increases in Basic Education and Special Education Funding, as well as an increase in Transportation Subsidy. Federal source revenue exceeded budgetary expectations by approximately \$129,091 due to an increase in Title I Funding. Lastly, due to the sale of the Sarah J. Dymond building Other Financing Sources reflected a favorable variance of \$100,000 at June 30, 2018.

Actual expenditures and other uses were \$34,520,165 or 0.98% below the budget. The variances relative to expenditures were primarily due to a favorable variances in Salaries and Benefits, Supplies and the District not utilizing the Contingency Expense category in 2018.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's condensed government-wide financial statements are presented comparatively as follows:

CONDENSED STATEMENT OF NET POSITION (IN 000'S)

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITY		TOTALS	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 11,148	\$ 9,240	\$ (64)	\$ (53)	\$ 11,084	\$ 9,187
Capital Assets	<u>22,352</u>	<u>23,609</u>	<u>8</u>	<u>11</u>	<u>22,352</u>	<u>23,620</u>
Total Assets	33,500	32,849	(56)	(42)	33,436	32,807
Deferred Outflows	13,188	15,869	-	-	13,188	15,869
Current liabilities	\$ 6,693	\$ 5,373	\$ 13	\$ 18	\$ 6,706	\$ 5,391
Long-term liabilities	<u>84,074</u>	<u>79,467</u>	<u>-</u>	<u>-</u>	<u>84,074</u>	<u>79,467</u>
Total liabilities	90,767	84,840	13	18	90,780	84,858
Deferred Inflows	449	676	-	-	449	676
Net position:						
Invested in capital assets, net of related debt	(718)	1,794	8	11	(710)	1,806
Unrestricted	<u>(43,810)</u>	<u>(38,592)</u>	<u>(77)</u>	<u>(71)</u>	<u>(43,887)</u>	<u>(38,663)</u>
Total Net position	(44,528)	(36,798)	(69)	(60)	(44,597)	(36,858)

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITY		TOTALS	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Program Revenues:						
Charges for services	\$ 19	\$ 9	\$ 306	\$ 320	\$ 325	\$ 329
Operating grants and contributions	7,893	7,326	507	507	8,400	7,833
General revenues:						
Taxes levied for general purposes, net and other taxes levied	18,664	18,302	-	-	18,664	18,302
Grants, subsidies and contributions not restricted	7,880	7,814	-	-	7,880	7,814
Transfers	(75)	(71)	75	71	-	-
Other	<u>111</u>	<u>312</u>	<u>-</u>	<u>-</u>	<u>111</u>	<u>312</u>
Total Revenues	34,492	33,692	888	898	35,380	34,590
Program Expenditures:						
Instruction	19,845	19,787	-	-	19,845	19,787
Instructional student support	2,119	2,189	-	-	2,119	2,189
Administration and financial support services	2,627	2,234	-	-	2,627	2,234
Operation and maintenance of plant services	3,795	3,008	-	-	3,795	3,008
Pupil transportation	2,401	2,015	-	-	2,401	2,015
Student activities	717	652	-	-	717	652
Community services	101	116	-	-	101	116
Interest on long-term debt	594	918	-	-	594	918
Unallocated depreciation	917	562	-	-	917	562
Food service	<u>-</u>	<u>-</u>	<u>897</u>	<u>923</u>	<u>897</u>	<u>923</u>
Total Expenditures	33,116	31,481	897	923	34,013	32,404
Change in Net Position	1,376	2,211	(9)	(25)	1,367	2,186
Net position, beginning	(36,798)	(39,009)	(60)	(35)	(36,858)	(39,044)
Restatement	(9,106)	-	-	-	(9,106)	-
Net position, beginning as restated	<u>(45,904)</u>	<u>(39,009)</u>	<u>(60)</u>	<u>(35)</u>	<u>(45,964)</u>	<u>(39,044)</u>
Net position, ending	<u>\$ (44,528)</u>	<u>\$ (36,798)</u>	<u>\$ (69)</u>	<u>\$ (60)</u>	<u>\$ (44,597)</u>	<u>\$ (36,858)</u>

WYOMING AREA SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (UNAUDITED)

GOVERNMENTAL ACTIVITIES

The net position of the governmental activities decreased in total by \$7,729,789 in 2018. During 2018, Revenues increased by 2.37% in comparison to 2017 and this increase can be attributed to Charge For Services, Operating Grants & Contributions, Taxes levied, and Grants, Subsidies, & contributions. Expenditures increased \$1,953,555 or 6.27% in 2018 as compared to 2017, mainly due to an increase in Instruction, Administrative, Operation of Plant, Pupil Transportation and Unallocated Depreciation. The net effect of Revenue over Expenditures resulted in an increase in Net Position of \$1,376,136 at June 30, 2018.

In addition, an adjustment for a decrease of \$9,105,925 was recorded for implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" for its fiscal year ended June 30, 2018 which required that the effects be applied to the earliest period presented.

BUSINESS-TYPE ACTIVITY

Net position of the District's food service operation has decreased by \$9,043 in 2018. The decrease was the result of a decrease in food service revenues mainly for charges for services.

FINANCIAL ANALYSIS OF THE FUNDS

GENERAL FUND

The following represents a summary of Actual General Fund revenues, by source, along with variances from 2017.

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
Local sources	\$18,619,504	\$18,393,713	\$ 225,791	1.23%
State sources	15,073,309	14,414,725	658,584	4.57%
Federal sources	872,215	878,732	(6,517)	(0.74%)
Other	<u>100,477</u>	<u>31,391</u>	<u>69,086</u>	<u>220.08%</u>
Total	<u>\$34,665,505</u>	<u>\$33,718,561</u>	<u>\$946,944</u>	<u>2.81%</u>

WYOMING AREA SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (UNAUDITED)

LOCAL SOURCES

The majority of the local source revenue is derived from the real estate tax. The real estate tax levy increased approximately 3.40% for Luzerne County and increased approximately 2.88% for Wyoming County in 2018. The total current real estate collections approximated \$14,430,084 for the year ended June 30, 2018.

STATE SOURCES

The increase in State Revenue received is primarily due to an increase in the Basic Education Funding, Pupil Transportation Subsidy and Retirement Subsidy. Increased retirement subsidy is due to the retirement rate increase from 30.03% to 32.57% from the prior year. The District receives reimbursement based on an aid ratio relative to when an employee was hired. It should be noted the Retirement Subsidy increase is offset by the corresponding increases in retirement expense.

FEDERAL SOURCES

Federal sources of revenue decreased due to a decrease in Title I and Title II funding.

The following represents a summary of General Fund expenditures by function for the years June 30, 2018 and 2017.

	<u>2018</u> <u>Amount</u>	<u>2017</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>
Instruction	\$22,029,868	\$21,052,304	\$977,564
Support services	10,445,244	9,445,468	999,776
Non-instructional services	817,596	768,297	49,299
Refunds of Prior Year Receipts	1,139	105,457	(104,318)
Debt Service and Other financing uses	<u>1,226,318</u>	<u>1,085,827</u>	<u>140,491</u>
Total	<u>\$34,520,165</u>	<u>\$32,457,353</u>	<u>\$2,062,812</u>

INSTRUCTION

The amount of instructional expenses reported at June 30, 2018 increased by approximately \$977,564 from the prior year. The increase can be mainly attributed to an increase in Salaries, corresponding Benefits due to a realignment in staff, Special Education Contracted Services and Other Tuition Costs.

**WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

SUPPORT SERVICES

The increase in support services is mainly attributed to an increase in Salaries, corresponding Benefits and Student Transportation costs.

NON-INSTRUCTIONAL SERVICES

Expenditures incurred for non-instructional services slightly increased from 2017 to 2018.

REFUND OF PRIOR YEAR RECEIPTS

Decrease incurred for refund of prior year receipts was due to a large tax refund as a result of a reassessment appeal for 2017

DEBT SERVICE AND OTHER FINANCING USES

The increase in debt service is a result of scheduled increases in District required debt payments.

CAPITAL PROJECTS FUND

The Capital Project Fund accounts for major construction projects in the District. This fund in 2018 was utilized primarily on the Montgomery Avenue School improved energy efficiency project. The Montgomery Avenue project was financed through a \$1,750,000 General Obligation Note, Series of 2018 debt obligation. This loan obligation was formally closed on April 3, 2018. The fund balance at June 30, 2018 of the Capital Projects Fund was \$1,557,659. Capital Project expenditures for the year 2018 approximated \$148,118.

DEBT SERVICE FUND

The Debt Service Fund is used to account for resources accumulated for the payment of long-term obligations. It is normally used to account for refunding of bond issues and the payment of the annual debt service on existing bonds. The District periodically reviews its existing debt and refunds such debt when economically feasible.

The District in March of 2006 issued \$24,955,000 of bonds and notes for the purpose of providing funds to (1) advance refund the School District's GOB, Series of 2004, (2) advance refund the School District's GOB, Series A of 2004; (3) currently refund the School District's Federally Taxable GON, Series of 2004; (4) currently refund the School District's Federally Taxable GON, Series A of 2005; and (5) paying the costs and expenses of issuance of the Bonds.

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

The District in December 2015 issued \$9,995,000 and in January 2016 issued \$9,195,000 for a total of \$19,190,000 of bonds for the purpose of providing funds to (1) refund the School District's GON, Series A of 2006 and (2) pay the costs and expenses of issuance of the bonds. The district is anticipated to realize an estimated savings of \$2.59 million over the life of the refinanced bonds.

The District in April 2018 issued \$1,750,000 note for the purpose of providing funds to improve energy efficiency of the Montgomery Ave. School. The Financing was part of the District's participation in an Energy Performance Contract. The loan was formally closed on April 3, 2018.

The Debt Service Fund received \$814,456 from the General Fund to pay the annual debt service on its outstanding bonds in 2018. The District paid \$295,000 in principal and \$519,456 in interest on its outstanding bonds/note.

In addition the District refinanced its 2005 Energy Performance Note in March 2012 with the 2012 Bond Issue of \$1,535,000. The District paid \$195,000 in principal and \$9,522 in interest on the 2012 Bond Issue.

As discussed in the comments for the Capital Projects Fund, the District also applied for and was approved for a loan from the USDA for renovations of the Montgomery Ave. School. The loan amount is \$2,000,000 and was formally closed on December 20, 2013. The District paid approximately \$29,366 in principal and \$67,114 in interest on the loan during 2018.

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2018 is summarized below.

	GOVERN- MENTAL <u>ACTIVITIES</u>	BUSINESS- TYPE <u>ACTIVITY</u>	<u>TOTALS</u>
Land	\$ 1,329,844		\$ 1,329,844
Buildings	46,030,225		49,030,225
Improvements	1,970,193		1,970,193
Equipment & Fixtures	2,322,897	795,572	3,118,469
Infrastructure	378,508	-	378,508
Construction in Progress	<u>148,118</u>	<u>-</u>	<u>148,118</u>
 Total	 52,179,784	 795,572	 52,975,356
Less accumulated depreciation	<u>29,827,507</u>	<u>788,072</u>	<u>30,615,579</u>

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Net \$ 22,352,277 \$ 7,500 \$ 22,359,777

LONG-TERM DEBT

At June 30, 2018, the District's general obligation debt was approximately \$23 million. This amount is approximately 32% of its legal limit of \$72.7 million. The District is scheduled to remit principal and interest payments of \$2,285,455 during the 2018-2019 school year. As of November 2015, Wyoming Area SD has an A+ (Stable Outlook) underlying rating from S&P.

On December 8, 2015 and January 7, 2016, the district refinanced a portion of the long-term debt. The district is anticipated to realize an estimated savings of \$2.59 million over the life of the refinanced bonds.

NONCURRENT LIABILITIES

Noncurrent liabilities will be paid one year or later from the date of the Statement of Net Position. The School District's noncurrent liabilities include compensated absences, notes and bonds payable, capital lease obligations and other long term obligations, net of current portions. The Governmental Accounting Standards Board (GASB) Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions became effective for the District in 2008-2009 school year. The Postemployment Benefits obligation approximated \$10,775,225 as of June 30, 2018 and is reflected on the statement of Net Position. In addition, the reader can refer to the Major Events note listed below regarding the adoption of GASB No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 by the district.

MAJOR EVENTS

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This statement is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The District is has adopted Statement No. 68 for its fiscal year 2015 financial statements. The district has worked in conjunction with actuaries and representatives from the State pension system to calculate the liability included in this report. (Refer to Financial Highlights section of GASB No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.)

**WYOMING AREA SCHOOL DISTRICT
 MANAGEMENT’S DISCUSSION AND ANALYSIS
 (UNAUDITED)**

On December 8, 2015 and January 7, 2016, the district refinanced a portion of the long-term debt. The district would realize an estimated savings of \$2.59 million over the life of the refinanced bonds.

On May 4, 2018 the District finalized the Sale of the Sarah J. Dymond building for \$100,000.

In addition, an adjustment for \$9,105,925 was recorded for implementation of GASB No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions” for its fiscal year ended June 30, 2018 which required that the effects be applied to the earliest period presented.

ECONOMIC CONDITION AND OUTLOOK

The District does not expect significant growth in the near future given the residential nature of the local economy and a lack of developable land within the District.

In addition, the District is in compliance with the law as passed within the Commonwealth of Pennsylvania entitled Act I of Special Session of 2006. The goal of the Act I legislation seeks to reduce property taxes but in doing so also ensures that the District does not suffer any loss of revenue attributable to the shifting of local revenue sources

Retirement Costs associated with District Personnel increased during the fiscal year due to an increase in the rate certified by the Public School Employees’ Retirement System. The table below illustrates the rates charged the District.

Year	DISTRICT RATE ON COVERED PAYROLL	
2014	16.93%	
2015	21.40%	
2016	25.84%	
2017	30.03%	
2018	32.57%	
2019	33.43%	
2020	34.29%	EST
2021	34.77%	EST

Over the next several years, it is projected that the contribution rates for the Public School Employees’ Retirement System of Pennsylvania will rise significantly. Based on actuarial projections, it is anticipated that by the school year 2023-2024 the total employer contribution rate will be 36.30%.

**WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

In the District's fiscal year 2015 financial statements it had adopted Statement No. 68 "Accounting & Financial Reporting for Pensions." It continues to follow this standard. The District has worked in conjunction with actuaries and representatives from the State pension system to calculate the liability included in this report.

EMPLOYEE RELATIONS

The following represents the Collective Bargaining Agreements in effect at June 30, 2018:

Wyoming Area School District and the Wyoming Area Education Association are working under a contract agreement with a term commencing September 1, 2016 and ending August 31, 2019.

Wyoming Area School District and the Wyoming Area Educational Support Personnel Association are working under a contract for a term commencing July 1, 2014 and ending June 30, 2020.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Manager, Wyoming Area School District, 252 Memorial Street, Exeter, PA 18643.

CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA
Richard P. Rainey, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wyoming Area School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wyoming Area School District as of and for the year ended June 30, 2018, 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, each major fund, and the aggregate remaining fund information of the Wyoming Area School District as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-12 and 58 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

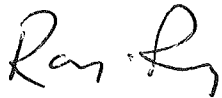
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wyoming Area School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2019, on our consideration of the Wyoming 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wyoming Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wyoming Area School District's internal control over financial reporting and compliance.



Scranton, Pennsylvania
January 16, 2019

WYOMING AREA SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u>	<u>Primary</u> <u>Government</u> <u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 6,779,562	\$ 460	\$ 6,780,022
Investments	315,612	-	315,612
Taxes Receivable - Net	1,023,691	-	1,023,691
Internal Balances	103,978	(103,978)	-
Due From Other Governments	2,558,033	-	2,558,033
Receivables - Other	262,165	4,450	266,615
Inventories	15,500	35,053	50,553
Other Current Assets	89,756	-	89,756
Total Current Assets	<u>11,148,297</u>	<u>(64,015)</u>	<u>11,084,282</u>
Noncurrent Assets			
Fixed Assets - Net of Accumulated Depreciation	<u>22,352,277</u>	<u>7,500</u>	<u>22,359,777</u>
TOTAL ASSETS	<u>33,500,574</u>	<u>(56,515)</u>	<u>33,444,059</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts Related to Pensions	12,415,766	-	12,415,766
Deferred Amounts Related to Other Post Employment Benefits	<u>772,265</u>	<u>-</u>	<u>772,265</u>
Total Deferred Outflows of Resources	<u>13,188,031</u>	<u>-</u>	<u>13,188,031</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	\$ 831,525	\$ 12,816	\$ 844,341
Salaries & Benefits Payable	2,580,032	-	2,580,032
Payroll Deductions and Withholdings	1,464,490	-	1,464,490
Deferred Revenues	77,878	-	77,878
Accrued Interest	56,308	-	56,308
Portion Due or Payable within one Year			
Bonds Payable	1,664,410	-	1,664,410
Capital Lease Payable	<u>18,605</u>	<u>-</u>	<u>18,605</u>
Total Current Liabilities	<u>6,693,248</u>	<u>12,816</u>	<u>6,706,064</u>
Long-term Liabilities			
Portion Due or Payable After One Year			
Bonds Payable in Future Years	21,367,147	-	21,367,147
Capital Leases Payable in Future Years	19,907	-	19,907
Other Post-employment Benefits	10,775,225	-	10,775,225
Net Pension Liability	51,315,000	-	51,315,000
Accumulated Compensated Absences	<u>596,445</u>	<u>-</u>	<u>596,445</u>
Total Long-term Liabilities	<u>84,073,724</u>	<u>-</u>	<u>84,073,724</u>
TOTAL LIABILITIES	<u>90,766,972</u>	<u>12,816</u>	<u>90,779,788</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts Related to Pensions	211,204	-	211,204
Deferred Amounts Related to Other Post Employment Benefits	<u>238,000</u>	<u>-</u>	<u>238,000</u>
Total Deferred Inflows of Resources	<u>449,204</u>	<u>-</u>	<u>449,204</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	(717,792)	7,500	(710,292)
Unrestricted	<u>(43,809,778)</u>	<u>(76,831)</u>	<u>(43,886,609)</u>
TOTAL NET POSITION	<u>\$ (44,527,571)</u>	<u>\$ (69,331)</u>	<u>\$ (44,596,902)</u>

WYOMING AREA SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Expenditures	Charge For Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Depreciation	\$ 917,540	\$ -	\$ -	(917,540)	\$ -	(917,540)
Instruction	19,845,258	17,858	5,401,375	(14,426,025)	-	(14,426,025)
Instructional Student Support	2,118,769	-	334,445	(1,784,323)	-	(1,784,323)
Administrative	2,627,529	-	291,813	(2,335,715)	-	(2,335,715)
Operation of Plant	3,794,701	1,015	279,750	(3,513,936)	-	(3,513,936)
Pupil Transportation	2,400,800	-	1,457,117	(943,683)	-	(943,683)
Student Activities	716,799	-	63,736	(653,063)	-	(653,063)
Community Services	100,797	-	1,527	(99,270)	-	(99,270)
Interest - Long Term Debt	593,854	-	63,305	(530,548)	-	(530,548)
Total Government	\$ 33,116,046	\$ 18,873	\$ 7,893,069	(25,204,105)	\$ -	(25,204,105)
Business Type Activities						
Food Service	\$ 897,376	\$ 306,071	\$ 507,111	-	(84,194)	(84,194)
Total Primary Government	\$ 34,013,422	\$ 324,944	\$ 8,400,180	(25,204,105)	\$ (84,194)	(25,288,299)
General Revenues:						
Taxes Levied for General Purposes				\$ 14,478,466	\$ -	14,478,466
Other Taxes Levied				4,185,682	-	4,185,682
Grants, Subsidies, Contributions Not Restricted				7,880,267	-	7,880,267
Investment Earnings				38,075	221	38,296
Miscellaneous				72,681	-	72,681
Transfers Between Governmental and Business Type Activities				(74,930)	74,930	-
Total General Revenues				\$ 26,580,241	\$ 75,151	\$ 26,655,392
Change In Net Position				\$ 1,376,136	\$ (9,043)	\$ 1,367,093
Net position, beginning, as previously reported				(36,797,782)	-	(36,797,782)
Restatement				(9,105,925)	-	(9,105,925)
Net Position, beginning as restated				(45,903,707)	(60,288)	(45,963,995)
Net Position - June 30, 2018				(44,527,571)	(69,331)	(44,596,902)

See Notes to Financial Statements and Independent Auditor's Report

WYOMING AREA SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Fund Types</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,221,903	\$ 1,557,659	\$ 6,779,562
Investments	315,612	-	315,612
Taxes Receivable	57,969	-	57,969
State Revenue Receivable	1,541,702	-	1,541,702
Federal Revenue Receivable	533,711	-	533,711
Due From Other Governments	482,620	-	482,620
Due from Other Funds	132,231	-	132,231
Other Receivable	262,165	-	262,165
Inventory	15,500	-	15,500
Other Current Assets	89,756	-	89,756
	<u>\$ 8,653,169</u>	<u>\$ 1,557,659</u>	<u>\$ 10,210,828</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Accounts Payable	\$ 831,525	\$ -	\$ 831,525
Accrued Salaries and Benefits	2,580,032	-	2,580,032
Payroll Deductions and Withholdings	1,464,490	-	1,464,490
Due to Other Funds	28,253	-	28,253
Deferred Revenues	77,878	-	77,878
	<u>\$ 4,982,178</u>	<u>\$ -</u>	<u>\$ 4,982,178</u>
<u>FUND BALANCE</u>			
Nonspendable Fund Balance	\$ 15,500	\$ -	\$ 15,500
Assigned Fund Balance	2,190,888	1,557,659	3,748,547
Unassigned Fund Balance	1,464,603	-	1,464,603
	<u>\$ 3,670,991</u>	<u>\$ 1,557,659</u>	<u>\$ 5,228,650</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,653,169</u>	<u>\$ 1,557,659</u>	<u>\$ 10,210,828</u>

WYOMING AREA SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to
Net Position of Governmental Activities
June 30, 2018

Total fund balance – total governmental funds \$ 5,228,650

Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital assets(net) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance 22,352,277

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:

Deferred outflows of resources related to pensions	12,415,766
Deferred inflows of resources related to pensions	(211,204)
Deferred outflows of resources related to OPEB	772,265
Deferred inflows of resources related to OPEB	(238,000)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Accrued Interest	(56,308)	
Bonds and Notes Payable	(23,031,557)	
Capital Lease Obligations	(38,512)	
Other Post-Employment Benefits	(10,775,225)	
Net Pension Liability	(51,315,000)	
Accumulated Compensated Absences	<u>(596,445)</u>	(85,813,047)

Property and earned income taxes receivable along with an amount established for an allowance for doubtful accounts are not a current financial resource, therefore they are not reported in the governmental funds balance sheet.

965,722

Net assets governmental activities

\$ (44,527,571)

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Fund Types</u>
<u>REVENUES & OTHER FINANCING SOURCES</u>				
<u>REVENUES</u>				
Local Sources	\$ 18,619,504	\$ 4,027	\$ -	\$ 18,623,531
State Sources	15,073,309	-	-	15,073,309
Federal Sources	872,215	-	-	872,215
<u>OTHER FINANCING SOURCES</u>				
Sale of Fixed Assets	\$ 100,000	\$ -	\$ -	\$ 100,000
Bond Proceeds	-	1,750,000	-	1,750,000
Insurance Recoveries	477	-	-	477
TOTAL REVENUES & OTHER FINANCING SOURCES	\$ 34,665,505	\$ 1,754,027	\$ -	\$ 36,419,532
<u>EXPENDITURES AND OTHER FINANCING USES</u>				
<u>EXPENDITURES</u>				
Instruction	\$ 22,029,868	\$ -	\$ -	\$ 22,029,868
Support Services	10,445,244	-	-	10,445,244
Non-Instructional Services	817,596	-	-	817,596
Fac Acq, Const, and Imp	-	196,368	-	196,368
Refunds of Prior Year Receipts	1,139	-	-	1,139
Debt Service (Principal & Interest)	336,932	-	814,456	1,151,388
<u>OTHER FINANCING USES (SOURCES)</u>				
Transfers out (in) (To other funds)	\$ 889,386	\$ -	\$ (814,456)	\$ 74,930
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 34,520,165	\$ 196,368	\$ -	\$ 34,747,170
EXCESS (DEFICIT) REVENUE OVER EXPENDITURES	\$ 145,340	\$ 1,557,659	\$ -	\$ 1,702,999
FUND BALANCE -July 1, 2017	\$ 3,525,651	\$ -	\$ -	\$ 3,525,651
FUND BALANCE -June 30, 2018	\$ 3,670,991	\$ 1,557,659	\$ -	\$ 5,228,650

WYOMING AREA SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
June 30, 2018

Net change in fund balances – total governmental funds		\$ 1,702,999
Governmental Funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		(641,101)
Governmental Funds report proceeds from the sale of fixed assets as revenues. However, on the statement of activities, a gain or loss from the sale of fixed assets will be recognized and increase or decrease the change in net position.		(675,487)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:		
Earned Income Taxes	(5,493)	
Delinquent Real Estate Taxes	3,074	(2,419)
Repayment of bond and note principal is an expenditure on the Governmental Funds, but the repayment reduces long-term liabilities on statement of net position		519,366
Borrowing on bond issuance is treated as income in the Governmental Funds, but is a long-term liability on the statement of net position		(1,750,000)
Repayment of capital lease obligations is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities on statement of net position		34,889
Governmental funds report district pension contributions as expenditures. However on the Statement of Activities, the cost of pension related benefits earned net of employee contributions is reported as pension expense		
District Pension Contribution		2,190,657
Cost of pension benefits earned, net of employee contributions		
Some expenses reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures on the governmental funds:		
Other Post Employment	(11,326)	
Accrued Interest	38,168	
Comp Absences	(29,610)	(2,768)
Change in net assets of governmental activities		<u>\$ 1,376,136</u>

WYOMING AREA SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2018

	Food Service Fund
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 460
Due from Other Funds	28,253
Other Receivables	4,450
Inventories	35,053
Total Current Assets	\$ 68,216
<u>Noncurrent Assets</u>	
Fixed Assets	\$ 795,572
Less: Accumulated Depreciation	788,072
Total Noncurrent Assets	\$ 7,500
TOTAL ASSETS	\$ 75,716
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Due to Other Funds	\$ 132,231
Accounts Payable	12,816
TOTAL LIABILITIES	\$ 145,047
<u>NET POSITION</u>	
Invested in Capital Assets, Net of Related Debt	\$ 7,500
Unrestricted	(76,831)
TOTAL NET POSITION	\$ (69,331)
TOTAL LIABILITIES AND NET POSITION	\$ 75,716

See Notes to Financial Statements and Independent Auditor's Report

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2018

OPERATING REVENUES

Food Service Revenue	\$	<u>306,071</u>
TOTAL OPERATING REVENUES	\$	306,071

OPERATING EXPENSES

Salaries	\$	372,601
Employee Benefits		244,936
Supplies		268,004
Purchased Services		4,110
Depreciation		3,300
Other Operating Expenses		<u>4,425</u>
TOTAL OPERATING EXPENSES	\$	<u>897,376</u>

NET OPERATING LOSS	\$	(591,305)
---------------------------	-----------	------------------

NON-OPERATING REVENUES

Earnings on Investments	\$	221
Federal and State Subsidies		507,111
Advances - General Fund		<u>74,930</u>
TOTAL NON-OPERATING REVENUE	\$	<u>582,262</u>

Change in Net Position	\$	(9,043)
-------------------------------	-----------	----------------

Net Position - July 1, 2017		<u>(60,288)</u>
------------------------------------	--	-----------------

Net Position - June 30, 2018	\$	<u>(69,331)</u>
-------------------------------------	-----------	------------------------

WYOMING AREA SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Users	\$	307,769
Cash Payments To Employees For Services		(659,556)
Cash Payments To Suppliers for Goods and Services		<u>(302,626)</u>
Net Cash Used For Operating Activities	\$	(654,413)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Cash Received From Federal & State Subsidies	\$	579,262
Operating Transfers In (Out) Primary Government		<u>74,930</u>
Net Cash From Non-Capital Financing Activities	\$	654,192

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received From Investment Earnings	\$	<u>221</u>
Net Cash Used By Investing Activities	\$	<u>221</u>

NET INCREASE IN CASH AND CASH FLOW

\$ -

CASH AND CASH EQUIVALENT - JULY 1, 2017

460

CASH AND CASH EQUIVALENT - JUNE 30, 2018

\$ 460

**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH
USED FOR OPERATING ACTIVITIES**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income (Loss)	\$	(591,305)
Adjustments to Reconcile Operating Loss to Net Cash Used For:		
Depreciation and Net Amortization	\$	3,300
Decrease in Accounts Receivable		1,698
Increase in Inventories		(20,733)
Increase in Accounts Payable		(5,353)
Decrease in Accrued Salaries and Benefits		<u>(42,020)</u>
Total Adjustments	\$	<u>(63,108)</u>
NET CASH USED FOR OPERATING ACTIVITIES	\$	<u>(654,413)</u>

See Notes to Financial Statements and Independent Auditor's Report

WYOMING AREA SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Private Purpose Trust</u>	<u>Student/Faculty Vending Fund</u>	<u>Student Activity Fund</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 21,066	\$ 2,636	\$ 141,253
Investments	<u>41,408</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 62,474</u>	<u>\$ 2,636</u>	<u>\$ 141,253</u>
<u>LIABILITIES</u>			
Other Liabilities	<u>142</u>	<u>2,636</u>	<u>141,253</u>
TOTAL LIABILITIES	<u>\$ 142</u>	<u>\$ 2,636</u>	<u>\$ 141,253</u>
<u>NET POSITION</u>			
Held in trust for scholarships	<u>\$ 62,332</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 62,474</u>	<u>\$ 2,636</u>	<u>\$ 141,253</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2018

	<u>Private Purpose Trust</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 17,100
Other Additions	<u>1,952</u>
TOTAL ADDITIONS	<u>\$ 19,052</u>
<u>DEDUCTIONS</u>	
Scholarships Awarded	\$ 20,000
Bank Charges	<u>-</u>
TOTAL DEDUCTIONS	<u>\$ 20,000</u>
Change in Net Position	\$ (948)
Net Position - July 1, 2017	<u>\$ 63,280</u>
Net Position - June 30, 2018	<u>\$ 62,332</u>

See Notes to Financial Statements and Independent Auditor's Report

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Pursuant to Act 299 of the General Assembly of the Commonwealth of Pennsylvania, approved August 8, 1963, P. L. 564, which is an amendment to the school code with regards to school district reorganizations, Wyoming Area School District (the District) commenced operation in 1966, as the successor by reason of reorganization to the school districts of the Boroughs of Exeter, Wyoming, West Wyoming, West Pittston and the Township of Exeter. The District, which is situated in Luzerne County, operates a public-school system. A nine-member Board of Directors, which are elected positions, administers the District. Federal, state and local resources provide funding for the District.

The accounting policies of the Wyoming Area School District (the District) which are fully explained in the following notes, conform to the generally accepted accounting principles for local government units, and the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems issued by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The most significant accounting policies are summarized below.

Reporting Entity

The District is the basic level of government, which has oversight responsibility, and is not included as a component unit of any other governmental agencies. Government Accounting Standards Board Statement Number 14, "The Financial Reporting Entity", as amended by GASB No. 39, establishes the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. In accordance with Statement Number 14, and 39, the District has determined that it has no other component unit, which should be included in its financial statements. The following potential component unit was considered for inclusion:

West Side Area Vocational-Technical School

West Side Area Vocational-Technical School commenced operations in 1968. The West Side Area Vocational-Technical School operates under the laws of the Commonwealth and is administered by the Joint Operating Committee, which is the decision-making body and comprises three elected board members from each of its five member districts. The five member districts are: Dallas School District, Lake Lehman School District, Northwest Area School District, Wyoming Area School District, and Wyoming Valley West School District. The School operates a Vocational-Technical School located in Pringle, Luzerne County, Pennsylvania.

Funding for the school is received from federal, state and local sources. Each of the Districts may enroll students in the school and their portion of total support is calculated based on the formula provided in the Bylaws of West Side Area Vocational-Technical School's agreement with its member districts.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

The member School Districts' approve the yearly operating budget of the School. The School District exercises no other oversight responsibility; accordingly, the West Side Area Vocational-

Technical School is not included herein. The District is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board Statement #14 entitled, "The Financial Reporting Entity".

Basis of Presentation – Fund Accounting

Government-Wide Financial Statements

The Statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the government, except for Fiduciary Funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the Proprietary Funds financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Governmental Fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for Governmental Funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of Governmental and Proprietary Fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for 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 district considers revenues to be available if they are collected within 30 days of the end of the 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. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and others financing uses) of current financial resources.

Proprietary Funds

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With the measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the government's proprietary fund are charges to customers for sales and services. Operating expenses for proprietary 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.

Fiduciary Funds

Fiduciary Funds are reported using the economic resources measurement focus.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Funds

Governmental Funds are those through which most governmental functions of the District are financed. The District has presented the following major governmental funds:

General Fund

The General Fund is for the general operations of the District and all financial transactions not required to be accounted for in another fund.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Capital Projects Fund

The Capital Projects Fund accounts for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes.

Debt Service Fund

The Debt Service Fund is used for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Proprietary Funds

Enterprise Fund

The Enterprise Fund accounts for the District's Food Service operations. It is financed and operated in a manner similar to a private business enterprise. The fund accounts for all revenues, food purchases, cost, and expenses for the food service program on the accrual method of accounting. This method recognizes expenses when incurred and revenues when earned. All proprietary activities are accounted for using GASB pronouncements as established by GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*.

Fund Balances

In the year ending June 30, 2011, the school District implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. Statement No. 54 changes the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation.
- Restricted – Represents the restraint imposed on resources through either external entities or through constitutional provisions or enabling legislation.
- Committed – These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the school board, the government's highest level of decision making authority.
- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

- Assigned – Consists of amounts intended to be used for a certain purpose as per committee or individual authorized by the governing body

Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. The Pennsylvania School Code dictates specific procedures relative to the adoption of the School District's budget and reporting of its financial statements.

The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year. The School District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board of Directors.

The Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the board is required. Fund balances in Budgetary Funds may be appropriated based on resolutions passed by the Board of Directors, which authorizes the District to make expenditures. Appropriations lapse at the end of the fiscal period.

Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program-by-program basis by the state or federal funding agency.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks and highly-liquid investments with original maturities of less than 90 days. Investments are stated at fair value, the amount at which a financial instrument could be exchanged in a current transaction between parties, other than in a forced or liquidation sale. This method of valuation is in compliance with GASB 79, Accounting and Financial Reporting for certain Investments and for External Investments Pools.

Property Tax Calendar

The District property taxes are levied as of August 1 with a collection period extending 150 days through December 31. At this time, uncollected property tax bills are released to the County for collection. The County governs both the process of collecting the delinquent taxes and administering liens.

The tax rate for the year ended June 30, 2018 was 15.93670 mills for Exeter Township (Luzerne County), and the Boroughs of Exeter, West Wyoming, Wyoming and West Pittston and 78.18970 mills for Exeter Township (Wyoming County) on a present assessed valuation of

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

\$ 968,110,241. During the year ended June 30, 2018, Wyoming Area School District collected \$14,483,881 after various adjustments for discounts, penalties and credits on a total tax levied in the amount of \$16,004,927. The District's rate of collection approximated 91% on total taxes due during the June 30, 2018 fiscal year.

Intergovernmental Receivables/Payables

During the course of operations, numerous transactions occur between government units for payment of services and subsidy payments. These receivables and payables are classified as intergovernmental receivables/payables on the balance sheet.

Inventories

Inventories of the Food Service Fund are valued at the lower of cost or market.

Fixed Assets and Depreciation

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method over the following useful lives:

	<u>Years</u>
Buildings & Improvements	50
Furniture & Fixtures	20
Equipment	5-10

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

Sick Leave

Under the District's various bargaining agreements and plans, professional and eligible support personnel accumulate unused sick days from year to year based on their classification. These accumulated sick days are non-vesting during the employee's tenure. Upon retirement, these employees are eligible for remuneration of unused sick days. To be eligible for this benefit, the employee must be eligible to receive superannuation, early retirement or disability pension from the Public School Employees Retirement System (PSERS), and the employee must have at least

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

ten (10) years of service in the Wyoming Area School District. The employee must be retiring from a full-time position and complete full-time service.

The District maintains records of each employee's accumulated sick days that are vested with employees who are eligible to retire and those under the administrator's plan.

Unavailable and Unearned Revenues

General Fund unavailable revenues represent primarily delinquent taxes not collected within 30 days subsequent to the District's year end and grants received but not expended by year end. It is expected that these receivables will be collected and included in revenues of future fiscal years.

Long -Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities columns of the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and payment of principal and interest reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund receivables/payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of financial position includes separate elements for deferred outflows and inflows of resources. The separate financial statement elements, deferred outflows and inflows of resources, represent a consumption/addition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or inflows of resources (revenue) until then. The District's items that qualify for reporting in this category, are the deferred loss on debt refunding reported on the government-wide statement of net position and items related to the pension and OPEB obligations. See note 9 for details of deferred outflows and inflows related to the pension obligation and note 10 for the OPEB obligation.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Pension Plan

For purposes of measuring the net position, liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the Pennsylvania 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 benefit terms. Investments are reported at fair value.

Post-Employment Benefits Other than Pensions

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 Pennsylvania 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 benefit terms. Investments are reported at fair value.

Net Position

Net position represented the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position are 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 and regulations of others governments.

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE # 2 - FEDERAL FUNDS:

Wyoming Area School District administers several federally funded projects. All funds received under these programs are restricted for the conduct of the Federal Programs and are not available for general school business.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE # 3 - CASH AND TEMPORARY INVESTMENTS:

The District's investment policy is in accordance with the Public School Code of 1949, Section 440.1, which permits funds to be temporarily invested in: (1) United States Treasury bills, (2) short-term obligations of the United States government or its agencies or instrumentalities, (3) deposits in savings or time accounts, or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository, (4) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision, and (5) shares of certain investment companies registered under the Investment Companies Act of 1940 and the Securities Act of 1933 which invest only in instruments listed in (1) – (4) listed above, maintain a constant per share net asset value and are rated in the highest category by a nationally recognized rating agency.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2018, \$7,449,920 of the District's bank balance of \$8,040,736 was exposed to custodial credit risk. The amount exposed to credit risk was uninsured but was collateralized by securities pledged by the financial institutions for such funds but not in the District's name in accordance with the collateralization provisions of Commonwealth of Pennsylvania Act 72 of 1971, as amended.

The District also invests funds with the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT acts like market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share and they are rated by a nationally recognized statistical rating organization and subject to an annual independent audit. Deposits on hand are subjected to custodial credit risk and were as follows as of June 30, 2018:

PLGIT (cash and cash equivalent)	<u>\$ 315,612</u>
----------------------------------	-------------------

NOTE # 4 - INVENTORIES:

Central Receiving compiles inventories of unexpended supplies available for consumption. At June 30, 2018 the value of the Central Receiving Inventory shown in the General Fund is \$15,500.

Inventories as reflected in the proprietary fund relative to the operation of the District's cafeteria are stated at values assigned by the School Administration. The value of inventory as reflected on the June 30, 2018 financial statements was \$15,500. In addition to the inventories described above, the District is the recipient of donated commodities from the Federal Government. Since title to the donated commodities does not pass to the District until the commodities are processed for serving, no value for such commodities on hand is included in inventories of the Food

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Service Fund.

NOTE # 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The following is a summary of interfund receivables and payables at June 30, 2018:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 103,978	\$ -
Proprietary, Food Services	<u>-</u>	<u>103,978</u>
	<u>\$ 103,978</u>	<u>\$ 103,978</u>

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. The amount due from the Food Service fund to the General Fund of \$103,978 is not expected to be repaid within one year

Interfund transfers are summarized as follows:

	<u>Transfer to Other Funds</u>	<u>Transfer from Other Funds</u>
General Fund	\$ 889,386	\$ -
Debt Service Fund	-	814,456
Cafeteria Fund	<u>-</u>	<u>74,930</u>
	<u>\$ 889,386</u>	<u>\$ 889,386</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires them, 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE # 6 FIXED ASSETS AND DEPRECIATION:

Fixed asset activity for the year ended June 30, 2018, was as follows:

	Balance at July 1, 2017	<u>Additions</u>	<u>Disposals</u>	Balance at June 30, 2018
Governmental Activities:				
Land	\$ 1,329,844	\$ -	\$ -	\$ 1,329,844
Buildings	47,951,689	-	1,921,464	46,030,225
Improvements	1,930,573	39,620	-	1,970,193
Equipment & Fixtures	2,181,937	148,513	7,554	2,322,896
Infrastructure	378,508	-	-	378,508
Construction in Progress	-	<u>148,118</u>	-	<u>148,118</u>
Totals at Historical Cost	\$ 53,772,551	\$ 336,251	\$ 1,929,018	\$ 52,179,784
Less Accumulated Depreciation				
Buildings	\$ (25,336,664)	\$ (789,509)	\$ 1,245,976	\$ (24,880,197)
Improvements	(1,812,602)	(84,149)	-	(1,896,751)
Equipment & Fixtures	(2,635,724)	(43,882)	7,554	(2,672,052)
Infrastructure	<u>(378,507)</u>	-	-	<u>(378,507)</u>
Total Accum. Depreciation	\$ (30,163,497)	\$ (917,540)	\$ 1,253,530	\$ (29,827,507)
Net Governmental Fixed Assets	<u>\$ 23,609,054</u>	<u>\$ (581,289)</u>	<u>\$ (675,488)</u>	<u>\$ 22,352,277</u>
Business Type Activities:				
Totals at Historical Cost				
Food Service Equipment	\$ 795,572	\$ -	\$ -	\$ 795,572
Less Accumulated Depreciation				
Food Service Equipment	<u>(784,772)</u>	<u>(3,300)</u>	-	<u>\$ (788,072)</u>
Net Business-type Fixed Assets	<u>\$ 10,800</u>	<u>\$ (3,300)</u>	<u>\$ -</u>	<u>\$ 7,500</u>

NOTE # 7 - LONG TERM DEBT:

Equipment Lease Purchase Agreements

The District has entered into various capital leases for equipment, which are used in the administrative offices as well as at the various schools.

2012 General Obligation Bond

In March 2012, the District issued \$1,535,000 in General Obligation Bonds and Notes, Series of 2012, with stated interest rates of 0.4% to 2.0%. The proceeds from the bond issue were used to refinance the 2005 general obligation note of the district. The bonds mature in varying annual amounts commencing August 2012. Interest at the stated rate of 0.4% to 2.0% is payable semi-annually on August 15 and February 15. The Bonds were issued as fully registered bonds in denominations of \$5,000. The Bonds are also fully insured by the MBIA Insurance Corporation. In addition the bonds are general obligations of the District and the full faith, credit and taxing power of the District have been irrevocable pledged for the payment of the principal and interest on the 2012 bonds when due.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

The net present value of the cash flow to the school district under this refunding is \$103,307 to be realized over the term of the bond.

2013 General Obligation Bond

In December 2013, the District issued \$2,000,000 in General Obligation Bonds and Notes, Series of 2013, with stated interest rates of 3.5%. The proceeds from the bond issue were used to refinance the 2012 general obligation note of the district. The bonds mature in varying annual amounts commencing January 2014. Interest only payments for the first twelve months will be followed by monthly payments of \$8,040 will be made for the following 37 years.

2015 General Obligation Bond

In December 2015, the District issued \$9,995,000 in General Obligation Bonds and Notes, Series of 2015, with stated interest rates of 2.0% to 2.875%. The bonds mature in varying annual amounts commencing May 2016 and annually thereafter through November 2029. Interest at the stated rate of 2.0% to 2.875% is payable semi-annually on November 1 and May 1. The proceeds from the bond issue were used to refund a portion of the 2006 Series A General Obligation Bonds.

2016 General Obligation Bond

In December 2015, the District issued \$9,195,000 in General Obligation Bonds and Notes, Series of 2016, with stated interest rates of 2.0% to 4.0%. The bonds mature in varying annual amounts commencing May 2016 and thereafter through November 2024. Interest at the stated rate of 2.0% to 4.0% is payable semi-annually on November 1 and May 1. The proceeds from the bond issue were used to refund a portion of the 2006 Series A General Obligation Bonds.

2018 General Obligation Bond

In April 2018, the District issued \$1,750,000 in General Obligation Bonds and Notes, Series of 2018, with stated interest rates of 2.7% to 4.0%. The bonds mature in varying annual amounts commencing in November 2018 and thereafter through May 2033. Interest at the stated rate of 2.7% to 4.0% is payable semi-annually on November 1 and May 1. The proceeds from the bond issue were used to improve new and existing facilities of the District.

A summary of the outstanding liabilities at June 30, 2018 is as follows:

Type of Debt	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Amount Due Within One Year
Equipment Leases	\$ 13,589	\$ 59,811	\$ 34,889	\$ 38,511	\$ 18,605
2012 Bond	690,000	-	195,000	495,000	195,000
2013 Bond	1,930,923	-	29,366	1,901,557	30,410
2015 Bond	9,990,000	-	5,000	9,985,000	5,000
2016 Bond	9,190,000	-	290,000	8,900,000	1,335,000
2018 Bond	-	1,750,000	-	1,750,000	99,000
Other:					
Compensated Absences	566,835	29,610	-	596,445	-
Total Long-Term Debt	<u>\$ 22,381,347</u>	<u>\$ 1,839,421</u>	<u>\$ 554,255</u>	<u>\$ 23,666,513</u>	<u>\$ 1,683,015</u>

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

The annual debt service requirements to maturity, including principal and interest for long term debt as of June 30, 2018 is as follows:

Year-Ending	Principal	Interest	Total
2019	\$ 1,664,410	\$ 621,045	\$ 2,285,455
2020	1,726,492	562,664	2,289,156
2021	1,685,612	501,146	2,186,758
2022	1,629,772	454,270	2,084,042
2023	1,662,973	421,449	2,084,422
2024-2028	10,636,432	1,554,882	12,191,314
2029-2033	2,713,557	437,747	3,151,304
2034-2038	275,772	206,628	482,400
2039-2043	328,428	153,972	482,400
2044-2048	391,139	90,761	481,900
2049-2051	<u>316,970</u>	<u>20,245</u>	<u>337,215</u>
Total	<u>\$23,031,557</u>	<u>\$ 5,024,809</u>	<u>\$ 28,056,366</u>

NOTE # 8 - COMPENSATED ABSENCES:

Effective July 1, 1993, the Wyoming Area School District has elected to timely implement Governmental Accounting Standards Board Statement #16 entitled, "Accounting for Compensated Absences." The District's policy is designed to separately address vacation, sick time and sabbatical policies relative to administrators, teachers and various support staff to the District. In calculating the liability for the amount of compensation and related benefit costs for the sick pay portion relative to compensated absences, the District has elected to utilize the vesting method as allowed by Government Accounting Board Statement #16. The total amount of compensation and benefits accrued in the Statement of Net Position amounted to \$ 596,445 at June 30, 2018.

NOTE # 9 - PENSION PLAN:

Public School Employees' Retirement System Plan

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/deduction from PSER's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

General Information about the Pension Plan

Plan description

PSERS is a governmental cost-sharing multi-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.

Benefits provided

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

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.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

Contributions

Member Contributions:

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

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

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

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

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2018 was 31.74% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$4,480,186 for the year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$51,315,000 for its proportionate share of the net pension liability. The net pension was measured as of June 30, 2017, 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, 2016 to June 30, 2017. The District's proportion of the pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2018, the District's proportion was 0.1039 percent which was a decrease of 8.86 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of \$2,289,529. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportions	\$ 4,248,150	\$ -
Net difference between projected and actual investment earnings	1,415,950	-
Change in Assumptions	2,065,000	
Difference between employer contributions and proportionate share of total contributions	199,230	211,204
Difference between expected and actual experience	7,250	-
Contributions subsequent to the measurement date	<u>4,480,186</u>	<u>-</u>
Total	<u>\$ 12,415,766</u>	<u>\$ 211,204</u>

\$4,480,186 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	8,658,179
2020	67,079
2021	(1,140,285)
2022	1,852
2023	10,300

Actuarial assumptions

The total pension liability as of June 30, 2017 was determined by rolling forward the System's total pension liability as of the June 30, 2016 actuarial valuation to June 30, 2017 using the following actuarial assumption, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary increases – Effective average of 5.00%, which reflects an allowance for inflation of 2.75%, real wage growth of 2.75%, and merit or seniority increases of 2.25%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females. The actuarial assumptions used in the June 30, 2017 valuation were based on the experience study that performed for the five-year

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

period ending June 30, 2016. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2017 Board meeting, and were effective beginning with the June 30, 2017 actuarial valuation.

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 investments expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.1%
Fixed income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
MLPs/Infrastructure	8.0%	4.8%
Real estate	10.0%	3.6%
Alternative investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	<u>-20.0%</u>	1.1%
	100%	

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, 2017.

Discount rate

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would 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:

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
District's proportionate share			
The net pension liability	\$63,164,000	\$51,315,000	\$41,310,000

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.state.pa.us

NOTE # 10 - POST EMPLOYMENT BENEFITS:

Postemployment benefits other than pension (OPEB):

For purpose 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 OPEB plan and additions to/deductions from the OPEB fiduciary net position have been determined on the same basis as they are reported by the OPEB plan (Plan). Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description:

The district offers postemployment dental, vision, life and health insurance benefits to employees upon their retirement with the same plan provisions provided to active employees. The following is a breakdown of eligibility requirements and coverage by group:

Administrators

The member must meet the requirements of one of the following programs:

- A. Program One: Complete at least ten consecutive years of District service, must be eligible for PSERS retirement and must give written notice by April 1 in the year of retirement.
- B. Program Two: Attain 55 years of age and attain 25 years of PSERS service.
- C. Act 110/43 (30 years of PSERS service or upon superannuation retirement).

Teachers

The member must meet the requirements of one of the following programs:

- A. Program One: Complete at least ten consecutive years of District service, must be eligible for PSERS retirement and must give written notice by April 1 in the year of retirement.
- B. Program Two: Attain 55 years of age and attain 25 years of PSERS service.
- C. Act 110/43 (30 years of PSERS service or upon superannuation retirement).

Support Staff

The Member must meet the requirements of one of the following programs:

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

- A. Program Two: Attain 55 years of age and attain 25 years of PSERS service.
- B. Act 110/43 (30 years of PSERS service or upon superannuation retirement).

Employees covered by benefit terms:

At July 1, 2016, the following employees were covered by benefit terms:

	<u>Administrators</u>	<u>Teachers and support Staff</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	1	29	30
Active employees	<u>22</u>	<u>265</u>	<u>287</u>
 Total	 <u>23</u>	 <u>294</u>	 <u>317</u>

Total OPEB liability and actuarial assumptions:

The District's total OPEB liability of \$11,595,081 was measured as of June 30, 2017 and was determined by rolling forward the July 1, 2016 actuarial valuation to June 30, 2017 using the following actuarial assumptions and other inputs, applies to all periods included in the measurements, unless otherwise specified:

Discount rate:	3.13% based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2017
Salary increases	2.50% cost of living adjustment, 1% real wage growth and merit increases which varies by age from 2.75% to 0%
Healthcare cost trend rates:	6.0% in 2017, and 5.5% in 2018 through 2023. Rates gradually decrease from 5.4% in 2024 to 3.9% in 2075 and later based on Society of Actuaries Long-Run Medical Cost Trend Model
Retirees' share of benefit related costs	Retiree contributions are assumed to increase at the same rate as the Healthcare Cost Trend Rate
Mortality rates:	Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

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

Changes in the total OPEB liability:

Balance at June 30, 2016	<u>\$ 8,052,599</u>
Changes for the year:	
Service Cost	602,828
Interest	208,977
Changes in assumptions	278,965
Benefit payments	<u>(485,144)</u>
Net Changes	<u>605,626</u>
Balance at June 30, 2017	<u>\$ 8,658,225</u>

Changes in assumptions reflect a change in the discount rate from 2.49% in 2016 to 3.13% in 2017. The trend assumptions for salary, mortality, withdrawal and retirement were updated based on the new PSERS assumptions.

Sensitivity of net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate is 1% lower or 1% higher than the current rate:

	1% Decrease	Current discount Rate	1% Increase
	2.13%	3.13%	4.13%
Districts net OPEB liability	\$ 9,393,302	\$ 8,658,225	\$ 7,966,817

Sensitivity of net OPEB liability to changes in the healthcare cost trend rates:

The Following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current trend rates	1% Increase
District's net OPEB liability	\$ 7,437,971	\$ 8,658,225	\$ 10,127,966

For the year ended June 30, 2018, the District recognized OPEB expenses of \$126,326. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of Resources
Changes in assumption	\$ 255,718	
District benefit payments subsequent the measurement date		
	<u>399,547</u>	
Total	<u>\$ 655,265</u>	

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

For the year ended June 30, 2018, \$655,265 reported as deferred outflows of resources relate to OPEB resulting from District benefit payments made subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the valuation year ended June 30, 2018. Other 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	
<u>June 30,</u>	
2019	\$ 23,247
2020	23,247
2021	23,247
2022	23,247
2023	23,247
thereafter	139,483

Health Insurance Premium Assistance Program (HIPAP):

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

PSERS provide Premium Assistance which is a governmental cost sharing, multiple-employer HIPAP plan 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 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 Option Program (HOP). As of June 30, 2017, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance eligibility criteria:

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

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

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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

through either their school employer the PSERS; HOP. As of June 30, 2017, there were no assumed future benefit increases to participating eligible retirees.

Employer contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefit earned by employees during the year, with an addition amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the district were \$276,000 for the year ended June 30, 2018.

At June 30, 2018, the District reported a liability of \$2,117,000 for its proportionate share of the net HIPAP liability. The net HIPAP liability was measured as of June 30, 2017, and the total HIPAP liability used to calculate the net HIPAP liability was determined by rolling forward PSERS' total HIPAP liability as of June 30, 2016 to June 30, 2017. The district's proportion of the net HIPAP liability was calculated utilizing the employer's one -year reported covered payroll as it relates to the total one-year reported cover payroll. At June 30, 2017, the District's proportion was 0.1039%, which was a decrease of 8.85% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized HIPAP revenue of \$103,000. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to HIPAP from the following sources:

	Deferred outflows of resources	Deferred Inflows of resources
Change in assumptions	\$ -0-	\$ 99,000
Net difference between projected and actual investment earnings	2,000	-0-
Change in proportion	-0-	139,000
Contributions subsequent to the measurement date	<u>115,000</u>	<u>-0-</u>
	<u>\$ 117,000</u>	<u>\$ 238,000</u>

\$115,000 reported as deferred outflows of resources related to HIPAP resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net HIPAP liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIPAP will be recognized in HIPAP expense as follows:

Year ended June

30

2018	(47,000)
2019	(47,000)
2020	(47,000)

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

2021	(47,000)
2022	(47,000)
thereafter	(47,000)

Actuarial assumptions

The total HIPAP liability as of June 30, 2017, was determined by rolling forward the System's total HIPAP liability as of June 30, 2016 to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method-Entry Age Normal-level % of pay.
- Investment return-3.13%-S&P 20 Year Municipal Bond Rate.
- Salary growth-Effective average of 5.00%, compromised 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 health care 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%

Actuarial Assumptions (continued):

The following assumptions were used to determine the contribution rate:

- 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: Effective average of 5.00%, compromised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority.
- Premium Assistance: 63% of eligible retirees are assumed to elect Premium Assistance.
- Mortality rates: Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back three years 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 seven years for males and three years for females for disabled annuitants,) A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back three years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

The HIPAP 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.

HIPAP-Asset Class	Target Allocation	Long-Term expected real rate of return
Cash	76.4%	0.6%
Fixed Income	23.6	1.5
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

Discount rate

The discount rate used to measure the total HIPAP liability was 3.13%. 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 HIPAP 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 3.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total HIPAP liability.

Sensitivity of the District's proportionate share of the net HIPAP liability to changes in the healthcare cost trend rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2017, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at maximum of \$1,200. As of June 30, 2017, 91,797 retirees were receiving the maximum amount allowed of 1,200 per year. As of June 30, 2017, 1,354 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.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

The following presents the District's proportionate share of the net HIPAP liability for June 30, 2017, calculated using current healthcare cost trends as well as what the net HIPAP liability would be if it healthcare cost trends were 1-percentage lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Decrease</u>
		<u>Rates</u>	
District's proportionate share of net HIPAP liability	\$ 2,116,000	\$ 2,117,000	\$ 2,117,000

Sensitivity of the District's proportionate share of the net HIPAP liability to changes in the discount rate

The following presents the District' proportionate share of the net HIPAP liability, calculated using the discount rate of 3.13%, as well as what het net HIPAP liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) that the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	2.13%	discount rate 3.13%	4.13%
District's proportionate share of net HIPAP liability	\$ 2,406,000	\$ 2,117,000	\$ 1,876,000

HIPAP 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.ps.gov.

NOTE # 11 – INCENTIVE RETIREMENT AGREEMENTS

The teachers' collective bargaining agreement provides an incentive provision for early retirement. The incentive program will pay the teacher a percentage of their salary based on their number of years of credited service. Teachers electing the incentive payments are paid over a four year period following their final year of service. In addition, such retiring employees that qualify shall have available to them and their families' health insurance coverage, until such retiree becomes eligible for Medicare. At June 30, 2018 the liability for the retirement incentives was \$ 182,355.

NOTE # 12 - COMMITMENTS AND CONTINGENCIES:

The District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

The District is required to make contractual service payments to the Luzerne County Intermediate Unit Number 18, as well as contributions to finance the Unit's operations. The District's responsibilities for these payments are anticipated to continue into the future.

From time to time, the District is named as a defendant in lawsuits. No provision has been provided for in these financial statements for any future losses that may result from these lawsuits. It is the opinion of management and supported by legal council, that the impact of these lawsuits will not have a material adverse effect on the financial position of the District.

In September of 1999 an agreement was reached with thirteen school districts and their respective bargaining units to form a consortium to make contracts of insurance to insure that their employees, their employees' spouses and dependents and retired employees would be covered under a policy or policies of group insurance covering life, health, hospitalization, medical service or accident insurance. Member Districts make contributions to the Trust under a self funded plan whereby the Districts participating of the Trust are liable in the event claims paid by the trust to health care providers exceed the premiums paid by the participants of the Trust.

NOTE # 13 – RISK MANAGEMENT:

The school district is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverages for the fiscal year ending June 30, 2018.

The School District is a participant in the NEPA School Districts (Health) Trust, which is a pooled trust fund for the purpose of providing health and related benefits up to \$300,000 per participant. The school pays the Consortium a monthly contribution as determined by the trustees. This pool is self-sustaining through member premiums. The Consortium reinsured through a commercial company for commercial company for claims in excess of the amount covered by the pool.

NOTE #14 – TAX ABATEMENTS:

The District's local and economic revitalization tax assistance is authorized by the school board. Recipients are eligible for tax abatement for various reasons such as development costs, property location, or renovations that would otherwise result in increased assessment. All tax abatements are based on the increase of value of the improvement.

There were no amounts recorded or receivable from other governments in association with the forgone taxes. The district did not make other commitments other than to reduce taxes as part of the tax abatement agreements.

The tax abatement resulted in a reduction of \$15,726 for fiscal year ended June 30, 2018.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2018

NOTE #15 – ADOPTION OF NEW ACCOUNTING PRINCIPLE:

Effective July 1, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The new standard revises and establishes new financial reporting requirements for other postemployment benefits provided for employees. The following is the adjustment to net position for governmental activities:

	<u>Governmental</u> <u>Activities</u>
Beginning net position (deficit) as previously reported at June 30, 2017	\$ (36,797,782)
Prior period adjustment, implementation of GASB 75, net other postemployment benefit liability (measurement date)	(6,928,890)
Deferred outflows, net other postemployment benefit liability, District's contribution made during fiscal year 2017	278,965
Prior period adjustment, implementation of GASB 75, net other postemployment benefit liability (HIPAP) (measurement date)	<u>(2,456,000)</u>
Total prior period adjustment	<u>(9,105,925)</u>
Net position (deficit) as restated, July 1, 2017	<u>\$ (45,903,707)</u>

NOTE #16 – SUBSEQUENT EVENTS:

The District has evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through January 16, 2019, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY
INFORMATION**

WYOMING AREA SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY

Last 10 Fiscal Years*

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of net pension liability	0.1039%	0.1140%	0.1205%	0.0930%	0.9260%
District's proportionate share of the net pension liability	\$ 51,315,000	\$ 56,495,000	\$ 52,195,000	\$ 36,810,000	\$ 37,907,000
District's covered-employee payroll	\$ 13,832,423	\$ 14,758,837	\$ 13,629,107	\$ 11,866,349	\$ 11,882,126
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	370.98%	382.79%	382.97%	310.20%	319.03%
Plan fiduciary net position as a percentage of the total pension liability	51.84%	50.14%	54.36%	57.24%	54.49%

Amounts were determined as of the cost-sharing plan's June 30, 2018 year.

* This schedule is presented to illustrate the requirements to show information for 10 years.
However, until a full 10-year trend is complete, available information is presented.

WYOMING AREA SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 PENSION PLAN

Last 10 Fiscal Years*

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	4,480,186	4,309,580	3,584,766	2,815,042	2,222,318
Contributions in relation to the contractually required contributions	<u>(4,480,186)</u>	<u>(4,309,580)</u>	<u>(3,584,766)</u>	<u>(2,815,042)</u>	<u>(2,222,318)</u>
Contribution deficiency (excess)	0	0	0	0	0
District's covered-employee payroll	13,832,423	14,758,837	14,339,062	13,731,912	11,866,349
Contributions as percentage of covered-employee payroll	32.39%	29.20%	25.00%	20.50%	18.73%

Amounts were determined as of the cost-sharing plan's June 30, 2018 year.

* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is complete, available information is presented.

WYOMING AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
OPEB LIABILITY AND RELATED RATIOS
(Required Supplementary Information)
(unaudited)
FOR THE VALUATION YEAR ENDED JUNE 30

	2018
Total other postemployment benefit (OPEB) liability:	
Service Cost	\$ 602,828.00
Interest	208,977.00
Changes in assumptions	278,965.00
Benefit Payments	(485,144.00)
Net changes in total OPEB liability	605,626.00
Total OPEB liability - beginning	8,052,599.00
Total OPEB liability - ending	\$ 8,658,225.00
Covered-employee payroll	\$ 13,249,878.00
Total OPEB liability as percentage of covered-employee payroll	65.35%

Note to Schedule:

Changes of assumptions:

The discount rate changes from 2.49% to 3.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

WYOMING AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB (HIPAP) LIABILITY
 (Required Supplementary Information)
 (unaudited)
 FOR THE VALUATION YEAR ENDED JUNE 30

	2018
District's proportion of the net OPEB (HIPAP) liability	0.1039%
District's proportionate share of the net OPEB (HIPAP) liability	\$ 2,117,000.00
District's covered-employee payroll	\$ 13,832,423.00
District's proportionate share of the net OPEB (HIPAP) liability as a percentage of its covered-employee payroll	15.30%
Plan fiduciary net position as a percentage of the total OPEB (HIPAP) liability	5.73%

See accompanying notes to required supplementary information

WYOMING AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB (HIPAP) CONTRIBUTIONS
 (Required Supplementary Information)
 (unaudited)
 FOR THE VALUATION YEAR ENDED JUNE 30

	2018
Contractually required contribution	\$ 115,000.00
Contributions in relation to the contractually required contribution	115,000.00
Contribution deficiency (excess)	-
District's covered payroll	\$ 13,832,423.00
Contributions as a percentage of covered-employee payroll	0.83%

See accompanying notes to required supplementary information

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund
Budget and Actual
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE & OTHER FINANCING SOURCES				
Local Sources	\$ 18,287,691	\$ 18,287,691	\$ 18,619,504	\$ 331,813
State Sources	14,923,968	14,923,968	15,073,309	149,341
Federal Sources	743,124	743,124	872,215	129,091
OTHER FINANCING SOURCES				
Sale of Fixed Assets	\$ -	\$ -	\$ 100,000	100,000
Insurance Recoveries	-	-	477	477
TOTAL REVENUE & OTHER FINANCING SOURCES	\$ 33,954,783	\$ 33,954,783	\$ 34,665,505	\$ 710,722
EXPENDITURES				
INSTRUCTION				
Regular Programs - Elementary / Secondary	\$ 15,176,237	\$ 15,176,237	\$ 14,437,236	\$ 739,001
Special Programs - Elementary / Secondary	4,965,508	4,965,508	5,781,050	(815,542)
Vocational Education Programs	927,134	927,134	909,828	17,306
Other Instructional Programs - Elementary / Secondary	1,158,635	1,158,635	882,120	276,515
Nonpublic School Programs	-	-	19,634	(19,634)
TOTAL INSTRUCTION	\$ 22,227,514	\$ 22,227,514	\$ 22,029,868	\$ 197,646
SUPPORT SERVICES				
Pupil Personnel	\$ 890,728	\$ 890,728	\$ 881,637	\$ 9,091
Instructional Staff	561,244	561,244	441,387	119,857
Administration	2,124,770	2,124,770	2,165,390	(40,620)
Pupil Health	595,391	595,391	628,724	(33,333)
Business	382,970	382,970	461,000	(78,030)
Operation and Maintenance of Plant Services	3,365,123	3,365,123	3,210,585	154,538
Student Transportation Services	2,079,895	2,079,895	2,400,800	(320,905)
Central	214,789	214,789	213,421	1,368
Other Support Services	46,000	46,000	42,301	3,699
TOTAL SUPPORT SERVICES	\$ 10,260,910	\$ 10,260,910	\$ 10,445,245	\$ (184,335)
NON-INSTRUCTIONAL SERVICES				
Student Activities	\$ 592,668	\$ 592,668	\$ 716,799	\$ (124,131)
Facilities Acquisition, Construction and Improvement Services	7,500	7,500	-	7,500
Community Services	135,417	135,417	100,797	34,620
TOTAL NON-INSTRUCTIONAL SERVICES	\$ 735,585	\$ 735,585	\$ 817,596	\$ (82,011)
OTHER FINANCING USES				
Refund of Prior Year Receipts	\$ -	\$ -	\$ 1,139	\$ (1,139)
Debt Service	507,581	507,581	336,932	170,649
Budgetary Reserve	225,000	225,000	-	225,000
Fund Transfers	904,456	904,456	889,386	15,070
TOTAL OTHER FINANCING USES	\$ 1,637,037	\$ 1,637,037	\$ 1,227,457	\$ 409,580
TOTAL EXPENDITURES & OTHER USES	\$ 34,861,046	\$ 34,861,046	\$ 34,520,165	\$ 340,881
EXCESS EXPENDITURES OVER REVENUES	\$ (906,263)	\$ (906,263)	\$ 145,340	\$ 1,051,603
FUND BALANCE - July 1, 2017			\$ 3,525,651	
FUND BALANCE - June 30, 2018			\$ 3,670,991	

**WYOMING AREA SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

1. Budgetary Data

Budgetary data is established by the School Board of the District and is officially adopted via ordinance. The budgets are prepared using the modified accrual basis of accounting which is method utilized for the Governmental Funds. Revenues are recognized when they become both measurable and available. Expenditures are recognized when the related liability is incurred.

Budgetary data and actual data is presented only for the General Fund.

2. Pension Data

The amounts reported in the schedule of the District's proportionate share of the net pension liability are determined as of June 30, 2017 by The Commonwealth of Pennsylvania Public School Employees' Retirement System. The plan is a cost-sharing plan. There were no changes in benefit terms and no changes in assumptions.

3. Postemployment Benefits Plan

The amounts reported in the schedule of the district's proportionate share of the net other post-employment benefits liability are determined as of June 30, 2017 by the Commonwealth of Pennsylvania Public School Employees' Retirement System (PSERS) (the cost-sharing plan). There were no changes in benefit terms. The change in actuarial assumptions is the discount rate increased from 2.71% as of June 30, 2016 to 3.13% as of June 30, 2017.

SUPPLEMENTARY INFORMATION

**WYOMING AREA SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Wyoming Area School District under programs of the federal government for the year ended June 30, 2018. The information presented in the Schedule is presented in accordance with the 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). This schedule only presents a selected portion of the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized using the cost principles contained in the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited to reimbursement.
2. Pass-through entity identifying numbers are presented where available.

NOTE 3 – PROGRAM DISCLOSURE- FOOTNOTES

1. All major and non-major federal grant activity of the Wyoming Area School District is included in the accompanying Schedule of Expenditures of Federal Awards.
2. The District is a sub-recipient of Federal Funds from the Commonwealth of Pennsylvania. The federal cognizant agency is the United States Department of Education.
3. District is a sub-recipient of Federal Funds from the Luzerne Intermediate Unit. The federal cognizant agency is the United States Department of Education.

NOTE 4 – FOOD DONATION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2018, the District used food commodities totaling \$48,829.

NOTE 5 – MEDICAL ASSISTANCE

Access reimbursement received under CFDA #93.778, revenue code 8810 are classified as fee-for-service revenues and are not recognized as federal awards for the purpose of the Schedule of Expenditures of Federal Awards.

NOTE 6 – INDIRECT COST RATE

Wyoming Area School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA
Richard P. Rainey, CPA

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

To the Board of Directors
Wyoming Area School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Wyoming Area School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Wyoming Area School District's basic financial statements, and have issued our report thereon dated January 16, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wyoming Area 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 Wyoming Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wyoming Area 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.

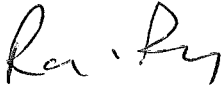
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wyoming Area 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.

A handwritten signature in black ink, appearing to read "R. P. By".

Scranton, Pennsylvania
January 16, 2019

CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA
Richard P. Rainey, CPA

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

To the Board of Directors
Wyoming Area School District

Report on Compliance for Each Major Federal Program

We have audited the Wyoming 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 Wyoming Area School District's major federal programs for the year ended June 30, 2018. Wyoming 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 federal statutes, regulations, and the 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 Wyoming 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 Wyoming 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 Wyoming Area School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Wyoming 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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the

accompanying schedule of findings and questioned costs as items in Section I. Our opinion on each major federal program is not modified with respect to these matters.

Wyoming Area School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Wyoming Area School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Wyoming 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 Wyoming 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 Wyoming 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. 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.



Scranton, Pennsylvania
January 16, 2019

WYOMING AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

Section I - Summary of Audit Results

1. The Auditor's report dated January 16, 2019 expresses an unmodified opinion on the General Purpose Financial Statements of Wyoming Area School District.
2. No instances of reportable condition were disclosed during the audit of the financial statements as reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards report dated January 16, 2019.
3. No instances of noncompliance material to the financial statements of Wyoming Area School District were disclosed during the audit.
4. The Auditor's Report on Schedule of Expenditures of Federal Awards expresses an unmodified opinion.
5. The Auditor's report on compliance for the major federal awards programs for the Wyoming Area School District expresses an unmodified opinion on all major programs.
6. There were no audit findings relative to the major federal awards programs for Wyoming Area School District.
7. Programs tested as a major program include Title I CFDA #84.010, Title II CFDA #84.367, & Title IV CFDA #84.424
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Wyoming Area School District was determined to be a low-risk auditee.

Section II – Findings Relating to the Financial Statements

None

Section III – Findings and Questioned Cost for Federal Awards

None

**WYOMING AREA SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018**

There were no prior year audit findings.