

**WYOMING AREA SCHOOL DISTRICT**

**SINGLE AUDIT REPORT**

**JUNE 30, 2013**

*Rainey & Rainey*  
*Certified Public Accountants*

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## **WYOMING AREA SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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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, 2013. 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 increased \$2,068,521 in 2013. Net position of governmental activities increased \$2,147,022. Net position of the business-type activity decreased \$78,501.

The District had \$27,398,997 of expenses related to governmental activities in 2013; only \$5,422,720 of these expenses was offset by program-specific charges for services, grants or contributions. General revenues (primarily taxes and state subsidies) of \$24,123,299 were adequate to provide for these programs.

In the District's business-type activity, net position decreased by \$78,501 due to both a decrease in Food Service Revenue and an increase in Food Service Expenditures.

### **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.

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

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the District's major funds (General Fund and Capital Project Fund). The District's nonmajor fund (Debt Service Fund) is reported under the caption "Nonmajor 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 22 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 23-25 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 27-39 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 2013 included \$29,092,745 of revenues and \$29,650,389 of expenditures. There were no amendments made to the budget during 2013.

Actual revenues received for 2013 were \$29,413,251 or 1.1% over budget. The favorable variances were attributable primarily to a favorable increase in Local Revenue, specifically Earned Income Tax and Delinquent Tax Revenue.

Actual expenditures and other uses were \$28,557,971 or 96.3% of budget. The variances relative to expenditures were primarily due to favorable variances in Salaries and Benefits, Utilities, Supplies, Debt Service and the Contingency Line item.

### 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 9,136	\$ 8,009	\$ 96	\$ 154	\$ 9,232	\$ 8,163
Current Assets: Deferred Outflow	237		3		240	
Capital assets	<u>26,425</u>	<u>26,648</u>	<u>67</u>	<u>92</u>	<u>26,492</u>	<u>26,740</u>
TOTAL	<u>\$ 35,798</u>	<u>\$ 34,657</u>	<u>\$ 166</u>	<u>\$ 246</u>	<u>\$ 35,964</u>	<u>\$ 34,903</u>
Current liabilities	\$ 5,894	\$ 5,531		\$ 12	\$ 5,894	\$ 5,543
Current liabilities: Deferred Inflow	88		11		99	

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 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (UNAUDITED)

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Long-term liabilities:

Due after one year	<u>23,320</u>	<u>24,776</u>	<u>-</u>	<u>-</u>	<u>23,320</u>	<u>24,776</u>
Total liabilities	<u>29,302</u>	<u>30,308</u>	<u>11</u>	<u>12</u>	<u>29,313</u>	<u>30,320</u>

Net position:

Invested in capital assets, net of related debt	3,612	2,880	67	91	3,679	2,971
Nonspendable Fund Balance	16	16	-	-	16	16
Assigned Fund Balance	<u>2,117</u>	<u>1,270</u>			<u>2,117</u>	<u>1,270</u>
Unassigned Fund Balance	<u>751</u>	<u>183</u>	<u>88</u>	<u>142</u>	<u>839</u>	<u>325</u>
Total Net position	<u>6,496</u>	<u>4,349</u>	<u>155</u>	<u>234</u>	<u>6,651</u>	<u>4,582</u>
TOTAL	<u>\$ 35,798</u>	<u>\$ 34,657</u>	<u>\$ 166</u>	<u>\$ 246</u>	<u>\$ 35,964</u>	<u>\$ 34,903</u>

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CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITY		TOTALS	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 27	\$ 21	\$ 407	\$ 435	\$ 434	\$ 456
Operating grants and contributions	5,396	5,204	488	473	5,884	5,677
General revenues:						
Taxes levied for general purposes, net and other taxes levied	16,732	15,570	-	-	16,732	15,570
Grants, subsidies and contributions not restricted	7,302	7,990	-	-	7,302	7,990
Transfers	(41)	(34)	41	34	-	-
Other	130	357	0.2	0.4	130	357
Total revenues	<u>29,546</u>	<u>29,108</u>	<u>936</u>	<u>943</u>	<u>30,482</u>	<u>30,050</u>
Program expenses:						
Instruction	16,796	15,880	-	-	16,796	15,880
Instructional student support	1,582	1,452	-	-	1,582	1,452
Administration and financial support services	2,097	1,831	-	-	2,097	1,831
Operation and maintenance of plant services	1,723	3,925	-	-	1,723	3,925
Pupil transportation	1,782	1,752	-	-	1,782	1,752
Student activities	532	512	-	-	532	512
Community services	142	137	-	-	142	137
Interest on long-term debt	1,183	1,288	-	-	1,183	1,288
Unallocated depreciation	1,562	1,548	-	-	1,562	1,548
Food service	-	-	1,015	997	1,015	997
Total expenses	<u>27,399</u>	<u>28,325</u>	<u>1,015</u>	<u>997</u>	<u>28,414</u>	<u>29,322</u>
Change in net position	2,147	783	(79)	(54)	2,068	729
Net position, beginning	<u>4,349</u>	<u>3,566</u>	<u>234</u>	<u>288</u>	<u>4,583</u>	<u>3,854</u>
Net position, ending	<u>\$ 6,496</u>	<u>\$ 4,349</u>	<u>\$ 155</u>	<u>\$ 234</u>	<u>\$ 6,651</u>	<u>\$ 4,583</u>



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**GOVERNMENTAL ACTIVITIES**

The net position of the governmental activities increased by \$2,147,022 in 2013. Revenues increased 1.5%. The increase can be attributed to Local Revenue, specifically Property Tax, Earned Income Tax and Delinquent Tax Revenue.

Expenditures decreased 3.3% in 2013 mainly due to a decrease in operation and maintenance of plant services.

**BUSINESS-TYPE ACTIVITY**

Net position of the District's food service operation decreased by \$78,501 in 2013. The decrease is due to a decrease in revenue and an increase in food service expenditures.

**FINANCIAL ANALYSIS OF THE FUNDS**

**GENERAL FUND (MAJOR)**

The following represents a summary of Actual General Fund revenues, by source, along with variances from 2012.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
Local sources	\$16,551,197	\$15,774,232	\$776,965	4.93%
State sources	12,222,570	12,695,932	(473,362)	(3.73)%
Federal sources	<u>639,484</u>	<u>669,105</u>	<u>(29,621)</u>	<u>(4.43)%</u>
Total	<u>\$29,413,251</u>	<u>\$29,139,269</u>	<u>\$273,982</u>	<u>0.94%</u>

**LOCAL SOURCES**

The majority of the local source revenue is derived from the real estate tax. The real estate tax levy increased approximately 3.5% for Luzerne County and 7.8% for Wyoming County in 2013. The total current real estate collections approximated \$12,373,000 for the year ended June 30, 2013.

During the fiscal year ending June 30, 2012, the District implemented Pennsylvania Act 32 of 2008. The Act consolidated the Earned Income Tax Collection into county-

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wide tax collection districts and created tax collection committees to provide oversight of the income tax collection and distribution within the tax collection district. The consolidation began for collection year beginning January 2012. The Luzerne County Tax Collection Commission (LCTCC) appointed Central Tax (CENTAX) as the Earned Income Tax Collector for the county. CENTAX assumed collection for the county and the school district in January 2012. As a result of delayed collection and inability by CENTAX to distribute funds, the LCTCC terminated its contract with CENTAX in August 2012 and subsequently hired Berkheimer to complete the duration of the contract.

The LCTCC informed its members that distribution of previously collected taxes by CENTAX would be delayed. It was unclear based on budget estimates and information from the LCTCC as to the amount and eventual timing the District would receive its complete earned income tax revenue. In order to facilitate June 30, 2012 fiscal reporting, the District utilized a four-year earned income tax revenue average for purposes of estimating actual revenue. For the fiscal year ended June 30, 2013, the District recognized earned income tax collections at \$1,995,000 which approximated \$195,000 in excess of the budgeted amounts

**STATE SOURCES**

The reduction in State revenue received is primarily due to flood relief funds being applied for and recognized in 2012. The district did not apply for or qualify for the type of funding in 2013.

**FEDERAL SOURCES**

Federal sources of revenue were recognized at amounts budgeted for the 2013 year and consistent with actual revenue recognized in 2012.

The following represents a summary of General Fund expenditures by function for the years June 30, 2013 and 2012.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>
Instruction	\$17,543,465	\$16,679,143	\$ 864,322
Support services	8,109,098	8,416,697	(307,599)
Non-instructional services	673,227	648,687	24,540
Refund of Pr Yr Receipts	18,059	165,610	(147,551)
Debt Service and Other financing uses	<u>2,214,122</u>	<u>2,350,998</u>	<u>(136,876)</u>
<b>Total</b>	<u>\$28,557,971</u>	<u>\$28,261,135</u>	<u>\$ 296,836</u>

## **INSTRUCTION**

The amount of instructional expenses reported at June 30, 2013 increased by approximately \$864,322 from the prior year. The increase can be mainly attributed to an increase in health insurance and retirement benefit costs.

## **SUPPORT SERVICES**

The decrease in support services is mainly attributed to a reduction in maintenance and repair costs recognized in 2012 related to flood conditions incurred within the District. In addition, favorable variances were also recognized relative to utilities.

## **NON-INSTRUCTIONAL SERVICES**

Expenditures incurred for non-instructional services were comparable in 2013 and 2012.

## **REFUND OF PRIOR YEAR RECEIPTS**

Refund of prior year receipts expenditures decreased in 2013 over 2012 as a result of the recognition of a large real estate assessment appeal for property tax awarded in 2012.

## **DEBT SERVICE AND OTHER FINANCING USES**

The reduction in debt service is a result of scheduled decreases in District required debt payments.

## **CAPITAL PROJECTS FUND (MAJOR)**

The Capital Project Fund accounts for major construction projects in the District. This fund in 2013 and 2012 was utilized primarily on the Montgomery Avenue School renovation project and the Secondary School roof project. The Montgomery Avenue project will be financed through a \$2,000,000 USDA debt obligation. This loan obligation was formally closed on December 20, 2013. The fund deficit at June 30, 2013 of the Capital Projects Fund was \$(274,566). Capital Project expenditures for the year 2013 approximated \$376,739.

## DEBT SERVICE FUND (NONMAJOR)

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. The Debt Service Fund received \$1,833,965 from the General Fund to pay the annual debt service on its outstanding bonds in 2013. The District paid \$795,000 in principal and \$1,038,965 in interest on its outstanding bonds. 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 \$95,000 in principal and \$15,122 in interest on the 2012 Bond Issue. Subsequent to June 30, 2012, 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.

## CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2013 is summarized below.

	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITY	TOTALS
Land	\$ 1,329,844		\$ 1,329,844
Buildings	46,281,695		46,281,695
Improvements	1,930,573		1,930,573
Equipment & Fixtures	2,068,241	\$ 785,072	2,853,313
Infrastructure	378,507	-	378,507
Construction in Progress	-	-	-
 Total	 51,988,860	 785,072	 52,773,932
 Less accumulated depreciation	 <u>25,563,862</u>	 <u>717,803</u>	 <u>26,281,665</u>
 Net	 <u>\$ 26,424,998</u>	 <u>\$ 67,269</u>	 <u>\$26,492,267</u>

## **LONG-TERM DEBT**

At June 30, 2013, the District's general obligation debt was approximately \$22.8 million. This amount is approximately 35% of its legal limit of \$64.9 million. The District is scheduled to remit principal payments of \$1,020,000 and interest payments of approximately \$1,054,703 2013-2014 school year. The District's bonds have an "AA-" insured rating from Standard and Poor's Rating Group as of February 2012.

## **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 \$734,142 as of June 30, 2013 and is reflected on the statement of Net Position.

## **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 changed during the fiscal year due to a increase in the rate charged by PSERS on covered payroll. The table below illustrates the rates charged to the District per PSERS.

Year	District Rate On Covered Payroll
2009	4.76%
2010	4.78%
2011	5.64%
2012	8.65%
2013	12.36%

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2014	16.93%	
2015	21.40%	
2016	25.84%	Est.
2017	29.27%	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 2016-2017 the total employer contribution rate can approximate 29.27%.

### **EMPLOYEE RELATIONS**

The following represents the Collective Bargaining Agreements in effect at June 30, 2012:

Wyoming Area School District and the Wyoming Area Education Association settled a contract agreement for a term commencing September 1, 2004 and ending August 31, 2010. Currently the Education Association contract is expired and they are operating under the expired agreement.

Wyoming Area School District and the Wyoming Area Educational Support Personnel Association settled a contract for a term commencing July 1, 2009 and ending June 30, 2014.

### **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, 20 Memorial Street, Exeter, PA 18643.

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## CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA  
Richard P. Rainey, CPA  
Kevin P. Noone, CPA

### Independent Auditor's Report

To the Board of Directors  
Wyoming Area School District

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, 2013, 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. 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the Wyoming Area School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 the schedule of funding progress for other postemployment healthcare benefits on pages 1 through 12 and page 49 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 District's basic financial statements. The introductory section, combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not required part of the financial statements.

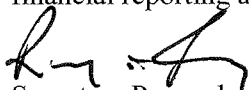
The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 non-major 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 section has 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 Governmental Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated December 4, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

  
Scranton, Pennsylvania  
December 4, 2013

**WYOMING AREA SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2013**

	<b>Governmental Activities</b>	<b>Business Type</b>	<b>Primary Government Total</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 6,783,672	\$ 60,372	\$ 6,844,044
Investments	310,341	-	310,341
Taxes Receivable - Net	872,330	-	872,330
Internal Balances	(14,929)	13,769	(1,160)
Due From Other Governments	1,118,887	-	1,118,887
Receivables - Other	50,678	9,134	59,812
Inventories	15,500	12,786	28,286
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 9,136,479</b>	<b>\$ 96,061</b>	<b>\$ 9,232,540</b>
<b>Noncurrent Assets</b>			
Fixed Assets - Net of Accumulated Depreciation	26,424,998	67,269	26,492,267
<b>TOTAL ASSETS</b>	<b>\$ 35,561,477</b>	<b>\$ 163,330</b>	<b>\$ 35,724,807</b>
<b>DEFERRED OUTFLOW:</b>			
Prepaid Expenses	236,997	2,864	239,861
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 857,617	\$ -	\$ 857,617
Due to Other Governments	-	-	-
Salaries & Benefits Payable	2,583,133	-	2,583,133
Payroll Deductions and Withholdings	489,273	-	489,273
Bond Premium	558,649	-	558,649
Current Portion of Long-Term Debt	1,043,319	-	1,043,319
Lease Purchase Obligations	24,062	-	24,062
Short Term Obligations to be Refinanced	337,517	-	337,517
<b>Noncurrent Liabilities</b>			
Accrued Interest	345,915	-	345,915
Bonds, Notes and Leases Payable	21,745,000	-	21,745,000
Other Post Employment Benefits	734,142	-	734,142
Compensated Absences	495,775	-	495,775
<b>TOTAL LIABILITIES</b>	<b>\$ 29,214,402</b>	<b>\$ -</b>	<b>\$ 29,214,402</b>
<b>DEFERRED INFLOW</b>			
Deferred Revenues	\$ 88,155	\$ 10,839	\$ 98,994
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	\$ 3,612,617	\$ 67,269	\$ 3,679,886
Nonspendable Fund Balance	15,500	-	15,500
Assigned Fund Balance	2,117,126	-	2,117,126
Unassigned Fund Balance	750,674	88,086	838,760
<b>TOTAL NET POSITION</b>	<b>\$ 6,495,917</b>	<b>\$ 155,355</b>	<b>\$ 6,651,272</b>

See Notes to Financial Statements and Independent Auditor's Report

**WYOMING AREA SCHOOL DISTRICT**  
**Statement of Activities**  
**Year Ended June 30, 2013**

	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Expenditures	Charge For Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Depreciation	\$ 1,561,953	\$ -	\$ -	(1,561,953)	\$ -	(1,561,953)
Instruction	16,796,054	21,406	3,566,181	(13,208,467)	-	(13,208,467)
Instructional Student Support	1,582,123	-	140,658	(1,441,465)	-	(1,441,465)
Administrative	2,097,275	-	116,906	(1,980,369)	-	(1,980,369)
Operation of Plant	1,722,623	5,325	112,599	(1,604,699)	-	(1,604,699)
Pupil Transportation	1,782,773	-	1,194,057	(588,716)	-	(588,716)
Student Activities	531,742	-	27,431	(504,311)	-	(504,311)
Community Services	141,486	-	1,406	(140,080)	-	(140,080)
Interest - Long Term Debt	1,182,968	-	236,751	(946,217)	-	(946,217)
<b>Total Government</b>	\$ 27,398,997	\$ 26,731	\$ 5,395,989	\$ (21,976,277)	\$ -	\$ (21,976,277)
<b>Business Type Activities</b>						
Food Service	\$ 1,014,490	\$ 407,403	\$ 487,499	\$ -	\$ (119,588)	\$ (119,588)
<b>Total Primary Government</b>	\$ 28,413,487	\$ 434,134	\$ 5,883,488	\$ (21,976,277)	\$ (119,588)	\$ (22,095,865)
<b>General Revenues:</b>						
Taxes Levied for General Purposes				\$ 12,420,582	\$ -	\$ 12,420,582
Other Taxes Levied				4,311,535	-	4,311,535
Grants, Subsidies, Contributions Not Restricted				7,302,223	-	7,302,223
Investment Earnings				10,355	237	10,592
Special Item				119,454	-	119,454
Transfers Between Governmental and Business Type Activities				(40,850)	40,850	-
<b>Total General Revenues</b>				\$ 24,123,299	\$ 41,087	\$ 24,164,386
<b>Change In Net Position</b>				\$ 2,147,022	\$ (78,501)	\$ 2,068,521
<b>Net Position - July 1, 2012</b>				4,348,895	233,856	4,582,751
<b>Net Position - June 30, 2013</b>				\$ 6,495,917	\$ 155,355	\$ 6,651,272

**WYOMING AREA SCHOOL DISTRICT**

**Balance Sheet - Governmental Funds**

**June 30, 2013**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Fund Types</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 6,720,924	\$ 62,748	\$ 6,783,672
Investments	310,341	-	310,341
Taxes Receivable	74,155	-	74,155
State Revenue Receivable	413,937	-	413,937
Federal Revenue Receivable	372,053	-	372,053
Due From Other Governments	332,897	-	332,897
Other Receivable	50,678	-	50,678
Inventory	15,500	-	15,500
Other Current Assets	93,176	-	93,176
	<u>8,383,661</u>	<u>62,748</u>	<u>8,446,409</u>
<b>TOTAL ASSETS</b>	<b>\$ 8,383,661</b>	<b>\$ 62,748</b>	<b>\$ 8,446,409</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Accounts Payable	\$ 857,830	\$ 3,787	\$ 861,617
Accrued Salaries and Benefits	2,583,133	-	2,583,133
Payroll Deductions and Withholdings	489,273	-	489,273
Due to Other Funds	14,929	-	14,929
Deferred Revenues	88,155	333,517	421,672
	<u>4,033,320</u>	<u>337,304</u>	<u>4,370,624</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 4,033,320</b>	<b>\$ 337,304</b>	<b>\$ 4,370,624</b>
<b><u>FUND BALANCE</u></b>			
Nonspendable Fund Balance	\$ 15,500	\$ -	\$ 15,500
Assigned Fund Balance	2,391,682	(274,556)	2,117,126
Unassigned Fund Balance	1,943,159	-	1,943,159
	<u>4,350,341</u>	<u>(274,556)</u>	<u>4,075,785</u>
<b>TOTAL FUND BALANCE</b>	<b>\$ 4,350,341</b>	<b>\$ (274,556)</b>	<b>\$ 4,075,785</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 8,383,661</b>	<b>\$ 62,748</b>	<b>\$ 8,446,409</b>

**WYOMING AREA SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2013**

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Total fund balance – total governmental funds	\$ 4,075,785
Capital assets(net) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	26,424,998
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(345,915)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(24,042,298)
Prepaid bond issuance and discount costs net of amortization and deferred bond premiums are not reported in the governmental balance sheet.	(414,827)
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.	<u>798,174</u>
Net position governmental activities	<u>\$ 6,495,917</u>

**WYOMING AREA SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Fund Types</u>
<b><u>REVENUES &amp; OTHER FINANCING SOURCES</u></b>				
<b><u>REVENUES</u></b>				
Local Sources	\$ 16,551,197	\$ 40	\$ -	\$ 16,551,237
State Sources	12,222,570	-	-	12,222,570
Federal Sources	639,484	-	-	639,484
<b><u>OTHER FINANCING SOURCES</u></b>				
Fund Transfers	-	-	-	-
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>\$ 29,413,251</b>	<b>\$ 40</b>	<b>\$ -</b>	<b>\$ 29,413,291</b>
<b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>				
<b><u>EXPENDITURES</u></b>				
Instruction	\$ 17,543,465	\$ -	\$ -	\$ 17,543,465
Support Services	8,109,098	23,543	-	8,132,641
Non-Instructional Services	673,227	-	-	673,227
Fac Acq, Const, and Imp	-	353,236	-	353,236
Refunds of Prior Year Receipts	18,059	-	-	18,059
Debt Service (Principal & Interest)	339,307	-	1,833,965	2,173,272
<b><u>OTHER FINANCING USES</u></b>				
Interfund Transfers (From Other Funds)	\$ -	\$ -	\$ (1,833,965)	\$ (1,833,965)
Transfers out (To other funds)	1,874,815	-	-	1,874,815
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 28,557,971</b>	<b>\$ 376,779</b>	<b>\$ -</b>	<b>\$ 28,934,750</b>
<b>EXCESS (DEFICIT) REVENUE OVER EXPENDITURES</b>	<b>\$ 855,280</b>	<b>\$ (376,739)</b>	<b>\$ -</b>	<b>\$ 478,541</b>
<b>FUND BALANCE -July 1, 2012</b>	<b>\$ 3,495,061</b>	<b>\$ 102,183</b>	<b>\$ -</b>	<b>\$ 3,597,244</b>
<b>FUND BALANCE -June 30, 2013</b>	<b>\$ 4,350,341</b>	<b>\$ (274,556)</b>	<b>\$ -</b>	<b>\$ 4,075,785</b>

**WYOMING AREA SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
**June 30, 2013**

Net change in fund balances – total governmental funds \$ 478,541

Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period:

Depreciation expense	(1,561,953)	
Capital outlays	<u>1,338,712</u>	(223,241)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:

Earned Income Taxes		174,090
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, net of borrowings.

955,785

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Amortization Expense	(12,550)	
Accretion Income	34,915	
Bad Debt Expense	(512)	
Other Post Employment	726,160	
Accrued Interest	12,154	
Comp Absences	<u>1,680</u>	<u>761,847</u>

Change in net position of governmental activities \$ 2,147,022

**WYOMING AREA SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>(Unfavorable)</u>
<b>REVENUE &amp; OTHER FINANCING SOURCES</b>				
Local Sources	\$ 16,141,005	\$ 16,141,005	\$ 16,551,197	\$ 410,192
State Sources	12,173,287	12,173,287	12,222,570	49,283
Federal Sources	<u>778,453</u>	<u>778,453</u>	<u>639,484</u>	<u>(138,969)</u>
<b>TOTAL REVENUE &amp; OTHER FINANCING SOURCES</b>	<b>\$ 29,092,745</b>	<b>\$ 29,092,745</b>	<b>\$ 29,413,251</b>	<b>\$ 320,506</b>
<b>EXPENDITURES</b>				
<b>INSTRUCTION</b>				
Regular Programs - Elementary / Secondary	\$ 12,778,730	\$ 12,778,730	\$ 12,526,795	\$ 251,935
Special Programs - Elementary / Secondary	3,457,511	3,457,511	3,496,586	(39,075)
Vocational Education Programs	781,386	781,386	751,382	30,004
Other Instructional Programs - Elementary / Secondary	861,686	861,686	768,702	92,984
Adult Education Programs	<u>51</u>	<u>51</u>	<u>-</u>	<u>51</u>
<b>TOTAL INSTRUCTION</b>	<b>\$ 17,879,364</b>	<b>\$ 17,879,364</b>	<b>\$ 17,543,465</b>	<b>\$ 335,899</b>
<b>SUPPORT SERVICES</b>				
Pupil Personnel	\$ 528,412	\$ 528,412	\$ 510,337	\$ 18,075
Instructional Staff	629,616	629,616	529,687	99,929
Administration	1,678,008	1,678,008	1,612,024	65,984
Pupil Health	552,512	552,512	542,099	10,413
Business	337,793	337,793	303,826	33,967
Operation and Maintenance of Plant Services	2,762,977	2,762,977	2,646,927	116,050
Student Transportation Services	1,766,570	1,766,570	1,782,773	(16,203)
Central	153,999	153,999	140,209	13,790
Other Support Services	<u>46,000</u>	<u>46,000</u>	<u>41,215</u>	<u>4,785</u>
<b>TOTAL SUPPORT SERVICES</b>	<b>\$ 8,455,887</b>	<b>\$ 8,455,887</b>	<b>\$ 8,109,097</b>	<b>\$ 346,790</b>
<b>NON-INSTRUCTIONAL SERVICES</b>				
Student Activities	\$ 508,687	\$ 508,687	\$ 531,742	\$ (23,055)
Community Services	<u>128,506</u>	<u>128,506</u>	<u>141,486</u>	<u>(12,980)</u>
<b>TOTAL NON-INSTRUCTIONAL SERVICES</b>	<b>\$ 637,193</b>	<b>\$ 637,193</b>	<b>\$ 673,228</b>	<b>\$ (36,035)</b>
<b>FACILITIES ACQUISITION, CONSTRUCTION</b>				
Capital Outlay	<u>\$ 7,625</u>	<u>\$ 7,625</u>	<u>\$ -</u>	<u>\$ 7,625</u>
<b>TOTAL FACILITIES ACQUISITION, CONSTRUCTION</b>	<b>\$ 7,625</b>	<b>\$ 7,625</b>	<b>\$ -</b>	<b>\$ 7,625</b>
<b>OTHER FINANCING USES</b>				
Refund of Prior Years Receipts	\$ 25,000	\$ 25,000	\$ 18,059	\$ 6,941
Debt Service	2,340,195	2,340,195	339,307	2,000,888
Budgetary Reserve	250,000	250,000	-	250,000
Fund Transfers	<u>55,125</u>	<u>55,125</u>	<u>1,874,815</u>	<u>(1,819,690)</u>
<b>TOTAL OTHER FINANCING USES</b>	<b>\$ 2,670,320</b>	<b>\$ 2,670,320</b>	<b>\$ 2,232,181</b>	<b>\$ 438,139</b>
<b>TOTAL EXPENDITURES &amp; OTHER USES</b>	<b>\$ 29,650,389</b>	<b>\$ 29,650,389</b>	<b>\$ 28,557,971</b>	<b>\$ 1,092,418</b>
<b>EXCESS EXPENDITURES OVER REVENUES</b>	<b>\$ (557,644)</b>	<b>\$ (557,644)</b>	<b>\$ 855,280</b>	<b>\$ 1,412,924</b>
<b>FUND BALANCE - July 1, 2012</b>			<b>\$ 3,495,061</b>	
<b>FUND BALANCE - June 30, 2013</b>			<b>\$ 4,350,341</b>	



**WYOMING AREA SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2013**

		<u>Food Service</u> <u>Fund</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$	60,372
Due to Other Funds		13,769
Other Receivables		9,134
Prepaid Expenses		2,864
Inventories		<u>12,786</u>
<b>Total Current Assets</b>	<b>\$</b>	<b>98,925</b>
<b><u>Noncurrent Assets</u></b>		
Fixed Assets	\$	785,072
Less: Accumulated Depreciation		<u>(717,803)</u>
<b>Total Noncurrent Assets</b>	<b>\$</b>	<b><u>67,269</u></b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>166,194</u></b>
<b><u>LIABILITIES</u></b>		
<b><u>Current Liabilities</u></b>		
Deferred Revenues	\$	<u>10,839</u>
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>10,839</b>
<b><u>NET POSITION</u></b>		
Invested in Capital Assets, Net of Related Debt	\$	67,269
Unrestricted		<u>88,086</u>
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b><u>155,355</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$</b>	<b><u>166,194</u></b>

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, 2013**

**OPERATING REVENUES**

Food Service Revenue	\$	407,403
Other Operating Revenues		-

<b>TOTAL OPERATING REVENUES</b>		<b>\$ 407,403</b>
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**OPERATING EXPENSES**

Salaries	\$	408,300
Employee Benefits		167,195
Supplies		399,168
Purchased Services		12,484
Depreciation		24,389
Other Operating Expenses		2,954

<b>TOTAL OPERATING EXPENSES</b>		<b>\$ 1,014,490</b>
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<b>NET OPERATING LOSS</b>		<b>\$ (607,087)</b>
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**NON-OPERATING REVENUES**

Earnings on Investments	\$	237
Federal and State Subsidies		487,499
Advances - General Fund		40,850

<b>TOTAL NON-OPERATING REVENUE</b>		<b>\$ 528,586</b>
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<b>Change in Net Position</b>		<b>\$ (78,501)</b>
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<b>Net Position - July 1, 2012</b>		<b>233,856</b>
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<b>Net Position - June 30, 2013</b>		<b>\$ 155,355</b>
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See Notes to Financial Statements and Independent Auditor's Report

**WYOMING AREA SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received From Users	\$	419,793
Cash Payments To Employees For Services		(575,495)
Cash Received From Other Operating Revenue		-
Cash Payments To Suppliers for Goods and Services		<u>(444,020)</u>
<b>Net Cash Used For Operating Activities</b>	<b>\$</b>	<b>(599,722)</b>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Cash Received From Federal & State Subsidies	\$	487,499
Operating Transfers In (Out) Primary Government		<u>40,850</u>
<b>Net Cash From Non-Capital Financing Activities</b>	<b>\$</b>	<b>528,349</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash Received From Investment Earnings	\$	<u>237</u>
<b>Net Cash Provided By Investing Activities</b>	<b>\$</b>	<b><u>237</u></b>

<b>NET DECREASE IN CASH AND CASH FLOW</b>	<b>\$</b>	<b>(71,136)</b>
<b>CASH AND CASH EQUIVALENT - JULY 1, 2012</b>	<b>\$</b>	<b><u>131,508</u></b>
<b>CASH AND CASH EQUIVALENT - JUNE 30, 2013</b>	<b>\$</b>	<b><u><u>60,372</u></u></b>

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

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Income (Loss)	\$	(607,087)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used For:</b>		
Depreciation and Net Amortization	\$	24,389
Increase in Accounts Receivable		(8,914)
Increase in Inventories		(5,526)
Increase in Prepaid Expenses		(1,048)
Decrease in Accounts Payable		(945)
Decrease in Deferred Revenue		<u>(591)</u>
<b>Total Adjustments</b>	<b>\$</b>	<b><u>7,365</u></b>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b>\$</b>	<b><u>(599,722)</u></b>

See Notes to Financial Statements and Independent Auditor's Report

**WYOMING AREA SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2013**

	<u>Private Purpose Trust</u>	<u>Student Activity Fund</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 24,632	\$ 64,527
Investments	46,397	-
Due from Other Funds	-	1,160
<b>TOTAL ASSETS</b>	<b>\$ 71,029</b>	<b>\$ 65,687</b>
<b><u>LIABILITIES</u></b>		
Other Liabilities	-	64,527
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 64,527</b>
<b><u>NET POSITION</u></b>		
Held in trust for scholarships	\$ 71,029	\$ -
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 71,029</b>	<b>\$ 64,527</b>

**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2013**

	<u>Private Purpose Trust</u>
<b><u>ADDITIONS</u></b>	
Gifts and Contributions	\$ 1,100
Other Additions	2,097
<b>TOTAL ADDITIONS</b>	<b>\$ 3,197</b>
<b><u>DEDUCTIONS</u></b>	
Scholarships Awarded	\$ 4,500
<b>TOTAL DEDUCTIONS</b>	<b>\$ 4,500</b>
<b>Change in Net Position</b>	<b>\$ (1,303)</b>
<b>Net Position - July 1, 2012</b>	<b>\$ 74,431</b>
<b>Net Position - June 30, 2013</b>	<b>\$ 73,128</b>

# WYOMING AREA SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

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### **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" 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, 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.

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-

# WYOMING AREA SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

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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**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent.

There are three fund types presented in this report. A brief description of each is presented below.

#### A. Governmental Fund Types

General Fund - The general operating fund used to account for all District resources and expenditures except for those required to be accounted for in another fund.

Special Revenue Fund - Restricted Fund used to account for specific projects or activities. An example is the Athletic Fund, which was formed under the Public School Code of 1949, Sec. 511.

Capital Project Fund - The Capital Project Fund is used to account for receipt and disbursement of monies for major acquisitions or construction of capital facilities.

Debt Service Fund – The debt service fund is used to account for receipt and disbursement of monies for payment of principal and interest of debt.

#### B. Proprietary Fund Types

Enterprise Fund - The fund used to account for the operations of school food services. The Food Service Department is financed and operated in a manner similar to private business enterprise, whereby the costs of providing goods and services to the general public on a continuing basis are recovered primarily through user charges. The District does not attempt to allocate indirect cost to the Food Service Fund. General Fund expenditures which benefit the Food Service Fund (utilities, janitorial, insurance, etc.) are not proportionately recognized within the Food Service Fund.

#### C. Fiduciary Fund Types

Agency Funds - Used to account for funds placed with the School District acting as agent or custodian. These funds are only custodial (assets equal liabilities) and do not require measurement of results of operations. An example is the:

# WYOMING AREA SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

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Student Activities Fund - This fund accounts for programs operated and sponsored by various student clubs and organizations. This fund was formed under the Public School Code of 1949, Sec. 511.

Private Purpose Trust – This fund accounts for scholarships awarded to students of the district.

### **Basis of Accounting and Measurement Focus**

#### Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) are prepared using the economic measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for the District. Program revenues include tuition charged by the District and grants and contributions that are restricted to meeting the operational or capital requirements of the District. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which the District is self-financing.

#### Fund Financial Statements

All governmental funds are accounted for using the current financial resources method and the modified accrual basis of accounting. Under this method of accounting, revenues are recognized when received, except for revenues subject to accrual, which are recorded as a receivable when measurable and available to finance current period expenditures. Such revenue items include federal and state subsidies. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The proprietary fund utilizes the accrual basis of accounting in which revenues are recognized in the accounting period in which they are earned; expenses are recognized at the time they are incurred.

#### 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.

# WYOMING AREA SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

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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.
- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit.
- 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 investments with original maturities of three months or less.



# WYOMING AREA SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

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### 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.

### 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, 2013 was 77.378 mills for Exeter Township (Luzerne County), and the Boroughs of Exeter, West Wyoming, Wyoming and West Pittston and 13.54080 mills for Exeter Township (Wyoming County) on a present assessed valuation of \$ 988,320,389. During the year ended June 30, 2013, Wyoming Area School District collected \$12,387,537 after various adjustments for discounts, penalties and credits on a total tax levied in the amount of \$13,929,415. The District's rate of collection approximated 89% on total taxes due during the June 30, 2013 fiscal year.

### Use of Estimates

The preparation of financial statements in conformity with 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.

# WYOMING AREA SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

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### **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.

### **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, 2013, \$7,180,781 of the District's bank balance of \$7,806,436 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.

### **NOTE # 4 - INVENTORIES:**

Central Receiving compiles inventories of unexpended supplies available for consumption. At June 30, 2013 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, 2013 financial statements was \$12,786. 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 Service Fund.

**WYOMING AREA SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2013**

**NOTE # 5 FIXED ASSETS AND DEPRECIATION:**

Fixed asset activity for the year ended June 30, 2013, was as follows:

	<u>Balance at</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>June 30, 2013</u>
<b>Governmental Activities:</b>				
Land	\$ 1,329,844	\$ -	\$ -	\$ 1,329,844
Buildings	44,250,507	2,031,188	-	46,281,695
Improvements	1,930,573	-	-	1,930,573
Equipment & Fixtures	2,048,671	19,570	-	2,068,241
Infrastructure	378,507	-	-	378,507
Construction in Progress	<u>712,046</u>	<u>-</u>	<u>712,046</u>	<u>-</u>
Totals at Historical Cost	\$ 50,650,148	\$ 2,050,758	\$ -	\$ 51,988,860
<b>Less Accumulated Depreciation</b>				
Buildings	\$ (21,208,063)	\$ (812,825)	\$ -	\$ (22,020,088)
Improvements	(1,391,406)	(81,278)	-	(1,472,684)
Equipment & Fixtures	(1,023,933)	(667,850)	-	(1,691,783)
Infrastructure	<u>(378,507)</u>	<u>-</u>	<u>-</u>	<u>(378,507)</u>
Total Accum. Depreciation	\$ (24,001,909)	\$ (1,651,953)	\$ -	\$ (25,563,862)
Net Governmental Fixed Assets	<u>\$ 26,648,239</u>	<u>\$ 488,805</u>	<u>\$ -</u>	<u>\$ 26,424,998</u>
<b>Business Type Activities</b>				
<b>Totals at Historical Cost</b>				
Food Service Equipment	\$ 785,072	\$ -	\$ -	\$ 785,072
<b>Less Accumulated Depreciation</b>				
Food Service Equipment	<u>(693,414)</u>	<u>(24,389)</u>	<u>-</u>	<u>\$ (717,083)</u>
Net Business-type Fixed Assets	<u>\$ 91,658</u>	<u>\$ (24,389)</u>	<u>\$ -</u>	<u>\$ 67,269</u>

**NOTE # 6 - 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.

2006 General Obligation Series A, B, C

In March 2006, the District issued \$24,955,000 in General Obligation Bonds and Notes, Series of 2006, with stated interest rates of 3.375% to 5.280%. The proceeds from the bond issue were used to refinance various bonds and notes of the district. The bonds mature in varying annual amounts commencing September 1, 2006 and annually thereafter on September 1, of the years 2007 to 2029. Interest at the stated rate of 3.375% to 5.280% is payable semi-annually on September 1 and March 1. The Bonds were issued as fully registered bonds in denominations of

**WYOMING AREA SCHOOL DISTRICT**

**Notes to Financial Statements**

**June 30, 2013**

\$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 2006 bonds when due.

The net present value of the cash flow to the school district under this refunding is a loss of \$724,860 to be realized over the term of the bond. However the cash flow relief for the year 2007 and 2008 will be \$ 1,196,700 and \$ 1,131,396 respectively. Additionally the average cash flow relief for the years 2009 to 2021 will approximate \$393,600.

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.

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.

A summary of the outstanding liabilities at June 30, 2013 is as follows:

<u>Type of Debt</u>	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Amount Due</u> <u>Within One Year</u>
Equipment Leases	\$ 113,167	\$ -	\$ 65,785	\$ 47,382	\$ 23,319
2006 A Note	19,700,000	-	80,000	19,620,000	85,000
2006 B Note	1,395,000	-	440,000	955,000	465,000
2006 C Bond	1,025,000	-	275,000	750,000	285,000
2012 Bond	1,535,000	-	95,000	1,440,000	185,000
Other:					
Compensated Absences	<u>497,455</u>	<u>-</u>	<u>1,680</u>	<u>495,775</u>	
<b>Total Long-Term Debt</b>	<b><u>\$ 25,128,111</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 957,465</u></b>	<b><u>\$ 23,308,157</u></b>	

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2013

The annual debt service requirements to maturity, including principal and interest for long term debt as of June 30, 2013 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,043,319	\$ 1,014,736	\$ 2,058,055
2015	1,094,062	968,146	2,062,208
2016	1,155,000	923,440	2,078,440
2017	1,155,000	883,911	2,038,911
2018-2022	6,235,000	3,668,174	9,903,174
2023-2027	7,005,000	2,191,875	9,196,875
2028-2030	5,125,000	392,875	5,517,875
Total	<u>\$ 22,812,381</u>	<u>\$ 10,043,157</u>	<u>\$ 32,855,538</u>

**NOTE # 7 - 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 \$ 495,775 at June 30, 2013.

**NOTE # 8 - PENSION PLAN:**

All full-time and certain part-time employees of the District participate in the Commonwealth of Pennsylvania Public School Employees' Retirement System ("PSERS"), a governmental cost sharing multiple-employer defined benefit pension plan.

PSERS provides retirement and disability, legislatively mandated ad hoc cost of living adjustments and healthcare premium insurance assistance benefits to qualifying annuitants. The District's and its employees' obligation to contribute to PSERS are established by authority Act 96 of the Public School Employees' Retirement Code. Benefit provisions are established and amended by the PSERS board of trustees. PSERS issues a comprehensive annual financial report that includes stand-alone financial statements and required supplementary information for the plan. A copy may be obtained from PSERS' office in Harrisburg, Pennsylvania by requesting via e-mail or calling 1-888-773-7748.

# WYOMING AREA SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

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The District's contribution rate was 12.36% in 2013, 8.65% in 2012, and 5.64% in 2011 of covered payroll.

The employees' contribution rates range from 5.25% to 7.5% depending on date of hire and whether they elected to participate in the TD membership class.

### **NOTE # 9 - POST EMPLOYMENT BENEFITS:**

The Wyoming Area School District follows the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In addition to the relevant disclosures within this note related to GASB Statement No. 45, the financial statements reflect a long-term liability and related expenses of \$111,181 in governmental activities.

The Wyoming Area School District, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain postretirement healthcare benefits to all former full-time employees who were members of the Employee Retirement Plan for a minimum of ten years and a member of the professional staff and met definition of a qualifying PSERS retirement at the time of termination. A qualifying retirement is any superannuation retirement (age 62 and 1, 60 and 30 or 35 years or, at age 55 and 25 early retirement withdrawal 1 retirement). Specific details of the Plan include the provision of certain hospitalization, major medical insurance, and prescription drug coverage. These benefits are provided through insurance companies. The Wyoming Area School District is under no statutory or contractual obligation to provide these post retirement healthcare benefits. Because the Plan consists solely of the Unit's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

#### Funding Policy

The Wyoming Area School District pays the full cost of coverage for the healthcare benefits paid to a qualified retiree. The Unit has chosen to fund the healthcare benefits on a pay as you go basis.

#### Annual OPEB Cost and Net OPEB Obligation

The Wyoming Area School District annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and Changes in the District's net OPEB obligation:

# WYOMING AREA SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

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Annual required on contribution	\$	985,021
Interest on net OPEB obligation		6,772
Adjustment to annual required contribution		(10,916)
Annual OPEB cost		<u>980,877</u>
Contributions made		<u>(1,020,175)</u>
Decrease in net OPEB obligation		(39,298)
Net OPEB obligation-beginning of year		150,479
Net OPEB obligation-end of year	\$	<u>111,181</u>

The Wyoming Area School District's annual OPEB cost, the percentage of annual OPEB cost was contributed to the Plan and the net OPEB obligation for June 30, 2011 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation-End of Year
6/30/13	\$980,877	100.0%	\$ 111,181
6/30/12	\$731,058	100.0%	\$ 150,479
6/30/11	\$ 729,155	100.0%	\$ 279,368
6/30/10	\$ 732,126	81.2%	\$ 395,456
6/30/09	\$ 736,353	65.0%	\$ 478,528

Because June 30, 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the above illustration does not reflect similar information respective of years proceeding June 30, 2009.

### Funding Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$7,844,236, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,844,236. The covered payroll (annual payroll of active employees covered by the plan) equaled \$11,674,311 and the ratio of the UAAL to the covered payroll equaled 67.19%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# WYOMING AREA SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

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However, because the Wyoming Area School District maintains no Plan assets, information relative Plan asset required disclosures is not applicable. Additionally, because June 30, 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the RSI does not reflect similar information

respective of years proceeding June 30, 2009.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the District and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Wyoming Area School District and Plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the actuarial valuation dated July 1, 2012, the projected unit credit cost actuarial method was used. Because the Unit funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 4.5% discount rate, which approximates the expected rate of return on non-pension investments held by the Wyoming Area School District. Actuarial assumptions also included annual healthcare and prescription drug cost trend rates of 5%, initially, reduced by decrements to an ultimate rate of 5% for both healthcare and prescription drug costs after five and ten years, respectively. The UAAL is being amortized as a level dollar amount over thirty years on an open basis.

### **NOTE # 10 – 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, 2013 the liability for the retirement incentives was \$ 1,941,465.

### **NOTE # 11 – SHORT TERM OBLIGATIONS TO BE REFINANCED**

The District on September 4, 2012, the District entered into an agreement with a bank for a, \$2,000,000 General Obligation Note structured as a non-revolving line of credit. It will be used as a bridge loan for a renovation project at the Montgomery Avenue Elementary School. The District has obtained a permanent financing commitment July 17, 2012. The note carries interest at a floating rate equal to the product of 65% times the one month fully absorbed LIBOR rate plus 175 basis points, 1.29% for the year ended June 30, 2013. Repayment of the note is interest only until maturity. The balance of the note as of June 30, 2013 was \$337,517.



# WYOMING AREA SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2013

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### **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.

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 – SUBSEQUENT EVENTS:**

The District has evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through December 4, 2013, the date on which the financial statements were available to be issued.

## CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA  
Richard P. Rainey, CPA  
Kevin P. Noone, CPA

### REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors  
Wyoming Area School District

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining information of the Wyoming Area School District, as of and for the year ended June 30, 2013, and the notes to the financial statements, which collectively comprise Wyoming Area School District's basic financial statements. We have issued our report thereon dated December 4, 2013 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Scranton, Pennsylvania  
December 4, 2013

**WYOMING AREA SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2013**

Grantor/Project Title	Grants Number	CFDA Number	Grant Period	Grant Award	Receipts July 1, 2012 to June 30, 2013	Accrued (Deferred) July 1, 2012	Revenue Recognized	Expenditures	Accrued (Deferred) June 30, 2013
<b>U.S. DEPARTMENT OF EDUCATION</b>									
Passed through the PA Dept of Education									
ESEA Title I	013-12-0495	84.010	9/30/2012	\$ 442,775	\$ 114,563	\$ 114,563	\$ -	\$ -	\$ -
ESEA Title I	013-13-0495	84.010	9/30/2013	666,050	444,760	-	525,642	525,642	80,882
Title II, Improving Teacher Quality	020-12-0495	84.367	9/30/2012	107,736	7,078	7,078	-	-	-
Title II, Improving Teacher Quality	020-13-0495	84.367	9/30/2013	127,075	95,033	-	109,575	109,575	14,542
Education Jobs Fund ARRA	140-12-9435	84.410	9/30/2011	8,305	8,305	-	8,305	8,305	-
Title XIX	93-778	93-778	6/30/2012	106,736	106,736	106,736	-	-	-
Title XIX Reimbursement for Admin	93-778	93-778	6/30/2013	4,267	-	-	4,267	4,267	4,267
IDEA - B	84.027	84.027	6/30/2012	262,343	262,343	262,343	-	-	-
IDEA - B	84.027	84.027	6/30/2013	272,362	-	-	272,362	272,362	272,362
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				\$ 1,997,649	\$ 1,038,818	\$ 490,720	\$ 920,151	\$ 920,151	\$ 372,053
<b>U.S. DEPARTMENT OF AGRICULTURE</b>									
Passed through the Penna. Dept of Education									
National School Lunch Program	10.555	10.555	6/30/2013	N/A	331,873	9,752	332,769	332,769	10,648
Special Breakfast	10.553	10.553	6/30/2013	N/A	69,577	1,015	71,683	71,683	3,121
Donated Commodities	10.550	10.550	6/30/2013	N/A	58,854	7,260	53,328	53,328	12,786
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				\$ 460,304	\$ 18,027	\$ 18,027	\$ 457,780	\$ 457,780	\$ 26,555
<b>TOTAL FEDERAL ASSISTANCE</b>				\$ 1,499,122	\$ 508,747	\$ 1,377,931	\$ 1,377,931	\$ 1,377,931	\$ 398,608
<b>Testing requirement -25% Rule</b>									
<b>Total Expenditures (Listed Above)</b>									
(a) Beginning Inventory									
(b) Commodities Used									
© Ending Inventory									
ESEA TITLE I									
IDEA - B									
Title II									
National School Lunch Program									
Donated Commodities									
Special Breakfast									
<b>TOTAL TESTED</b>									\$ 1,365,359
<b>PERCENT TESTED</b>									<u>99%</u>

WYOMING AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2013

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**General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Wyoming Area School District. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

Scope of the audit pursuant to the Single Audit Act (OMB Circular A-133):

- a) 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.
- b) 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.
- c) The District is a sub-recipient of Federal Funds from the Luzerne Intermediate Unit. The federal cognizant agency is the United States Department of Education.

**Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in the notes to the District's financial statements.

**WYOMING AREA SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2013**

**Section I - Summary of Audit Results**

1. The Auditor's report dated December 4, 2013 expresses an unqualified opinion on the General Purpose Financial Statements of the 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 December 4, 2013.
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 unqualified opinion.
5. The Auditor's report on compliance for the major federal awards programs for the Wyoming Area School District expresses an unqualified 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 ESEA Title I CFDA #84-010, Title II CFDA #84-367, IDEA B CFDA#84.027, National School Lunch Program CFDA #10-555, Special Breakfast CFDA #10-553, and Donated Commodities CFDA # 10.555.
8. The threshold for distinguishing Type A and B programs was \$300,000.
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

## CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA  
Richard P. Rainey, CPA  
Kevin P. Noone, CPA

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

Board of Directors  
Wyoming Area School District

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wyoming Area School District (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 4, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 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.

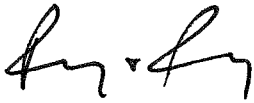
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wyoming Area School District's financial statements are free of 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 be 'A. J. ...', written in a cursive style.

Scranton, Pennsylvania  
December 4, 2013

## CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA  
Richard P. Rainey, CPA  
Kevin P. Noone, CPA

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. 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 the compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Wyoming Area School District's compliance with those requirements.

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

In our opinion, the Wyoming Area School District, complied, in all material respects, with the 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, 2013.



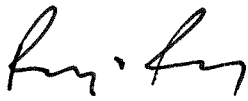
## Internal Control Over Compliance

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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Scranton, Pennsylvania  
December 4, 2013

**WYOMING AREA SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

2012

NO AUDIT FINDINGS EXISTED

REQUIRED SUPPLEMENTARY INFORMATION

WYOMING AREA SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT HEALTHCARE  
BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (ALL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2008	\$ -	\$6,506,562	\$6,506,562	0%	\$12,432,745	52.33%
7/1/2010	\$ -	\$6,751,987	\$6,751,987	0%	\$12,818,396	52.67%
7/1/2012	\$ -	\$7,844,236	\$7,844,236	0%	\$11,674,311	67.19%

Because June 30, 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the above illustration does not reflect similar information respective of years proceeding June 30, 2009.