

WYOMING AREA SCHOOL DISTRICT

SINGLE AUDIT REPORT

JUNE 30, 2015

Rainey & Rainey
Certified Public Accountants

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WYOMING AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Wyoming Area School District (the "District") for the year ended June 30, 2015. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the District's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Total net position of the District decreased \$36,194,123 in 2015. Net position of governmental activities decreased \$36,144,261. \$35,684,682 of the decrease was due to a restatement as a result of the adoption of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as disclosed in Note 9 to the financial statements. Net position of the business-type activity decreased \$49,862.

The District had \$31,547,599 of expenses related to governmental activities in 2015; only \$6,409,322 of these expenses was offset by program-specific charges for services, grants or contributions. General revenues (primarily taxes and state subsidies) of \$24,678,698 were adequate to provide for these programs.

In the District's business-type activity, net position decreased by \$49,862 at June 30, 2015. This decrease was the result of incurring Food Service Expenditures in excess of Revenue at June 30, 2015.

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.

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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 17-22 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.

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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 19-22 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 49 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 27-45 of this report.

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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 2015 included \$30,479,239 of revenues and \$31,564,216 of expenditures. There were no amendments made to the budget during 2015.

Actual revenues received for 2015 were \$31,059,580 or 1.9% over budget. The favorable variances utilized to offset the unfavorable current Real Estate Tax Revenue were attributable primarily to a favorable increase in Local Revenue, specifically Earned Income Tax, Realty Transfer Tax Revenue and Delinquent Real Estate Tax Revenue. State revenues also indicated a favorable variance due to increased Retirement and Social Security reimbursement.

Actual expenditures and other uses were \$31,945,376 or 101.2% of the budget. The variances relative to expenditures were primarily due to unfavorable variances in Tuition, specifically Special Education and Charter/Cyber School Tuition.

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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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets						
	\$ 8,775	\$ 10,860	\$ (21)	\$ 126	\$ 8,754	\$ 10,986
Current Assets: Deferred Outflow	3,290	230	0	-	3,290	230
Capital assets	<u>25,504</u>	<u>26,501</u>	<u>38</u>	<u>46</u>	<u>25,542</u>	<u>26,547</u>
TOTAL	<u>\$ 37,569</u>	<u>\$ 37,591</u>	<u>\$ 17</u>	<u>\$ 172</u>	<u>\$ 37,586</u>	<u>\$ 37,763</u>
Current liabilities	\$ 6,217	\$ 7,496	\$ 9	\$ 106	\$ 6,226	\$ 7,602
Current liabilities: Deferred Inflow	1,974	76	0	9	1,974	85
Long-term liabilities:						
Due after one year	<u>59,796</u>	<u>24,292</u>	<u>0</u>	<u>-</u>	<u>59,796</u>	<u>24,292</u>
Total liabilities	<u>67,987</u>	<u>31,864</u>	<u>9</u>	<u>115</u>	<u>67,996</u>	<u>31,979</u>
Net position:						
Invested in capital assets, net of related debt	2,779	2,715	38	46	2,817	2,761
Nonspendable Fund Balance	0	16	-	-	0	16
Assigned Fund Balance	<u>0</u>	<u>2,305</u>			<u>0</u>	<u>2,305</u>
Unassigned Fund Balance	<u>(33,197)</u>	<u>691</u>	<u>(30)</u>	<u>11</u>	<u>(33,227)</u>	<u>702</u>
Total Net position	<u>(30,418)</u>	<u>5,727</u>	<u>8</u>	<u>57</u>	<u>(30,410)</u>	<u>5,784</u>
TOTAL	<u>\$ 37,569</u>	<u>\$ 37,591</u>	<u>\$ 17</u>	<u>\$ 172</u>	<u>\$ 37,586</u>	<u>\$ 37,763</u>

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CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITY		TOTALS	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Program revenues:						
Charges for services	\$ 18	\$ 21	\$ 390	\$ 380	\$ 408	\$ 401
Operating grants and contributions	6,391	6,309	520	507	6,911	6,816
General revenues:						
Taxes levied for general purposes, net and other taxes levied	17,213	17,034	0	0	17,213	17,034
Grants, subsidies and contributions not restricted	7,448	7,455	0	0	7,448	7,455
Transfers	(57)	(47)	57	47	0	0
Other	<u>74</u>	<u>98</u>	<u>0</u>	<u>0</u>	<u>74</u>	<u>98</u>
Total revenues	<u>31,087</u>	<u>30,870</u>	<u>967</u>	<u>934</u>	<u>32,054</u>	<u>31,804</u>
Program expenses:						
Instruction	19,676	19,836	0	0	19,676	19,836
Instructional student support	1,842	8,688	0	0	1,842	8,688
Administration and financial support services	2,088	630	0	0	2,088	630
Operation and maintenance of plant services	3,113	(15)	0	0	3,113	(15)
Pupil transportation	1,765	0	0	0	1,765	0
Student activities	580	0	0	0	580	0
Community services	118	0	0	0	118	0
Interest on long-term debt	1,294	887	0	0	1,294	887
Unallocated depreciation	1,071	1,614	0	0	1,071	1,614
Food service	<u>0</u>	<u>0</u>	<u>1,016</u>	<u>1,032</u>	<u>1,016</u>	<u>1,032</u>
Total expenses	<u>31,548</u>	<u>31,640</u>	<u>1,016</u>	<u>1,032</u>	<u>32,564</u>	<u>32,672</u>
Change in net position	(460)	(770)	(49)	(98)	(509)	(868)
Net position, beginning	5,726	6,496	57	155	5,783	6,651
Adjustment (See Note 9)	(35,684)				(35,684)	
Net position, ending	<u>\$ (30,418)</u>	<u>\$ 5,726</u>	<u>\$ 8</u>	<u>\$ 57</u>	<u>\$ (30,410)</u>	<u>\$ 5,783</u>

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GOVERNMENTAL ACTIVITIES

The net position of the governmental activities decreased by \$459,579 in 2015. During 2015, Revenues increased by 1% in comparison to 2014 and this increase can be attributed to Local Revenue, specifically Property Tax, Realty Transfer Tax and Health Insurance Credit.

Simultaneously, Expenditures decreased .3% in 2015 as compared to 2014, mainly due to a decrease in instruction and instructional student support services.

BUSINESS-TYPE ACTIVITY

Net position of the District's food service operation has decreased by \$49,862 in 2015. The decrease was the result of both 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 2014.

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
Local sources	\$17,042,056	\$16,987,382	\$ 54,674	0.32%
State sources	13,279,244	12,773,131	506,113	3.96%
Federal sources	<u>738,280</u>	<u>782,444</u>	<u>(44,164)</u>	<u>-5.64%</u>
Total	<u>\$31,059,580</u>	<u>\$30,542,957</u>	<u>\$516,623</u>	<u>1.69%</u>

LOCAL SOURCES

The majority of the local source revenue is derived from the real estate tax. The real estate tax levy increased approximately 2.9% for Luzerne County and decreased approximately 4.28% for Wyoming County in 2015. The total current real estate collections approximated \$12,648,923 for the year ended June 30, 2015.

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STATE SOURCES

The increase in State revenue received is primarily due to an increase in state share of Retirement Subsidy. It should be noted the Retirement Subsidy increase is offset by the corresponding increases in retirement expense.

FEDERAL SOURCES

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

The following represents a summary of General Fund expenditures by function for the years June 30, 2015 and 2014.

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>
Instruction	\$19,984,174	\$19,268,199	\$715,975
Support services	8,833,061	8,687,447	145,614
Non-instructional services	698,213	638,108	60,105
Debt Service and Other financing uses	<u>2,429,930</u>	<u>2,330,031</u>	<u>99,899</u>
Total	<u>\$31,945,378</u>	<u>\$30,923,785</u>	<u>\$1,021,593</u>

INSTRUCTION

The amount of instructional expenses reported at June 30, 2015 increased by approximately \$715,975 from the prior year. The increase can be mainly attributed to an increase in Benefits, Special Education costs and Charter School Tuition.

SUPPORT SERVICES

The increase in support services is mainly attributed to an increase in Benefits and Special Education Costs.

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NON-INSTRUCTIONAL SERVICES

Expenditures incurred for non-instructional services increased in 2015 from 2014.

DEBT SERVICE AND OTHER FINANCING USES

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

CAPITAL PROJECTS FUND (MAJOR)

The Capital Project Fund accounts for major construction projects in the District. This fund in 2015 was utilized primarily on the Montgomery Avenue School renovation project. The Montgomery Avenue project was financed through a \$2,000,000 USDA debt obligation. This loan obligation regarding the project was formally closed on December 20, 2013. The Capital Project expenditures for the year 2015 approximated \$61,825 and the fund balance at June 30, 2015 was \$0.

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 \$1,837,212 from the General Fund to pay the annual debt service on its outstanding bonds in 2014. The District paid \$885,000 in principal and \$952,212 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 \$185,000 in principal and \$15,159 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. The District paid approximately \$13,337 in principal and \$35,000 in interest on the loan during 2015.

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CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2015 is summarized below.

	<u>GOVERN- MENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITY</u>	<u>TOTALS</u>
Land	\$ 1,329,844		\$ 1,329,844
Buildings	47,951,689		47,951,689
Improvements	1,930,573		1,930,573
Equipment & Fixtures	2,150,635	795,572	2,946,207
Infrastructure	378,507	-	378,507
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>
Total	53,741,248	795,572	54,536,820
Less accumulated depreciation	<u>28,236,572</u>	<u>757,879</u>	<u>28,994,451</u>
Net	<u>\$ 25,504,676</u>	<u>\$ 37,693</u>	<u>\$ 25,542,369</u>

LONG-TERM DEBT

At June 30, 2015, the District's general obligation debt was approximately \$22.7 million. This amount is approximately 34% of its legal limit of \$67.6 million. The District is scheduled to remit principal payments of \$1,182,383 and interest payments of approximately \$734,554 2015-2016 school year. The District's bonds have an "AA" insured rating from Standard and Poor's Rating Group as of November 2015.

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

NONCURRENT LIABILITIES

Noncurrent liabilities will be paid one year or later from the date of the Statement of Net Position. The School District's noncurrent liabilities include compensated absences, notes and bonds payable, capital lease obligations and other long term obligations, net of current portions. The Governmental Accounting Standards Board (GASB) Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions became effective for the District in 2008-2009 school year. The Postemployment

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Benefits obligation approximated \$455,500 as of June 30, 2015 and is reflected on the statement of Net Position. In addition, the reader can refer to the Major Events note listed below regarding the adoption of GASB No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 by the district.

MAJOR EVENTS

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

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

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 an increase in the rate charged by PSERS on covered payroll. The table below illustrates the rates charged to the District per PSERS.

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Year	District Rate On Covered Payroll	
2009	4.76%	
2010	4.78%	
2011	5.64%	
2012	8.65%	
2013	12.36%	
2014	16.93%	
2015	21.40%	
2016	25.84%	
2017	30.03%	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 2019-2020 the total employer contribution rate is projected to be 32.23%. The cost is currently offset by half through state reimbursement.

SELECTED SUPPLEMENTAL INFORMATION

The District is required to update, on an annual basis, information as it relates to Continuing Disclosure for Bond Obligation Compliance.

Tax Collection Record

Year	Tax Levy(1)	Current Year Collections	Percent Collected (Current)	Prior Years' Collections(2)	Total Collections	Percent Collected (Total)
2002-03	\$8,867,191	\$7,899,882	89.09%	\$949,609	8,849,491	99.80%
2003-04	8,842,098	7,879,630	89.11%	805,289	8,684,919	98.22%
2004-05	9,526,513	8,546,337	89.71%	829,423	9,375,760	98.42%
2005-06	9,985,116	8,961,877	89.75%	2,122,386	11,084,263	111.01%
2006-07	10,876,950	9,664,460	88.85%	1,061,986	10,726,446	98.62%
2007-08	11,550,288	10,336,542	89.49%	952,185	11,288,727	97.74%
2008-09	12,031,387	10,363,870	86.14%	1,146,477	11,510,347	95.67%
2009-10	12,740,734	10,941,028	85.87%	1,195,092	12,136,120	95.25%
2010-11	13,218,141	11,446,066	86.59%	1,240,609	12,686,675	95.98%
2011-12	13,994,472	12,006,161	85.79%	1,431,507	13,437,667	96.02%

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2012-13	14,412,654	12,375,380	85.86%	1,439,047		13,814,427	95.85%
2013-14	14,608,087	12,634,587	86.49%	1,286,196	(1)	13,920,783	95.30%
2014-15	14,964,982	12,648,923	84.52%	1,730,090	(2)	14,379,013	96.08%

SOURCE: School District Officials.

(1) Tax Levy does not include Property Tax Reduction (Homestead Reduction) disbursements from the Commonwealth

(2) Includes delinquent tax sales

Overlapping Indebtedness

Shown below is the debt statement of the School District as of December 2015.

Direct Debt:	Amount Outstanding	Local Share
Nonelectoral Debt:		
General Obligation Bonds, Series of 2016	9,195,000	8,138,494
General Obligation Bonds, Series of 2015	9,995,000	8,846,719
General Obligation Bonds, Series of 2013	1,982,632	1,982,632
General Obligation Bonds, Series of 2012	880,000	880,000
Total Direct Debt	\$22,052,632	\$19,847,845
Overlapping Debt:		
Luzerne County(1)	8,247,495	8,247,495
Wyoming County(2)	263,732	263,732
Municipalities	12,621,154	12,621,154
Total Overlapping Debt	\$21,132,381	\$21,132,381
Net Direct and Overlapping Debt	\$43,185,013	\$40,980,226

SOURCE: Pennsylvania Department of Community and Economic Development.

(1) As of October 1, 2015, Luzerne County had outstanding Non-Electoral debt of \$160,757,750.

(2) As of October 1, 2015, Wyoming County had outstanding Non-Electoral debt of \$11,515,000.

Note: The School District's share is calculated by dividing the assessed value of the municipalities that compose the School District by the assessed value of that County, and multiplying that ratio by the outstanding debt of the County.

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WYOMING AREA ENROLLMENT

<u>Year</u>	<u>K-6</u>	<u>7-12</u>	<u>Total</u>
2002-03	1343	1376	2719
2003-04	1390	1393	2783
2004-05	1394	1374	2768
2005-06	1301	1308	2609
2006-07	1370	1298	2668
2007-08	1376	1302	2678
2008-09	1380	1267	2647
2009-10	1408	1242	2650
2010-11	1394	1254	2648
2011-12	1340	1224	2564
2012-13	1303	1165	2468
2013-14	1267	1198	2465
2014-15	1255	1192	2447
2015-16	1201	1141	2342

EMPLOYEE RELATIONS

The following represents the Collective Bargaining Agreements in effect at June 30, 2015:

Wyoming Area School District and the Wyoming Area Education Association are working under a contract agreement with a term commencing September 1, 2010 and ending August 31, 2016.

Wyoming Area School District and the Wyoming Area Educational Support Personnel Association are working under a contract for a term commencing July 1, 2009 and ending June 30, 2014. The District and the Association are currently conducting negotiations relative to a new agreement.

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.

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the Wyoming Area School District, as of June 30, 2015, 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.

Change in Accounting Principle

A described in Note 9 to the financial statements, during the year ending June 30, 2015, the District adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

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 46 through 50 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 nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated February 15, 2016, 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
February 15, 2016

WYOMING AREA SCHOOL DISTRICT
Statement of Net Position

June 30, 2015

	<u>Governmental Activities</u>	<u>Business Type</u>	<u>Primary Government Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 5,543,661	\$ 73,996	\$ 5,617,657
Investments	310,450	-	310,450
Taxes Receivable - Net	878,622	-	878,622
Internal Balances	124,735	(124,735)	-
Due From Other Governments	1,528,561	-	1,528,561
Receivables - Other	145,440	10,467	155,907
Inventories	15,500	19,512	35,012
Prepaid Expenses	227,718	-	227,718
Total Current Assets	<u>8,774,687</u>	<u>(20,760)</u>	<u>8,753,927</u>
Noncurrent Assets			
Fixed Assets - Net of Accumulated Depreciation	<u>25,504,676</u>	<u>37,993</u>	<u>25,542,669</u>
TOTAL ASSETS	<u>34,279,363</u>	<u>17,233</u>	<u>34,296,596</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts Related to Pensions	<u>3,289,960</u>	<u>-</u>	<u>3,289,960</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	\$ 1,061,225	\$ 704	\$ 1,061,929
Salaries & Benefits Payable	2,766,716	-	2,766,716
Payroll Deductions and Withholdings	848,187	-	848,187
Deferred Revenues	17,500	8,808	26,308
Accrued Interest	309,835	-	309,835
Portion Due or Payable within one Year			
Bonds Payable	1,182,383	-	1,182,383
Capital Lease Payable	31,312	-	31,312
Total Current Liabilities	<u>6,217,158</u>	<u>9,512</u>	<u>6,226,670</u>
Long-term Liabilities			
Portion Due or Payable After One Year			
Bonds Payable in Future Years	21,479,280	-	21,479,280
Capital Leases Payable in Future Years	32,508	-	32,508
Bond Discount and Premium	443,927	-	443,927
Other Post-employment Benefits	455,500	-	455,500
Net Pension Liability	36,810,000	-	36,810,000
Accumulated Compensated Absences	574,990	-	574,990
Total Long-term Liabilities	<u>59,796,205</u>	<u>-</u>	<u>59,796,205</u>
TOTAL LIABILITIES	<u>\$ 66,013,363</u>	<u>\$ 9,512</u>	<u>\$ 66,022,875</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts Related to Pensions	<u>1,974,000</u>	<u>-</u>	<u>1,974,000</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 2,779,193	\$ 37,993	\$ 2,817,186
Unrestricted	<u>(33,197,234)</u>	<u>(30,272)</u>	<u>(33,227,506)</u>
TOTAL NET POSITION	<u>\$ (30,418,041)</u>	<u>\$ 7,721</u>	<u>\$ (30,410,320)</u>

WYOMING AREA SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2015

	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Expenditures	Charge For Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Depreciation	\$ 1,071,180	\$ -	\$ -	(1,071,180)	\$ -	(1,071,180)
Instruction	19,676,158	16,773	4,340,962	(15,318,423)	-	(15,318,423)
Instructional Student Support	1,842,138	-	239,897	(1,602,241)	-	(1,602,241)
Administrative	2,088,104	-	168,267	(1,919,837)	-	(1,919,837)
Operation of Plant	3,113,173	1,605	163,890	(2,947,678)	-	(2,947,678)
Pupil Transportation	1,765,087	-	1,198,564	(566,523)	-	(566,523)
Student Activities	580,275	-	40,477	(539,798)	-	(539,798)
Community Services	117,938	-	9,406	(108,532)	-	(108,532)
Interest - Long Term Debt	1,293,547	-	229,481	(1,064,066)	-	(1,064,066)
Total Government	\$ 31,547,599	\$ 18,378	\$ 6,390,944	\$ (25,138,277)	\$ -	\$ (25,138,277)
Business Type Activities						
Food Service	\$ 1,016,009	\$ 389,341	\$ 519,296	\$ -	\$ (107,372)	\$ (107,372)
Total Primary Government	\$ 32,563,608	\$ 407,719	\$ 6,910,240	\$ (25,138,277)	\$ (107,372)	\$ (25,245,649)
General Revenues:						
Taxes Levied for General Purposes				\$ 12,699,062	\$ -	\$ 12,699,062
Other Taxes Levied				4,514,531	-	4,514,531
Grants, Subsidies, Contributions Not Restricted				7,447,609	-	7,447,609
Investment Earnings				23,564	234	23,798
Special Item				51,208	-	51,208
Transfers Between Governmental and Business Type Activities				(57,276)	57,276	-
Total General Revenues				\$ 24,678,698	\$ 57,510	\$ 24,736,208
Change In Net Position				\$ (459,579)	\$ (49,862)	\$ (509,441)
Net position, beginning, as previously reported				5,726,220	57,583	5,783,803
Restatement				(35,684,682)	0	(35,684,682)
Net Position, beginning as restated				(29,958,462)	-	(29,958,462)
Net Position - June 30, 2015				\$ (30,418,041)	\$ 7,721	\$ (30,410,320)

See Notes to Financial Statements and Independent Auditor's Report

WYOMING AREA SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Fund Types</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,543,661	\$ -	\$ 5,543,661
Investments	310,450	-	310,450
Taxes Receivable	70,743	-	70,743
State Revenue Receivable	741,786	-	741,786
Federal Revenue Receivable	428,455	-	428,455
Due From Other Governments	358,320	-	358,320
Due from Other Funds	156,548	-	156,548
Other Receivable	145,440	-	145,440
Inventory	15,500	-	15,500
Other Current Assets	108,997	-	108,997
	<u>7,879,900</u>	<u>-</u>	<u>7,879,900</u>
TOTAL ASSETS	\$ 7,879,900	\$ -	\$ 7,879,900
<u>LIABILITIES AND FUND BALANCE</u>			
Accounts Payable	\$ 1,061,225	\$ -	\$ 1,061,225
Accrued Salaries and Benefits	2,766,716	-	2,766,716
Payroll Deductions and Withholdings	848,187	-	848,187
Due to Other Funds	31,813	-	31,813
Deferred Revenues	88,243	-	88,243
	<u>4,796,184</u>	<u>-</u>	<u>4,796,184</u>
TOTAL LIABILITIES	\$ 4,796,184	\$ -	\$ 4,796,184
<u>FUND BALANCE</u>			
Nonspendable Fund Balance	\$ 15,500	\$ -	\$ 15,500
Assigned Fund Balance	2,540,091	-	2,540,091
Unassigned Fund Balance	528,125	-	528,125
	<u>3,083,716</u>	<u>-</u>	<u>3,083,716</u>
TOTAL FUND BALANCE	\$ 3,083,716	\$ -	\$ 3,083,716
TOTAL LIABILITIES AND FUND BALANCE	\$ 7,879,900	\$ -	\$ 7,879,900

WYOMING AREA SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to
Net Position of Governmental Activities
June 30, 2015

Total fund balance – total governmental funds		3,083,716
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets(net) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance		25,504,676
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources related to pensions		3,289,960
Deferred inflows of resources related to pensions		(1,974,000)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued Interest	(309,835)	
Bonds and Notes Payable	(22,661,663)	
Bond Premiums and Discounts	(325,206)	
Capital Lease Obligations	(63,820)	
Other Post-Employment Benefits	(455,500)	
Net Pension Liability	(36,810,000)	
Accumulated Compensated Absences	<u>(574,990)</u>	
		(61,201,014)
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>878,622</u>
Net assets governmental activities		<u>(30,418,040)</u>

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Fund Types</u>
<u>REVENUES & OTHER FINANCING SOURCES</u>				
<u>REVENUES</u>				
Local Sources	\$ 17,042,056	\$ 9	\$ -	\$ 17,042,065
State Sources	13,279,244	-	-	13,279,244
Federal Sources	738,280	-	-	738,280
TOTAL REVENUES & OTHER FINANCING SOURCES	\$ 31,059,580	\$ 9	\$ -	\$ 31,059,589
<u>EXPENDITURES AND OTHER FINANCING USES</u>				
<u>EXPENDITURES</u>				
Instruction	\$ 19,984,173	\$ -	\$ -	\$ 19,984,173
Support Services	8,833,061	255	-	8,833,316
Non-Instructional Services	698,213	-	-	698,213
Fac Acq, Const, and Imp	-	31,053	-	31,053
Refunds of Prior Year Receipts	16,285	-	-	16,285
Debt Service (Principal & Interest)	549,674	-	1,837,212	2,386,886
OTHER FINANCING USES				
Interfund Transfers (From Other Funds)	\$ (30,517)	\$ -	\$ (1,837,212)	\$ (1,867,729)
Transfers out (To other funds)	1,894,488	30,517	-	1,925,005
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 31,945,377	\$ 61,825	\$ -	\$ 32,007,202
EXCESS (DEFICIT) REVENUE OVER EXPENDITURES	\$ (885,797)	\$ (61,816)	\$ -	\$ (947,613)
FUND BALANCE -July 1, 2014	\$ 3,969,513	\$ 61,816	\$ -	\$ 4,031,329
FUND BALANCE -June 30, 2015	\$ 3,083,716	\$ -	\$ -	\$ 3,083,716

WYOMING AREA SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
June 30, 2015

Net change in fund balances – total governmental funds \$ (947,613)

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	(1,071,180)	
Capital outlays	<u>75,444</u>	(995,736)

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	85,708
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Repayment of bond and note principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in statement of net position	1,083,337
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Repayment of capital lease obligations is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in statement of net position	11,022
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Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension related benefits earned net of employee contributions is reported as pension expense

District Pension Contribution	2,815,042
Cost of pension benefits earned, net of employee contributions	(2,624,400)

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:

Accretion Income	153,636	
Other Post Employment	102,309	
Accrued Interest	(127,349)	
Comp Absences	<u>(15,535)</u>	<u>113,061</u>

Change in net assets of governmental activities \$ (459,579)

WYOMING AREA SCHOOL DISTRICT
Statement of Net Assets
Proprietary Fund
June 30, 2015

		<u>Food Service Fund</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$	73,996
Due to Other Funds		31,813
Other Receivables		10,467
Prepaid Expenses		-
Inventories		<u>19,512</u>
Total Current Assets	\$	135,788
<u>Noncurrent Assets</u>		
Fixed Assets	\$	795,572
Less: Accumulated Depreciation		<u>757,879</u>
Total Noncurrent Assets	\$	<u>37,693</u>
TOTAL ASSETS	\$	<u>173,781</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Due to Other Funds	\$	156,548
Accounts Payable		704
Deferred Revenues		<u>8,808</u>
TOTAL LIABILITIES	\$	166,060
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$	37,993
Unrestricted		<u>(30,272)</u>
TOTAL NET ASSETS	\$	<u>7,721</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>173,781</u>

See Notes to Financial Statements and Independent Auditor's Report

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
Year Ended June 30, 2015

OPERATING REVENUES

Food Service Revenue	\$	389,341
Other Operating Revenues		-

TOTAL OPERATING REVENUES \$ 389,341

OPERATING EXPENSES

Salaries	\$	408,180
Employee Benefits		215,753
Supplies		362,541
Purchased Services		8,712
Depreciation		18,529
Other Operating Expenses		2,294

TOTAL OPERATING EXPENSES \$ 1,016,009

NET OPERATING LOSS \$ (626,668)

NON-OPERATING REVENUES

Earnings on Investments	\$	234
Federal and State Subsidies		519,296
Advances - General Fund		57,276

TOTAL NON-OPERATING REVENUE \$ 576,806

Change in Net Assets \$ (49,862)

Net Assets - July 1, 2014 57,583

Net Assets - June 30, 2015 7,721

WYOMING AREA SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Users	\$	389,341
Cash Payments To Employees For Services		(623,933)
Cash Received From Other Operating Revenue		-
Cash Payments To Suppliers for Goods and Services		<u>(323,652)</u>
 Net Cash Used For Operating Activities		 \$ (558,244)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Cash Received From Federal & State Subsidies	\$	519,296
Operating Transfers In (Out) Primary Government		<u>57,276</u>
 Net Cash From Non-Capital Financing Activities		 \$ 576,572

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received From Investment Earnings	\$	<u>234</u>
 Net Cash Used By Investing Activities		 \$ 234

NET INCREASE IN CASH AND CASH FLOW	\$	18,562
 CASH AND CASH EQUIVALENT - JULY 1, 2014		 <u>55,434</u>
 CASH AND CASH EQUIVALENT - JUNE 30, 2015		 <u><u>\$ 73,996</u></u>

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

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income (Loss)	\$	(626,668)
 Adjustments to Reconcile Operating Loss to Net Cash Used For:		
Depreciation and Net Amortization	\$	18,529
Decrease in Accounts Receivable		10,463
Increase in Inventories		(1,547)
Increase in Other Current Assets		(1,617)
Increase in Accounts Payable		84,552
Decrease in Accrued Salaries and Benefits		<u>(41,956)</u>
 Total Adjustments		 \$ 68,424
 NET CASH USED FOR OPERATING ACTIVITIES		 \$ (558,244)

WYOMING AREA SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2015

	<u>Private Purpose Trust</u>	<u>Student Activity Fund</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 18,987	\$ 98,618
Investments	46,397	-
Due from Other Funds	-	-
TOTAL ASSETS	<u>\$ 65,384</u>	<u>\$ 98,618</u>
<u>LIABILITIES</u>		
Other Liabilities	-	98,618
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 98,618</u>
<u>NET ASSETS</u>		
Held in trust for scholarships	\$ 65,384	\$ -
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 65,384</u>	<u>\$ 98,618</u>

Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2015

	<u>Private Purpose Trust</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 2,000
Other Additions	2,000
TOTAL ADDITIONS	<u>\$ 4,000</u>
<u>DEDUCTIONS</u>	
Scholarships Awarded	\$ 8,790
TOTAL DEDUCTIONS	<u>\$ 8,790</u>
Change in Net Assets	\$ (4,790)
Net Assets - July 1, 2014	<u>\$ 70,174</u>
Net Assets - June 30, 2016	<u>\$ 65,384</u>

See Notes to Financial Statements and Independent Auditor's Report

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Reporting Entity

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

West Side Area Vocational-Technical School

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

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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

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

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

Basis of Presentation – Fund Accounting

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.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

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:

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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

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

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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

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.

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, 2015 was 14.3018 mills for Exeter Township (Luzerne County), and the Boroughs of Exeter, West Wyoming, Wyoming and West Pittston and 73.6705 mills for Exeter Township (Wyoming County) on a present assessed valuation of \$ 976,631,038. During the year ended June 30, 2015, Wyoming Area School District collected \$12,637,691 after various adjustments for discounts, penalties and credits on a total tax levied in the amount of \$14,480,817. The District's rate of collection approximated 87% on total taxes due during the June 30, 2015 fiscal year.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

Use of Estimates

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

NOTE # 2 - FEDERAL FUNDS:

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

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, 2015, \$5,852,113 of the District's bank balance of \$6,412,564 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, 2015 the value of the Central Receiving Inventory shown in the General Fund is \$15,500.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

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, 2015 financial statements was \$19,512. 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.

NOTE # 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The following is a summary of interfund receivables and payables at June 30, 2015:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	156,548	0
Proprietary, Food Services	<u>0</u>	<u>156,548</u>
	<u>\$156,548</u>	<u>\$156,548</u>

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. The amount due from the Food Service fund to the General Fund of \$156,548 is not expected to be repaid within one year

Interfund transfers are summarized as follows:

	<u>Transfer to Other Funds</u>	<u>Transfer from Other Funds</u>
General Fund	\$ 30,517	\$1,894,488
Debt Service Fund	1,837,212	0
Capital Projects	0	30,517
Cafeteria Fund	<u>57,276</u>	<u>0</u>
	<u>\$1,925,005</u>	<u>\$1,925,005</u>

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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE # 6 FIXED ASSETS AND DEPRECIATION:

Fixed asset activity for the year ended June 30, 2015, was as follows:

	<u>Balance at</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>June 30, 2015</u>
Governmental Activities:				
Land	\$ 1,329,844	\$ -	\$ -	\$ 1,329,844
Buildings	47,951,689	-	-	47,951,689
Improvements	1,930,573	-	-	1,930,573
Equipment & Fixtures	2,075,190	75,445	-	2,150,635
Infrastructure	<u>378,507</u>	<u>-</u>	<u>-</u>	<u>378,507</u>
Totals at Historical Cost	\$ 53,665,803	\$ 75,445	\$ -	\$ 53,741,248
Less Accumulated Depreciation				
Buildings	\$ (22,873,058)	\$ (787,008)	\$ -	\$ (23,660,066)
Improvements	(1,553,962)	(81,278)	-	(1,635,240)
Equipment & Fixtures	(2,359,865)	(202,894)	-	(2,562,759)
Infrastructure	<u>(378,507)</u>	<u>-</u>	<u>-</u>	<u>(378,507)</u>
Total Accum. Depreciation	\$ (27,165,392)	\$ (1,071,180)	\$ -	\$ (28,236,572)
Net Governmental Fixed Assets	<u>\$ 26,500,411</u>	<u>\$ (995,735)</u>	<u>\$ -</u>	<u>\$ 25,504,676</u>
Business Type Activities				
Totals at Historical Cost				
Food Service Equipment	\$ 785,072	\$ 10,500	\$ -	\$ 795,572
Less Accumulated Depreciation				
Food Service Equipment	<u>(739,050)</u>	<u>(18,529)</u>	<u>-</u>	<u>\$ (757,579)</u>
Net Business-type Fixed Assets	<u>\$ 46,022</u>	<u>\$ (8,029)</u>	<u>\$ -</u>	<u>\$ 37,993</u>

NOTE # 7 - LONG TERM DEBT:

Equipment Lease Purchase Agreements

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

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 \$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.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

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.

2013 General Obligation Bond

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

A summary of the outstanding liabilities at June 30, 2015 is as follows:

Type of Debt	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Amount Due Within One Year
Equipment Leases	\$ 74,842	\$ 44,845	\$ 55,867	\$ 63,820	\$ 31,312
2006 A Note	19,535,000	-	90,000	19,445,000	805,000
2006 B Note	490,000	-	490,000	-	-
2006 C Bond	465,000	-	305,000	160,000	160,000
2012 Bond	1,255,000	-	185,000	1,070,000	190,000
2013 Bond	2,000,000	-	13,337	1,986,663	27,383
Other:					
Compensated Absences	<u>559,455</u>	<u>15,535</u>	<u>-</u>	<u>574,990</u>	
Total Long-Term Debt	<u>\$ 24,379,297</u>	<u>\$ 60,380</u>	<u>\$ 1,139,204</u>	<u>\$ 23,300,473</u>	

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

The annual debt service requirements to maturity, including principal and interest for long term debt as of June 30, 2015 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,182,383	\$ 992,535	\$ 2,174,918
2017	1,183,357	952,033	2,135,390
2018	1,234,366	905,634	2,140,000
2019	1,285,410	850,280	2,135,690
2020	1,341,492	796,592	2,130,084
2021-2025	6,630,079	3,147,911	9,777,990
2026-2030	8,348,509	1,331,891	9,968,400
2031-2035	248,322	234,078	482,400
2036-2040	295,737	186,663	482,440
2041-2045	352,206	130,194	482,440
2046-2050	419,457	62,943	482,400
2051	<u>140,344</u>	<u>12,415</u>	<u>152,759</u>
Total	<u>\$ 22,661,662</u>	<u>\$ 9,603,169</u>	<u>\$ 32,264,831</u>

NOTE # 8 - COMPENSATED ABSENCES:

Effective July 1, 1993, the Wyoming Area School District has elected to timely implement Governmental Accounting Standards Board Statement #16 entitled, "Accounting for Compensated Absences." The District's policy is designed to separately address vacation, sick time and sabbatical policies relative to administrators, teachers and various support staff to the District. In calculating the liability for the amount of compensation and related benefit costs for the sick pay portion relative to compensated absences, the District has elected to utilize the vesting method as allowed by Government Accounting Board Statement #16. The total amount of compensation and benefits accrued in the Statement of Net Position amounted to \$ 574,990 at June 30, 2015.

NOTE # 9 - PENSION PLAN:

Public School Employees' Retirement System Plan

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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

General Information about the Pension Plan

Plan description

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

Benefits provided

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

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

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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

Contributions

Member Contributions:

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

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

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

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

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2015 was 20.50% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$2,815,042 for the year ended June 30, 2015.

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

At June 30, 2015, the District reported a liability of \$36,810,000 for its proportionate share of the net pension liability. The net pension was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2013 to June 30, 2014. The District's proportion of the pension liability was calculated utilizing the employer's one-year reported covered payroll as it related to the total one-year reported covered payroll. At June 30, 2014, the District's proportion was 0.93 percent which was an increase of .043 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$2,624,400. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportions	\$ 105,600	\$ -
Net difference between projected and actual investment earnings	-	1,974,000
Difference between employer contributions and proportionate share of total contributions	369,318	-
Contributions subsequent to the measurement date	<u>2,815,042</u>	<u>-</u>
Total	<u>\$ 3,289,960</u>	<u>\$ 1,974,000</u>

\$2,815,042 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	(557,736)
2017	(557,736)
2018	(557,736)
2019	100,263
2020	73,863

Actuarial assumptions

The total pension liability as of June 30, 2014 was determined by rolling forward the System's total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2014 using the following actuarial assumption, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.50%, includes inflation at 3.00%
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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

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

Asset Class	Target allocation	Long-Term Expected Real Rate of Return
Public markets global equity	19%	5.0%
Private markets (equity)	21%	6.5%
Private real estate	13%	4.7%
Global fixed income	8%	2.0%
U.S. long treasures	3%	1.4%
TIPS	12%	1.2%
High yield bonds	6%	1.7%
Cash	3%	0.9%
Absolute return	10%	4.8%
Risk parity	5%	3.9%
MLPs/Infrastructure	3%	5.3%
Commodities	6%	3.3%
Financing (LIBOR)	<u>-9%</u>	1.1%
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2014.

Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
District's proportionate sha			
The net pension liability	45,915,000	\$36,810,000	29,037,000

Pension plan fiduciary net position

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

NOTE # 10 - POST EMPLOYMENT BENEFITS:

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 \$102,309 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.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

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. The District's pay-as-you-go costs, including implicit rate subsidy of \$589,158 has been applied toward the annual OPEB cost.

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:

Annual required on contribution	\$ 865,565
Interest on net OBEP obligation	2,391
Adjustment to annual required contributions	(3,262)
Annual OPEB cost	<u>864,694</u>
Contributions made	<u>(761,828)</u>
Decrease in net OPEB obligation	102,869
Net OPEB obligation-beginning of year	53,142
Net OPEB obligation-end of year	<u>\$ 156,011</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
6/30/15	\$864,694	100.0%	\$ 156,011
6/30/14	\$981,958	100.0%	\$ 53,142
6/30/13	\$980,877	100.0%	\$ 111,181

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, 2014, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$7,078,043, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,078,043. The covered payroll (annual payroll of active employees covered by the plan) equaled \$12,741,632 and the ratio of the UAAL to the covered

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

payroll equaled 54.37%. 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. 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, 2014, 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 # 11 – INCENTIVE RETIREMENT AGREEMENTS

The teachers' collective bargaining agreement provides an incentive provision for early retirement. The incentive program will pay the teacher a percentage of their salary based on their number of years of credited service. Teachers electing the incentive payments are paid over a four year period following their final year of service. In addition, such retiring employees that qualify shall have available to them and their families' health insurance coverage, until such retiree becomes eligible for Medicare. At June 30, 2015 the liability for the retirement incentives was \$ 299,439.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

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 – RISK MANAGEMENT:

The school district is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverage's for the fiscal year ending June 30, 2015.

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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE # 14 – CHANGE IN ACCOUNTING PRINCIPLES:

During the current year the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – and amendment of GASB Statement No. 27*. This statement changes the accounting for pensions by recording the District’s portion of net pension liability and deferred inflows and outflows related to pensions. As a result of implementing this statement, prior period adjustments required for the beginning net pension liability and deferred outflows for the District’s contributions made during fiscal year 2014. The effect is a reduction in the net position of governmental activities of \$35,684,682, as detailed below:

Beginning net position reported at June 30, 2014	\$	5,726,220
Prior period adjustment-Implementation of GASB 68:		
Net pension liability		(37,907,000)
Deferred outflows – District’s contributions made during fiscal year 2014		<u>2,222,318</u>
Total prior period adjustment		<u>(35,684,682)</u>
Net position as restated, July 1, 2014	\$	<u>(29,958,462)</u>

NOTE #15 – SUBSEQUENT EVENTS:

The District has evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through December 4, 2016, the date on which the financial statements were available to be issued.

On November 1, 2015 the District issued two new General Obligation Bonds Series 2015 with a total aggregated principal amount of \$19,190,000. The net proceeds of the issuance was used to refund the outstanding General Obligation Notes Series A of 2006 and to pay all costs and expense incurred with the issuance and sale of the Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

WYOMING AREA SCHOOL DISTRICT

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

Last 10 Fiscal Years*

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of net pension liability	0.0930%	0.9260%
District's proportionate share of the net pension liability	\$ 36,810,000	\$ 37,907,000
District's covered-employee payroll	\$ 11,866,349	\$ 11,882,126
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310.20%	319.03%
Plan fiduciary net position as a percentage of the total pension liability	57.24%	54.49%

Amounts were determined as of the cost-sharing plan's June 30, 2014 year.

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

WYOMING AREA SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 PENSION PLAN

Last 10 Fiscal Years*

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	2,815,042	2,222,318
Contributions in relation to the contractually required contributions	<u>(2,815,042)</u>	<u>(2,222,318)</u>
Contribution deficiency (excess)	0	0
District's covered-employee payroll	13,731,912	11,866,349
Contributions as percentage of covered-employee payroll	20.50%	18.73%

Amounts were determined as of the cost-sharing plan's June 30, 2014 year.

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

WYOMING AREA SCHOOL DISTRICT

SCHEDULE OF 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
7/1/2010	\$ -	\$ 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%
7/1/2014	\$ -	\$ 7,078,043	\$ 7,078,043	0%	\$ 13,120,749	53.95%

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 preceding June 30, 2009.

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund
Budget and Actual
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUE & OTHER FINANCING SOURCES				
Local Sources	\$ 16,691,071	\$ 16,691,071	\$ 17,042,056	\$ 350,985
State Sources	13,025,984	13,025,984	13,279,244	253,260
Federal Sources	<u>762,184</u>	<u>762,184</u>	<u>738,280</u>	<u>(23,904)</u>
TOTAL REVENUE & OTHER FINANCING SOURCES	\$ 30,479,239	\$ 30,479,239	\$ 31,059,580	\$ 580,341
EXPENDITURES				
INSTRUCTION				
Regular Programs - Elementary / Secondary	\$ 13,919,691	\$ 13,919,691	\$ 13,955,991	\$ (36,300)
Special Programs - Elementary / Secondary	3,747,411	3,747,411	4,170,488	(423,077)
Vocational Education Programs	863,325	863,325	861,698	1,627
Other Instructional Programs - Elementary / Secondary	985,704	985,704	983,970	1,734
Adult Education Programs	-	-	12,026	(12,026)
TOTAL INSTRUCTION	\$ 19,516,131	\$ 19,516,131	\$ 19,984,173	\$ (468,042)
SUPPORT SERVICES				
Pupil Personnel	\$ 633,892	\$ 633,892	\$ 688,591	\$ (54,699)
Instructional Staff	594,752	594,752	515,896	78,856
Administration	1,757,263	1,757,263	1,782,250	(24,987)
Pupil Health	593,424	593,424	637,396	(43,972)
Business	355,258	355,258	305,855	49,403
Operation and Maintenance of Plant Services	2,940,259	2,940,259	2,921,212	19,047
Student Transportation Services	1,759,615	1,759,615	1,765,087	(5,472)
Central	179,086	179,086	174,607	4,479
Other Support Services	<u>46,000</u>	<u>46,000</u>	<u>42,167</u>	<u>3,833</u>
TOTAL SUPPORT SERVICES	\$ 8,859,549	\$ 8,859,549	\$ 8,833,061	\$ 26,488
NON-INSTRUCTIONAL SERVICES				
Student Activities	\$ 530,516	\$ 530,516	\$ 580,275	\$ (49,759)
Community Services	<u>148,917</u>	<u>148,917</u>	<u>117,938</u>	<u>30,979</u>
TOTAL NON-INSTRUCTIONAL SERVICES	\$ 679,433	\$ 679,433	\$ 698,213	\$ (18,780)
FACILITIES ACQUISITION, CONSTRUCTION				
Student Activities	\$ 7,500	\$ 7,500	\$ -	\$ 7,500
TOTAL FACILITIES ACQUISITION, CONSTRUCTION	\$ 7,500	\$ 7,500	\$ -	\$ 7,500
OTHER FINANCING USES				
Refund of Prior Year Receipts	\$ -	\$ -	\$ 16,285	\$ (16,285)
Debt Service	2,381,603	2,381,603	549,674	1,831,929
Budgetary Reserve	50,000	50,000	-	50,000
Fund Transfers	<u>70,000</u>	<u>70,000</u>	<u>1,863,971</u>	<u>(1,793,971)</u>
TOTAL OTHER FINANCING USES	\$ 2,501,603	\$ 2,501,603	\$ 2,429,930	\$ 71,673
TOTAL EXPENDITURES & OTHER USES	\$ 31,564,216	\$ 31,564,216	\$ 31,945,377	\$ (381,161)
EXCESS EXPENDITURES OVER REVENUES	\$ (1,084,977)	\$ (1,084,977)	\$ (885,797)	\$ 199,181
FUND BALANCE - July 1, 2014			\$ 3,969,513	
FUND BALANCE - June 30, 2015			\$ 3,083,717	

**WYOMING AREA SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

JUNE 30, 2015

NOTE 1 - BASIS OF PRESENTATION

The amounts reported in the schedule of the District's proportionate share of the net pension liability are determined as of June 30, 2014 by the Commonwealth of Pennsylvania Public School Employees' Retirement System (the cost-sharing plan). There were no changes in benefit terms and no changes in assumptions.

SUPPLEMENTARY INFORMATION

WYOMING AREA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
June 30, 2015

Grantor/Project Title	Grants Number	CFDA Number	Grant Period	Grant Award	Receipts July 1, 2014 to June 30, 2015	Accrued (Deferred) July 1, 2014	Revenue Recognized	Expenditures	Accrued (Deferred) June 30, 2015
U.S. DEPARTMENT OF EDUCATION									
Passed through the PA Dept of Education									
ESEA Title I	013-14-0495	84-010	9/30/2014	\$ 608,764	\$ 185,510	\$ 111,903	\$ 82,104	\$ 82,104	\$ 8,497
ESEA Title I	013-15-0495	84-010	9/30/2015	594,317	402,483	-	501,790	501,790	99,307
Title II, Improving Teacher Quality	020-13-0495	84-367	9/30/2013	127,075	-	(17,500)	-	-	(17,500)
Title II, Improving Teacher Quality	020-14-0495	84-367	9/30/2014	103,218	7,753	7,753	-	-	-
Title II, Improving Teacher Quality	020-15-0495	84-367	9/30/2015	102,520	102,637	-	102,520	102,520	(117)
Title XIX Reimbursement for Admin	93-778	93-778	6/30/2015	15,257	12,743	-	15,257	15,257	2,514
IDEA - B	84-027	84-027	6/30/2014	275,039	275,039	275,039	-	-	-
IDEA - B	84-027	84-027	6/30/2015	281,529	-	-	281,529	281,529	281,529
Medical Assistance - Access	93-778	93-778	6/30/2014	27,184	10,985	10,985	-	-	-
Medical Assistance - Access	93-778	93-778	6/30/2015	36,609	-	-	36,609	36,609	36,609
TOTAL U.S. DEPARTMENT OF EDUCATION				\$ 2,171,512	\$ 997,150	\$ 388,180	\$ 1,019,809	\$ 1,019,809	\$ 410,839
U.S. DEPARTMENT OF AGRICULTURE									
Passed through the Penna. Dept of Education									
National School Lunch Program	10-555	10-555	6/30/2013	N/A	36,766	36,766	-	-	23,874
National School Lunch Program	10-555	10-555	6/30/2013	N/A	335,362	-	359,236	359,236	-
Special Breakfast	10-553	10-553	6/30/2013	N/A	9,661	9,661	-	-	-
Special Breakfast	10-553	10-553	6/30/2013	N/A	78,625	-	84,524	84,524	5,899
Donated Commodities	10-550	10-550	6/30/2013	N/A	44,960	17,965	46,507	46,507	19,512
TOTAL U.S. DEPARTMENT OF AGRICULTURE				\$ 505,374	\$ 64,392	\$ 64,392	\$ 490,267	\$ 490,267	\$ 49,285
TOTAL FEDERAL ASSISTANCE				\$ 1,502,524	\$ 452,572	\$ 452,572	\$ 1,510,076	\$ 1,510,076	\$ 460,124
Testing requirement -25% Rule									
Total Expenditures (Listed Above)									
25 % - Testing Requirement									
Programs Tested									
ESEA TITLE II									
School Breakfast Program									
National School Lunch Program									
TOTAL TESTED				\$	\$	\$	\$	\$	\$
PERCENT TESTED									36%

**WYOMING AREA SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Wyoming Area School District under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of state, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Wyoming Area School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Wyoming Area School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost of principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available.

NOTE 3 – PROGRAM DISCLOSURE- FOOTNOTES

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

NOTE 4 – FOOD DONATION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2015, the District used food commodities totaling \$44,960.

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, 2015 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 15, 2016.

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.



Scranton, Pennsylvania
February 15, 2016

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, 2015. 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, 2015.

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
February 15, 2016

WYOMING AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

Section I - Summary of Audit Results

1. The Auditor's report dated February 15, 2016 expresses an unqualified opinion on the General Purpose Financial Statements of Wyoming Area School District.
2. No instances of reportable condition were disclosed during the audit of the financial statements as reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards report dated February 15, 2016.
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, National School Lunch Program CFDA #10.555, Special Breakfast CFDA #10.553, Promoting Safe and Stable Families CFDA#93.575.
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

**WYOMING AREA SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

2014

NO AUDIT FINDINGS EXISTED