

**WYOMING AREA SCHOOL DISTRICT
Exeter, Pennsylvania**

**Auditor's Report
FOR THE YEAR ENDED JUNE 30, 2014**



Matt Foster & Associates

TABLE OF CONTENTS

<i>Management Discussion and Analysis</i>	1-15
<i>Independent Auditor's Report</i>	16-18
<i>Statement of Net Position</i>	19-20
<i>Statement of Activities</i>	21
<i>Balance Sheet-Governmental Funds</i>	22
<i>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position</i>	23
<i>Statement of Revenues, Expenditures and Changes in Fund Balances -Governmental Funds</i>	24
<i>Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities</i>	25
<i>Statement of Net Position -Proprietary Fund</i>	26
<i>Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund</i>	27
<i>Statement of Cash Flows - Proprietary Fund</i>	28-29
<i>Statement of Fiduciary Net Position - Fiduciary Fund</i>	30
<i>Statement of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual-General Fund</i>	31-32
<i>Notes to Financial Statements</i>	33-46
<i>Independent Auditor's Report on Schedule of Expenditures of Federal Awards</i>	47
<i>Schedule of Expenditures of Federal Awards</i>	48-49
<i>Notes to Schedule of Expenditures of Federal Awards</i>	50
<i>Schedule of Findings and Questioned Costs</i>	51
<i>Independent Auditor's Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i>	52-53
<i>Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance required by OMB Circular A-133.</i>	54-55
<i>Summary Schedule of Prior Audit Findings</i>	56
<i>Schedule of Funding Progress -Other Post-Employment Healthcare Benefits</i>	57-58

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, 2014. 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 \$867,470 in 2014. Net position of governmental activities decreased \$769,697. Net position of the business-type activity decreased \$97,773.

The District had \$31,638,652 of expenses related to governmental activities in 2014; only \$6,329,373 of these expenses was offset by program-specific charges for services, grants or contributions. General revenues (primarily taxes and state subsidies) of \$24,539,582 were adequate to provide for these programs.

In the District's business-type activity, net position decreased by \$97,773 due to both a decrease in Food Service Revenue and increase in Food Service Expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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 19-21 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.

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

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 22-25 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 pages 31-32 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 26-29 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 33-46 of this report.

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

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 2014 included \$29,531,966 of revenues and \$30,150,108 of expenditures. There were no amendments made to the budget during 2014.

Actual revenues received for 2014 were \$30,542,957 or 3.4% over budget. The favorable variances were attributable primarily to a favorable increase in Local Revenue, specifically Earned Income Tax, Realty Transfer Tax Revenue and Health Insurance Credit. State revenues also indicated a favorable variance due to increased Retirement and Social Security reimbursement due to payment of retroactive salaries resulting from the settlement of the professional contract.

Actual expenditures and other uses were \$30,923,782 or 102.6% of budget. The variances relative to expenditures were primarily due to unfavorable variances in Salaries and Benefits resulting from the settlement of the professional contract.

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

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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets						
	\$ 10,860	\$ 9,136	\$ 126	\$ 96	\$ 10,986	\$ 9,232
Current Assets: Deferred Outflow	230	237	-	3	230	240
Capital assets	<u>26,501</u>	<u>26,425</u>	<u>46</u>	<u>67</u>	<u>26,547</u>	<u>26,492</u>
TOTAL	<u>\$ 37,591</u>	<u>\$ 35,798</u>	<u>\$ 172</u>	<u>\$ 166</u>	<u>\$ 37,763</u>	<u>\$ 35,964</u>
Current liabilities	\$ 7,496	\$ 5,894	\$ 106		\$ 7,602	\$ 5,894
Current liabilities: Deferred Inflow	76	88	9	11	85	99
Long-term liabilities:						
Due after one year	<u>24,292</u>	<u>23,320</u>	<u>-</u>	<u>-</u>	<u>24,292</u>	<u>23,320</u>
Total liabilities	<u>31,864</u>	<u>29,302</u>	<u>115</u>	<u>11</u>	<u>31,979</u>	<u>29,313</u>
Net position:						
Invested in capital assets, net of related debt	2,715	3,612	46	67	2,761	3,679
Nonspendable Fund Balance	16	16	-	-	16	16
Assigned Fund Balance	<u>2,305</u>	<u>2,117</u>			<u>2,305</u>	<u>2,117</u>
Unassigned Fund Balance	<u>691</u>	<u>751</u>	<u>11</u>	<u>88</u>	<u>702</u>	<u>839</u>
Total Net position	<u>5,727</u>	<u>6,496</u>	<u>57</u>	<u>155</u>	<u>5,784</u>	<u>6,651</u>
TOTAL	<u>\$ 37,591</u>	<u>\$ 35,798</u>	<u>\$ 172</u>	<u>\$ 166</u>	<u>\$ 37,763</u>	<u>\$ 35,964</u>

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

CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITY		TOTALS	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Program revenues:						
Charges for services	\$ 21	\$ 27	\$ 380	\$ 407	\$ 401	\$ 434
Operating grants and contributions	6,309	5,396	507	488	6,816	5,884
General revenues:						
Taxes levied for general purposes, net and other taxes levied	17,034	16,732	-	-	17,034	16,732
Grants, subsidies and contributions not restricted	7,455	7,302	-	-	7,455	7,302
Transfers	(47)	(41)	47	41	-	-
Other	<u>98</u>	<u>130</u>	<u>-</u>	<u>0.2</u>	<u>98</u>	<u>130</u>
Total revenues	<u>30,870</u>	<u>29,546</u>	<u>934</u>	<u>936</u>	<u>31,804</u>	<u>30,482</u>
Program expenses:						
Instruction	19,836	16,796	-	-	19,836	16,796
Instructional student support	8,688	1,582	-	-	8,688	1,582
Administration and financial support services	630	2,097	-	-	630	2,097
Operation and maintenance of plant services	(15)	1,723	-	-	(15)	1,723
Pupil transportation	-	1,782	-	-	-	1,782
Student activities	-	532	-	-	-	532
Community services	-	142	-	-	-	142
Interest on long-term debt	887	1,183	-	-	887	1,183
Unallocated depreciation	1,614	1,562	-	-	1,614	1,562
Food service	<u>-</u>	<u>-</u>	<u>1,032</u>	<u>1,015</u>	<u>1,032</u>	<u>1,015</u>
Total expenses	<u>31,640</u>	<u>27,399</u>	<u>1,032</u>	<u>1,015</u>	<u>32,672</u>	<u>28,414</u>
Change in net position	(770)	2,147	(98)	(79)	(868)	2,068
Net position, beginning	<u>6,496</u>	<u>4,349</u>	<u>155</u>	<u>234</u>	<u>6,651</u>	<u>4,583</u>
Net position, ending	<u>\$ 5,726</u>	<u>\$ 6,496</u>	<u>\$ 57</u>	<u>\$ 155</u>	<u>\$ 5,783</u>	<u>\$ 6,651</u>

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

GOVERNMENTAL ACTIVITIES

The net position of the governmental activities decreased by \$769,697 in 2014. Revenues increased 4.5%. The increase can be attributed to Local Revenue, specifically Property Tax, Realty Transfer Tax and Health Insurance Credit.

Expenditures increased 15.5% in 2014 mainly due to an increase in instruction and instructional student support services.

BUSINESS-TYPE ACTIVITY

Net position of the District's food service operation decreased by \$97,773 in 2014. The decrease is due to a decrease in revenue and an increase in food service expenditures.

FINANCIAL ANALYSIS OF THE FUNDS

GENERAL FUND (MAJOR)

The following represents a summary of Actual General Fund revenues, by source, along with variances from 2013.

	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Local sources	\$16,987,382	\$16,551,197	\$436,185	2.64%
State sources	12,773,131	12,222,570	550,561	4.50%
Federal sources	<u>782,444</u>	<u>639,484</u>	<u>142,960</u>	<u>22.36%</u>
Total	<u>\$30,542,957</u>	<u>\$29,413,251</u>	<u>\$1,129,706</u>	<u>3.84%</u>

LOCAL SOURCES

The majority of the local source revenue is derived from the real estate tax. The real estate tax levy increased approximately 2.3% for Luzerne County and decreased approximately .93% for Wyoming County in 2014. The total current real estate collections approximated \$12,634,587 for the year ended June 30, 2014.

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

STATE SOURCES

The increase in State revenue received is primarily due to an increase in state share of Retirement and Social Security contributions. Note: The Retirement and Social Security contribution increase is offset by the corresponding expense increase.

FEDERAL SOURCES

Federal sources of revenue were recognized at amounts budgeted for the 2014 year with an increase in Title I funding.

The following represents a summary of General Fund expenditures by function for the years June 30, 2014 and 2013.

	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Increase (Decrease)</u>
Instruction	\$19,268,199	\$17,543,465	\$1,724,734
Support services	8,687,447	8,109,098	578,349
Non-instructional services	638,108	691,286	(53,178)
Debt Service and Other financing uses	<u>2,330,031</u>	<u>2,214,122</u>	<u>115,909</u>
Total	<u>\$30,923,785</u>	<u>\$28,557,971</u>	<u>\$ 2,365,814</u>

INSTRUCTION

The amount of instructional expenses reported at June 30, 2014 increased by approximately \$1,724,734 from the prior year. The increase can be mainly attributed to an increase in Salaries and Benefits due to the settlement of the professional contract.

SUPPORT SERVICES

The increase in support services is mainly attributed to an increase in Salaries and Benefits due to the settlement of the professional contract.

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

NON-INSTRUCTIONAL SERVICES

Expenditures incurred for non-instructional services were comparable in 2014 and 2013.

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 2014 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 was formally closed on December 20, 2013. The fund balance at June 30, 2014 of the Capital Projects Fund was \$61,816. Capital Project expenditures for the year 2014 approximated \$1,663,643.

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 \$1,831,764 from the General Fund to pay the annual debt service on its outstanding bonds in 2014. The District paid \$835,000 in principal and \$996,764 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 \$16,454 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 \$35,000 in interest on the loan during 2014.

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

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2014 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	2,075,190	785,072	2,860,262
Infrastructure	378,507	-	378,507
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>
Total	53,665,803	785,072	54,450,875
Less accumulated depreciation	<u>27,165,392</u>	<u>739,050</u>	<u>27,904,442</u>
Net	<u>\$ 26,500,411</u>	<u>\$46,022</u>	<u>\$ 26,546,433</u>

LONG-TERM DEBT

At June 30, 2014, the District's general obligation debt was approximately \$23.7 million. This amount is approximately 37% of its legal limit of \$64.9 million. The District is scheduled to remit principal payments of \$1,083,337 and interest payments of approximately \$1,037,273 2014-2015 school year. The District's bonds have an "AA-" insured rating from Standard and Poor's Rating Group as of February 2012.

NONCURRENT LIABILITIES

Noncurrent liabilities will be paid one year or later from the date of the Statement of Net Position. The School District's noncurrent liabilities include compensated absences, notes and bonds payable, capital lease obligations and other long term obligations, net of current portions. The Governmental Accounting Standards Board (GASB) Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions became effective for the District in 2008-2009 school year. The Postemployment Benefits obligation approximated \$557,809 as of June 30, 2014 and is reflected on the statement of Net Position.

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

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. The statement requires a liability be recognized for the District's proportionate share of PSERS collective net pension liability. 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 required to adopt Statement No. 68 for its fiscal year 2015 financial statements. No provision for GASB 68 has been made in this report. The District is working with PSERS to determine the District's proportionate share.

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

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%
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%

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 2014.

Direct Debt:	Amount Outstanding	Local Share
Nonelectoral Debt:		
General Obligation Bonds, Series of 2013	2,000,000	2,000,000
General Obligation Bonds, Series of 2012	1,070,000	1,070,000
General Obligation Bonds, Series A of 2006	19,445,000	17,211,051
General Obligation Notes, Series C of 2006	160,000	103,707
Total Direct Debt	\$22,675,000	\$20,384,758

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

Overlapping Debt:

Luzerne County(1)	13,799,301	13,799,301
Wyoming County(1)	101,016	101,016
Municipalities(2)	13,586,780	13,586,780
Total Overlapping Debt	\$27,487,097	\$27,487,097
Net Direct and Overlapping Debt	\$50,162,097	\$47,871,855

SOURCE: Pennsylvania Department of Community and Economic Development.

(1) Luzerne County-5.27% overlapping. As of December 16, 2014, Luzerne County had outstanding debt of \$261,846,312. Wyoming County-2.44% overlapping. Wyoming County had outstanding debt \$4,140,000. The School District's proportionate share is calculated by dividing the assessed value of the School District by the assessed value of the County and multiplying that ratio by the total outstanding debt of the County.

(2) 100% overlapping. As of December 1, 2014, per DCED reports.

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

Retirement Costs associated with District Personnel changed during the fiscal year due to a increase in the rate charged by PSERS on covered payroll. The table below illustrates the rates charged to the District per PSERS.

Year	District Rate On Covered Payroll	
2009	4.76%	
2010	4.78%	
2011	5.64%	
2012	8.65%	
2013	12.36%	
2014	16.93%	
2015	21.40%	
2016	25.84%	Est.
2017	29.27%	Est.

Over the next several years, it is projected that the contribution rates for the Public School Employees' Retirement System of Pennsylvania will rise significantly. Based on actuarial projections, it is anticipated that by the school year 2016-2017 the total employer contribution rate can approximate 29.27%. The cost is currently offset by half through state reimbursement.

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

EMPLOYEE RELATIONS

The following represents the Collective Bargaining Agreements in effect at June 30, 2014:

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.



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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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining information of the Wyoming Area School District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress for other postemployment healthcare benefits on pages 1 through 12 and page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

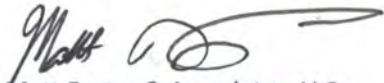
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not required part of the financial statements.

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

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

Other Reporting Required by Governmental Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated December 15, 2014, 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 controls over compliance.

A handwritten signature in black ink, appearing to read "Matt", followed by a large, stylized flourish or loop.

Matt Foster & Associates, LLC
Philipsburg, Pennsylvania
December 15, 2014

Wyoming Area School District
STATEMENT OF NET POSITION
June 30, 2014

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 8,045,543	\$ 55,434	\$ 8,100,977
Investments	310,398	-	310,398
Taxes receivable - net	869,056	-	869,056
Due from other governments	394,839	49,695	444,534
State revenue receivable	793,067	-	793,067
Federal revenue receivable	431,928	-	431,928
Inventories	<u>15,500</u>	<u>17,965</u>	<u>33,465</u>
Total Current Assets	\$ <u>10,860,331</u>	\$ <u>123,094</u>	\$ <u>10,983,425</u>
Noncurrent Assets:			
Fixed Assets - Net of Accumulated Depreciation	<u>26,500,411</u>	<u>46,022</u>	<u>26,546,433</u>
Total Noncurrent Assets	\$ <u>26,500,411</u>	\$ <u>46,022</u>	\$ <u>26,546,433</u>
DEFERRED OUTFLOW			
Prepaid Expenses	229,894	3,048	232,942
<u>TOTAL ASSETS</u>	\$ <u>37,590,636</u>	\$ <u>172,164</u>	\$ <u>37,762,800</u>

The accompanying notes are an integral part of these financial statements

Wyoming Area School District
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business - Type Activities	Total
	\$	\$	\$
<u>LIABILITIES:</u>			
Current liabilities:			
Accounts payable	578,492	23,739	602,231
Current portion of long-term debt	1,123,693	-	1,123,693
Accrued salaries and benefits	4,928,080	32,952	4,961,032
Accrued Interest	182,486	-	182,486
Payroll deductions and withholdings	658,768	-	658,768
Other current liabilities	24,500	48,961	73,461
	<u>7,496,019</u>	<u>105,652</u>	<u>7,601,671</u>
Total Current Liabilities			
	7,496,019	105,652	7,601,671
Noncurrent liabilities:			
Bonds and notes payable (net)	22,661,663	-	22,661,663
Bond Premiums	478,842	-	478,842
Long-term lease obligations	34,486	-	34,486
Long-term portion of compensated absences	559,455	-	559,455
Other postemployment benefits (OPEB)	557,809	-	557,809
	<u>24,292,255</u>	<u>-</u>	<u>24,292,255</u>
Total Noncurrent Liabilities			
	24,292,255	-	24,292,255
<u>TOTAL LIABILITIES</u>	<u>31,788,274</u>	<u>105,652</u>	<u>31,893,926</u>
DEFERRED INFLOW	76,142	8,930	85,072
<u>NET POSITION:</u>			
Invested in capital assets, net of related debt	2,715,055	46,022	2,761,077
Nonspendable Fund Balance	15,500	-	15,500
Assigned Fund Balance	2,305,171	-	2,305,171
Unassigned Fund Balance	690,494	11,560	702,054
	<u>5,726,220</u>	<u>57,582</u>	<u>5,783,802</u>
<u>TOTAL NET POSITION</u>	<u>5,726,220</u>	<u>57,582</u>	<u>5,783,802</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$ 37,590,636</u>	<u>\$ 172,164</u>	<u>37,762,800</u>

The accompanying notes are an integral part of these financial statements

Wyoming Area School District
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Government Activities:						
Depreciation and amortization	\$ 1,614,080	\$ -	\$ -	\$ (1,614,080)	\$ -	\$ (1,614,080)
Instruction	19,836,209	18,148	3,125,527	(16,692,534)	-	(16,692,534)
Instructional student support	8,687,447	-	1,361,653	(7,325,794)	-	(7,325,794)
Administrative and financial support services	629,506	-	101,309	(528,197)	-	(528,197)
Operation and maintenance of plant services	(14,899)	2,525	234,773	252,197	-	252,197
Pupil transportation		-	1,182,977	1,182,977	-	1,182,977
Student activities		-	11,700	11,700	-	11,700
Interest on long-term debt	886,309	-	290,761	(595,548)	-	(595,548)
Total Governmental Activities	31,638,652	20,673	6,308,700	(25,309,279)	-	(25,309,279)
Business-Type Activities:						
Food services	1,031,980	379,822	506,917	-	(145,241)	(145,241)
Total Primary Government	\$ 32,670,632	\$ 400,495	\$ 6,815,617	\$ (25,309,279)	\$ (145,241)	\$ (25,454,520)
General Revenues:						
Taxes:						
Property taxes, levied for general purposes, net				\$ 13,403,589	\$ -	\$ 13,403,589
Public utility realty, earned income and per capita taxes levied for general purposes, net				3,630,077	-	3,630,077
Grants, subsidies, and contributions not restricted				7,455,319	-	7,455,319
Investment earnings				98,065	-	98,065
Miscellaneous income				-	-	-
Transfers				(47,468)	47,468	-
Total General Revenues, Special items, Extraordinary items and transfers				\$ 24,539,582	\$ 47,468	\$ 24,587,050
Changes in Net Position				(769,697)	(97,773)	(867,470)
Net Position - July 1, 2013				6,495,917	155,355	6,651,272
Prior period adjustment				-	-	-
Net Position - June 30, 2014				\$ 5,726,220	\$ 57,582	\$ 5,783,802

The accompanying notes are an integral part of these financial statements

GOVERNMENTAL FUNDS**June 30, 2014**

	General Fund	Major Fund Capital Project Fund	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	\$ 7,978,277	\$ 67,266	\$ 8,045,543
Investments	310,398	-	310,398
Taxes receivable (net)	76,142	-	76,142
Due from other funds	48,907	-	48,907
Due from other governments	1,619,834	-	1,619,834
Receivables	180,987	-	180,987
Inventory	15,500	-	15,500
<u>TOTAL ASSETS</u>	\$ 10,230,045	\$ 67,266	\$ 10,297,311
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Due to other funds	\$ 49,695	\$ -	\$ 49,695
Accounts payable	523,347	5,450	528,797
Accrued salaries and benefits	4,928,080	-	4,928,080
Payroll deductions and withholdings	658,768	-	658,768
Other current liabilities	100,642	-	100,642
<u>TOTAL LIABILITIES</u>	\$ 6,260,532	\$ 5,450	\$ 6,265,982
FUND BALANCES:			
Nonspendable fund balance	\$ 15,500	\$ -	\$ 15,500
Assigned fund balance	2,243,355	61,816	2,305,171
Unassigned fund balance	1,710,658	-	1,710,658
<u>TOTAL FUND BALANCES</u>	\$ 3,969,513	\$ 61,816	\$ 4,031,329
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 10,230,045	\$ 67,266	\$ 10,297,311

The accompanying notes are an integral part of these financial statements

Wyoming Area School District
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2014

Total fund balances - governmental funds	\$	4,031,329
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Amounts reported for governmental activities in the statement of
net position are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$53,665,803 and the accumulated depreciation is \$27,165,392.		26,500,411
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Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(182,486)
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Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.		(24,937,106)
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Prepaid bond issuance and discount costs net of amortization and deferred bond premiums are not reported in the governmental balance sheet.		(478,842)
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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.		792,914
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<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</u>	\$	<u>5,726,220</u>
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The accompanying notes are an integral part of these financial statements

Wyoming Area School District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Capital Project Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Local sources	\$ 16,987,382	\$ 15	\$ -	\$ 16,987,397
State sources	12,773,131	-	-	12,773,131
Federal sources	782,444	-	-	782,444
TOTAL REVENUES	\$ 30,542,957	\$ 15	\$ -	\$ 30,542,972
EXPENDITURES:				
Current:				
Instruction	\$ 19,268,199	\$ -	\$ -	\$ 19,268,199
Support services	8,687,447	1,599	-	8,689,046
Noninstructional services	638,108	-	-	638,108
Total Current Expenditures	28,593,754	1,599	-	28,595,353
Capital Outlay:				
Facilities acquisitions, construction and improvement services	\$ -	\$ 1,662,044	\$ -	\$ 1,662,044
Debt Service:				
Principal	-	-	1,232,026	1,232,026
Interest and fiscal charges	450,799	-	599,738	1,050,537
Total Debt Service	450,799	-	1,831,764	2,282,563
TOTAL EXPENDITURES	\$ 29,044,553	1,663,643	\$ 1,831,764	\$ 32,539,960
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,498,404	(1,663,628)	(1,831,764)	(1,996,988)
OTHER FINANCING SOURCES (USES):				
Proceeds from debt	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
Interfund transfers	(1,879,232)	-	1,831,764	(47,468)
TOTAL OTHER FINANCING SOURCES (USES)	(1,879,232)	2,000,000	1,831,764	1,952,532
NET CHANGE IN FUND BALANCES	(380,828)	336,372	-	(44,456)
FUND BALANCE - JULY 1, 2013	\$ 4,350,341	(274,556)	-	\$ 4,075,785
Prior period adjustment	-	-	-	-
FUND BALANCE - June 30, 2014	\$ 3,969,513	\$ 61,816	\$ -	\$ 4,031,329

The accompanying notes are an integral part of these financial statements

Wyoming Area School District
RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Total net change in fund balance - governmental funds	\$	(44,456)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

	Capital outlays	1,676,943	
	Depreciation expense	<u>(1,601,530)</u>	75,413

Establish allowance for doubtful accounts - property taxes receivable		98,559
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Repayment of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statements of net assets.		(635,265)
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In the statement of activities, certain operating expenses - compensated absences and other post employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used:

	Amortization expense	(12,550)	
	Accretion income	79,807	
	Bad debt expense	(505)	
	Accrued interest	163,429	
	Compensated absences	63,680	
	Other post employment benefits	<u>(557,809)</u>	<u>(263,948)</u>

Change in net position of governmental activities	\$	<u>(769,697)</u>
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The accompanying notes are an integral part of these financial statements

Wyoming Area School District
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2014

		<u>Food Service</u>
<u>ASSETS:</u>		
Current assets:		
Cash and cash equivalents	\$	55,434
Due from other governments		49,695
Other receivables		3,048
Inventories		<u>17,965</u>
Total Current Assets		<u>126,142</u>
Noncurrent assets:		
Machinery and equipment (net of accumulated depreciation)		<u>46,022</u>
<u>TOTAL ASSETS</u>	\$	<u><u>172,164</u></u>
<u>LIABILITIES:</u>		
Current liabilities		
Accounts payable	\$	23,739
Due to other funds		48,961
Accrued salaries and benefits		32,952
Deferred revenues		<u>8,930</u>
<u>TOTAL LIABILITIES</u>		<u>114,582</u>
<u>NET POSITION:</u>		
Invested in capital assets, net of related debt		46,022
Unrestricted		<u>11,560</u>
TOTAL NET POSITION		<u>57,582</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	\$	<u><u>172,164</u></u>

The accompanying notes are an integral part of these financial statements

Wyoming Area School District
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Food Service
<u>OPERATING REVENUES:</u>	
Food service revenue	\$ <u>379,822</u>
<u>OPERATING EXPENSES:</u>	
Salaries	415,150
Employee benefits	188,567
Purchased property services	17,184
Supplies	388,048
Depreciation	21,246
Other operating expenses	<u>1,785</u>
<u>TOTAL OPERATING EXPENSES</u>	\$ <u>1,031,980</u>
<u>OPERATING LOSS</u>	(652,158)
<u>NONOPERATING REVENUES:</u>	
Earnings on investments	\$ 203
Federal and State subsidies	506,714
Transfers	<u>47,468</u>
<u>TOTAL NONOPERATING REVENUES</u>	\$ <u>554,385</u>
<u>CHANGES IN NET POSITION</u>	(97,773)
<u>TOTAL NET POSITION - JULY 1, 2013</u>	\$ <u>155,355</u>
<u>TOTAL NET POSITION - JUNE 30, 2014</u>	\$ <u><u>57,582</u></u>

The accompanying notes are an integral part of these financial statements

Wyoming Area School District
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		<u>Food Service</u>
Cash received from users	\$	379,822
Cash payments to employees for services		(570,765)
Cash payments to suppliers for goods and services		<u>(368,380)</u>
NET CASH (USED FOR) OPERATING ACTIVITIES:		<u>(559,323)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash Received from State and Federal Subsidies		506,714
Transfers in		<u>47,468</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	\$	<u>554,182</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Facility acquisition, construction, and improvements	\$	-
<u>NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</u>		-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Earnings on investments	\$	<u>203</u>
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>		<u>203</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	\$	(4,938)
<u>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</u>	\$	<u>60,372</u>
<u>CASH AND CASH EQUIVALENTS AT YEAR END</u>	\$	<u><u>55,434</u></u>

The accompanying notes are an integral part of these financial statements

Wyoming Area School District
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014

Reconciliation of operating income to net cash provided by(used for)
operating activities:

	<u>Food Service</u>
<u>OPERATING LOSS</u>	\$ (621,876)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	21,246
Other adjustments	
(Increase) decrease in accounts receivable	(29,840)
(Increase) decrease in prepaid expenses	2,865
(Increase) decrease in inventories	(5,179)
Increase (decrease) in accounts payable	72,700
Increase (decrease) in accrued salary	32,952
Increase (decrease) in deferred revenue	(1,909)
<u>TOTAL ADJUSTMENTS</u>	<u>92,835</u>
<u>NET CASH (USED FOR) OPERATING ACTIVITIES</u>	\$ <u>(529,041)</u>

The accompanying notes are an integral part of these financial statements

Wyoming Area School District
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	Private Purpose Trust Fund	Activity Fund
<u>ASSETS:</u>		
Cash & Cash Equivalents	\$ 70,174	\$ 96,065
<u>TOTAL ASSETS</u>	\$ 70,174	\$ 96,065
<u>LIABILITIES</u>	-	-
<u>NET POSITION</u>	\$ 70,174	\$ 96,065
<u>TOTAL LIABILITIES AND NET POSITION</u>	\$ 70,174	\$ 96,065

The accompanying notes are an integral part of these financial statements

Wyoming Area School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
<u>REVENUES:</u>				
Local revenues	\$ 16,327,792	\$ 16,327,792	\$ 16,987,382	\$ 659,590
State program revenues	12,441,990	12,441,990	12,773,131	331,141
Federal program revenues	<u>762,184</u>	<u>762,184</u>	<u>782,444</u>	<u>20,260</u>
<u>TOTAL REVENUES</u>	<u>29,531,966</u>	<u>29,531,966</u>	<u>30,542,957</u>	<u>1,010,991</u>
<u>EXPENDITURES:</u>				
Current:				
Regular programs	12,959,044	12,959,044	13,787,807	(828,763)
Special programs	3,535,733	3,535,733	3,822,515	(286,782)
Vocational programs	728,075	728,075	785,107	(57,032)
Other instructional programs	854,112	854,112	872,769	(18,657)

The accompanying notes are an integral part of these financial statements

Wyoming Area School District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Favorable (Unfavorable)
Support services:				
Pupil personnel services	\$ 557,439	\$ 557,439	\$ 615,570	\$ (58,131)
Instructional staff services	560,820	560,820	592,215	(31,395)
Administrative services	1,728,624	1,728,624	1,732,593	(3,969)
Pupil health	549,938	549,938	571,917	(21,979)
Business services	345,047	345,047	367,511	(22,464)
Operation and maintenance of plant services	2,937,719	2,937,719	2,818,515	119,204
Student transportation services	1,809,194	1,809,194	1,816,529	(7,335)
Operation of noninstructional services:				
Student activities	820,185	820,185	802,101	18,084
<u>TOTAL EXPENDITURES</u>	<u>27,385,930</u>	<u>27,385,930</u>	<u>28,585,149</u>	<u>(1,199,219)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>2,146,036</u>	<u>2,146,036</u>	<u>1,957,808</u>	<u>(188,228)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	(60,000)	(60,000)	(1,879,232)	(1,819,232)
Debt service	(2,454,178)	(2,454,178)	(450,799)	2,003,379
Refund of prior year receipts	-	-	(8,602)	(8,602)
Budgetary Reserve	(250,000)	(250,000)	-	250,000
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(2,764,178)</u>	<u>(2,764,178)</u>	<u>(2,338,633)</u>	<u>425,545</u>
NET CHANGE IN FUND BALANCES	(618,142)	(618,142)	(380,825)	237,317
FUND BALANCE - JULY 1, 2013	4,016,760	4,016,760	4,350,341	333,581
Prior period adjustment	-	-	-	-
FUND BALANCE - JUNE 30, 2014	\$ <u>3,398,618</u>	\$ <u>3,398,618</u>	\$ <u>3,969,516</u>	\$ <u>570,898</u>

The accompanying notes are an integral part of these financial statements

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE # 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Reporting Entity

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

West Side Career and Technology Center

West Side Career and Technology Center commenced operations in 1968. The West Side Career and Technology Center 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 Career and Technology Center 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 Career and Technology Center's agreement with its member districts.

The member School Districts' approve the yearly operating budget of the School. The School District exercises no other oversight responsibility; accordingly, the West Side Career and Technology Center

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE # 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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.

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, 2014

NOTE # 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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.

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE # 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Fund Balances

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

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned and unassigned. These classifications, of which Wyoming Area School District uses 3 of the 5, serves 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.
- Assigned - Consists of amounts intended to be used for a certain purpose as per committee or individual authorized by the governing body
- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit.

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 ten 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, 2014

NOTE # 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

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:

	Years
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.

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE # 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

The tax rate for the year ended June 30, 2014 was 77.378 mills for a portion of Exeter Township (Wyoming County) on a present valuations of \$8,716,082, and the Boroughs of Exeter, West Wyoming, Wyoming, West Pittston and a portion of Exeter Township (Luzerne County) on a present valuation of \$994,760,124 and 13.54080 mills. During the year ended June 30, 2014, Wyoming Area School District collected \$12,606,527 after various adjustments for discounts, penalties and credits on a total tax levied in the amount of \$14,125,676. The District's rate of collection approximated 89% on total taxes due during the June 30, 2014 fiscal year.

Use of Estimates

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

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, 2014, \$8,656,747 of the District's bank balance of \$9,051,552 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.

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE #4 - INVENTORIES:

Central Receiving compiles inventories of unexpended supplies available for consumption. At June 30, 2014 the value of the Central Receiving Inventory shown in the General Fund is \$15,500.

Inventories as reflected in the proprietary fund relative to the operation of the District's cafeteria are stated at values assigned by the School Administration. The value of inventory as reflected on the June 30, 2014 financial statements was \$17,965. 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 FIXED ASSETS AND DEPRECIATION:

Fixed asset activity for the year ended June 30, 2014, was as follows:

GOVERNMENTAL ACTIVITIES				
	<u>7/1/2013 Balance</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>6/30/2014 Balance</u>
Land	1,329,844	-	-	1,329,844
Buildings	46,281,695	1,669,994	-	47,951,689
Improvements	1,930,573	-	-	1,930,573
Equipment & Fixtures	2,068,241	6,949	-	2,075,190
Infrastructure	378,507	-	-	378,507
Construction in Progress	-	-	-	-
Total	-	-	-	-
Historical Cost	51,988,860	1,676,943	-	53,665,803
Land	-	-	-	-
Buildings	(22,020,888)	(852,170)	-	(22,873,058)
Improvements	(1,472,684)	(81,278)	-	(1,553,962)
Equipment & Fixtures	(1,691,783)	(668,082)	-	(2,359,865)
Infrastructure	(378,507)	-	-	(378,507)
Total	-	-	-	-
Reserve for Depreciation	(25,563,862)	(1,601,530)	-	(27,165,392)

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE # 5 FIXED ASSETS AND DEPRECIATION: (Continued)

BUSINESS TYPE ACTIVITIES:				
	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2014</u>
Food Service Equipment	\$ 785,072	\$ -	\$ -	\$ 785,072
Less Accumulated Depreciation	<u>(717,804)</u>	<u>(21,246)</u>	<u>-</u>	<u>(739,050)</u>
Food Service Equipment				
Net Business-Type Fixed Assets	\$ <u>67,268</u>	\$ <u>(21,246)</u>	\$ <u>-</u>	\$ <u>46,022</u>

NOTE # 6 - LONG TERM DEBT:

Equipment Lease Purchase Agreements

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

2006 General Obligation Series A, B, C

In March 2006, the District issued \$24,955,000 in General Obligation Bonds and Notes, Series of 2006, with stated interest rates of 3.375% to 5.280%. The proceeds from the bond issue were used to refinance various bonds and notes of the district. The bonds mature in varying annual amounts commencing September 1, 2006 and annually thereafter on September 1, of the years 2007 to 2029. Interest at the stated rate of 3.375% to 5.280% is payable semi-annually on September 1 and March 1. The Bonds were issued as fully registered bonds in denominations of \$5,000. The Bonds are also fully insured by the MBIA Insurance Corporation. In addition the bonds are general obligation of the District and the full faith, credit and taxing power of the District have been irrevocable pledged for the payment of the principal and interest on the 2006 bonds when due.

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

2012 General Obligation Bond

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

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE #6-LONG TERM DEBT (Continued):

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 rate of 3.5%. The proceeds from the bond issue were used to refinance the 2012 general obligation note through PNC Bank. The bonds mature in varying annual amounts commencing January 2014. Interest only payments for 12 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, 2014 is as follows:

	Balance 7/1/13	Additions	Payment	Ending 6/30/2014
2006 A Note	19,620,000	-	85,000	19,535,000
2006 B Note	955,000	-	465,000	490,000
2006 C Bond	750,000	-	285,000	465,000
2012 Bond	1,440,000	-	185,000	1,255,000
2013 Bond	-	2,000,000	-	2,000,000
	22,765,000	2,000,000	1,020,000	23,745,000

The annual debt service requirements to maturity for long term debt as of June 30, 2014 are as follows:

2015	1,083,337
2016	1,182,383
2017	1,183,357
2018	1,234,366
2019	1,285,410
2020	1,341,492
Thereafter	16,434,655
	23,745,000

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE # 7 - COMPENSATED ABSENCES:

Effective July 1, 1993, the Wyoming Area School District has elected to timely implement Governmental Accounting Standards Board Statement #16 entitled, "Accounting for Compensated Absences." The District's policy is designed to separately address vacation, sick time and sabbatical policies relative to administrators, teachers and various support staff to the District. In calculating the liability for the amount of compensation and related benefit costs for the sick pay portion relative to compensated absences, the District has elected to utilize the vesting method as allowed by Government Accounting Board Statement #16. The total amount of compensation and benefits accrued in the Statement of Net Position amounted to \$ 559,455 at June 30, 2014.

NOTE # 8 - PENSION PLAN:

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

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

The District's contribution rate was 16.93% in 2014, 12.36% in 2013, 8.65% in 2012, and 5.64% in 2011 of covered payroll.

The employees' contribution rates range from 5.25% to 10.3% depending on date of hire and whether they elected to participate in the TD membership class.

NOTE # 9 - POST EMPLOYMENT BENEFITS:

The Wyoming Area School District follows the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In addition to the relevant disclosures within this note related to GASB Statement No. 45, the financial statements reflect a long-term liability and related expenses of \$53,142 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

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE # 9 - POST EMPLOYMENT BENEFITS (Continued):

the Unit's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 985,021
Interest on net OPEB obligation	5,003
Adjustment to annual required contribution	(8,066)
Annual OPEB cost	981,958
Contributions made	(1,039,997)
Decrease in net OPEB obligation	(58,039)
Net OPEB obligation-beginning of year	111,181
Net OPEB obligation-end of year	\$ 53,142

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, 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation-End of Year
6/30/14	981,958	100.0%	\$ 53,142
6/30/13	\$980,877	100.0%	\$ 111,181
6/30/12	\$731,058	100.0%	\$ 150,479
6/30/11	\$729,155	100.0%	\$ 279,368
6/30/10	\$732,126	81.2%	\$ 395,456
6/30/09	\$736,353	65.0%	\$ 478,528

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE # 9 - POST EMPLOYMENT BENEFITS (Continued):

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.

Funding Status and Funding Progress:

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

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

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 preceding June 30, 2009.

Actuarial Methods and Assumptions

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

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

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE # 10-INCENTIVE RETIREMENT AGREEMENTS

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

NOTE #11 – REFINANCED SHORT TERM OBLIGATION

In 2012, the District entered into an agreement with a bank for a \$2,000,000 General Obligation Note structured as a non-revolving line of credit. It will be used as a bridge loan for a renovation project at the Montgomery Avenue Elementary School. In 2013 the District received the 2013 bond to pay off the short term loan.

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 counsel, 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 in 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 – COLLECTIVE BARGAINING AGREEMENT:

The district in June 2014 entered into an agreement with the Teachers Union. The agreement resulted in retroactive payroll payments, the breakdown per year is as follows:

2010-2011 – \$ 64,982
2011-2012 - \$ 209,325
2012-2013 – \$ 563,093
2013-2014 - \$ 1,101,525

WYOMING AREA SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE #14—PENDING ACCOUNTING PRONOUNCEMENTS:

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is 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. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The District is required to adopt Statement No. 68 for its fiscal year 2015 financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. To the extent applicable, the District is required to adopt Statement No. 69 for its fiscal year 2015 financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or the nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of GASB No. 71 are to be applied simultaneously with the provisions of GASB No. 68.

District management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial reporting process.

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 15, 2014, the date on which the financial statements were available to be issued.

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

To the Board of
Directors Wyoming
Area School District

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining information of the Wyoming Area School District, as of and for the year ended June 30, 2014, and the notes to the financial statements, which collectively comprise Wyoming Area School District's basic financial statements. We have issued our report thereon dated December 15, 2014 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Matt Foster & Associates, LLC
Philipsburg, PA

<u>Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period Ending Date</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>(Deferred) Revenue at July 1, 2013</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>(Deferred) Revenue at June 30, 2014</u>
U.S. DEPARTMENT OF EDUCATION (Passed through the Pennsylvania Department of Education)									
ESA Title I	84.010	013-13-0495	9/30/2013	666,050	221,290	80,883	140,408	140,408	-
ESA Title I	84.010	013-14-0495	9/30/2014	608,764	374,624		486,527	486,527	111,903
Title II, Improving Teacher Quality	84.367	020-13-0495	9/30/2013	127,075	32,042	14,542			(17,500)
Title II, Improving Teacher Quality	84.367	020-13-0495	9/30/2014	103,420	95,464	-	103,217	103,217	7,753
Title XIX Reimbursement for Admin	93.778		6/30/2013	4,267	4,267	4,267			
Title XIX Reimbursement for Admin	93.778		6/30/2014	14,580	14,580	-	14,580	14,580	-
IDEA - B	84.027		6/30/2013	272,362	272,362	272,362	-	-	-
IDEA - B	84.027		6/30/2014	275,039	-	-	275,039	275,039	275,039
TOTAL DEPARTMENT OF EDUCATION					1,014,629	372,054	1,019,771	1,019,771	377,195

<u>Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Date</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>(Deferred) Revenue at July 1, 2013</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>(Deferred) Revenue at June 30, 2014</u>
U.S. DEPARTMENT OF AGRICULTURE (Passed through the Pennsylvania Department of Education)									
National School Lunch Program	10.555		6/30/2014	355,404	309,946	-	355,404	355,404	45,458
National School Lunch Program	10.555		6/30/2013	331,873	9,680	10,648	-	-	968
Special Breakfast	10.553		6/30/2014	72,574	69,305	-	72,574	72,574	3,269
Special Breakfast	10.553		6/30/2013	69,577	3,121	3,121	-	-	-
Donated Commodities	10.55		6/30/2013	59,766	59,766	12,786 (a)	64,945 (b)	64,945 (b)	17,965 (c)
TOTAL DEPARTMENT OF AGRICULTURE					<u>451,818</u>	<u>26,555</u>	<u>492,923</u>	<u>492,923</u>	<u>67,660</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE					<u>1,466,447</u>	<u>398,609</u>	<u>1,512,694</u>	<u>1,512,694</u>	<u>444,855</u>

(a) Total amount of Commodities received from Department of Agriculture

(b) Beginning inventory at July 1

(c) Total amount of commodities used

**WYOMING AREA SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014**

General

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

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

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

Basis of Accounting

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

**WYOMING AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

Section I-Summary of Audit Results

1. The Auditor's report dated December 15, 2014 expresses an unqualified opinion on the General Purpose Financial Statements of the Wyoming Area School District.
2. No instances of reportable condition were disclosed during the audit of the financial statements as reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards report dated December 15, 2014.
3. No instances of noncompliance material to the financial statements of Wyoming Area School District were disclosed during the audit.
4. The Auditor's Report on Schedule of Expenditures of Federal Awards expresses an unqualified opinion.
5. The Auditor's report on compliance for the major federal awards programs for the Wyoming Area School District expresses an unqualified opinion on all major programs.
6. There were no audit findings relative to the major federal awards programs for Wyoming Area School District.
7. Programs tested as a major program include ESEA Title I CFDA #84-010, Title II CFDA #84- 367, IDEA B CFDA#84.027, National School Lunch Program CFDA #10-555, Special Breakfast CFDA #10-553, and Donated Commodities CFDA # 10.555.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Wyoming Area School District was determined to be a low-risk auditee.

Section II -Findings Relating to the Financial Statements None

Section III-Findings and Questioned Cost for Federal Awards None

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read 'Matt Foster', with a long horizontal line extending to the right.

Matt Foster & Associates, LLC

Philipsburg, PA

December 15, 2014



Matt Foster & Associates

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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, 2014. 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, 2014.

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 O.MB 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, of 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.



Matt Foster & Associates, LLC
Philipsburg, PA
December 15, 2014

**WYOMING AREA SCHOOL DISTRICT SCHEDULE
OF PRIOR AUDIT FINDINGS FOR THE YEAR
ENDED JUNE 30, 2014**

NO AUDIT FINDINGS EXISTED

REQUIRED SUPPLEMENTARY INFORMATION

WYOMING AREA SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS -OTHER POST-EMPLOYMENT HEALTHCARE BENEFITS

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

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