



WYOMISSING AREA SCHOOL DISTRICT

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors
Wyomissing Area School District
Wyomissing, Pennsylvania**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wyomissing Area School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wyomissing Area School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 17 to the financial statements, effective July 1, 2012, Wyomissing Area School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

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Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wyomissing Area School District's basic financial statements. The accompanying statement of revenues and expenses - food service fund and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, on our consideration of the Wyomissing Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Herbein + Company, Inc.

Reading, Pennsylvania
November 25, 2013

Members of the Board of School Directors
Wyomissing Area School District

This section of the Wyomissing Area School District's annual financial report provides a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2013. This discussion and analysis should be read in conjunction with the District's accompanying financial statements, which immediately follow this section.

Financial Highlights

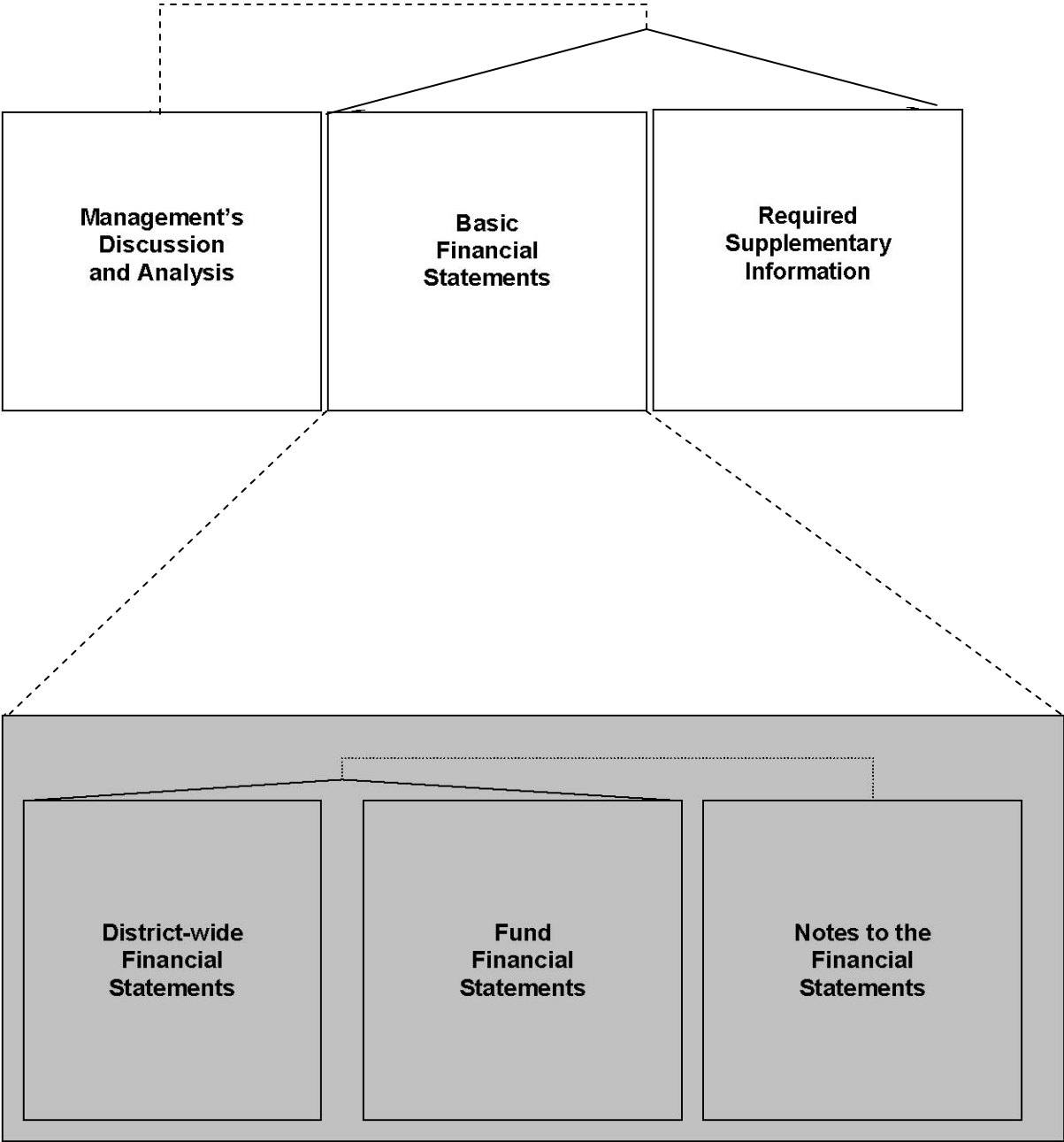
- The District's financial status continued to strengthen during the 2012-13 fiscal year. Total net position increased by \$3.4 million over the course of the year.
- Overall governmental general revenues were \$27,298,548, which represents \$3,384,185 more than net program expenses.
- The total cost of basic programs decreased by almost two percent (1.66%) to \$28,207,692. The net cost funded by tax and non-program revenues decreased by slightly over three percent (3.51%) to \$23,914,363.
- The net position of business-type activities (food services) decreased by \$13,224 over the course of the year. Operating Revenues had a \$65,773 (15.16%) decrease at \$368,011 and expenses decreased over six percent (6.4%) to \$723,169. The decrease in expenses is largely due to implementation of cycle menu planning which decreases food costs and participation in more bid opportunities. The decreased revenue is primarily due to lower student participation.
- Outlays for new capital assets increased this year. The total gross capital assets for governmental funds increased by \$1,728,272.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements, which present different views of the District. The first two statements are ***District-wide financial statements*** that provide both *short-term* and *long-term* information about the District's overall financial status. The remaining statements are ***fund financial statements*** that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements. The *governmental funds statements* indicate how basic services such as regular and special education were financed in the *short term* as well as indicate future spending plans. *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates *like a business*, such as food services. *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others, such as student activity funds and scholarship funds.

The financial statements also include notes that explain information in the statements, as well as provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of Wyomissing Area School District Annual Financial Report



Summary ← → **Detail**

Figure A-2 summarizes the major features of the District's financial statements. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2

<u>Major Features of the District-wide and Fund Financial Statements</u>				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects.	Activities the District operates similar to private businesses, such as food services.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fund net position • Statement of revenues, expenses, and changes in fund net position proprietary fund • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of net position • Statement of changes in net position.
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, current and noncurrent, and deferred inflows and outflows of resources.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or noncurrent liabilities included.	All assets and liabilities, both financial and capital, current and noncurrent.	All assets and liabilities, both current and noncurrent funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – are one way of measuring the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, consideration needs to be given to additional non-financial factors, such as changes in the District's property tax base and the condition or need for improvements or expansion to existing school facilities.

In the District-wide financial statements, the District's activities are divided into two categories as follows:

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, maintenance and operation of plant services, transportation services and administrative services. Property taxes, along with state formula aid finance most of these activities.
- **Business-type Activities:** The District charges fees to cover the cost of certain services such as food services programs.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. These statements focus on the District's most significant or "major" funds – not the District as a whole. Funds are accounting components that the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes, such as repaying its long-term debts.

The District has three types of funds as follows:

Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted into cash inflows and outflows and (2) balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's *Enterprise Funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the food service fund.

Fiduciary Funds: The District is the trustee, or *fiduciary*, for assets that belong to others, such as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. The District currently has two fiduciary funds, the student activity fund and the scholarship fund.

Financial Analysis of the District as a Whole

The District's combined net position was larger on June 30, 2013 when compared to the prior fiscal year. Total net position increased 18.59% during the year from \$15,662,181 to \$18,574,439. (See Figure A-3.)

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current Assets	\$ 14,999,862	\$ 15,222,469	\$ 6,819	\$ (13,584)	\$ 15,006,681	\$ 15,208,885
Other Assets	458,703	-	-	-	458,703	-
Capital Assets	<u>38,177,919</u>	<u>38,340,403</u>	<u>18,355</u>	<u>15,726</u>	<u>38,196,274</u>	<u>38,356,129</u>
Total Assets	53,636,484	53,562,872	25,174	2,142	53,661,658	53,565,014
Long-Term Debt Outstanding	32,363,243	32,906,924	-	-	32,363,243	32,906,924
Other Liabilities	<u>5,614,043</u>	<u>2,071,268</u>	<u>22,191</u>	<u>12,383</u>	<u>5,636,234</u>	<u>2,083,651</u>
Total Liabilities	37,977,286	34,978,192	22,191	12,383	37,999,477	34,990,575
Net Position						
Net Investment in Capital Assets	7,426,141	8,658,382	18,355	15,726	7,444,496	8,674,108
Restricted for Capital Projects	2,393,166	3,037,184	-	-	2,393,166	3,037,184
Unrestricted	<u>5,839,891</u>	<u>6,889,114</u>	<u>(15,372)</u>	<u>(25,967)</u>	<u>5,824,519</u>	<u>6,863,147</u>
Total Net Position	<u>\$ 15,659,198</u>	<u>\$ 18,584,680</u>	<u>\$ 2,983</u>	<u>\$ (10,241)</u>	<u>\$ 15,662,181</u>	<u>\$ 18,574,439 *</u>

* The beginning net position for 2013 has been restated for implementation of GASB 63 and 65 (see Note 17).

The District's total revenues increased by \$1,689,233 or 5.65% during the year. (See Figure A-4.) Property taxes levied for general purposes continue to account for most of the District's revenue in the amount of \$25,510,578 or 80.78% of total revenues. (See Figure A-5.) Another 13.14% or \$4,149,367 came from state formula aid, such as basic education, special education and student transportation subsidies.

The total cost of all programs and services decreased \$477,440 or 1.66% to \$28,207,692. The District's expenses are predominately related to instructing, caring for (instructional support services & operation/maintenance of school facilities) and transporting students, which represents 79.03% or \$22,292,175 of total expenses. The largest dollar increase in expenditures for 2012-13 was in instructional staff support services which includes are such as nursing, librarians, special education services and guidance. (See Figures A-4 through A-8.)

Figure A-4
Changes in Net Position from Operating Result

	Governmental Activities		Business Type Activities		Total	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Revenues						
Program Revenues						
Charges for services	\$ 89,004	\$ 63,084	\$ 433,784	\$ 368,011	\$ 522,788	\$ 431,095
Operating grants and contributions	2,738,443	3,468,219	302,288	340,817	3,040,731	3,809,036
Capital grants and contributions	300,540	38,857	-		300,540	38,857
General Revenues						
Property taxes and other taxes levied for general purposes	24,706,782	25,510,578			24,706,782	25,510,578
State Formula Aid	1,219,107	1,653,747			1,219,107	1,653,747
Other	98,402	134,223	1,070	1,117	99,472	135,340
Total Revenues	29,152,278	30,868,708	737,142	709,945	29,889,420	31,578,653
Expenses						
Instruction	16,074,976	15,991,408			16,074,976	15,991,408
Instructional student support	2,298,254	2,345,719			2,298,254	2,345,719
Administrative and financial support services	2,938,359	2,586,602			2,938,359	2,586,602
Operation of plant and maintenance services	3,102,338	3,182,828			3,102,338	3,182,828
Pupil Transportation	775,106	772,220			775,106	772,220
Other	2,723,771	2,605,746	772,328	723,169	3,496,099	3,328,915
Total Expenses	27,912,804	27,484,523	772,328	723,169	28,685,132	28,207,692
Incr (Decr) in Net Position	1,239,474	3,384,185	(35,186)	(13,224)	1,204,288	3,370,961
Beginning Net Position - Restated	14,419,724	15,200,495	38,169	2,983	14,457,893	15,203,478
Ending Net Position	\$ 15,659,198	\$ 18,584,680	\$ 2,983	\$ (10,241)	\$ 15,662,181	\$ 18,574,439

Total revenues exceeded total expenses in the general fund, which produced an increase in fund balance by \$1,351,935 over last year. This is evidence of the District's strong fiscal condition.

Figure A-5
Local Sources of Revenue for Fiscal Year 2013
(Based on General Fund financial presentation)

Total Local Revenues

\$ 25,910,452

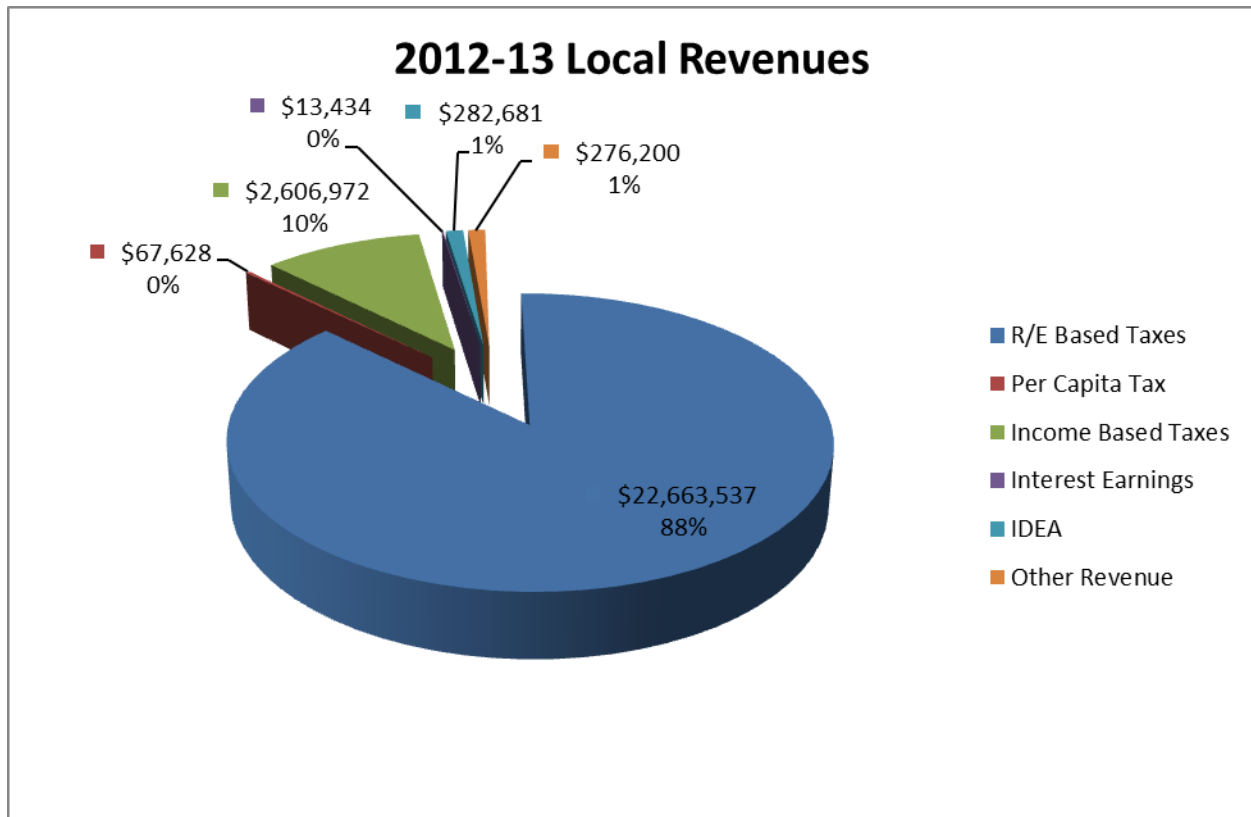


Figure A-6
Local Sources of Revenue for Fiscal Year 2012
(Based on General Fund financial presentation)

Total Local Revenues

\$25,062,679

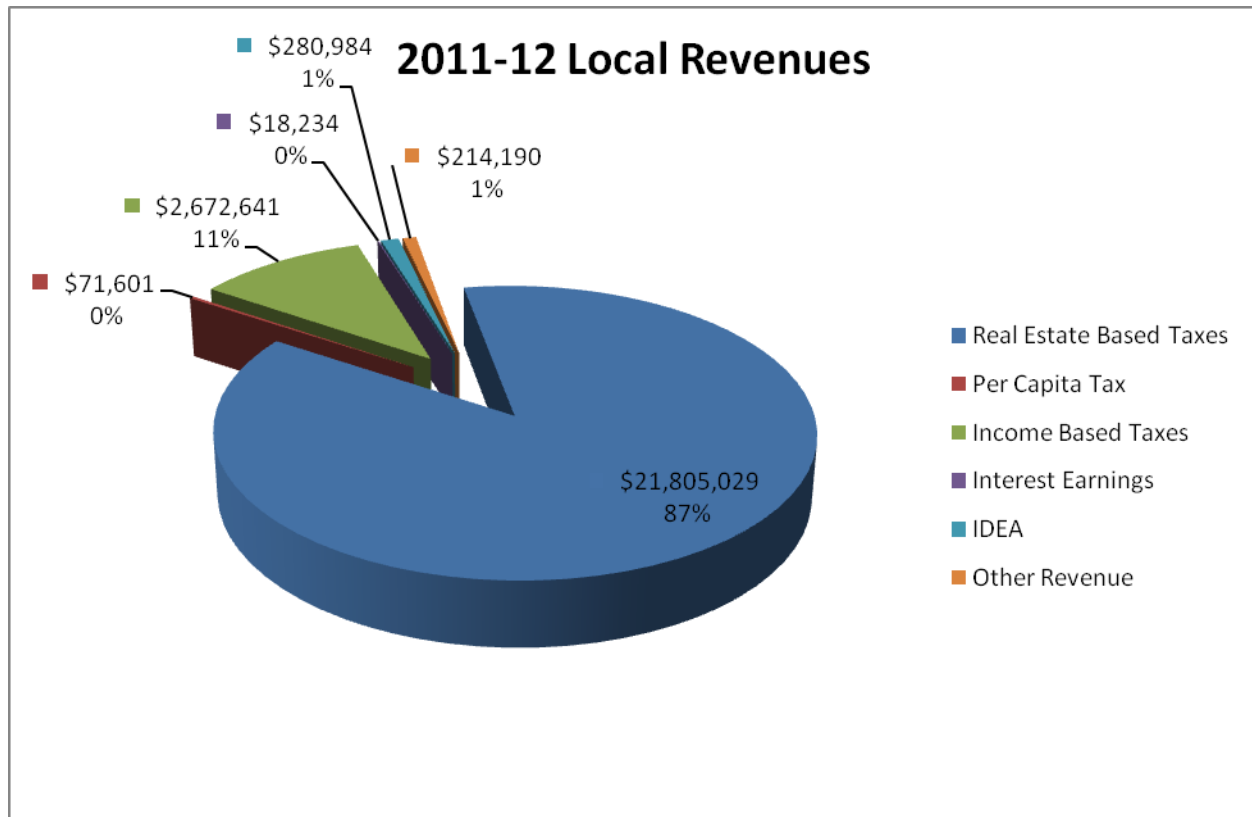


Figure A-7
Expenses for Fiscal Year 2013
(Based on General Fund Financial Presentation)

Total Expenditures

\$ 29,842,559

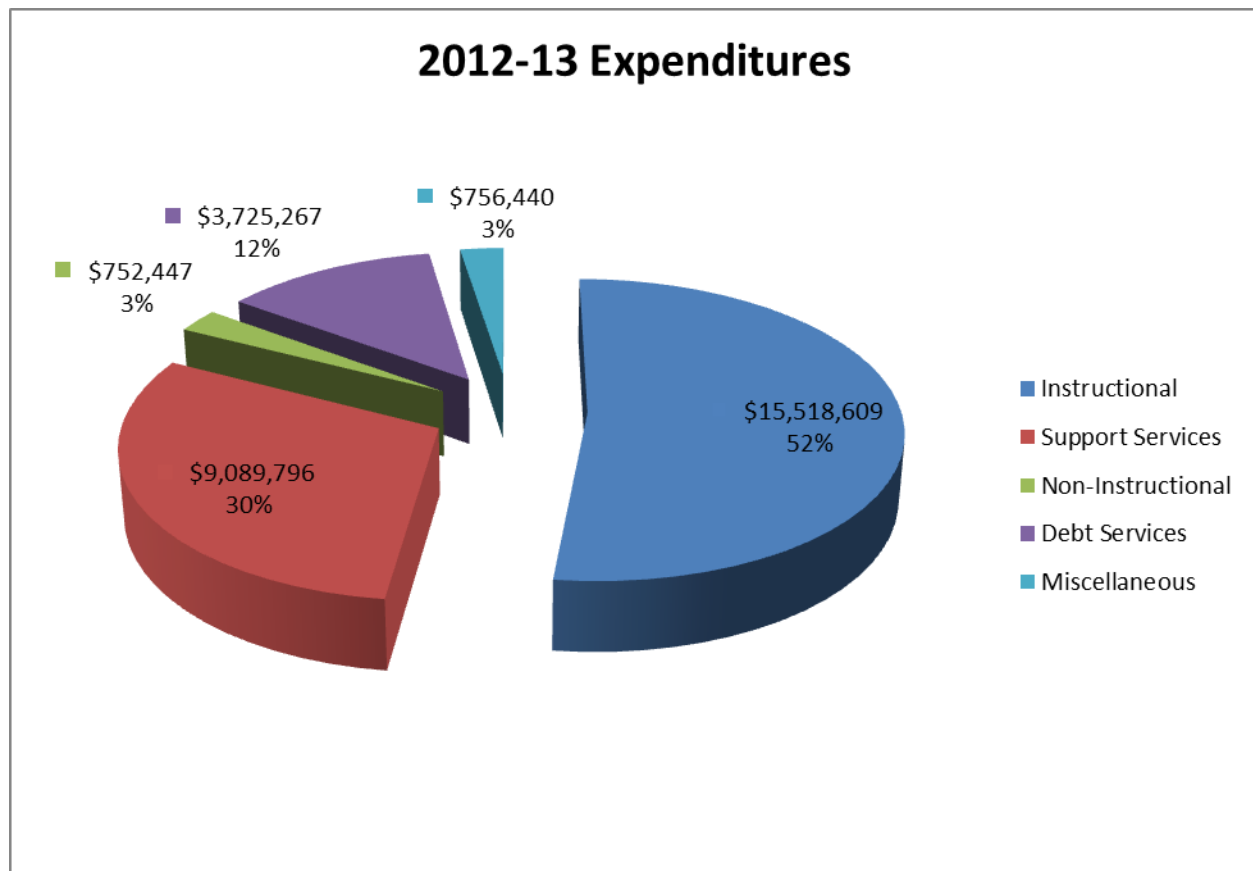


Figure A-8
Expenses for Fiscal Year 2012
(Based on General Fund Financial Presentation)

Total Expenditures

\$ 29,438,550

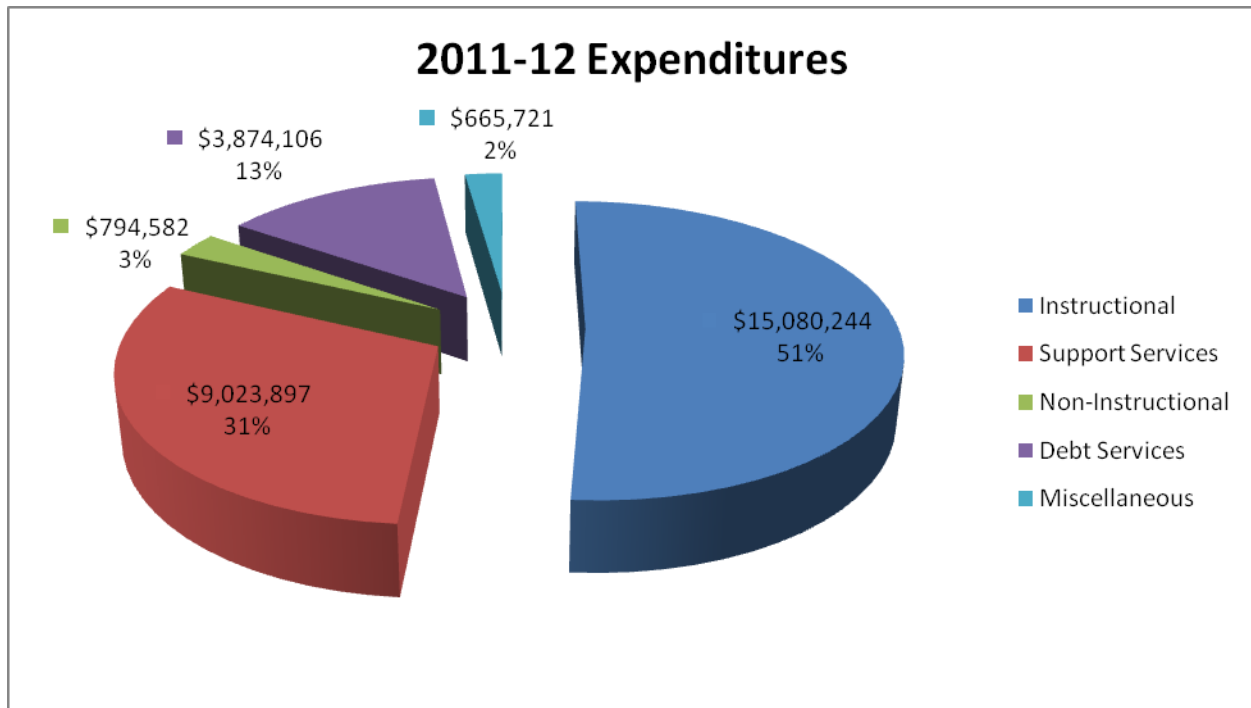


Figure A-9 presents the cost of six (6) major District activities: instruction, instructional student support, administrative, and financial support services, operation and maintenance of plant services, pupil transportation and other. The table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). The net cost shows the financial burden placed on District's taxpayers by each of these functions. The increase required to support the net cost of the District's basic programs was funded primarily by local real estate tax revenue, as well as other taxes levied for general purposes, such as earned income tax revenue. Additional funding in the form of state formula aid and interest income also contributed to funding the net cost of the District's governmental activities.

Figure A-9
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Instructional Services	\$16,074,976	15,991,408	\$13,989,688	13,354,438
Instructional Student Support	2,298,254	2,345,719	2,089,065	2,133,154
Administrative & Financial Support Services	2,938,359	2,586,602	2,838,939	2,463,138
Operation & Maintenance of Plant Services	3,102,338	3,182,828	3,029,039	3,097,398
Pupil Transportation	775,106	772,220	522,678	432,780
Other	<u>2,723,771</u>	<u>2,605,746</u>	<u>2,315,408</u>	<u>2,433,455</u>
TOTAL EXPENSES	<u>\$27,912,804</u>	<u>\$27,484,523</u>	<u>\$24,784,817</u>	<u>\$ 23,914,363</u>

Financial Analysis of the District's Funds

At the end of fiscal 2012-13, governmental funds had total fund balances of \$12,730,671. During 2012-13 the net change in governmental fund balances increased by \$944,103. This change was due in large part to the District's commitment to concentrate efforts on renovating areas within the District facilities that need to be upgraded without compromising instruction by taking from the general operating budget. These projects decreased the capital projects fund balance by \$403,299 to \$5,859,961. The change in the general fund balance is an increase of \$1,351,935.

General Fund Budgetary Highlights

The District's final 2012-13 budget for the general fund anticipated that revenues would equal expenditures (balanced budget). The actual results for the year reflected a net surplus of \$1,351,935. This surplus is comprised of higher than anticipated revenues as well as changes in staffing the decreased costs.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2013, the District had investments of \$38,356,129 in a broad range of capital assets, including land, school buildings, athletic fields, fixtures and equipment. (See Figure A-10.) This amount represents a net increase of \$159,855 which is an increase of .42% for the year.

Figure A-10
Capital Assets (net of depreciation)

	Governmental Activities		Business Type Activities		Totals		Percentage Change
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012-13</u>
Land	\$ 232,196	\$ 232,196	\$ -	\$ -	\$ 232,196	\$ 232,196	0.00%
Site Improvements	853,976	821,931	-	-	853,976	821,931	-3.75%
Building & Building Improvements	34,920,341	34,266,588	-	-	34,920,341	34,266,588	-1.87%
Fixtures & Equipment	1,793,630	2,029,040	18,355	15,726	1,811,985	2,044,766	12.85%
Construction in Progress	377,776	990,648	-	-	377,776	990,648	162.23%
Ending Net Assets	\$ 38,177,919	\$ 38,340,403	\$ 18,355	\$ 15,726	\$ 38,196,274	\$ 38,356,129	0.42%

More detailed information about capital assets can be found in Note 6 to the financial statements. Total depreciation expense for the year totaled \$1,565,788 for the governmental activities, compared to the prior year depreciation expense total of \$1,564,319.

Long-Term Debt

At year end, the District had \$32,729,396 in general obligation bonds and other long-term debt outstanding. This is a decrease of 6.10% from last year as shown in Figure A-11. More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

Figure A-11
Outstanding Long-Term Debt

	Totals		Percentage Change
	<u>2012</u>	<u>2013</u>	<u>2012-13</u>
General Obligation Bonds/Notes	\$34,140,000	\$31,905,000	-6.55%
Capital Leases	310,426	439,847	41.69%
Compensated Absences	405,462	384,549	-5.16%
Total	\$ 34,855,888	\$ 32,729,396	-6.10%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District does not expect significant growth in the near future given the residential nature of the District and the lack of developable land within the District. Act 1 of 2006 and its amendments enacted in 2011 limits the ability of school districts to increase taxes. There are little to no alternative funding sources available to the district.

Health insurance premium increases are expected to be significant in future years due to the mandated implementation of the Affordable Care Act. In addition, contributions to the Pennsylvania School Employees Retirement System are 12.36% of payroll for 2012-13 and are projected to rise considerably in the future. The five year projected rates are:

- 16.93% in 2013-2014 (estimated cost net of state reimbursement \$1,170,541);
- 21.31% in 2014-2015 (estimated cost net of state reimbursement \$1,510,209);
- 25.80% in 2015-2016 (estimated cost net of state reimbursement \$1,874,119);
- 28.30% in 2016-2017 (estimated cost net of state reimbursement \$2,107,112);
- 29.15% in 2017-2018 (estimated cost net of state reimbursement \$2,224,660).

The escalating rates will continue until they level out at 31.19% in the 2029-2030 year which carries an estimated cost, net of state reimbursement, of \$3,201,303. The "Pension Reform Act", Act 120 of 2010, was signed into law during November, 2010. This legislation provides numerous changes to the current PSERS system, primarily for new employees beginning July 1, 2010. While this Act did provide a new structure for management of increased contribution rates for future years, the impact will continue to be significant for a school district the size of Wyomissing Area.

The Board of Education has been assessing the capital improvement needs for the District for the past several years. On August 12, 2009, the Board issued \$5,000,000 in General Obligation Bonds to be utilized over a period of several years to fund various capital upgrades to the district facilities. In addition, on December 16, 2010 the Board authorized the issuance of \$22,435,000 in General Obligation Bonds to be utilized for a full renovation of the West Reading Elementary School as well as various capital projects at the Junior/Senior High School, Wyomissing Hills Elementary Schools and various district outdoor education facilities.

The budget for the 2013-14 year is \$939,072 more than the original budget for 2012-13. The real estate tax increased .4856 mills from 28.5673 mills to a millage rate of 29.0529 mills. This represents a 1.7% increase, the maximum amount permitted under the Act 1 index. In addition to funding the large increase in PSERS pension contributions, the tax increase covered a 5.5% increase in health insurance premiums and allowed the addition of several key educational positions to better serve the ever changing needs of our students and families.

Downward economic factors have a significant impact on the school district and its future planning. While local, state and federal revenue streams are declining at a rapid pace, the educational needs of students and mandated programs continue to increase. Future budgets will require the school board and administration to work diligently to find solutions that will provide continued academic excellence in the programs we offer at the same time as staff and program cuts become necessary due to the declining revenue base.

Contacting the School District's Financial Management

Our financial report is designed to provide citizens, taxpayers, students, investors and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Christine L. Stafford, Interim Business Administrator/Board Secretary at Wyomissing Area School District, 630 Evans Ave., Wyomissing PA 19610. Telephone: 610-374-0739 extension 1104.

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Investments	\$ 13,451,678	\$ 221,716	\$ 13,673,394
Taxes Receivable, Net	785,799	-	785,799
Internal Balances	250,884	(250,884)	-
Intergovernmental Receivables	666,109	3,617	669,726
Other Current Assets	25,104	419	25,523
Inventories	-	11,548	11,548
Prepaid Expenses	42,895	-	42,895
Capital Assets Not Being Depreciated:			
Land	232,196	-	232,196
Construction in Progress	990,648	-	990,648
Capital Assets, Net of Accumulated Depreciation:			
Land Improvements	821,931	-	821,931
Building and Building Improvements	34,266,588	-	34,266,588
Furniture and Equipment	2,029,040	15,726	2,044,766
TOTAL ASSETS	53,562,872	2,142	53,565,014
LIABILITIES			
Accounts Payable	787,105	795	787,900
Accrued Salaries and Benefits	103,075	344	103,419
Payroll Deductions and Withholdings	745,009	-	745,009
Accrued Interest	436,079	-	436,079
Unearned Revenues	-	11,244	11,244
Noncurrent Liabilities			
Long-Term Liabilities Due Within One Year	2,777,504	-	2,777,504
Bonds Payable, Net	29,764,950	-	29,764,950
Capital Leases	154,126	-	154,126
Long-Term Portion of Compensated Absences	192,766	-	192,766
Other Postemployment Benefit Obligation	17,578	-	17,578
TOTAL LIABILITIES	34,978,192	12,383	34,990,575
NET POSITION			
Net Investment in Capital Assets	8,658,382	15,726	8,674,108
Restricted for Capital Projects	3,037,184	-	3,037,184
Unrestricted	6,889,114	(25,967)	6,863,147
TOTAL NET POSITION	\$ 18,584,680	\$ (10,241)	\$ 18,574,439

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 11,989,987	\$ -	\$ 993,933	\$ -	\$ (10,996,054)	\$ -	\$ (10,996,054)
Special	3,546,266	-	1,642,010	-	(1,904,256)	-	(1,904,256)
Vocational	404,478	-	-	-	(404,478)	-	(404,478)
Other Instructional Programs	50,677	-	1,027	-	(49,650)	-	(49,650)
Total Instructional Services	15,991,408	-	2,636,970	-	(13,354,438)	-	(13,354,438)
Support Services:							
Pupil Personnel	1,040,611	-	63,616	-	(976,995)	-	(976,995)
Instructional Staff	919,144	-	92,681	-	(826,463)	-	(826,463)
Administration	2,020,496	-	93,197	-	(1,927,299)	-	(1,927,299)
Pupil Health	385,964	-	56,268	-	(329,696)	-	(329,696)
Business Services	566,106	-	30,267	-	(535,839)	-	(535,839)
Operation of Plant and Maintenance Services	3,182,828	3,432	81,998	-	(3,097,398)	-	(3,097,398)
Student Transportation Services	772,220	-	339,440	-	(432,780)	-	(432,780)
Central Support Services	673,085	-	25,779	-	(647,306)	-	(647,306)
Other Support Services	26,160	-	-	-	(26,160)	-	(26,160)
Total Support Services	9,586,614	3,432	783,246	-	(8,799,936)	-	(8,799,936)
Noninstructional Services:							
Student Activities	711,147	59,652	42,434	-	(609,061)	-	(609,061)
Community Services	54,532	-	5,569	-	(48,963)	-	(48,963)
Scholarships and Awards	600	-	-	-	(600)	-	(600)
Interest on Long-Term Debt	1,140,222	-	-	38,857	(1,101,365)	-	(1,101,365)
Total Noninstructional Services	1,906,501	59,652	48,003	38,857	(1,759,989)	-	(1,759,989)
Total Governmental Activities	27,484,523	63,084	3,468,219	38,857	(23,914,363)	-	(23,914,363)
Business-Type Activities:							
Food Services	723,169	368,011	340,817	-	-	(14,341)	(14,341)
Total Primary Government	\$ 28,207,692	\$ 431,095	\$ 3,809,036	\$ 38,857	(23,914,363)	(14,341)	(23,928,704)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					22,553,085	-	22,553,085
Public Utility Realty, Earned Income, and Mercantile							
Taxes Levied for General Purposes, Net					2,957,493	-	2,957,493
Grants, Subsidies, and Contributions Not Restricted					1,653,747	-	1,653,747
Investment Earnings					19,983	1,117	21,100
Miscellaneous Income					114,240	-	114,240
Total General Revenues					27,298,548	1,117	27,299,665
Change in Net Position					3,384,185	(13,224)	3,370,961
Net Position - Beginning - Restated					15,200,495	2,983	15,203,478
Net Position - Ending					\$ 18,584,680	\$ (10,241)	\$ 18,574,439

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2013

	General	Capital Projects	Nonmajor Funds (Lacrosse)	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 7,129,187	\$ 6,322,060	\$ 431	\$ 13,451,678
Taxes Receivable, Net	799,367	-	-	799,367
Interfund Receivables	278,715	-	-	278,715
Intergovernmental Receivables	666,109	-	-	666,109
Other Current Assets	25,104	-	-	25,104
Prepaid Expenditures	42,895	-	-	42,895
TOTAL ASSETS	\$ 8,941,377	\$ 6,322,060	\$ 431	\$ 15,263,868
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Interfund Payables	\$ 27,831	\$ -	\$ -	\$ 27,831
Accounts Payable	325,006	462,099	-	787,105
Accrued Salaries and Benefits	103,075	-	-	103,075
Payroll Deductions and Withholdings	745,009	-	-	745,009
Accrued Compensated Absences	191,783	-	-	191,783
TOTAL LIABILITIES	1,392,704	462,099	-	1,854,803
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	678,394	-	-	678,394
FUND BALANCES				
Nonspendable Fund Balance	42,895	-	-	42,895
Restricted Fund Balance	15,491	5,859,961	431	5,875,883
Committed Fund Balance				
Retirement Rate Increases	3,065,585	-	-	3,065,585
Capital Reserves	250,000	-	-	250,000
Curriculum Enhancements	462,701	-	-	462,701
Vehicle/Equipment Replacements	300,000	-	-	300,000
Assigned Fund Balance	250,000	-	-	250,000
Unassigned Fund Balance	2,483,607	-	-	2,483,607
TOTAL FUND BALANCES	6,870,279	5,859,961	431	12,730,671
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 8,941,377	\$ 6,322,060	\$ 431	\$ 15,263,868

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

June 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 12,730,671
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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 the assets is \$56,981,417 and the accumulated depreciation is \$18,641,014.

38,340,403

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore, are reported as unavailable revenue on the funds.

664,826

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

Bonds Payable	\$ (31,905,000)	
Accrued Interest on Long-Term Debt	(436,079)	
Unamortized Bond Premium	(184,477)	
Unamortized Bond Discount	24,527	
Capital Leases Payable	(439,847)	
Postemployment Benefit Obligation	(17,578)	
Long-Term Portion of Compensated Absences	(192,766)	(33,151,220)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 18,584,680</u></u>
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WYOMISSING AREA SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2013

	General	Capital Projects	Nonmajor Funds (Lacrosse)	Total Governmental Funds
REVENUES				
Local Sources	\$ 25,910,452	\$ 6,549	\$ 4,300	\$ 25,921,301
State Sources	4,149,367	-	-	4,149,367
Federal Sources	705,510	-	-	705,510
TOTAL REVENUES	30,765,329	6,549	4,300	30,776,178
EXPENDITURES				
Instructional Services	15,518,609	-	-	15,518,609
Support Services	9,089,796	-	-	9,089,796
Operation of Noninstructional Services	752,447	-	8,833	761,280
Capital Outlay	-	1,164,848	-	1,164,848
Refund of Prior Year Revenues	1,439	-	-	1,439
Debt Service				
Principal	2,534,743	-	-	2,534,743
Interest	1,190,524	-	-	1,190,524
TOTAL EXPENDITURES	29,087,558	1,164,848	8,833	30,261,239
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,677,771	(1,158,299)	(4,533)	514,939
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	429,164	-	-	429,164
Operating Transfers In	-	755,000	-	755,000
Operating Transfers Out	(755,000)	-	-	(755,000)
TOTAL OTHER FINANCING SOURCES (USES)	(325,836)	755,000	-	429,164
NET CHANGE IN FUND BALANCES	1,351,935	(403,299)	(4,533)	944,103
FUND BALANCES - BEGINNING	5,518,344	6,263,260	4,964	11,786,568
FUND BALANCES - ENDING	\$ 6,870,279	\$ 5,859,961	\$ 431	\$ 12,730,671

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2013

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 944,103
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**Amounts reported for governmental activities in the statement
of activities are different because:**

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

Capital Outlays	\$ 1,728,272	
Less: Depreciation Expense	<u>(1,565,788)</u>	162,484

Because some property taxes will not be collected for several months after the District's year-end, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased (decreased) by this amount during the year.	93,969
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Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The effect of these transactions in the statement of activities is shown below:

Repayment of Bond Principal	2,235,000	
Proceeds from Capital Lease	(429,164)	
Amortization of Bond Premium	15,926	
Amortization of Bond Discount	(4,430)	
Repayment of Capital Lease	<u>299,743</u>	2,117,075

WYOMISSING AREA SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES - CONTINUED**

For the Year Ended June 30, 2013

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest accrued in the statement of activities over the amount due is shown here.

38,806

Postemployment benefits are recognized when they are paid on the fund statements. With the implementation of GASB #45, an estimated liability for future benefits due will be phased in over several years. This amount represents the difference between the estimated annual cost and the amount paid.

14,059

In the statement of activities, certain operating expenses - compensated absences (vacations and sick days) 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.

13,689

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 3,384,185

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2013

	Enterprise Fund Food Service
ASSETS	
CURRENT ASSETS	
Cash and Investments	\$ 221,716
Accounts Receivable	419
Intergovernmental Receivables	3,617
Inventories	11,548
TOTAL CURRENT ASSETS	237,300
NONCURRENT ASSETS	
Machinery and Equipment, Net	15,726
TOTAL ASSETS	253,026
LIABILITIES	
CURRENT LIABILITIES	
Interfund Payables	250,884
Accounts Payable	795
Accrued Salaries and Benefits	344
Unearned Revenues	11,244
TOTAL CURRENT LIABILITIES	263,267
NET POSITION	
Net Investment in Capital Assets	15,726
Unrestricted	(25,967)
TOTAL NET POSITION	\$ (10,241)

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND

For the Year Ended June 30, 2013

	Enterprise Fund Food Service
OPERATING REVENUES	
Food Service Revenue	\$ 368,011
OPERATING EXPENSES	
Salaries	243,840
Employee Benefits	103,618
Supplies	360,401
Depreciation	2,629
Other Expenses	12,681
TOTAL OPERATING EXPENSES	<u>723,169</u>
OPERATING LOSS	(355,158)
NONOPERATING REVENUES	
Local Sources - Earnings on Investments	1,117
State Sources	45,528
Federal Sources	295,289
TOTAL NONOPERATING REVENUES	<u>341,934</u>
CHANGE IN NET POSITION	(13,224)
NET POSITION - BEGINNING	<u>2,983</u>
NET POSITION - ENDING	<u><u>\$ (10,241)</u></u>

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended June 30, 2013

	Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Users	\$ 419,284
Payments to Employees for Services	(493,256)
Payments to Suppliers for Goods and Services	<u>(351,103)</u>
NET CASH USED FOR OPERATING ACTIVITIES	(425,075)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	45,648
Federal Sources	<u>265,505</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	311,153
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	<u>1,117</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(112,805)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>334,521</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 221,716</u></u>

WYOMISSING AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUND

For the Year Ended June 30, 2013

	<u>Enterprise Fund Food Service</u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	\$ (355,158)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,629
Donated Commodities Used	31,191
Changes in Assets and Liabilities:	
Interfund Receivables	51,692
Accounts Receivable	(419)
Inventories	(4,470)
Interfund Payables	(140,732)
Accounts Payable	660
Accrued Salaries and Benefits	(5,066)
Unearned Revenues	<u>(5,402)</u>
Total Adjustments	<u>(69,917)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (425,075)</u>

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the District used \$31,191 of commodities from the
U.S. Department of Agriculture.

WYOMISSING AREA SCHOOL DISTRICT

**STATEMENT OF NET POSITION
FIDUCIARY FUNDS**

June 30, 2013

	<u>Private Purpose Trust Fund Scholarship Fund</u>	<u>Agency Fund - Student Activity Fund</u>
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 68,478	\$ 93,997
Interfund Receivable	<u>-</u>	<u>500</u>
TOTAL ASSETS	68,478	<u>\$ 94,497</u>
LIABILITIES		
CURRENT LIABILITIES		
Other Current Liabilities	-	\$ 94,497
Interfund Payable	<u>500</u>	<u>-</u>
TOTAL LIABILITIES	<u>500</u>	<u>\$ 94,497</u>
NET POSITION		
Held in Trust	<u><u>\$ 67,978</u></u>	

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

For the Year Ended June 30, 2013

	<u>Private Purpose Trust Fund Scholarship Fund</u>
ADDITIONS	
Earnings on Investments	<u>\$ 534</u>
TOTAL ADDITIONS	534
DEDUCTIONS	
Scholarships	<u>3,910</u>
CHANGE IN NET POSITION	(3,376)
NET POSITION - BEGINNING OF YEAR	<u>71,354</u>
NET POSITION - END OF YEAR	<u><u>\$ 67,978</u></u>

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

The Wyomissing Area School District is located in Berks County, Pennsylvania. The District tax base consists of two boroughs: West Reading and Wyomissing.

The Wyomissing Area School District is governed by a board of nine school directors who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term.

The board of school directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of six and twenty-one years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the District, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (the primary government) and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, etc.) within its reporting entity. The criteria used by the District for inclusion are financial accountability and the nature and significance of the relationships. In determining financial accountability in a given case, the District reviews the applicability of the following criteria. The District is financially accountable for:

- Organizations that make up the legal District entity.
- Legally separate organizations if District officials appoint a voting majority of the organizations' governing body and the District is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District as defined below.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

Impose its will - If the District can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.

Financial benefit or burden - exists if the District (1) is entitled to the organization's resources; (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization; or (3) is obligated in some manner for the debt of the organization.

- Organizations that are fiscally dependent on the District. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the District.

Based on the foregoing criteria, the District has determined it has no component units.

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

Joint Venture: The District is a participating member of the Berks Career and Technology Center. See Note 11 for details of involvement and financial information of the joint venture.

Jointly Governed Organizations: The District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve BCIU's annual operating budget.

The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non exchange transactions are reported separately from business-type activities which rely to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Governmental activities are supported by taxes and intergovernmental revenues while business-type activities are supported by user charges and fees. The statement of activities demonstrates the level to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include charges to customers or others who purchase, use or directly benefit from services or goods provided by a given function or grants and contributions that are restricted to meet the operational or capital requirements of a function. Other items not includable in program revenues are reported as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from the District's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

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

The District Reports the Following Major Governmental Funds:

General Fund: This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements – continued

Capital Projects Fund: This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds).

The District has the following nonmajor fund:

Lacrosse Fund: This special revenue fund is established to account for the contributions and related expenses to fund the varsity boys' and girls' lacrosse teams, which were not appointed interscholastic athletic status until June 24, 2013.

The District has the Following Major Enterprise Fund:

Food Service Fund: This fund accounts for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is the District's only major enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

Additionally, the District Reports the Following Fund Types:

Fiduciary Funds: The District's fiduciary funds are trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's only trust funds are the private-purpose trusts. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's student activity fund is an agency fund.

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

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

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

D. Measurement Focus and Basis of Accounting

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

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

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

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting - continued

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

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

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

1. Cash and Cash Equivalents

The District's reporting entity considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments are reported at fair value (generally based on quoted market prices).

3. Receivables/Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Inventories and Prepaid Items

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

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies, are not valued since it is the policy of the District to charge these items to expense upon acquisition.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

4. Inventories and Prepaid Items - continued

Inventories of the Enterprise Fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on-hand at June 30, 2013, consist of the following:

Purchased food and supplies	\$ 9,441
Donated commodities	<u>2,107</u>
	<u><u>\$ 11,548</u></u>

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

5. Capital Assets, Depreciation, and Amortization

The District's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

The District generally capitalizes assets with cost of \$1,500 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$1,500 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

5. Capital Assets, Depreciation, and Amortization - continued

Estimated useful lives, in years, for depreciable assets are as follows:

<u>Assets</u>	<u>Years</u>
Land improvements	15 - 20
Buildings and improvements	40 - 50
Furniture and equipment	5 - 10
Vehicles	8 - 10
Computer equipment	3 - 10
Library books	5 - 7

Interest costs incurred during the construction phase of capital assets are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source – property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

7. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental funds, and enterprise funds financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

8. Net Position Flow Assumptions

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

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

9. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, the District's policy places no restrictions on the order of the unrestricted fund balances used. The order of the unrestricted fund balances used for disbursements is at the discretion of the business manager.

10. Fund Balance Policies

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

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

10. Fund Balance Policies - continued

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The business manager or designee may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or review a commitment.

The unassigned fund balance of the general fund at the end of each fiscal year-end shall not be less than six percent of the following year's projected budgeted expenditures. In any fiscal year where the District is unable to maintain this minimum reservation of fund balance as required in this section, the District shall not budget any amount of unassigned fund balance for the purpose of balancing the general fund budget until this level is achieved.

F. Revenues and Expenditures/Expense

1. Program Revenues

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

2. Compensated Absences

Sick Pay

Under the District's various bargaining agreements and plans, professional employees and administrators accumulate unused sick days. The maximum amount of days that can be accumulated and the payout varies based on employment categories.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Revenues and Expenditures/Expense - continued

2. Compensated Absences - continued

Teachers

Upon retirement with 15 or more years of service at the District, teachers are paid for unused sick days at a rate of \$40/day without limitation.

Administrators under Act 93

Upon retirement through PSERS, Administrators with five or more years of service at the District are paid for unused sick days at a rate of \$40/day up to a maximum of 25 days.

Vacation Leave

Unused vacation leave can be accumulated by certain administrators, who, upon retirement or resignation, may receive full payment for up to a maximum of 30 unused vacation days.

Other employees may carryforward accumulated vacation days into the following year, but must use them within that year. There is no payout of vacation days for these employees.

The District maintains records of all employees' accumulated vacation days.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

G. Other Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund in accordance with the PA School Code of 1949, as amended. Budgetary control is legally maintained at the function level within the General Fund. The PA School Code allows the District board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the school directors approving the transfer.

All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Appropriations, except unexpended grant appropriations and encumbrances, lapse at the end of each fiscal year.

No budget has been adopted for the capital projects funds.

Deficit Fund Balance - Proprietary Fund

For the year ended June 30, 2013, expenditures exceeded revenues in the food service fund, creating a deficiency in fund balance at year-end of \$10,241. The District will fund the deficit in the 2013-2014 year through an increase in lunch prices as well as staff realignment/curtailment.

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does have a policy for custodial credit risk on deposits. At June 30, 2013, the carrying amount of the District's deposits was \$519,110 and the bank balance was \$852,263. Of the bank balance, \$251,506 was covered by federal depository insurance, and \$600,757 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the District's name.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds in the following types of investments:

Obligations of (a) 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, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approval collateral as provided by law therefore, shall be pledged by the depository.

As of June 30, 2013, the District had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>	<u>Reconciling Items</u>	<u>Carrying Value</u>
Certificates of Deposit	3 - 12 months	\$ 149,461	\$ (33)	\$ 149,428
PA School District Liquid Asset Fund		13,175,919	(8,625)	13,167,294
PA Local Government Investment Trust (PLGIT)		<u>1,280</u>	<u>(1,243)</u>	<u>37</u>
Total Investments				<u>\$ 13,316,759</u>

A portion of the District's deposits are in the Pennsylvania School District Liquid Asset Fund (PSDLAF), and the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2013, the District's investment in certificates and securities of U.S. agencies had maturity dates of less than one year.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2013, the District's investments were rated as:

<u>Investments</u>	<u>Standard & Poor's</u>
PA School District Liquid Asset Fund	AAA
PLGIT	AAA

Concentration of Credit Risk

The District does not have a policy that would limit the amount they may invest in any one issue. All of the District's investments are issued or guaranteed by the U.S. Government and investments in mutual pools and excluded from this risk.

Custodial Credit Risk

For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investment subject to custodial credit risk.

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE

Property taxes are levied on July 1 on the assessed value listed as of that date for all taxable real property located in the District. Assessed values are established by the County Board of Assessment. The District tax rate for the year ended June 30, 2013 was 28.5673 mills (\$28.5673 per \$1,000 of assessed valuation) as levied by the board of school directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - January 14	10% penalty period
January 15	Lien date

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration. A portion of the net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance unavailable in the fund financial statements.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE - CONTINUED

The balances at June 30, 2013 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Taxes
Real Estate	\$ 707,375	\$ 13,568	\$ 693,807	\$ 28,980	\$ 678,394
Real Estate Transfer	14,005	-	14,005	14,005	-
Earned Income Tax	77,987	-	77,987	77,987	-
	<u>\$ 799,367</u>	<u>\$ 13,568</u>	<u>\$ 785,799</u>	<u>\$ 120,972</u>	<u>\$ 678,394</u>

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

The following amounts were due from other governments as of June 30, 2013:

<u>Name of Governmental Unit</u>	<u>General Fund</u>	<u>Enterprise Fund</u>
Berks County Intermediate Unit - IDEA	\$ 175,495	\$ -
Berks County Intermediate Unit - RWAN Rebate	12,900	-
Other Local Education Agencies	58,562	-
PDE - FICA	52,165	-
PDE - Retirement	300,859	-
PDE - Rental Subsidy	29,013	-
Federal Subsidies - Title I	35,450	-
Federal Subsidies - Medical Assistance	1,665	-
Federal & State Lunch & Breakfast Program	-	3,617
TOTAL	<u>\$ 666,109</u>	<u>\$ 3,617</u>

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 6 - CHANGES IN CAPITAL ASSETS

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

Governmental Activities

	Beginning Balance	Increase	(Reclass) Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 232,196	\$ -	\$ -	\$ 232,196
Construction in progress	377,776	1,059,569	(446,697)	990,648
Totals not being depreciated	609,972	1,059,569	(446,697)	1,222,844
Capital assets being depreciated:				
Land improvements	3,066,750	107,475	-	3,174,225
Building and improvements	46,877,545	415,808	-	47,293,353
Furniture and equipment	4,698,878	592,117	-	5,290,995
Totals at historical cost	54,643,173	1,115,400	-	55,758,573
Less accumulated depreciation for:				
Land improvements	2,212,774	139,520	-	2,352,294
Building and improvements	11,957,204	1,069,561	-	13,026,765
Furniture and equipment	2,905,248	356,707	-	3,261,955
Total accumulated depreciation	17,075,226	1,565,788	-	18,641,014
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	37,567,947	(450,388)	-	37,117,559
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	\$ 38,177,919	\$ 609,181	\$ (446,697)	\$ 38,340,403

Business-Type Activities

Capital assets being depreciated:				
Machinery and equipment	\$ 183,523	\$ -	\$ -	\$ 183,523
Accumulated depreciation for:				
Machinery and equipment	165,168	2,629	-	167,797
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 18,355	\$ (2,629)	\$ -	\$ 15,726

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 6 - CHANGES IN CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Instruction:	
Regular	\$ 761,861
Special	49,136
Support:	
Instructional Staff	1,658
Administration	516
Business Services	13,118
Buildings/Grounds	671,291
Support Services - Central	58,898
Noninstructional Services	<u>9,310</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,565,788</u></u>

NOTE 7 - LONG-TERM LIABILITIES

Long-term liabilities, except for the postemployment benefit obligation, are as follows at June 30, 2013:

General Obligation Note, Series of 2006: The General Obligation Note, Series of 2006, aggregate principal of \$1,400,000, was issued on May 25, 2006, for the purpose of financing certain renovations and improvements of the Junior/Senior High School building. The note matures from October 1, 2007 to October 1, 2017. Interest rates change on a weekly basis and are determined by the Bond Market Association Index. \$ 1,370,000

General Obligation Bonds, Series of 2009: The General Obligation Bonds, Series of 2009, aggregate principal of \$8,930,000, were issued on March 15, 2009, for the purpose of currently refunding the outstanding General Obligation Bonds, Series of 2003 and 2003A. The bonds mature from May 15, 2009 to May 15, 2018. Interest is payable semi-annually on May 15 and November 15. Interest rates range from 2.70% to 3.50%. 6,485,000

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED

General Obligation Bonds, Series of 2009B: The General Obligation Bonds, Series of 2009B, aggregate principal of \$5,000,000, were issued on August 12, 2009, for the purpose of financing various capital projects of the District. The bonds mature from February 1, 2010 to February 1, 2020. Interest is payable semi-annually on February 1 and August 1. Interest rates range from 2.00% to 3.70%. 4,980,000

General Obligation Notes, Series of 2010: The General Obligation Notes, Series of 2010, aggregate principal of \$22,435,000, were issued on December 16, 2010 for the purpose of currently refunding the outstanding General Obligation Bonds, Series of 2005 and financing various capital projects of the District. The notes mature from February 1, 2011 to February 1, 2025. Interest is payable semi-annually on February 1 and August 1. Interest rates range from 1.00% to 4.00%. The economic benefit of the refunding was negligible. 19,070,000

Total Bonds and Notes Payable \$ 31,905,000

Capital lease liabilities are as follows at June 30, 2013:

Capitalized lease obligation for computers and other technology equipment and upgrades, with annual payments of \$280,000, with final payment due in July 2015. The lease has an effective interest rate of 4.00%. \$ 374,445

Capitalized lease obligation for iPads, with annual payments of \$24,120, with final payment due in July 2015. The lease has an effective interest rate of 5.23%. 65,402

TOTAL CAPITAL LEASES \$ 439,847

The amount of capitalized lease equipment included on the statement of net position is:

Cost	\$ 1,155,171
Accumulated depreciation	<u>(573,705)</u>
Net Book Value	<u>\$ 581,466</u>

Minimum future lease payments under capital leases are as follows:

Payments	\$ 466,159
Amount representing interest	<u>(26,312)</u>
Present value of net minimum lease payments	<u>\$ 439,847</u>

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED

The combined debt service requirements to maturity are as follows:

Year Ended June 30	General Obligation Notes - Series of 2006	General Obligation Bonds - Series of 2009	General Obligation Bonds - Series of 2009B	General Obligation Notes - Series of 2010	Total General Long-Term Debt	Capital Leases	Total Interest
2014	\$ 5,000	\$ 50,000	\$ 5,000	\$ 2,240,000	\$ 2,300,000	\$ 285,721	\$ 1,164,493
2015	5,000	60,000	5,000	2,310,000	2,380,000	131,205	1,071,540
2016	5,000	2,470,000	5,000	10,000	2,490,000	22,921	981,579
2017	5,000	2,835,000	5,000	10,000	2,855,000		905,630
2018	1,350,000	1,070,000	5,000	205,000	2,630,000		772,480
2019 - 2023	-	-	4,955,000	9,750,000	14,705,000		2,563,756
2024 - 2025	-	-	-	4,545,000	4,545,000		232,800
TOTAL	\$ 1,370,000	\$ 6,485,000	\$ 4,980,000	\$ 19,070,000	\$ 31,905,000	\$ 439,847	\$ 7,692,278

Long-term liability balance and activity, except for the postemployment benefit obligation, for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt:					
Bonds and note payable	\$ 34,140,000	\$ -	\$ 2,235,000	\$ 31,905,000	\$ 2,300,000
Less deferred amounts:					
For issuance discounts	(28,957)	-	(4,430)	(24,527)	-
For issuance premiums	200,403	-	15,926	184,477	-
Other Liabilities:					
Capital leases payable	310,426	429,164	299,743	439,847	285,721
Compensated absences	405,462	-	20,913	384,549	191,783
TOTAL GOVERNMENTAL LONG-TERM LIABILITIES	\$ 35,027,334	\$ 429,164	\$ 2,567,152	\$ 32,889,346	\$ 2,777,504

Payment for bonds payable and capital leases are made by the general fund. The compensated absences liabilities will be liquidated by several of the governmental funds and the proprietary fund. Total interest paid during the year ended June 30, 2013 was \$1,190,524.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 8 - EMPLOYEE RETIREMENT PLANS

Multi-Employer Defined Benefit Pension Plan

Plan Description

The District contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Commonwealth of Pennsylvania Public School Employees Retirement System (PSERS). Benefit provisions of the Plan are established under the provisions of the PSERS Code ("the Code") and may be amended by an act of the Pennsylvania State Legislature. The Plan provides retirement, disability, and death benefits, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of a member's employment in the public school sector. PSERS issues a publicly available financial report that includes financial statements for the Plan. That report may be obtained by writing to Office of Financial Management, PSERS, PO Box 125, Harrisburg, PA 17108-0125. This publication is also available on the PSERS website at <http://www.psers.state.pa.us/publications/cafr/index.htm>.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Funding Policy:

The contribution policy is set by the Code and requires contributions by active employees and by participating employers. Active members who joined the System prior to July 22, 1983, contribute at 5.25 percent (Membership Class TC) or at 6.50 percent (Membership Class TD) of the member's qualifying compensation. Members joining PSERS on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class TC) or at 7.50 percent (Membership Class TD) of the member's qualifying compensation. Members joining PSERS after June 30, 2001 and who were active or inactive as of June 30, 2012 contribute at 7.50 percent (automatic Membership Class TD). For all new hires and for members who elected Class TD membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members joining PSERS on or after July 1, 2011 contribute at 7.50 percent (Membership Class TE) or at 10.30 percent (Membership Class TF). Both membership classes TE and TF contain a "shared risk" which allows for an increase in the contribution percentage up to an additional 2.00 percent based on market results.

The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. For the fiscal year ended June 30, 2013, the rate of employer contributions was 12.36 percent of covered payroll. The 12.36 percent rate is composed of a pension contribution, 11.50 percent of pension benefits and 0.86 percent of healthcare insurance premium assistance. The District's contributions to PSERS for the years ended June 30, 2013, 2012, and 2011 were \$1,636,803, \$1,195,010, and \$803,852, respectively.

403(b) Tax Shelter Plan

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. The District does not contribute to the Plan.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 9 - OTHER EMPLOYEE BENEFITS

Early Retirement Incentive

The District pays severance pay to professional employees at retirement based on years of service. Eligible employees receive \$150 per year of service for 15-24 years of service completed, \$225 per year of service for 25-29 years of service completed, and \$300 per year of service for 30 or more years of service completed. Severance payments are paid in equal amounts over a three-year period following retirement if the total severance amount is less than \$15,000 or in annual installments of \$5,000 until paid in full if the total severance amount is \$15,000 or more. An accrual of \$11,769 has been made to the fund financial statements for the portion due in the next fiscal year and an accrual of \$13,366 has been made to the government-wide financial statements for the severance portion due beyond one year.

Vacation Leave

In accordance with GASB Statement No. 16, vacation leave earned at the balance sheet date should be recorded as a liability. As such, the value of vacation leave earned at June 30, 2013, recorded in the General Fund that will use currently available financial resources is \$180,014.

Unused Sick Leave

The District reimburses certain employees for unused accumulated sick leave upon retirement at a rate of \$40 per day. An accrual has been made to the government-wide financial statements at June 30, 2013 for \$179,400.

NOTE 10 - INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables as of June 30, 2013 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 278,715	\$ 27,831
Enterprise Fund	-	250,884
Student Activities Fund	500	-
Scholarship Fund	<u>-</u>	<u>500</u>
	<u><u>\$ 279,215</u></u>	<u><u>\$ 279,215</u></u>

Interfund receivables and payables exist as a result of the time lag between dates when goods and services were provided and payments between funds are made. All will be paid within one year.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 10 - INTERFUND BALANCES AND TRANSFERS - CONTINUED

Interfund transfers are summarized as follows at June 30, 2013:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ -	\$ 755,000
Capital Projects Fund	<u>755,000</u>	<u>-</u>
	<u><u>\$ 755,000</u></u>	<u><u>\$ 755,000</u></u>

Transfers were made to finance capital projects.

NOTE 11 - JOINT VENTURE

The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career & Technology Center operations is the responsibility of the joint board. The board of directors of each participating district must approve the Center's annual operating budget. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2012/13 year was \$289,976.

During the year ended June 30, 1998, Berks Career Vocational Technical School Authority issued \$34,850,000 of General Obligation Bonds and lent the proceeds to Berks Career & Technology Center. The proceeds are being used to renovate and build an addition to Berks Career & Technology Center's facilities. Each member district adopted a resolution approving the project and the project's maximum cost. Under the amended Articles of Agreement, each member district is required to pay from current revenues its annual share of the sublease rental based on the District's share of taxable real estate to the total market valuation of the taxable real estate of all participating school districts. The District's share for the 2012/13 year was \$114,502.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 11 - JOINT VENTURE

Summary financial information as of June 30, 2012 (the most recent information available) is as follows:

<u>Berks Career & Technology Center - Governmental Activities</u>	
Total Assets	\$ 32,341,939
Total Liabilities	<u>17,942,391</u>
Total Net Position	<u>\$ 14,399,548</u>

Separate financial statements of the Berks Career & Technology Center have been prepared and are available.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Plan Description

The Wyomissing Area School District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The Plan provides healthcare insurance for eligible retirees and their spouses through the District's health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the unions representing the District's employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements also are negotiated between the District and union representatives. The required contribution is based on pay as you go financing. The District currently provides administrators who have reached age 60 with a minimum of 12 years of District service, and satisfy superannuation retirement (age 60 with 30 years of service, age 62 with one year of service or 35 years of service regardless of age) and spouses with medical, prescription drug, dental, and vision coverage until the retiree and spouse reach age 65, with the retiree and spouse contributing the current active co-pays. Once the retiree reaches Medicare age, the District contributes \$2,500 towards the costs of a Medicare supplemental plan until age 70. Upon the death of a retiree, the spouse may continue coverage until he/she reaches Medicare age.

The District currently provides teachers who have completed 15 years of District service, and satisfy either 30 years of PSERS service or superannuation retirement (age 60 with 30 years of service, age 62 with one year of service or 35 years of service regardless of age) and spouses with medical, prescription drug, dental, and vision coverage until the retiree and spouse reach age 65. The retiree contributes the current active co-pay and the spouse contributes 102 percent of the spousal premiums. Upon the death of a retiree, the spouse may continue coverage until he/she reaches Medicare age.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 12 - POSTEMPLOYMENT BENEFITS - CONTINUED

Under Act 110/43, any employee who is eligible who has completed 30 years of PSERS service or is age 60 with 30 years of service, age 62 with one year of service or 35 years of service regardless of age; is allowed to continue coverage for themselves and their spouse until the member and spouse reach Medicare age. The retiree and spouse are responsible for payment equal to 102 percent of the premium. For the fiscal year ended June 30, 2013, the District contributed \$195,629 to the plan related to retirees.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (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 not to exceed thirty years. The following table shows 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	\$ 182,088
Interest on net OPEB obligation	1,424
Adjustment to annual required contribution	<u>(1,942)</u>
Annual OPEB Cost	181,570
Contributions made (estimated)	<u>(195,629)</u>
Estimated increase (decrease) in net OPEB obligation	(14,059)
Net OPEB obligation - beginning of year	<u>31,637</u>
Net OPEB obligation - end of year	<u><u>\$ 17,578</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 181,570	107.8%	\$ 17,578
6/30/2012	199,097	131.0%	31,637
6/30/2011	198,043	132.5%	93,373

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 12 - POSTEMPLOYMENT BENEFITS - CONTINUED

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the Plan was unfunded. The actuarial accrued liability for benefits was \$1,445,480, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,445,480. The covered payroll (annual payroll of active employees covered by the plan) was \$12,017,440, and the ratio of the UAAL to the covered payroll was 12.03 percent.

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 required supplementary information following the notes to the financial statements, presents information about actuarial value of plan assets and actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the 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 employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent in 2012, decreasing by 0.5 percent per year to 5.5 percent in 2016. Rates gradually decrease from 5.3 percent in 2017 to 4.2 percent in 2089 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model. The unfunded actuarial accrued liability is being amortized using single period amortization as of the end of the year based on level dollar, 30-year open period.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The District's Workmen's Compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance carrier. For insured programs, there were no significant reductions in insurance coverage for the 2012/13 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The District has no unfunded liability.

NOTE 14 - CONTINGENT LIABILITIES

The District receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

The District is involved in routine litigation incidental to the conduct of its business. The results, in the opinion of management, are not likely to affect the District's financial condition, results of operations, or cash flows.

NOTE 15 - COMMITMENTS

The District has an operating-type lease agreement with a company to lease copiers. Expense under this operating lease was \$23,276 for the year ended June 30, 2013.

Future annual minimum lease payments under the noncancelable operating lease are as follows for the years ending June 30:

2014	\$ 24,360
2015	25,494
2016	26,681
2017	<u>2,279</u>
	<u>\$ 78,814</u>

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 15 - COMMITMENTS - CONTINUED

The District has the following commitments under long-term contracts as of June 30, 2013:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Balance Remaining on Contract</u>
Cook's Service Company	\$ 943,500	\$ 511,760
Hayward Baker, Inc.	223,430	223,430
Stadium Solutions, Inc.	14,729	14,729
Barrasso Excavation, Inc.	129,650	129,650
Hummer Turfgrass System, Inc.	95,700	95,700
Total Commitments	<u>\$ 1,407,009</u>	<u>\$ 975,269</u>

The District plans to use existing capital projects funds at year-end to fulfill the above commitments.

NOTE 16 - FUND BALANCE

Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2013 were as follows:

General Fund

The general fund has nonspendable funds of \$42,895 for prepaid items and restricted funds of \$5,023 for Camp Conrad Weiser, \$6,900 for stage lights, and \$3,568 for Wyomissing Area Education Foundation grants. The general fund also has committed funds of \$3,065,585 for retirement rate increases, \$250,000 for capital reserves, \$462,701 for curriculum enhancements, and \$300,000 for vehicle/equipment replacements, assigned funds of \$250,000 for balancing the 2013/14 budget, and unassigned fund balance of \$2,483,607. All commitments were authorized by the board of school directors' motion to set aside resources.

Capital Projects

The capital projects fund has restricted funds of \$5,859,961, consisting of \$3,646,194 of unspent bond funds, and \$2,213,767 comprised of surplus moneys transferred from the general fund for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

Nonmajor Fund

The nonmajor fund has restricted funds of \$431 for lacrosse expenses.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

NOTE 17 - RESTATEMENT OF BEGINNING OF NET POSITION

Effective July 1, 2012, the District adopted Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, to be in conformity with generally accepted accounting principles.

Statement No. 63 establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The statement provides a framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities, should be displayed. The statement also discusses how net position, no longer net assets, should be displayed.

Statement No. 65 establishes guidance to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement also restricts the use of the term "deferred" only to those items designated as deferred outflows or deferred inflows of resources by the standards. The adoption of this standard resulted in the District restating beginning net position as of July 1, 2012, in governmental activities for \$458,703 for the elimination of net bond issuance costs which no longer qualifies as an asset.

NOTE 18 - NEW ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 67, *Financial Reporting for Pension Plans*, which is required to be implemented by the year ended June 30, 2014. The objective of this statement is to improve financial reporting by enhancing financial statement note disclosure and required supplementary information for government pension plans.
- Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is required to be implemented by the year ended June 30, 2015. The objective of this statement is to improve accounting and financial reporting by governments for pensions. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. This statement also enhances note disclosure and required supplementary information for government pension plans. This pronouncement applies to employers that have a legal obligation to make contributions directly to a pension plan.

The District has not yet completed the analysis necessary to estimate the financial statement impact of these new pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION

WYOMISSING AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

For the Year Ended June 30, 2013

REVENUES	Budgeted Amount		Actual (GAAP) Basis	Variances Final to Actual
	Original	Final		
REVENUES				
Local Sources	\$ 25,033,339	\$ 25,044,739	\$ 25,910,452	\$ 865,713
State Sources	4,200,101	4,229,955	4,149,367	(80,588)
Federal Sources	566,933	581,322	705,510	124,188
TOTAL REVENUES	29,800,373	29,856,016	30,765,329	909,313
EXPENDITURES				
EXPENDITURES - INSTRUCTION				
Regular Programs - Elementary/Secondary	11,682,326	11,737,974	11,564,565	173,409
Special Programs - Elementary/Secondary	3,794,612	3,590,158	3,498,878	91,280
Vocational Education Programs	405,223	405,223	404,478	745
Other Instructional Programs - Elementary/Secondary	79,800	75,414	50,688	24,726
TOTAL INSTRUCTION	15,961,961	15,808,769	15,518,609	290,160
SUPPORT SERVICES				
Pupil Personnel	992,026	1,070,831	1,041,306	29,525
Instructional Support	881,874	952,416	921,610	30,806
Administration	2,160,307	2,051,177	2,012,901	38,276
Pupil Health	374,396	412,366	386,174	26,192
Business	552,416	583,091	569,810	13,281
Operation and Maintenance of Plant Services	2,570,277	2,519,861	2,501,915	17,946
Student Transportation Services	807,919	807,919	772,262	35,657
Support Services - Central	711,583	883,275	857,658	25,617
Other Support Services	28,000	28,000	26,160	1,840
TOTAL SUPPORT SERVICES	9,078,798	9,308,936	9,089,796	219,140
OPERATION OF NONINSTRUCTIONAL SERVICES				
Student Activities	706,227	714,252	697,315	16,937
Community Services	77,737	80,837	54,532	26,305
Scholarships and Awards	-	600	600	-
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	783,964	795,689	752,447	43,242
DEBT SERVICE	3,725,650	3,726,750	3,725,267	1,483
REFUND OF PRIOR YEAR REVENUES	-	-	1,439	(1,439)
TOTAL EXPENDITURES	29,550,373	29,640,144	29,087,558	552,586
EXCESS OF REVENUES OVER EXPENDITURES	250,000	215,872	1,677,771	1,461,899

WYOMISSING AREA SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - CONTINUED

For the Year Ended June 30, 2013

	Budgeted Amount		Actual (GAAP) Basis	Variances Final to Actual
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	-	-	429,164	429,164
Transfers to Other Funds	(200,000)	(200,000)	(755,000)	(555,000)
Budgetary Reserve	(50,000)	(15,872)	-	15,872
TOTAL OTHER FINANCING SOURCES (USES)	<u>(250,000)</u>	<u>(215,872)</u>	<u>(325,836)</u>	<u>(109,964)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	1,351,935	<u>\$ 1,351,935</u>
FUND BALANCE - BEGINNING OF YEAR			<u>5,518,344</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 6,870,279</u></u>	

WYOMISSING AREA SCHOOL DISTRICT

**SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS -
POSTEMPLOYMENT BENEFITS PLAN**

Schedule of Funding Progress

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Administrators	7/1/2012	\$ -	\$ 137,813	\$ 137,813	0.00%	\$ 1,197,087	11.51%
Teachers	7/1/2012	-	1,239,726	1,239,726	0.00%	8,621,464	14.38%
Support Staff	7/1/2012	-	67,941	67,941	0.00%	2,198,889	3.09%
Administrators	7/1/2010	-	149,809	149,809	0.00%	1,433,221	10.45%
Teachers	7/1/2010	-	1,433,132	1,433,132	0.00%	9,648,148	14.85%
Support Staff	7/1/2010	-	43,312	43,312	0.00%	2,365,148	1.83%
Administrators	7/1/2008	-	297,153	297,153	0.00%	1,363,467	21.79%
Teachers	7/1/2008	-	2,499,293	2,499,293	0.00%	9,096,439	27.48%
Support Staff	7/1/2008	-	33,870	33,870	0.00%	2,184,003	1.55%

Schedule of Employer Contributions

<u>Fiscal Year-End</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>% of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 181,570	\$ 195,629	107.74%	\$ 17,578
6/30/2012	199,097	260,833	131.01%	31,637
6/30/2011	198,043	262,310	132.45%	93,373
6/30/2010	362,230	287,165	79.28%	157,640
6/30/2009	363,584	281,009	77.29%	82,575

WYOMISSING AREA SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

BUDGETARY DATA

The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

SUPPLEMENTARY INFORMATION

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENSES - FOOD SERVICE FUND

For the Year Ended June 30, 2013

REVENUES

Children's Payments	\$ 222,625
Adult's Payments/A la Carte	121,354
Federal Subsidies	264,098
State Subsidies	45,528
Commodities Received	31,191
Interest Revenue	1,117
Vending Machine Sales	18,204
Special Events	5,828

TOTAL REVENUES 709,945

COST OF GOODS SOLD

Inventory - Beginning of Year	7,078
Purchases - Commodities	31,191
Purchases - Food and Milk	319,823
Less: Inventory - End of Year	(11,548)

TOTAL COST OF GOODS SOLD 346,544

GROSS PROFIT 363,401

OPERATING EXPENSES

Salaries	243,840
Employee Benefits	103,618
Repairs and Maintenance	4,663
Depreciation Expense	2,629
Supplies	13,857
Other Expenses	8,018

TOTAL OPERATING EXPENSES 376,625

CHANGE IN NET POSITION (13,224)

NET POSITION - BEGINNING OF YEAR

2,983

NET POSITION - END OF YEAR

\$ (10,241)

WYOMISSING AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass-through Grantor's Number	Grant Amount	Grant Period Beginning/ Ending Dates	Receipts For the Year	Accrued (Unearned) Revenue at July 1, 2012	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue June 30, 2013
U.S. DEPARTMENT OF EDUCATION										
Passed through the Pennsylvania Department of Education:										
Title I - Improving Basic Programs	I	84.010	013-12-0497	\$ 206,224	07/01/11-09/30/12	\$ 25,433	\$ 25,433	\$ -	\$ -	\$ -
Title I - Improving Basic Programs	I	84.010	013-13-0497	234,292	07/01/12-09/30/13	184,576	-	220,026	220,026	35,450
Title I - Academic Achievement Award	I	84.010	077-11-0497	5,000	07/01/10-09/30/11	5,000	5,000	-	-	-
Total Title I						215,009	30,433	220,026	220,026	35,450
 Title II PT A Improving Teacher Quality	I	84.367	020-11-0497	41,784	07/01/10-09/30/11	8,176	8,403	(227)	(227)	-
Title II PT A Improving Teacher Quality	I	84.367	020-12-0497	30,884	07/01/11-09/30/12	8,099	8,099	-	-	-
Title II PT A Improving Teacher Quality	I	84.367	020-13-0497	31,451	07/01/12-09/30/13	31,210	-	31,210	31,210	-
Total Title II						47,485	16,502	30,983	30,983	-
 Title III LEP/Immigrant	I	84.365	010-12-0497	11,596	07/01/11-09/30/12	6,606	(5,953)	12,559	12,559	-
Title III LEP/Immigrant	I	84.365	010-13-0497	13,183	07/01/12-09/30/13	13,183	-	13,183	13,183	-
Total Title III						19,789	(5,953)	25,742	25,742	-
 ARRA - Education Jobs Fund	I	84.410	140-11-9382	1,308	07/01/11-06/30/12	1,308	1,308	-	-	-
Passed through Berks County Intermediate Unit:										
ARRA - Race to the Top - Phase 3	I	84.413a	N/A	14,389	12/22/11-12/22/15	-	-	-	-	-
 IDEA Cluster										
IDEA - Special Education Grants to States	I	84.027	N/A	276,454	07/10/11-06/30/12	248,981	248,981	-	-	-
IDEA - Special Education Grants to States	I	84.027	N/A	281,556	07/01/12-06/30/13	107,186	-	281,556	281,556	174,370
IDEA - Special Education Preschool Grants	I	84.173	N/A	2,050	07/10/11-06/30/12	2,050	2,050	-	-	-
IDEA - Special Education Preschool Grants	I	84.173	N/A	201	07/01/12-06/30/13	-	-	201	201	201
Total IDEA Cluster						358,217	251,031	281,757	281,757	174,571
 TOTAL U.S. DEPARTMENT OF EDUCATION						641,808	293,321	558,508	558,508	210,021
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed through the Pennsylvania Department of Public Welfare:										
Medical Assistance Reimbursement for Administration, Revenue Code 8820	I	93.778	N/A	N/A	07/01/12-06/30/13	2,095	-	3,760	3,760	1,665
 TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						2,095	-	3,760	3,760	1,665
U.S. DEPARTMENT OF AGRICULTURE										
Child Nutrition Cluster										
Passed through the Pennsylvania Department of Education:										
National School Lunch Program	I	10.555	N/A	N/A	07/01/11-06/30/12	(387)	3,631	(4,018)	(4,018)	-
National School Lunch Program	I	10.555	N/A	N/A	07/01/12-06/30/13	215,946	-	218,570	218,570	2,624
School Breakfast Program	I	10.553	N/A	N/A	07/01/11-06/30/12	1,124	1,124	-	-	-
School Breakfast Program	I	10.553	N/A	N/A	07/01/12-06/30/13	44,804	-	45,528	45,528	724
Passed through the Pennsylvania Department of Agriculture:										
National School Lunch Program	I	10.555	N/A	N/A	07/01/11-06/30/12	31,108	(2,190)	31,191	31,191	(2,107)
 TOTAL CHILD NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE						292,595	2,565	291,271	291,271	1,241
 TOTAL FEDERAL AWARDS						\$ 936,498	\$ 295,886	\$ 853,539	\$ 853,539	\$ 212,927

Source Codes:
D = Direct funding; I = Indirect funding

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is the same basis used for the basic financial statements.

NOTE 2 - FOOD COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2013, the District had \$2,107 of food commodity inventory.



HERBEIN+COMPANY, INC.
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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
with Government Auditing Standards**

**To the Board of School Directors
Wyomissing Area School District
Wyomissing, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Wyomissing Area School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Wyomissing Area School District's basic financial statements, and have issued our report thereon dated November 25, 2013.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wyomissing 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Herbein + Company, Inc.

**Reading, Pennsylvania
November 25, 2013**



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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 School Directors
Wyomissing Area School District
Wyomissing, Pennsylvania**

Report on Compliance for Each Major Federal Program

We have audited Wyomissing 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 Wyomissing Area School District's major federal programs for the year ended June 30, 2013. Wyomissing Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Wyomissing 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 Wyomissing Area School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Wyomissing Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

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Report on Internal Control Over Compliance

Management of Wyomissing 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 Wyomissing Area School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wyomissing Area School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Herbein + Company, Inc.

Reading, Pennsylvania
November 25, 2013

WYOMISSING AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified
Internal Control Over Financial Reporting:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified not considered to be
material weaknesses? yes X none reported
Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal Control Over Major Programs:
Material weakness(es) identified? yes X no
Significant deficiency(ies) identified not considered to be
material weaknesses? yes X none reported

Type of Auditor's Report Issued on Compliance
for Major Programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with Circular A-133, Section .510(a)? yes X no

Identification of Major Program(s):

CFDA Number(s) Name of Federal Program or Cluster

Child Nutrition Cluster

10.555 National School Lunch Program
10.553 School Breakfast Program

IDEA Cluster

84.027 IDEA - Special Education Grants to States
84.173 IDEA - Special Education Preschool Grants

Dollar Threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

WYOMISSING AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

Section II - Financial Statement Findings

There were no financial statement findings.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported.

WYOMISSING AREA SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

Section III - Federal Award Findings and Questioned Costs

There were no prior year federal findings.