



WYOMISSING AREA SCHOOL DISTRICT

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2015

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2015, 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.

Change in Accounting Principle

As described in Note 8 to the financial statements, effective July 1, 2014, the Wyomissing Area School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information for the general fund, and pension and other postemployment benefits information on pages 66 through 68, 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.

Supplementary 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 combining nonmajor governmental fund financial statements and statement of revenues and expenses - food service fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements, 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 combining nonmajor governmental fund financial statements, 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 January 20, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Reading, Pennsylvania****January 20, 2016**

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, 2015. 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 2014-15 fiscal year. Total net position increased by \$1.7 million over the course of the year.
- Overall governmental general revenues were \$28,101,220, which represents \$1,683,915 more than net program expenses.
- The total cost of basic programs increased by nine percent (9.11%) to \$31,600,948. The net cost funded by tax and non-program revenues increased by slightly over six percent (6.15%) to \$26,417,305.
- The net position of business-type activities (food services) increased by \$92,219 over the course of the year. Operating Revenues had a \$6,825 (1.99%) decrease at \$336,751 and expenses increased \$58,286 (9.48%) to \$672,878. The increase in expenses is largely due to PSERS expense and repairs and maintenance of aging equipment. 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 \$2,956,627.

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

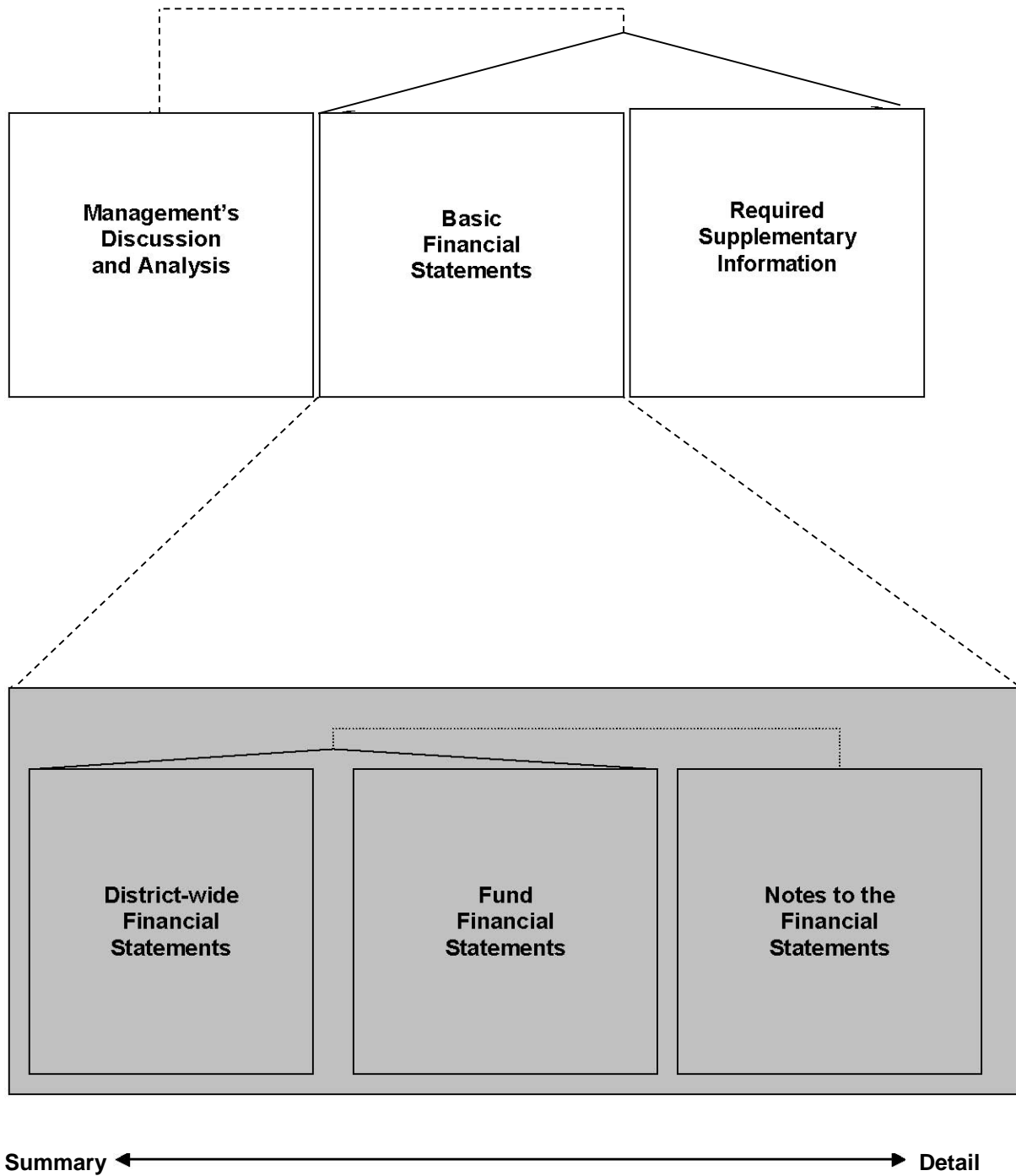


Figure A-2 summarizes the major features of the District's financial statements. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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 net position • Statement of revenues, expenses, and changes in net position • 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, liabilities, and deferred inflows and outflows of resources, and net position. 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 it has changed. Net position – the difference between the District's assets, liabilities, and deferred inflows and outflows of resources – 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 net position as of July 1, 2014 was restated to present the net pension liability and deferred outflows of resources that resulted from the District implementing GASB Statements No. 68 and No. 71. The District now has a negative net position. The District's negative net position did decrease due to a positive change in net position of \$1,776,134 for the fiscal year ending June 30, 2015. This decreased the overall negative net position to \$16.3 million. Figure A-3 shows a comparative summary of the District's net position for the fiscal years ended June 30, 2014 (restated for comparison purposes due to the implementation of GASB Statements No. 68 and No. 71) and June 30, 2015.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total	
	2014 (Restated)	2015	2014 (Restated)	2015	2014 (Restated)	2015
Current Assets	\$ 15,553,090	\$ 21,523,801	\$ 108,979	\$ 205,242	15,662,069	\$ 21,729,043
Other Assets	-	-	-	-	-	-
Capital Assets	38,662,501	40,017,213	11,780	10,134	38,674,281	40,027,347
Total Assets	\$ 54,215,591	\$ 61,541,014	\$ 120,759	\$ 215,376	\$ 54,336,350	\$ 61,756,390
Deferred Outflows of Resources	\$ 2,240,702	\$ 2,866,333	\$ 30,539	\$ 44,317	\$ 2,271,241	\$ 2,910,650
Other Liabilities	4,918,591	5,780,195	32,195	24,460	4,950,786	5,804,655
Long-term Liabilities	69,203,654	72,704,338	589,868	587,012	69,793,522	73,291,350
Total Liabilities	\$ 74,122,245	\$ 78,484,533	\$ 622,063	\$ 611,472	\$ 74,744,308	\$ 79,096,005
Deferred Inflows of Resources	\$ -	\$ 1,904,851	\$ -	\$ 26,767	\$ -	\$ 1,931,618
Net Position						
Net investment in capital assets	10,202,441	10,937,198	11,780	10,134	10,214,221	10,947,332
Restricted for Capital Projects	3,146,723	4,146,231	-	-	3,146,723	4,146,231
Restricted for Other Purposes	34,310	31,011	-	-	34,310	31,011
Unrestricted	(31,049,426)	(31,096,477)	(482,545)	(388,680)	(31,531,971)	(31,485,157)
Total Net Position	\$ (17,665,952)	\$ (15,982,037)	\$ (470,765)	\$ (378,546)	\$ (18,136,717)	\$ (16,360,583)

The District's total revenues increased by \$1,298,738 or 4.05% during the year. (See Figure A-4.) Property taxes and other taxes levied for general purposes continue to account for most of the District's revenue in the amount of \$26,257,940 or 83.11% of total revenues. Another 18.76% or \$6,116,718 came from state formula aid, such as basic education, special education and student transportation subsidies.

The total cost of all programs and services increased \$2,637,970 or 9.11% to \$31,600,948. The District's expenses are predominately related to instructing, caring for (instructional support services & operation/maintenance of school facilities) and transporting students, which represents 79.04% or \$24,962,978 of total expenses. The largest dollar increase in expenditures for 2014-15 was in instruction. See A-4.

Figure A-4

Changes in Net Position from Operating Result

	Governmental Activities		Business Type Activities		Total	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for services	\$ 46,617	\$ 77,938	\$ 343,576	\$ 336,751	\$ 390,193	\$ 414,689
Operating grants and contributions	3,382,571	3,790,348	369,287	427,929	3,751,858	4,218,277
Capital grants and contributions	32,677	642,479	-	-	32,677	642,479
General Revenues						
Property taxes and other taxes levied for general purposes	26,068,374	26,257,940	-	-	26,068,374	26,257,940
State Formula Aid	1,717,146	1,683,891	-	-	1,717,146	1,683,891
Other	117,562	159,389	534	417	118,096	159,806
Total Revenues	31,364,947	32,611,985	713,397	765,097	32,078,344	33,377,082
Expenses						
Instruction	16,725,767	18,006,968	-	-	16,725,767	18,006,968
Instructional student support	2,335,412	2,523,106	-	-	2,335,412	2,523,106
Administrative and financial support services	2,326,710	2,865,130	-	-	2,326,710	2,865,130
Operation of plant and maintenance services	3,340,436	3,475,859	-	-	3,340,436	3,475,859
Pupil Transportation	830,395	972,864	-	-	830,395	972,864
Other	2,789,666	3,084,143	614,592	672,878	3,404,258	3,757,021
Total Expenses	28,348,386	30,928,070	614,592	672,878	28,962,978	31,600,948
Change in Net Position	\$ 3,016,561	\$ 1,683,915	\$ 98,805	\$ 92,219	\$ 3,115,366	\$ 1,776,134

Figure A-5 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-5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Instructional Services	\$ 16,725,767	\$ 18,006,968	\$ 14,210,641	\$ 15,172,624
Instructional Student Support	2,335,412	2,523,106	2,104,262	2,293,607
Administrative & Financial Support Services	2,326,710	2,865,130	2,186,117	2,683,419
Operation & Maintenance of Plant Services	3,340,436	3,475,859	3,225,064	3,350,865
Pupil Transportation	830,395	972,864	542,224	650,532
Other	<u>2,789,666</u>	<u>3,084,143</u>	<u>2,618,213</u>	<u>2,266,258</u>
TOTAL EXPENSES	<u>\$28,348,386</u>	<u>\$30,928,070</u>	<u>\$24,886,521</u>	<u>\$ 26,417,305</u>

Figure A-6 represents that total cost and net cost (income) of services in the District's business-type activities. Program revenue supported 100% of food services for the year ended June 30, 2015.

Figure A-6
Net Cost (Income) of Business-Type Activities

	Total Cost of Services		Net Cost (Income) of Services	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Food Services	\$ 613,149	\$ 672,878	\$ (98,271)	\$ (91,802)
TOTAL	<u>\$ 613,149</u>	<u>\$ 672,878</u>	<u>\$ (98,271)</u>	<u>\$ (91,802)</u>

Financial Analysis of the District's Funds

At the end of fiscal 2014-15, governmental funds had total fund balances of \$17,780,267. During 2014-15 the net change in governmental fund balances increased by \$5,010,367. 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. The increase of the capital projects fund balance by \$3,873,786 to \$8,575,403, was due to a bank note that was acquired for a turf field replacement and ESCO project at the Wyomissing Hills. Total revenues exceeded total expenditures in the general fund, which produced an increase in fund balance by \$1,137,012 over last year. This is evidence of the District's strong fiscal condition.

General Fund Budgetary Highlights

The District's final 2014-15 budget for the general fund anticipated that expenditures would exceed revenue by \$179,817. The actual results for the year reflected a net surplus of \$1,137,012. This surplus is comprised of higher than anticipated revenues as well as changes in staffing that decreased costs.

Figure A-7
Local Sources of Revenue for Fiscal Year 2015
(Based on General Fund financial presentation)

Total Local Revenues - \$ 26,778,111

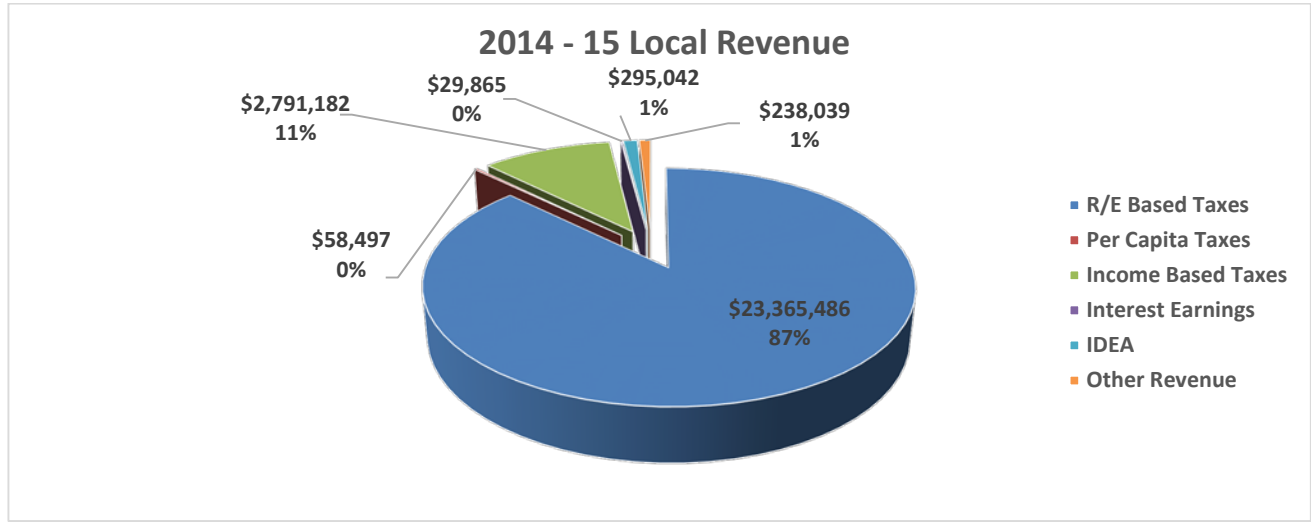


Figure A-8
Local Sources of Revenue for Fiscal Year 2014
(Based on General Fund financial presentation)

Total Local Revenues - \$26,396,794

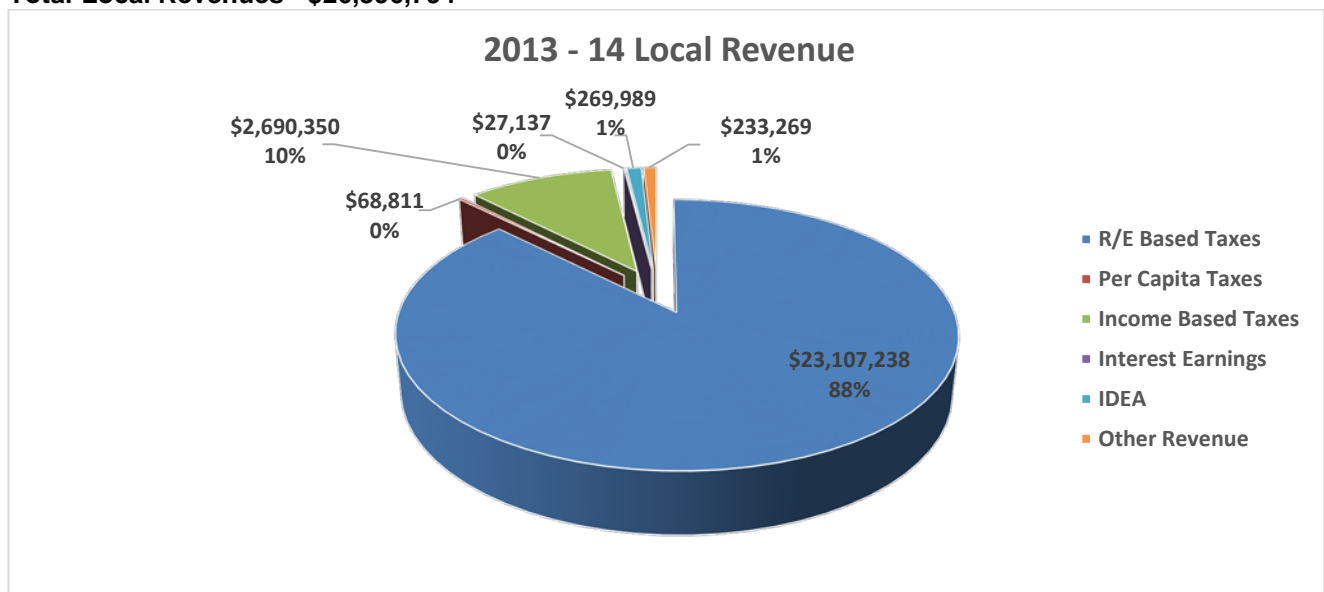


Figure A-9
Expenses for Fiscal Year 2015
(Based on General Fund Financial Presentation)

Total Expenditures - \$32,365,683

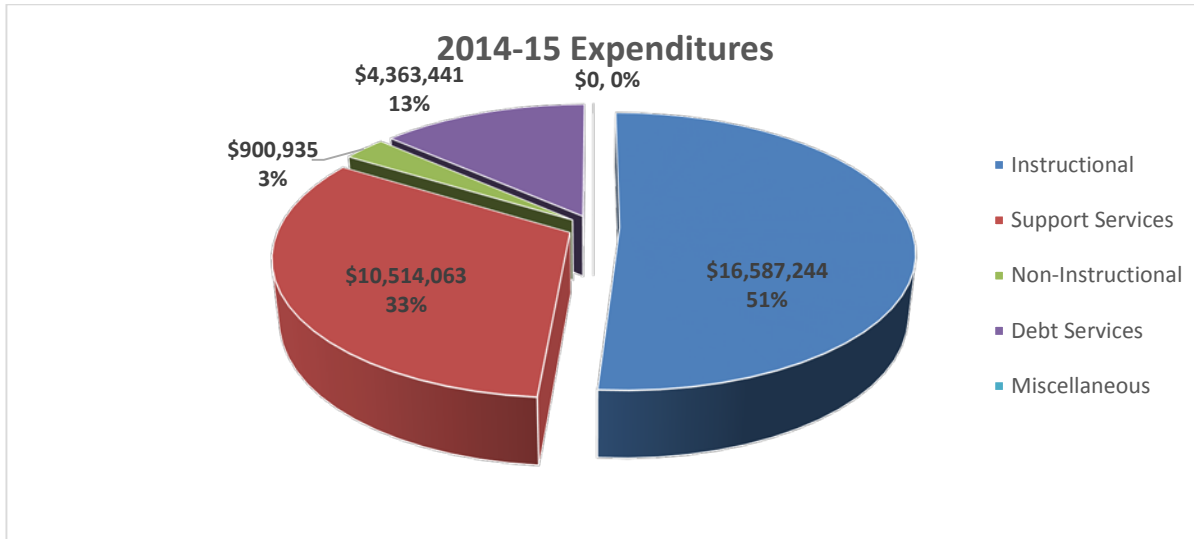
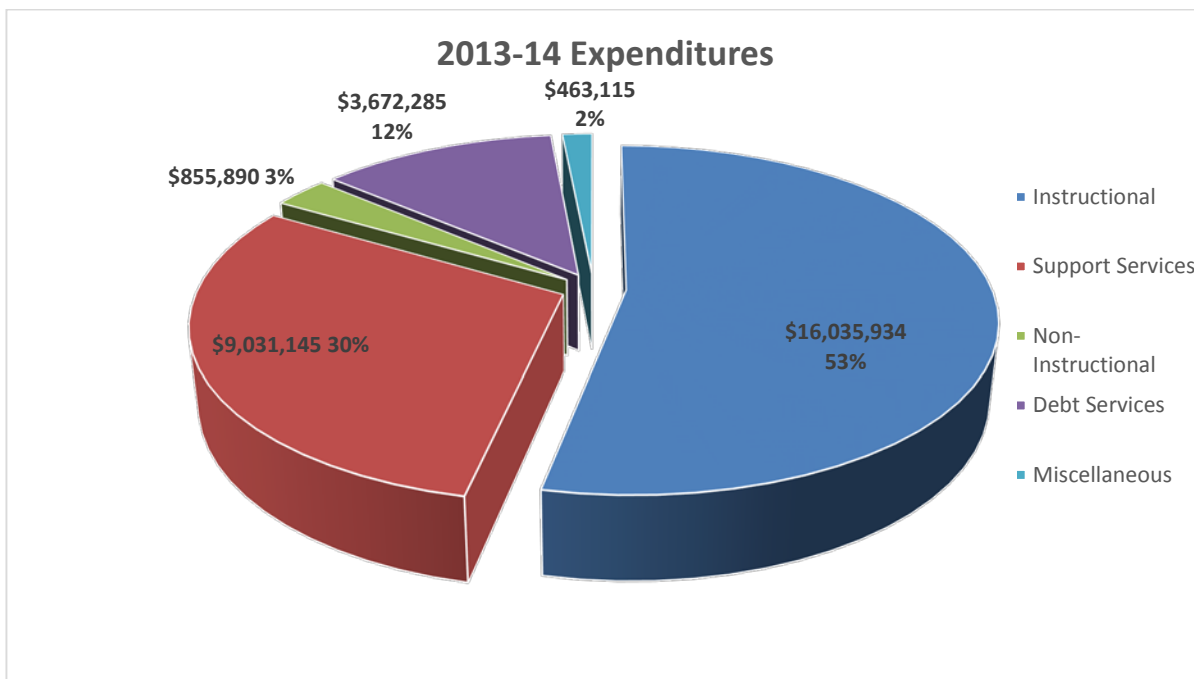


Figure A-10
Expenses for Fiscal Year 2014
(Based on General Fund Financial Presentation)

Total Expenditures - \$30,058,369



Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the District had investments of \$40,027,347 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 \$1,353,066 which is an increase of 3.50% for the year.

Figure A-11

Capital Assets (net of depreciation)

	Governmental Activities		Business Type Activities		Totals		Percentage Change
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014-15</u>
Land	\$ 232,196	\$ 232,196	\$ -	\$ -	\$ 232,196	\$ 232,196	0.00%
Site Improvements	1,340,174	1,232,288	-	-	1,340,174	1,232,288	-8.05%
Building & Building Improvements	34,553,368	33,913,599	-	-	34,553,368	33,913,599	-1.85%
Fixtures & Equipment	2,226,642	2,835,978	11,780	10,134	2,238,422	2,846,112	27.15%
Construction in Progress	<u>310,121</u>	<u>1,803,152</u>	<u>-</u>	<u>-</u>	<u>310,121</u>	<u>1,803,152</u>	481.43%
Ending Net Assets	<u>\$ 38,662,501</u>	<u>\$ 40,017,213</u>	<u>\$ 11,780</u>	<u>\$ 10,134</u>	<u>\$ 38,674,281</u>	<u>\$ 40,027,347</u>	3.50%

More detailed information about capital assets can be found in Note 6 to the financial statements. Total depreciation expense for the year totaled \$1,601,915 for the governmental activities, compared to the prior year depreciation expense total of \$1,512,413.

Long-Term Debt

At year end, the District had \$33,827,593 in general obligation bonds and other long-term debt outstanding. This is an increase of 11.58% 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-12

Outstanding Long-Term Debt

	Totals		Percentage Change
	<u>2014</u>	<u>2015</u>	<u>2014-15</u>
General Obligation Bonds/Notes	\$ 29,695,000	\$ 33,370,000	12.38%
Capital Leases	223,101	44,695	-79.97%
Compensated Absences	<u>397,444</u>	<u>412,898</u>	<u>3.89%</u>
Total	<u>30,315,545</u>	<u>33,827,593</u>	<u>11.58%</u>

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 21.40% of payroll for 2014-15 and are projected to rise considerably in the future. The five year projected rates are:

- 25.84% in 2015-2016 (estimated cost net of state reimbursement \$1,872,603);
- 29.69% in 2016-2017 (estimated cost net of state reimbursement \$2,174,201);
- 30.62% in 2017-2018 (estimated cost net of state reimbursement \$2,303,172);
- 31.56% in 2018-2019 (estimated cost net of state reimbursement \$2,441,133);
- 32.23% in 2019-2020 (estimated cost net of state reimbursement \$2,580,922);
- 32.02% in 2020-2021 (estimated cost net of state reimbursement \$2,628,208)

The escalating rates will continue until they level out at 32.23% in the 2019-2020 year which carries an estimated cost, net of state reimbursement, of \$2,580,922. 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. On June 15, 2015, the Board authorized the issuance of \$10,000,000 General Obligation Note. The 2015 Note will be utilized as a refunding of 2009 Bonds and for the Energy Savings Project at the Wyomissing Hills, the re-turf project at the Junior Senior High School and various other projects.

The budget for the 2015-16 year is \$1,182,795 more than the original budget for 2014-15. The real estate tax increased .2949 mills from 29.4887 mills to a millage rate of 29.7836 mills. This represents a 1.00% increase, which was below the maximum amount of 1.9% permitted under the Act 1 index. In addition to funding the large increase in PSERS pension contributions, the tax increase covered a 3% 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 Mark Boyer, 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, 2015

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Investments	\$ 14,851,143	\$ 143,762	\$ 14,994,905
Taxes Receivable, Net	880,400	-	880,400
Internal Balances	(28,000)	28,000	-
Intergovernmental Receivables	973,999	5,754	979,753
Other Current Assets	10,431	13,786	24,217
Inventories	-	13,940	13,940
Prepaid Expenses	4,835,828	-	4,835,828
Capital Assets Not Being Depreciated:			
Land	232,196	-	232,196
Construction in Progress	1,803,152	-	1,803,152
Capital Assets, Net of Accumulated Depreciation:			
Building and Building Improvements	33,913,599	-	33,913,599
Land Improvements	1,232,288	-	1,232,288
Furniture and Equipment	2,835,978	10,134	2,846,112
TOTAL ASSETS	61,541,014	215,376	61,756,390
DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions Made Subsequent to the Measurement Date	2,782,751	44,317	2,827,068
Deferred Charge on Bond Refunding	83,582	-	83,582
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,866,333	44,317	2,910,650
LIABILITIES			
Accounts Payable	667,656	-	667,656
Accrued Salaries and Benefits	199,320	6,050	205,370
Payroll Deductions and Withholdings	1,941,491	-	1,941,491
Accrued Interest	319,700	-	319,700
Unearned Revenues	-	18,410	18,410
Noncurrent Liabilities			
Due Within One Year	2,652,028	-	2,652,028
Bonds and Notes Payable, Net	31,103,074	-	31,103,074
Capital Leases	22,917	-	22,917
Long-Term Portion of Compensated Absences	227,648	-	227,648
Net Pension Liability	41,209,988	587,012	41,797,000
Other Postemployment Benefits Obligation	140,711	-	140,711
TOTAL LIABILITIES	78,484,533	611,472	79,096,005
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Expense	1,904,851	26,767	1,931,618
NET POSITION			
Net Investment in Capital Assets	10,937,198	10,134	10,947,332
Restricted for Capital Projects	4,146,231	-	4,146,231
Restricted for Other Purposes	31,011	-	31,011
Unrestricted (Deficit)	(31,096,477)	(388,680)	(31,485,157)
TOTAL NET POSITION (DEFICIT)	\$ (15,982,037)	\$ (378,546)	\$ (16,360,583)

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

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	\$ 13,457,045	\$ 9,591	\$ 2,183,676	\$ -	\$ (11,263,778)	\$ -	\$ (11,263,778)
Special	4,052,398	-	634,062	-	(3,418,336)	-	(3,418,336)
Vocational	440,984	-	-	-	(440,984)	-	(440,984)
Other Instructional Programs	56,541	-	7,015	-	(49,526)	-	(49,526)
Total Instructional Services	18,006,968	9,591	2,824,753	-	(15,172,624)	-	(15,172,624)
Support Services:							
Pupil Personnel	1,297,680	-	105,688	-	(1,191,992)	-	(1,191,992)
Instructional Staff	779,953	-	95,763	-	(684,190)	-	(684,190)
Administration	2,315,020	-	139,614	-	(2,175,406)	-	(2,175,406)
Pupil Health	445,473	-	28,048	-	(417,425)	-	(417,425)
Business Services	550,110	-	42,097	-	(508,013)	-	(508,013)
Operation of Plant and Maintenance Services	3,475,859	5,092	119,902	-	(3,350,865)	-	(3,350,865)
Student Transportation Services	972,864	-	322,332	-	(650,532)	-	(650,532)
Central Support Services	1,190,177	-	45,322	-	(1,144,855)	-	(1,144,855)
Other Support Services	26,398	63,255	64,731	-	101,588	-	101,588
Total Support Services	11,053,534	68,347	963,497	-	(10,021,690)	-	(10,021,690)
Noninstructional Services:							
Student Activities	896,661	-	-	-	(896,661)	-	(896,661)
Community Services	62,986	-	2,098	-	(60,888)	-	(60,888)
Scholarships and Awards	650	-	-	-	(650)	-	(650)
Interest on Long-Term Debt	907,271	-	-	642,479	(264,792)	-	(264,792)
Total Noninstructional Services	1,867,568	-	2,098	642,479	(1,222,991)	-	(1,222,991)
Total Governmental Activities	30,928,070	77,938	3,790,348	642,479	(26,417,305)	-	(26,417,305)
Business-Type Activities:							
Food Services	672,878	336,751	427,929	-	-	91,802	91,802
Total Primary Government	<u>\$ 31,600,948</u>	<u>\$ 414,689</u>	<u>\$ 4,218,277</u>	<u>\$ 642,479</u>	(26,417,305)	91,802	(26,325,503)
General Revenues:							
Taxes:							
Property Taxes					23,163,532	-	23,163,532
Public Utility Realty, Earned Income, and Mercantile Taxes					3,094,408	-	3,094,408
Grants, Subsidies, and Contributions Not Restricted to Specific Programs					1,683,891	-	1,683,891
Investment Earnings					33,651	417	34,068
Miscellaneous Income					125,738	-	125,738
Total General Revenues					28,101,220	417	28,101,637
Change in Net Position					1,683,915	92,219	1,776,134
Net Position (Deficit) - Beginning					(17,665,952)	(470,765)	(18,136,717)
Net Position (Deficit) - Ending					<u>\$ (15,982,037)</u>	<u>\$ (378,546)</u>	<u>\$ (16,360,583)</u>

WYOMISSING AREA SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2015

	General	Capital Projects	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 11,111,853	\$ 3,739,290	\$ -	\$ 14,851,143
Taxes Receivable	895,702	-	-	895,702
Interfund Receivables	-	35,021	-	35,021
Intergovernmental Receivables	973,999	-	-	973,999
Other Current Assets	10,431	-	-	10,431
Prepaid Expenditures	18,613	4,817,215	-	4,835,828
TOTAL ASSETS	\$ 13,010,598	\$ 8,591,526	\$ -	\$ 21,602,124
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Interfund Payables	\$ 63,021	\$ -	\$ -	\$ 63,021
Accounts Payable	651,533	16,123	-	667,656
Accrued Salaries and Benefits	199,320	-	-	199,320
Payroll Deductions and Withholdings	1,941,491	-	-	1,941,491
Current Portion of Compensated Absences	185,250	-	-	185,250
TOTAL LIABILITIES	3,040,615	16,123	-	3,056,738
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	765,119	-	-	765,119
FUND BALANCES				
Nonspendable Fund Balance	18,613	4,817,215	-	4,835,828
Restricted Fund Balance	31,011	3,758,188	-	3,789,199
Committed Fund Balance				
Retirement Rate Increases	4,193,192	-	-	4,193,192
Capital Reserves	1,250,000	-	-	1,250,000
Curriculum Enhancements	670,001	-	-	670,001
Vehicle/Equipment Replacements	250,000	-	-	250,000
Transportation Software	11,828	-	-	11,828
Instrument Replacements	30,000	-	-	30,000
Assigned Fund Balance	135,398	-	-	135,398
Unassigned Fund Balance	2,614,821	-	-	2,614,821
TOTAL FUND BALANCES	9,204,864	8,575,403	-	17,780,267
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,010,598	\$ 8,591,526	\$ -	\$ 21,602,124

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

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

June 30, 2015

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 17,780,267
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 \$61,771,218 and the accumulated depreciation is \$21,754,005.		40,017,213
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 in the funds.		749,817
The net pension liability and other postemployment benefits obligations are not reflected on the fund financial statements.		(40,472,799)
Long-term liabilities, including bonds and notes 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 and Notes Payable	\$ (33,370,000)
	Unamortized Bond Premium	(211,570)
	Unamortized Bond Discount	33,496
	Deferred Charge on Bond Refunding	83,582
	Accrued Interest on Long-Term Debt	(319,700)
	Capital Leases Payable	(44,695)
	Long-Term Portion of Compensated Absences	(227,648)
		<u>(34,056,535)</u>
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES		<u><u>\$ (15,982,037)</u></u>

WYOMISSING AREA SCHOOL DISTRICT

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

For the Year Ended June 30, 2015

	General	Capital Projects	Nonmajor Funds	Total Governmental Funds
REVENUES				
Local Sources	\$ 26,778,111	\$ 3,786	\$ -	\$ 26,781,897
State Sources	5,535,257	-	-	5,535,257
Federal Sources	334,079	-	-	334,079
TOTAL REVENUES	32,647,447	3,786	-	32,651,233
EXPENDITURES				
Current				
Instructional Services	16,587,244	795	-	16,588,039
Support Services	10,514,063	69,217	-	10,583,280
Operation of Noninstructional Services	900,935	-	-	900,935
Capital Outlay	-	2,129,205	-	2,129,205
Debt Service				
Principal	3,433,223	-	-	3,433,223
Interest	930,218	-	5,783	936,001
TOTAL EXPENDITURES	32,365,683	2,199,217	5,783	34,570,683
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	281,764	(2,195,431)	(5,783)	(1,919,450)
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	854,817	-	-	854,817
Issuance of Notes and Refunding Notes	-	6,069,217	3,930,783	10,000,000
Payment to Refunded Bond Escrow Agent	-	-	(3,925,000)	(3,925,000)
Transfers In	431	-	-	431
Transfers Out	-	-	(431)	(431)
TOTAL OTHER FINANCING SOURCES (USES)	855,248	6,069,217	5,352	6,929,817
NET CHANGE IN FUND BALANCES	1,137,012	3,873,786	(431)	5,010,367
FUND BALANCES - BEGINNING	8,067,852	4,701,617	431	12,769,900
FUND BALANCES - ENDING	\$ 9,204,864	\$ 8,575,403	\$ -	\$ 17,780,267

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, 2015

Amounts reported for governmental activities in the statement of activities are different because:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 5,010,367

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.

Capital Outlays	\$ 2,956,627	
Less: Depreciation Expense	<u>(1,601,915)</u>	1,354,712

Because some 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. (39,248)

Issuance of long-term debt (e.g., bonds) 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.

Repayment of Bond and Note Principal	2,400,000	
Repayment of Capital Lease	1,033,223	
Payment to Refunded Bond Escrow Agent	3,925,000	
Proceeds from Capital Lease	(854,817)	
Issuance of Notes and Refunding Notes	(10,000,000)	
Amortization of Bond Premium	28,787	
Amortization of Bond Discount	(8,975)	
Amortization of Deferred Charge on Bond Refunding	<u>(17,451)</u>	(3,494,233)

Interest expense incurred 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. 26,369

In the statement of activities, certain operating expenses - compensated absences (vacations and sick days) are measured by the amounts earned during the year. (15,454)

Increase in net pension liability and other postemployment benefits obligation is reflected as an adjustment to expense on the statement of activities, but not included in the fund statements. (1,158,598)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,683,915

WYOMISSING AREA SCHOOL DISTRICT

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

June 30, 2015

	<u>Enterprise Fund Food Service</u>
ASSETS	
CURRENT ASSETS	
Cash and Investments	\$ 143,762
Interfund Receivables	39,052
Intergovernmental Receivables	5,754
Other Receivables	2,734
Inventories	<u>13,940</u>
TOTAL CURRENT ASSETS	205,242
NONCURRENT ASSETS	
Machinery and Equipment, Net	<u>10,134</u>
TOTAL ASSETS	<u>215,376</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Contributions made Subsequent to the Measurement Date	<u>44,317</u>
LIABILITIES	
CURRENT LIABILITIES	
Accrued Salaries and Benefits	6,050
Unearned Revenues	<u>18,410</u>
TOTAL CURRENT LIABILITIES	<u>24,460</u>
NONCURRENT LIABILITIES	
Net Pension Liability	<u>587,012</u>
TOTAL LIABILITIES	<u>611,472</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Expense	<u>26,767</u>
NET POSITION (DEFICIT)	
Net Investment in Capital Assets	10,134
Unrestricted (Deficit)	<u>(388,680)</u>
TOTAL NET POSITION (DEFICIT)	<u><u>\$ (378,546)</u></u>

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

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

For the Year Ended June 30, 2015

	<u>Enterprise Fund Food Service</u>
OPERATING REVENUES	
Food Service Revenue	\$ 336,751
OPERATING EXPENSES	
Salaries	219,339
Employee Benefits	113,377
Supplies	327,513
Depreciation	1,646
Other Expenses	<u>11,003</u>
TOTAL OPERATING EXPENSES	<u>672,878</u>
OPERATING LOSS	(336,127)
NONOPERATING REVENUES	
Local Sources - Earnings on Investments	417
State Sources	52,643
Federal Sources	<u>375,286</u>
TOTAL NONOPERATING REVENUES	<u>428,346</u>
CHANGE IN NET POSITION	92,219
NET POSITION (DEFICIT) - BEGINNING - RESTATED	<u>(470,765)</u>
NET POSITION (DEFICIT) - ENDING	<u><u>\$ (378,546)</u></u>

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended June 30, 2015

	Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Users	\$ 334,107
Payments to Employees for Services	(443,283)
Payments to Suppliers for Goods and Services	(271,602)
NET CASH USED FOR OPERATING ACTIVITIES	(380,778)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	55,635
Federal Sources	349,334
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	404,969
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	417
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,608
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	119,154
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 143,762</u></u>

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

For the Year Ended June 30, 2015

	<u>Enterprise Fund Food Service</u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	\$ (336,127)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	1,646
Donated Commodities Used	67,266
Changes in Assets and Liabilities:	
Interfund Balances	(120,406)
Other Receivables	(2,644)
Inventories	7,089
Pension Contributions made Subsequent to the Measurement Date	(13,778)
Accounts Payable	(458)
Accrued Salaries and Benefits	(294)
Unearned Revenues	(6,983)
Net Pension Liability	(2,856)
Deferred Inflows of Resources	26,767
Total Adjustments	<u>(44,651)</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (380,778)</u>

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the District used \$67,266 of commodities from the
U.S. Department of Agriculture.

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2015

	Private Purpose Trust Fund (Scholarships)	Agency Fund (Student Activities)
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 66,488	\$ 99,815
TOTAL ASSETS	66,488	\$ 99,815
LIABILITIES		
CURRENT LIABILITIES		
Interfund Payable	\$ 2,835	\$ 8,217
Other Current Liabilities	-	91,598
TOTAL LIABILITIES	2,835	\$ 99,815
NET POSITION HELD IN TRUST FOR SCHOLARSHIPS	\$ 63,653	

See accompanying notes.

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

For the Year Ended June 30, 2015

	<u>Private Purpose Trust Fund (Scholarships)</u>
ADDITIONS	
Earnings on Investments	<u>\$ 239</u>
TOTAL ADDITIONS	239
DEDUCTIONS	
Scholarships	<u>2,335</u>
CHANGE IN NET POSITION	(2,096)
NET POSITION - BEGINNING OF YEAR	<u>65,749</u>
NET POSITION - END OF YEAR	<u><u>\$ 63,653</u></u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

The Wyomissing Area School District (the "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.

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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

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, 2015

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.

The statement of activities demonstrates the degree 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 1) charges to customers or others who purchase, use or directly benefit from services or goods provided by a given function or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items properly not included 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 transfers between governmental funds and business-type and fiduciary funds. Elimination of these transfers 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, 2015

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 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, therefore, are 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 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.

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.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 acquisitions under capital leases are reported as other financing sources.

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 *economic measurement focus* and 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.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the board shall annually, but not later than the first business meeting of January, decide the budget option to be used for the following fiscal year. The board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option, a preliminary budget must be prepared 150 days prior to the primary election. Under this option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the primary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction of PDE and made available for public inspection. The board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The board shall annually adopt the final budget by a majority vote of all members of the board prior to June 30.

Board Resolution Option

Under the Board Resolution Option, the board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The board shall annually adopt the final budget by a majority vote of all members of the board by June 30.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Budgetary Process - continued

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the school 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 board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2014/15 budget transfers.

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

1. Cash and Investments

For purposes of the statement of cash flows, the proprietary fund type considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are stated at fair value, except:

- a) Nonparticipating interest earning investment contracts are recorded at amortized cost;
- b) Money market investments and participating interest earning investment contracts that mature within one year of acquisition are recorded at amortized cost; and,
- c) Investments held in 2a7-like pools (Pennsylvania Local Government Investment Trust and Pennsylvania School District Liquid Asset Fund) are recorded at the pool's share price.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

2. 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."

3. 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.

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, 2015, consist of the following:

Purchased food and supplies	\$ 9,083
Donated commodities	<u>4,857</u>
	<u>\$ 13,940</u>

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

4. 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.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

4. Capital Assets, Depreciation, and Amortization - continued

The District generally capitalizes assets with costs 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.

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

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	40 - 50
Land improvements	15 - 20
Furniture and equipment	3 - 10

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.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 has two items that qualify for reporting in this category, which are a deferred pension contribution and deferred charge on bond refunding reported in the government-wide statement of net position. A deferred pension contribution results from contributions made to the pension plan subsequent to the measurement date and prior to the District's year-end. The contributions will be recognized as a reduction in net pension liability in the following year. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

5. Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statement of net 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 two types of items that qualify for reporting in this category. The first item, *deferred pension expense*, relates to the District's net pension liability and pension expense and arises from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, or differences between employer contributions and the proportionate share of total contributions reported by the pension plan. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow. The second item, *unavailable revenue*, arises only under a modified accrual basis of accounting and 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.

6. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental funds, and proprietary 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.

7. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets component of net position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

8. Fund Balance Policies and Flow Assumptions

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).

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 revise a commitment.

The District's unassigned fund balance of the general fund shall not be less than six percent of the following year's projected budgeted expenditures.

Sometimes the government 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.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Revenues and Expenditures/Expenses

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.

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 carry forward 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.

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Revenues and Expenditures/Expenses - continued

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.

H. 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Compliance with finance related legal and contractual provisions

The District has no material violations of finance related legal and contractual provisions.

B. Deficit fund balance or net position of individual funds

Deficit Fund Balance - Proprietary Fund

For the year ended June 30, 2015, the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* created a deficiency in net position at year-end of \$378,546. The District will fund this deficiency in future years through contributions to the Pennsylvania Public School Employees' Retirement Plan (PSERS) at a rate required by PSERS.

C. Excess of expenditures over appropriations in individual funds

For the year ended June 30, 2015, the General Fund has excess expenditures over appropriations of \$502,946. The District used unbudgeted revenue received and proceeds from the issuance of a capital lease to fund the excess expenditures.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED

D. Budgetary compliance

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2015. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

NOTE 3 - CASH AND INVESTMENTS

The components of cash and investments as presented on the financial statements are as follows at June 30, 2015:

Cash	\$ 917,343
Petty Cash	2,001
Pooled Cash	14,091,990
Investments	<u>149,874</u>
	<u>\$ 15,161,208</u>

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, 2015, the carrying amount of the District's deposits was \$917,343 and the bank balance was \$1,169,470. Of the bank balance, \$251,224 was covered by federal depository insurance, and \$918,246 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, but was covered by collateralization requirements under Act 72.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 3 - CASH 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 approved collateral as provided by law therefore, shall be pledged by the depository.

As of June 30, 2015, 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	\$ 149,874	\$ -	\$ 149,874
PA School District Liquid Asset Fund		14,091,952	-	14,091,952
PA Local Government Investment Trust (PLGIT)		<u>1,368</u>	<u>(1,330)</u>	<u>38</u>
Total Investments				<u>\$ 14,241,864</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, 2015, 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, 2015

NOTE 3 - CASH 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, 2015, the District's investments were rated as:

<u>Investments</u>	<u>Standard & Poor's</u>
PSDLAF	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

The District collects its own real estate taxes. Assessed values are established by the County Board of Assessment. All taxable real property was assessed at \$794,896,700. In accordance with Act 1 of 2006, the District received \$490,522 in property tax reduction funds for the 2014/2015 fiscal year. The District tax rate for the year ended June 30, 2015 was 29.4887 mills (\$29.4887 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

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE - CONTINUED

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.

The balances at June 30, 2015 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue Taxes
Real Estate	\$ 779,662	\$ 15,302	\$ 764,360	\$ 14,543	\$ 765,119
Real Estate Transfer	24,735	-	24,735	24,735	-
Earned Income Tax	91,305	-	91,305	91,305	-
	<u>\$ 895,702</u>	<u>\$ 15,302</u>	<u>\$ 880,400</u>	<u>\$ 130,583</u>	<u>\$ 765,119</u>

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

The following schedule represents intergovernmental receivables as of June 30, 2015:

<u>Name of Governmental Unit</u>	<u>General Fund</u>	<u>Enterprise Fund</u>
Berks County Intermediate Unit - IDEA	\$ 183,284	\$ -
PDE - FICA	59,313	-
PDE - Retirement	552,259	-
PDE - Rental Subsidy	29,294	-
PDE - Transportation Subsidy	5,584	-
Federal Subsidies - Title I	53,721	-
Federal Subsidies - Title II	11,007	-
Federal Subsidies - Title III	11,083	-
Federal Subsidies - Access	68,454	-
PDE - Food Service Programs	-	386
Federal Subsidies - Food Service Programs	-	5,368
	<u>\$ 973,999</u>	<u>\$ 5,754</u>
TOTAL		

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 6 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 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	310,121	1,953,862	(460,831)	1,803,152
Totals not being depreciated	542,317	1,953,862	(460,831)	2,035,348
Capital assets being depreciated:				
Building and improvements	48,666,171	59,974	421,683	49,147,828
Land improvements	3,822,403	-	-	3,822,403
Furniture and equipment	5,785,037	942,791	37,811	6,765,639
Totals being depreciated	58,273,611	1,002,765	459,494	59,735,870
Less accumulated depreciation for:				
Building and improvements	14,112,803	1,121,426	-	15,234,229
Land improvements	2,482,229	107,886	-	2,590,115
Furniture and equipment	3,558,395	372,603	(1,337)	3,929,661
Total accumulated depreciation	20,153,427	1,601,915	(1,337)	21,754,005
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	38,120,184	(599,150)	460,831	37,981,865
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	\$ 38,662,501	\$ 1,354,712	\$ -	\$ 40,017,213

Business-Type Activities

Capital assets being depreciated:				
Machinery and equipment	\$ 181,303	\$ -	\$ -	\$ 181,303
Accumulated depreciation for:				
Machinery and equipment	169,523	1,646	-	171,169
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 11,780	\$ (1,646)	\$ -	\$ 10,134

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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	\$ 648,610
Special	25,925
Support:	
Instructional Staff	982
Administration	111
Pupil Health	448
Business Services	7,658
Operation of Plant and Maintenance Services	751,051
Transportation	6,785
Central Support Services	153,271
Noninstructional Services	<u>7,074</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,601,915</u></u>

NOTE 7 - LONG-TERM LIABILITIES

Bonds, notes, and leases payable, are as follows at June 30, 2015:

General Obligation Notes, 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. \$ 1,360,000

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%. 2,450,000

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED

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. 14,520,000

General Obligation Notes, Series of 2014: The General Obligation Notes, Series of 2014, aggregate principal of \$5,065,000, were issued on April 9, 2014 for the purpose of advance refunding a portion of the outstanding General Obligation Bonds, Series B of 2009. The notes mature from February 1, 2015 to February 1, 2020. Interest is payable semi-annually on February 1 and August 1. Interest rates range from 0.30% to 2.00%. The District realized a savings of \$51,564 as a result of the refunding. 5,040,000

General Obligation Notes, Series of 2015: The General Obligation Notes, Series of 2015, aggregate principal of \$10,000,000, were issued on June 1, 2015 for the purpose of currently refunding a portion of the outstanding General Obligation Bonds, Series 2009 and financing various capital projects of the District. The notes mature from May 15, 2016 to May 15, 2026. Interest is payable semi-annually on May 15 and November 15 at a rate of 2.27%. 10,000,000

Total Bonds and Notes Payable \$ 33,370,000

Capital lease liabilities are as follows at June 30, 2015:

Capitalized lease obligation for iPads, with annual payments of \$24,120, with final payment due in August 2016. The lease has an effective interest rate of 5.23%. \$ 44,695

Total Capital Leases \$ 44,695

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

Cost	\$ 89,522
Accumulated depreciation	<u>(36,034)</u>
Net Book Value	<u><u>\$ 53,488</u></u>

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED

Minimum future lease payments under capital leases are as follows:

Payments	\$ 48,232
Amount representing interest	<u>(3,537)</u>
Present value of net minimum lease payments	<u><u>\$ 44,695</u></u>

Maturities on long-term liabilities for the years ending June 30 are as follows:

Year Ended June 30	General Obligation Notes - Series of 2006	General Obligation Bonds - Series of 2009	General Obligation Notes - Series of 2010	General Obligation Bonds - Series of 2014
2016	\$ 5,000	\$ 2,420,000	\$ 10,000	\$ 5,000
2017	5,000	30,000	10,000	5,000
2018	1,350,000	-	205,000	5,000
2019	-	-	305,000	2,465,000
2020	-	-	315,000	2,560,000
2021 - 2025	-	-	13,675,000	-
2026	-	-	-	-
TOTAL	<u><u>\$ 1,360,000</u></u>	<u><u>\$ 2,450,000</u></u>	<u><u>\$ 14,520,000</u></u>	<u><u>\$ 5,040,000</u></u>
	General Obligation Notes - Series of 2015	Total General Long-Term Debt	Capital Leases	Total Interest
2016	\$ 5,000	\$ 2,445,000	\$ 21,778	\$ 984,334
2017	2,605,000	2,655,000	22,917	920,046
2018	1,165,000	2,725,000	-	817,851
2019	55,000	2,825,000	-	771,705
2020	5,000	2,880,000	-	717,250
2021 - 2025	2,865,000	16,540,000	-	2,123,371
2026	3,300,000	3,300,000	-	74,910
TOTAL	<u><u>\$ 10,000,000</u></u>	<u><u>\$ 33,370,000</u></u>	<u><u>\$ 44,695</u></u>	<u><u>\$ 6,409,467</u></u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED

Long-term liability balance and activity, except for the net pension and other postemployment benefits obligation, for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
General Obligation Debt:					
Bonds and notes payable	\$ 29,695,000	\$ 10,000,000	\$ 6,325,000	\$ 33,370,000	\$ 2,445,000
Less deferred amounts:					
For issuance discounts	(46,741)	-	(13,245)	(33,496)	-
For issuance premiums	240,357	-	28,787	211,570	-
Subtotal	<u>29,888,616</u>	<u>10,000,000</u>	<u>6,340,542</u>	<u>33,548,074</u>	<u>2,445,000</u>
Other Liabilities:					
Capital leases payable	223,101	854,817	1,033,223	44,695	21,778
Compensated absences	<u>397,444</u>	<u>15,454</u>	<u>-</u>	<u>412,898</u>	<u>185,250</u>
TOTAL GOVERNMENTAL LONG- TERM LIABILITIES	<u><u>\$ 30,509,161</u></u>	<u><u>\$ 10,870,271</u></u>	<u><u>\$ 7,373,765</u></u>	<u><u>\$ 34,005,667</u></u>	<u><u>\$ 2,652,028</u></u>

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, 2015 was \$936,001.

Defeased Debt

During the year ended June 30, 2015, all previously outstanding defeased debt was paid in full with escrow balances held. As of June 30, 2015, the District has no outstanding defeased debt.

Subsequent Event

In July 2015, the District entered into two lease agreements with Apple, Inc. for a total cost of \$406,204. The leases provide new computer equipment.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 - EMPLOYEE RETIREMENT PLANS

Restatement of Beginning Net Position

Effective July 1, 2014, the District adopted Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, to be in conformity with generally accepted accounting principles.

Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures in order to improve accounting and financial reporting by governments for pensions. The statement also enhances note disclosure and required supplementary information for government pension plans.

Statement No. 71 establishes standards for recording and reporting contributions made to a defined benefit plan after the measurement date of the government's beginning net pension liability.

The adoption of these standards resulted in the District restating beginning net position as of July 1, 2014 in governmental activities for \$39,267,193 and the food service fund for \$559,329 to account for the net pension liability as of June 30, 2014 (measurement date of June 30, 2013) and deferred outflows for pension contributions made subsequent to the measurement date. Governmental Activities net position decreased from \$21,601,241 to (\$17,665,952) and business-type activities net position decreased from \$88,564 to (\$470,765).

Employee Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pension Plan

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

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

General Information about the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24 Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2 percent or 2.5 percent, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

WYOMISSING AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Contributions

The contribution policy is set by the state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania.

Member Contributions:

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3 percent (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5 percent and 9.5 percent and Membership Class T-F contribution rate to fluctuate between 10.3 percent and 12.3 percent.

Employer Contributions:

The Districts' contractually required contribution rate for fiscal year ended June 30, 2015 was 20.50 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The rate was certified by the PSERS board of trustees. Contributions to the pension plan from the District were \$2,827,068 for the year ended June 30, 2015.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. For the year ended June 30, 2015, the contribution rate was 0.90 percent of covered payroll and the District contributed \$124,115.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for approximately one-half of the employer contributions made, including both contributions related to pension and to healthcare. The total reimbursement recognized by the District for the year ended June 30, 2015 was \$1,472,990.

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

At June 30, 2015, the District reported a liability of \$41,797,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2013 to June 30, 2014. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2014, the District's proportion was 0.1056 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$3,902,096. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ 2,978,000
Changes in proportions	990,000	-
Difference between employer contributions and proportionate share of total contributions	56,382	-
Contributions made subsequent to the measurement date	2,827,068	-
	<u>\$ 3,873,450</u>	<u>\$ 2,978,000</u>

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

The \$2,782,751 reported as deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2016	\$ 494,904
2017	494,904
2018	494,904
2019	494,906
2020	(48,000)
	<u>\$ 1,931,618</u>

Actuarial Assumptions

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

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

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

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

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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

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

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

Discount Rate

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

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
District's proportionate share of the net pension liability	\$ 52,136,000	\$ 41,797,000	\$ 32,971,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2015, the District had an accrued balance due to PSERS of \$1,778,786. This amount represents the District's contractually obligated contributions for wages earned in April 2015 through June 2015. The balance will be paid in September 2015.

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, 2015

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 \$17,773 has been made to the fund financial statements for the portion due in the next fiscal year and an accrual of \$34,768 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, 2015, recorded in the General Fund that will use currently available financial resources is \$167,477.

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, 2015 for \$192,880.

NOTE 10 - INTERFUND BALANCES AND TRANSFERS

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 63,021
Capital Projects Fund	35,021	-
Enterprise Fund - Food Service	39,052	-
Private Purpose Trust Fund - Scholarships	-	2,835
Agency Fund - Student Activities	-	8,217
	<u>\$ 74,073</u>	<u>\$ 74,073</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, 2015

NOTE 10 - INTERFUND BALANCES AND TRANSFERS - CONTINUED

Interfund transfers are summarized as follows at June 30, 2015:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 431	\$ -
Nonmajor fund - Lacrosse Fund	-	431
	<u>\$ 431</u>	<u>\$ 431</u>

Transfers were made to close out the lacrosse fund.

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 2014/15 year was \$329,930.

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 2014/15 year was \$111,054.

Summary financial information as of June 30, 2014 (the most recent information available) is as follows:

<u>Berks Career & Technology Center - Governmental Activities</u>	
Total Assets and Deferred Outflows of Resources	\$ 32,487,994
Total Liabilities	<u>14,495,491</u>
Total Net Position	<u>\$ 17,992,503</u>

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

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - OTHER 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.

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, 2015, the District contributed \$84,223 to the plan related to retirees.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

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	\$ 178,697
Interest on net OPEB obligation	2,115
Adjustment to annual required contribution	<u>(2,886)</u>
Annual OPEB Cost	177,926
Contributions made (estimated)	<u>(84,223)</u>
Estimated increase (decrease) in net OPEB obligation	93,703
Net OPEB obligation - beginning of year	<u>47,008</u>
Net OPEB obligation - end of year	<u><u>\$ 140,711</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
6/30/2015	\$ 177,926	47.3%	\$ 140,711
6/30/2014	181,800	83.8%	47,008
6/30/2013	181,570	107.8%	17,578

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the Plan was unfunded. The actuarial accrued liability for benefits was \$1,393,814, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,393,814. The covered payroll (annual payroll of active employees covered by the plan) was \$12,180,911, and the ratio of the UAAL to the covered payroll was 11.44 percent.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

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, 2014 actuarial valuation, the entry age normal 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 6.5 percent in 2014, 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, thirty-year open period.

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 2014/15 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. The District has no unfunded liability.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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 \$27,448 for the year ended June 30, 2015.

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

2016	\$ 27,448
2017	<u>2,287</u>
	<u>\$ 29,735</u>

The District has the following commitments under long-term contracts as of June 30, 2015:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Expenditures Incurred</u>	<u>Prepaid Expenditures</u>	<u>Commitment Remaining on Contract</u>
Trane	\$ 130,840	\$ 128,890	\$ -	\$ 1,950
Trane	6,341,600	1,524,385	4,817,215	-
Field Turf	<u>541,543</u>	<u>10,799</u>	<u>-</u>	<u>530,744</u>
Total Contracts	<u>\$ 7,013,983</u>	<u>\$ 1,664,074</u>	<u>\$ 4,817,215</u>	<u>\$ 532,694</u>

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

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

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, 2014 were as follows:

General Fund

The general fund has nonspendable funds of \$18,613 for prepaid expenditures and restricted funds of \$4,026 for Camp Conrad Weiser, \$19,000 for the lacrosse program, \$500 for the Science Explorer's Program, \$500 for instrument rental fees, and \$6,985 for special education books. The general fund also has committed funds of \$4,193,192 for retirement rate increases, \$1,250,000 for capital reserves, \$670,001 for curriculum enhancements, \$250,000 for vehicle/equipment replacements, \$11,828 for transportation software, and \$30,000 for instrument replacements, assigned funds of \$135,398 for balancing the 2015/16 budget, and unassigned fund balance of \$2,614,821. All commitments were authorized by the board of school directors' motion to set aside resources.

Capital Projects

The capital projects fund has nonspendable funds of \$4,817,215 for prepaid expenditures and restricted funds of \$3,758,188, consisting of \$1,277,800 of unspent bond funds, and \$2,480,388 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.

NOTE 17 - NEW ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 72, *Fair Value Measurement and Application* - The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This statement is required to be implemented by the year ended June 30, 2016.

WYOMISSING AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE 17 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED

- Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans* - The objective of this statement is to improve the usefulness of information about other postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is required to be implemented by the year ended June 30, 2017.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement is required to be implemented by the year ended June 30, 2018.
- Statement No. 77, *Tax Abatement Disclosures* - The requirements enhances the disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. This statement is required to be implemented by the year ended June 30, 2017.

The District has not yet completed the analysis necessary to determine the actual 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, 2015

REVENUES	BUDGET		ACTUAL	VARIANCE
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local Sources	\$ 26,216,588	\$ 26,216,588	\$ 26,778,111	\$ 561,523
State Sources	4,972,979	4,972,979	5,535,257	562,278
Federal Sources	493,353	493,353	334,079	(159,274)
TOTAL REVENUES	31,682,920	31,682,920	32,647,447	964,527
EXPENDITURES				
EXPENDITURES - INSTRUCTION				
Regular Programs - Elementary/Secondary	12,534,446	12,533,647	12,189,042	344,605
Special Programs - Elementary/Secondary	4,277,115	4,217,168	3,893,672	323,496
Vocational Education Programs	422,686	422,686	440,984	(18,298)
Other Instructional Programs - Elementary/Secondary	114,275	9,580	63,546	(53,966)
TOTAL INSTRUCTION	17,348,522	17,183,081	16,587,244	595,837
SUPPORT SERVICES				
Pupil Personnel	1,228,707	1,235,704	1,230,207	5,497
Instructional Support	853,567	858,925	736,097	122,828
Administration	1,963,017	1,943,873	2,176,870	(232,997)
Pupil Health	397,473	444,272	445,355	(1,083)
Business	568,894	568,894	533,586	35,308
Operation and Maintenance of Plant Services	2,712,119	2,712,119	2,611,892	100,227
Student Transportation Services	785,910	911,090	972,309	(61,219)
Support Services - Central	923,756	923,756	1,781,349	(857,593)
Other Support Services	28,000	28,000	26,398	1,602
TOTAL SUPPORT SERVICES	9,461,443	9,626,633	10,514,063	(887,430)
OPERATION OF NONINSTRUCTIONAL SERVICES				
Student Activities	800,441	800,442	837,686	(37,244)
Community Services	80,469	80,469	62,599	17,870
Scholarships and Awards	450	700	650	50
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	881,360	881,611	900,935	(19,324)
DEBT SERVICE	3,721,412	3,721,412	4,363,441	(642,029)
TOTAL EXPENDITURES	31,412,737	31,412,737	32,365,683	(952,946)
EXCESS OF REVENUES OVER EXPENDITURES	270,183	270,183	281,764	11,581

See note to required supplementary information.

WYOMISSING AREA SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - CONTINUED

For the Year Ended June 30, 2015

	BUDGET		ACTUAL	VARIANCE
	Original	Final	(GAAP Basis)	Final to Actual
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	-	-	854,817	854,817
Transfers In	-	-	431	431
Transfers Out	(200,000)	(200,000)	-	200,000
Budgetary Reserve	(250,000)	(250,000)	-	250,000
TOTAL OTHER FINANCING SOURCES (USES)	(450,000)	(450,000)	855,248	1,305,248
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (179,817)	\$ (179,817)	1,137,012	\$ 1,316,829
FUND BALANCE - BEGINNING OF YEAR			8,067,852	
FUND BALANCE - END OF YEAR			\$ 9,204,864	

WYOMISSING AREA SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
PENSION PLAN**

June 30, 2015

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.1056%	0.1026%
District's proportionate share of the net pension liability	\$ 41,797,000	\$ 42,001,000
District's covered employee payroll	\$ 13,474,503	\$ 13,167,353
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	310.19%	318.98%
Plan fiduciary net position as a percentage of the total pension liability	57.24%	54.50%

The District's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2014 and 2013).

Note: This schedule is to present the requirement to show information for ten years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

WYOMISSING AREA SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 2,827,068	\$ 2,174,478	\$ 1,522,915	\$ 1,105,212	\$ 712,635	\$ 553,506	\$ 567,242	\$ 862,064	\$ 747,817
Contributions in relation to the contractually required contribution	<u>2,827,068</u>	<u>2,174,478</u>	<u>1,522,915</u>	<u>1,105,212</u>	<u>712,635</u>	<u>553,506</u>	<u>567,242</u>	<u>862,064</u>	<u>747,817</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 13,628,723	\$ 13,474,503	\$ 13,167,353						
Contributions as a percentage of covered employee payroll	20.74%	16.14%	11.57%						

Note:

This schedule is to present the requirement to show information for ten years. However, until a full ten-year trend is compiled, information for only those years for which information is available is shown.

WYOMISSING AREA SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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)
Eligible Employees	7/1/2014	\$ -	\$ 1,393,814	\$ 1,393,814	0.00%	\$ 12,180,911	11.44%
Eligible Employees	7/1/2012	\$ -	\$ 1,445,480	\$ 1,445,480	0.00%	\$ 12,017,440	12.03%
Eligible Employees	7/1/2010	-	1,626,253	1,626,253	0.00%	13,446,517	12.09%

WYOMISSING AREA SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

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

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	<u>Lacrosse</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS			
Cash and Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL ASSETS	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
FUND BALANCES			
Restricted Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL FUND BALANCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

WYOMISSING AREA SCHOOL DISTRICT

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

For the Year Ended June 30, 2015

	<u>Lacrosse</u>	<u>Debt Service</u>	<u>Total</u>
EXPENDITURES			
Debt Service			
Interest	\$ -	\$ 5,783	\$ 5,783
TOTAL EXPENDITURES	<u>-</u>	<u>5,783</u>	<u>5,783</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(5,783)	(5,783)
OTHER FINANCING SOURCES (USES)			
Issuance of Refunding Notes	-	3,930,783	3,930,783
Payment to Refunded Bond Escrow Agent	-	(3,925,000)	(3,925,000)
Transfers Out	<u>(431)</u>	<u>-</u>	<u>(431)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(431)</u>	<u>5,783</u>	<u>5,352</u>
NET CHANGE IN FUND BALANCES	(431)	-	(431)
FUND BALANCES - BEGINNING	<u>431</u>	<u>-</u>	<u>431</u>
FUND BALANCES - ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

WYOMISSING AREA SCHOOL DISTRICT

STATEMENT OF REVENUES AND EXPENSES - FOOD SERVICE FUND

For the Year Ended June 30, 2015

REVENUES

Student's Payments	\$ 185,117
Adult's Payments/A la Carte	130,281
Federal Subsidies	308,020
State Subsidies	52,643
Commodities Received	67,266
Interest Revenue	417
Vending Machine Sales	11,900
Special Events	9,453

TOTAL REVENUES 765,097

COST OF GOODS SOLD

Inventory - Beginning of Year	21,029
Purchases - Commodities	67,266
Purchases - Food and Milk	235,127
Less: Inventory - End of Year	(13,940)

TOTAL COST OF GOODS SOLD 309,482

GROSS PROFIT 455,615

OPERATING EXPENSES

Salaries	219,339
Employee Benefits	113,377
Repairs and Maintenance	7,568
Depreciation Expense	1,646
Supplies	18,031
Other Expenses	3,435

TOTAL OPERATING EXPENSES 363,396

CHANGE IN NET POSITION 92,219

NET POSITION (DEFICIT) - BEGINNING - RESTATED (470,765)

NET POSITION (DEFICIT) - END OF YEAR \$ (378,546)

WYOMISSING AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

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, 2014	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue June 30, 2015
U.S. DEPARTMENT OF EDUCATION										
Passed through the Pennsylvania Department of Education:										
Title I - Improving Basic Programs	I	84.010	013-14-0497	205,248	07/01/13-09/30/14	\$ (689)	\$ (10,007)	\$ 9,318	\$ 9,318	\$ -
Title I - Improving Basic Programs		84.010	013-15-0497	215,302	07/29/14-09/30/15	148,679	-	202,400	202,400	53,721
Total Title I						147,990	(10,007)	211,718	211,718	53,721
Improving Teacher Quality State Grants - Title II	I	84.367	020-14-0497	27,780	07/01/13-09/30/14	3,960	512	3,448	3,448	-
Improving Teacher Quality State Grants - Title II	I	84.367	020-15-0497	27,972	07/29/14-09/30/15	16,844	-	27,851	27,851	11,007
Total Title II						20,804	512	31,299	31,299	11,007
English Language Acquisition State Grant - Title III	I	84.365	010-14-0497	13,126	07/01/13-09/30/14	8,438	8,438	-	-	-
English Language Acquisition State Grant - Title III	I	84.365	010-15-0497	15,113	07/29/14-06/30/15	4,030	-	15,113	15,113	11,083
Total Title III						12,468	8,438	15,113	15,113	11,083
Passed through Berks County Intermediate Unit:										
ARRA - Race to the Top - Phase 3	I	84.413	N/A	14,389	12/22/11 - 12/22/15	11,890	-	11,890	11,890	-
IDEA Cluster										
IDEA - Special Education Grants to States	I	84.027	N/A	269,676	07/01/13-06/30/14	240,335	240,335	-	-	-
IDEA - Special Education Grants to States	I	84.027	N/A	294,037	07/01/14-06/30/15	111,758	-	294,037	294,037	182,279
IDEA - Special Education Preschool Grants	I	84.173	N/A	313	07/01/13-06/30/14	313	313	-	-	-
IDEA - Special Education Preschool Grants	I	84.173	N/A	1,005	07/01/14-06/30/15	-	-	1,005	1,005	1,005
Total IDEA Cluster						352,406	240,648	295,042	295,042	183,284
TOTAL U.S. DEPARTMENT OF EDUCATION						545,558	239,591	565,062	565,062	259,095
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	07/01/13-06/30/14	4,005	4,005	-	-	-
Medical Assistance Reimbursement for Administration, Revenue Code 8820		93.778	N/A	N/A	07/01/14-06/30/15	7,494	-	7,494	7,494	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						11,499	4,005	7,494	7,494	-
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	07/01/13-06/30/14	37,516	37,516	-	-	-
National School Lunch Program	I	10.555	N/A	N/A	07/01/14-06/30/15	248,086	-	253,303	253,303	5,217
School Breakfast Program	I	10.553	N/A	N/A	07/01/13-06/30/14	9,166	9,166	-	-	-
School Breakfast Program	I	10.553	N/A	N/A	07/01/14-06/30/15	54,566	-	54,717	54,717	151
Passed through the Pennsylvania Department of Agriculture:										
National School Lunch Program	I	10.555	N/A	N/A	07/01/14-06/30/15	56,633	(15,490)	67,266	67,266	(4,857)
TOTAL CHILD NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE						405,967	31,192	375,286	375,286	511
TOTAL FEDERAL AWARDS						\$ 963,024	\$ 274,788	\$ 947,842	\$ 947,842	\$ 259,606

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, 2015

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, 2015, the District had \$4,857 of food commodity inventory.

**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, 2015, 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 January 20, 2016.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. 2015-001.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs to be a significant deficiency. 2015-002.

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*.

Response to Finding

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

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
January 20, 2016**



Herbein + Company, Inc.
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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, 2015. 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, 2015.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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
January 20, 2016**

WYOMISSING AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

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? X yes no

Significant deficiency(ies) identified not considered to be material weaknesses? X yes 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):

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I - Improving Basic Programs

Special Education Cluster (IDEA)

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, 2015

Section II - Financial Statement Findings

2015-001 ACCOUNT RECONCILIATIONS/MATERIAL ADJUSTMENTS POSTED AS A RESULT OF THE AUDIT

Criteria

Generally accepted accounting principles indicate that the "Identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control" should be regarded as a material weakness in internal controls.

Condition/Cause

The District had turnover in the business office during the year which resulted in certain account reconciliations not being performed prior to the audit. Material audit adjustments were proposed during the audit, and recorded to properly reflect material accounts on the financial statements and bring the financial statements into compliance with reporting under U.S. generally accepted accounting standards.

Effect

As a result of the account reconciliations and other monitoring activities not being performed prior to the audit, the financial statements were materially misstated at year-end prior to the audit. Information used by management throughout the year for certain financial decisions was not always accurate.

Recommendation

The business office should accurately reconcile all accounts to the accounting general ledger. The Business Administrator should supervise and be responsible for making sure the account reconciliations are done in accordance with the District's policies.

Benefit

Performing regular account reconciliations will result in the financial statements being accurate and in compliance with reporting standards. The District will be able to rely on the information generated by the business office, and management decisions can be made on the basis of that information.

Management Response

See corrective action plan included in this report package.

WYOMISSING AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

Section II - Financial Statement Findings - continued

2015-002 PREPARATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Criteria

OMB Circular A-133, Section 310(b) requires the auditee to prepare a complete and accurate SEFA.

Condition/Cause

The District prepared a SEFA and provided information relating to the federal programs including grant agreements and other supporting documentation. However, the SEFA prepared by the auditee required significant adjustments as a result of audit procedures.

Effect

With the turnover in the business office, the business administrator did not have adequate time and assistance to prepare an accurate SEFA. The SEFA that was provided for audit was subsequently updated through audit procedures including inquiry and review of grant documentation of awards received and amounts expended.

Recommendation

In order to meet the requirements of OMB Circular A-133, the District should assemble the SEFA from the grant award documentation and any other relevant information including the CFDA numbers, grant award amounts, grant amounts received, grant amounts expended and grant revenue recorded. The amounts reported in the SEFA should reconcile to the general ledger.

Benefit

The District will be in compliance with OMB Circular A-133 requirements for preparing a complete and accurate SEFA.

Management Response

See corrective action plan included in this report package.

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, 2015

Section III - Federal Award Findings and Questioned Costs

2014-001 REPORTING

Federal Program:

Title I - Improving Basic Programs 84.010

Criteria

As a subrecipient of the Pennsylvania Department of Education for Title I funds, the District is required to submit quarterly cash on hand reports detailing expenditures incurred during the quarter as well as cash received to date.

Condition

The District is a subrecipient of Title I funds from the Pennsylvania Department of Education and as such, is required to submit quarterly cash on hand reports to the Department.

Context

The District's Title I grant agreement was not approved by the State until December 2013, so the quarterly cash on hand reports were not available to be filed until that time. The District did properly file the report for the quarter ended March 31, 2014. However, no quarterly cash on hand report was filed for the quarter ended June 30, 2014.

Questioned Costs

None noted.

Cause

Due to turnover in both the Title I program administrator as well as the business administrator position during the year, deadlines and reporting were not tracked for the Title I program.

Effect

The District was not in compliance with the reporting requirements that are part of the consolidated grant agreement between the District and the Pennsylvania Department of Education, which could affect future payments.

Recommendation

We suggest that either the program administrator or business administrator develop a system to track due dates of federal reports as well as filings to be sure the District is in compliance with reporting requirements for federal programs.

Current Status of Corrective Action Plan

The recommendation was adopted and no similar findings were noted in the current year.



Wyomissing Area School District

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Julia R. Vicente, Superintendent
Lynette R. Waller, Director of Elementary & Secondary Education

Department of Education:

Wyomissing Area School District respectfully submits the following corrective action plan for the year ended June 30, 2015.

Name and address of independent public account firm:

Herbein + Company, Inc.
2763 Century Boulevard
Reading, PA 19610

The findings are from the June 30, 2015 schedule of findings and questioned costs and are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Section II - Financial Statement Findings

2015-001 ACCOUNT RECONCILIATIONS/MATERIAL ADJUSTMENTS POSTED AS A RESULT OF THE AUDIT

Criteria

Generally accepted accounting principles indicate that the "Identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control" should be regarded as a material weakness in internal controls.

Condition/Cause

The District had turnover in the business office during the year which resulted in certain account reconciliations not being performed prior to the audit. Material audit adjustments were proposed during the audit, and recorded to properly reflect material accounts on the financial statements and bring the financial statements into compliance with reporting under U.S. generally accepted accounting standards.

Effect

As a result of the account reconciliations and other monitoring activities not being performed prior to the audit, the financial statements were materially misstated at year-end prior to the audit. Information used by management throughout the year for certain financial decisions was not always accurate.

Recommendation

The business office should accurately reconcile all accounts to the accounting general ledger. The Business Administrator should supervise and be responsible for making sure the account reconciliations are done in accordance with the District's policies.

Benefit

Performing regular account reconciliations will result in the financial statements being accurate and in compliance with reporting standards. The District will be able to rely on the information generated by the business office, and management decisions can be made on the basis of that information.

Management Response

The District agrees with the above recommendations. In accordance with the Auditors' recommendation the District has installed plans and procedures to start the reconciliation process earlier in the audit process. By starting the process earlier the District will ensure that all reconciliations are done on a timely basis. The District is also assessing personnel due to the turnover of the staff to assure that the Business Office is correctly staffed to adequately complete reconciliations in a timely manner. Ensuring proper staffing will also provide the correct level of separations of duties and checks and balances.

2015-002 PREPARATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Criteria

OMB Circular A-133, Section 310(b) requires the auditee to prepare a complete and accurate SEFA.

Condition/Cause

The District prepared a SEFA and provided information relating to the federal programs including grant agreements and other supporting documentation. However, the SEFA prepared by the auditee required significant adjustments as a result of audit procedures.

Effect

With the turnover in the business office, the business administrator did not have adequate time and assistance to prepare an accurate SEFA. The SEFA that was provided for audit was subsequently updated through audit procedures including inquiry and review of grant documentation of awards received and amounts expended.

Recommendation

In order to meet the requirements of OMB Circular A-133, the District should assemble the SEFA from the grant award documentation and any other relevant information including the CFDA numbers, grant award amounts, grant amounts received, grant amounts expended and grant revenue recorded. The amounts reported in the SEFA should reconcile to the general ledger.

Benefit

The District will be in compliance with OMB Circular A-133 requirements for preparing a complete and accurate SEFA.

Management Response

The District agrees with the above Auditor recommendations. To comply with those recommendations the District is currently creating procedures and planning to start the SEFA much sooner in the audit process. This would ensure enough time to successfully complete the SEFA in a more timely manner. The District is also currently working on a staff plan to ensure that the Business Office is properly staffed to complete tasks on a timely basis.

If you have any questions regarding this plan, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Mark Boyer". The signature is fluid and cursive, with the first name "Mark" and last name "Boyer" clearly legible.

Mark Boyer
Business Administrator