

**WARREN COUNTY SCHOOL DISTRICT
WARREN, PENNSYLVANIA**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2014

WARREN COUNTY SCHOOL DISTRICT

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FELIX & GLOEKLER, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2306 Peninsula Drive • Erie, Pennsylvania 16506

Independent Auditors' Report

To the Members of the Board
Warren County School District
Warren, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Warren County School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the other required supplementary information, as listed in the table of contents, 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.

Felix and Gloekler, P.C.

Felix and Gloekler, P.C.
Erie, Pennsylvania
December 17, 2014

WARREN COUNTY SCHOOL DISTRICT

Management Discussion and Analysis

For the Year Ended June 30, 2014

The discussion and analysis of the WARREN COUNTY SCHOOL DISTRICT'S financial performance is provided as an overall review of the financial activities for the fiscal year ended June 30, 2014. It is intended to have this discussion and analysis presented as a look at the District's financial performance as a whole. To gain a greater appreciation and understanding of the District's financial performance, the reader should also review the financial statements and notes.

FINANCIAL HIGHLIGHTS:

Key financial highlights for 2013-2014 include:

Total 2013-2014 general fund revenues amounted to \$70,579,788, compared to 2012-2013 total revenue of \$67,126,309. This represented a 5.1% increase in revenues.

The general fund expenses, including transfers, of the District amounted to \$66,835,397 in 2013-2014, compared to total expenses in 2012-2013 of \$62,957,437. This represented a 6.2% increase in expenses.

The General Fund Total Fund Balance at fiscal year ending 2013-2014 was \$12,761,643, which represented a favorable change of \$3,744,391 (41.5%) from the prior year's fund balance of \$9,017,252. Included in the Total Fund Balance is \$2,371,525 for PSERS Retirement Contributions and \$500,000 for School Board and tax contingencies. The Unassigned Fund Balance of \$3,676,413 at fiscal year ending June 30, 2014 represented 5.5% of the total expenses in the fiscal year compared to the fund balance at fiscal year ended June 30, 2013, which represented 5.04% of the expenses for that period.

USING THE ANNUAL FINANCIAL REPORT:

The annual financial report consists of a series of financial statements and notes to those statements.

The organization of these reports is intended to provide the reader with an understanding of the Warren County School District as a financial whole and an entire operating entity.

The statements progress into a more detailed look at the specific financial activities during the fiscal year 2013-2014.

The *Statement of Net Position* and *Statement of Activities* provide information about the whole District, presenting both an aggregate view of the District's finances and longer-term view of those finances. The next level of detail is presented in the fund financial statements. For the governmental funds, these statements explain how services were financed in the short-term, as well as what remains for future spending. The District's most significant funds are also viewed through the fund financial statements. The general fund is by far the most significant fund of the Warren County School District.

REPORTING THE SCHOOL DISTRICT AS A WHOLE:

Government-Wide Financial Statements

Statement of Net Position and the Statement of Activities

This document contains all the funds used by the District to provide programs and activities and attempts to answer the question, “How did we do financially during the 2013-2014 fiscal year?” The answer is available in the *Statement of Net Position* and the *Statement of Activities*. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector organizations. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or disbursed.

These two statements report the District’s net position and changes in the assets over the course of the 2013-2014 fiscal year. The reports will show whether the District as a whole has seen an increase or decrease in its financial position. The causes for this change may be the result of many factors, some financial, some not. Non-financial factors include the District’s property tax base, student enrollment, facility conditions, required educational programs and other factors.

The *Statement of Net Position* and the *Statement of Activities* divide the District into two distinct types of activities:

- **Governmental Activities** – Most of the District’s programs and services are reported here and include instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover the expenses of the goods or services provided. The District’s Food Services operations are reported as business activities.

The Statement of Net Position provides the perspective of the School District taken as a whole. The School District total net position was \$33,810,376 at June 30, 2014, compared to \$31,004,972 for 2013.

	2014	2014		2013	2013	
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current	\$ 39,507,402	\$ 85,868	\$ 39,593,270	\$ 54,847,617	\$ 118,480	\$ 54,966,097
Capital assets and other assets	75,824,586	177,736	76,002,322	49,853,059	178,872	50,031,931
Total Assets	<u>\$ 115,331,988</u>	<u>\$ 263,604</u>	<u>\$ 115,595,592</u>	<u>\$ 104,700,676</u>	<u>\$ 297,352</u>	<u>\$ 104,998,028</u>
Current and other liabilities	\$ 8,473,319	\$ 35,388	\$ 8,508,707	\$ 9,314,975	\$ 33,672	\$ 9,348,647
Long-term liabilities	73,276,509	-	73,276,509	65,458,240	-	65,458,240
Total Liabilities	<u>81,749,828</u>	<u>35,388</u>	<u>81,785,216</u>	<u>74,773,215</u>	<u>33,672</u>	<u>74,806,887</u>
Net Position						
Invested in capital assets,						
net of related debt	24,767,866	177,736	24,945,602	24,667,027	178,872	24,845,899
Unrestricted	8,814,294	50,480	8,864,774	5,260,434	84,808	5,345,242
Total Net Position	<u>33,582,160</u>	<u>228,216</u>	<u>33,810,376</u>	<u>29,927,461</u>	<u>263,680</u>	<u>30,191,141</u>
Total Liabilities & Net Position	<u>\$ 115,331,988</u>	<u>\$ 263,604</u>	<u>\$ 115,595,592</u>	<u>\$ 104,700,676</u>	<u>\$ 297,352</u>	<u>\$ 104,998,028</u>

The following table shows the revenues, expenses and changes in net position for fiscal years ended 2014 and 2013:

	2014 Governmental Activities	2014 Business-Type Activities	Total	2013 Governmental Activities	2013 Business-Type Activities	Total
Revenues						
Operating grants and contributions	\$ 44,786,024	\$ 1,276,474	\$ 46,062,498	\$ 43,220,882	\$ 1,407,444	\$ 44,628,326
Charges for services	1,267,922	632,726	1,900,648	561,497	617,266	1,178,763
General revenues						
Property taxes	20,773,436	-	20,773,436	20,473,632	-	20,473,632
Earned income and local services						
taxes	2,986,308	-	2,986,308	3,179,337	-	3,179,337
Other taxes	340,704	-	340,704	213,864	-	213,864
Interest earnings	121,057	-	121,057	89,032	-	89,032
Total Revenues	70,275,451	1,909,200	72,184,651	67,738,244	2,024,710	69,762,954
Expenses						
Instruction	40,693,591	-	40,693,591	39,428,262	-	39,428,262
Pupil personnel	1,246,984	-	1,246,984	1,250,560	-	1,250,560
Instructional student support	2,734,330	-	2,734,330	2,525,899	-	2,525,899
Administrative/business support	4,378,581	-	4,378,581	3,988,174	-	3,988,174
Operation of plant	5,501,743	-	5,501,743	5,234,087	-	5,234,087
Student transportation	5,499,508	-	5,499,508	5,397,453	-	5,397,453
Central services	111,308	-	111,308	112,008	-	112,008
Student activities	210,522	-	210,522	213,032	-	213,032
Business services	664,196	-	664,196	622,163	-	622,163
Other	814,978	-	814,978	727,823	-	727,823
Interest on debt	2,603,496	-	2,603,496	482,749	-	482,749
Depreciation	2,161,515	-	2,161,515	2,360,427	-	2,360,427
Amortization	-	-	-	96,341	-	96,341
Food services	-	1,944,664	1,944,664	-	1,822,254	1,822,254
Total Expenses	66,620,752	1,944,664	68,565,416	62,438,978	1,822,254	64,261,232
Increase (Dec) In Net Position	3,654,699	(35,464)	3,619,235	5,299,266	202,456	5,501,722
Net position, beginning of year as restated	29,927,461	263,680	30,191,141	24,628,195	61,224	24,689,419
Net Position, end of year	\$ 33,582,160	\$ 228,216	\$ 33,810,376	\$ 29,927,461	\$ 263,680	\$ 30,191,141

Governmental Activities

Governmental activities for 2013-2014 resulted in an increase in net position of \$3,654,699. The increase resulted primarily from an increase in revenue across the board in comparison to the prior year.

Business-Type Activities

Business-type activities relate to the District's food service program. The food service program receives direct funding support from the state and federal divisions dealing with the National School Lunch Program. Additional revenues derived from the sale of meals to students and staff account for the operational funds to operate without support from tax revenues. The general fund, from time-to-time, through a transfer of funds to maintain the majority of capital equipment needs for food service operations, makes a direct contribution to the food service fund.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS:

The analysis of the District's major funds begins on page 16. Detailed information about the District's major funds is reported through the fund financial reports. The major funds will focus on the general fund and the capital projects fund.

Government Funds – Most District activities are reported in governmental funds, which focus on the flow of funds into and out of those funds. The balances at the end of the fiscal year represent what is available for funding in future periods. The modified accrual basis of accounting is used to report the financial activities in these funds and measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the District's general government operations and the basic services it provides. An analysis of the governmental fund helps to determine what funds may be available in the near future to finance continued educational programs.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these fund financial statements will essentially match the government-wide financial statements.

Fiduciary Funds – The District is the trustee for an established Trust Fund. Funds within the trust are monitored by the District and distributed as monetary awards or through purchases for educational supplies and materials in accordance with the specifications and restrictions of each trust agreement. Due to the trust arrangement, these funds can only be used for trust beneficiaries and cannot be utilized by the District to finance its operations.

General Fund Revenue

The District's revenues continue to reflect a similar basic breakdown: local (taxes and other), 38 percent; State and Federal revenues, 62 percent. The reason for the slight decrease is due to less money coming in from the federal government.

	2013-2014	2012-2013
Local Revenue	\$ 26,689,423 (38%)	\$ 25,459,748 (38%)
State Revenue	\$ 40,169,723 (57%)	\$ 38,997,956 (59%)
Federal & Other	\$ 3,673,581 (5%)	\$ 2,668,605 (3%)
TOTAL	\$ 70,532,727	\$ 67,126,309

General Fund Expenses

The District's program expenses are 64 percent instruction; 34 percent support; and 2 percent non-instructional (including debt payments and transfers).

	2013-2014	2012-2013
Instruction	\$ 38,986,205 (64%)	\$ 38,135,735 (61%)
Support Services	\$ 20,662,889 (34%)	\$ 19,823,544 (31%)
Non-Instruction & Debt	\$ 937,369 (2%)	\$ 4,998,158 (8%)
TOTAL	\$ 60,586,463	\$ 62,957,437

The 2013-2014 fiscal year again saw little growth in the local economy. The numbers of appeals and eventual granting of decreased real estate assessments continue to have a significant impact on the local real estate tax base. Consequently, the District's reliance on state and federal grants becomes more and more evident in an effort to meet program needs in order to avoid further financial hardship to the local taxpayer.

School District's Funds

The governmental funds of the District are accounted for using the modified accrual basis of accounting. The following is a breakdown of District fund balances:

	2013-2014
General Fund	\$ 12,761,643
Capital Projects	\$ 19,437,009
Debt Service	\$ 15,000
Total	\$ 32,213,652

General Fund Budget Highlights

The \$70,532,727 of revenues in the general fund in 2013-2014 applied against the total general fund expenditure outlay of \$60,586,463 resulted in a net increase to the fund balance of \$3,744,391. Although the District recognizes a fund balance of \$12,761,643, it also realizes that a liability for **post-retirement benefits** (see Note 9 to the financial statements) needs to be considered as a commitment of that fund balance and \$2,871,525 is designated for other purposes (\$2,371,525 for PSERS retirement contributions and \$500,000 for Board contingencies).

Comparison of Transfer Out Accounts

	2013-2014	2012-2013
Contribution to Capital Project	\$ 480,000	\$ 480,000
Debt Service	\$ 5,555,773	\$ 3,292,749
TOTALS	\$ 6,035,773	\$ 3,772,749

For 2014, the Athletic Fund is combined with the General Fund.

Capital Assets

At the end of fiscal year 2013-2014, the District had approximately \$76 million invested in land, buildings, equipment and construction-in-progress (\$120 million, less accumulated depreciation of \$44 million).

Debt Administration

The existing bonds payable at June 30, 2014 totaled \$71,300,000. The debt payments for the fiscal year totaled \$5,538,779. In addition, the District issued Series 2013A bonds in the amount of \$3,295,000 to refund the 2008 Bonds, resulting in an economic gain of \$65,000.

Factors Expected to have an Effect on Future Operations

The stagnant status of the local real estate assessments, coupled with continued appeals from local businesses and industries, concerns the District as current operational expenses continue to rise without any normal inflationary increases in revenues. The impact of uncertain economic conditions upon government entitlement, stimulus, and subsidy revenues and the continued imposition of State and Federal mandates significantly inhibit the administration's resources. With continued projections for declining student enrollment, the challenge to reduce operational costs while maintaining the expected high levels of educational programming is a continuing challenge for the District Board and administration.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the financial resources it receives. If you have questions about the report or wish to request additional financial information, please contact the District's Business Administrator, 589 Hospital Drive, Warren, PA 16365; telephone (814) 723-6903.

WARREN COUNTY SCHOOL DISTRICT

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 12,528,516	\$ 36,766	\$ 12,565,282
Investments	20,603,040	-	20,603,040
Taxes receivable, net	2,827,159	-	2,827,159
Internal balances	245,180	(245,180)	-
Due from other governments	1,784,397	-	1,784,397
Other receivables	775,952	192,846	968,798
Inventories	-	-	-
Prepaid expenses	742,477	101,436	843,913
Other current assets	681	-	681
Total Current Assets	<u>39,507,402</u>	<u>85,868</u>	<u>39,593,270</u>
Noncurrent Assets			
Land	498,983	-	498,983
Construction in progress	41,219,051	-	41,219,051
Capital assets, net	<u>34,106,552</u>	<u>177,736</u>	<u>34,284,288</u>
Total Noncurrent Assets	<u>75,824,586</u>	<u>177,736</u>	<u>76,002,322</u>
Total Assets	<u>115,331,988</u>	<u>263,604</u>	<u>115,595,592</u>
Liabilities and Net Position			
Current Liabilities			
Accounts payable	1,547,046	11,569	1,558,615
Current portion of long-term debt	2,865,000	-	2,865,000
Accrued salaries and benefits	1,678,929	2,723	1,681,652
Payroll deductions and withholdings	1,898,622	-	1,898,622
Other current liabilities	<u>483,722</u>	<u>21,096</u>	<u>504,818</u>
Total Current Liabilities	<u>8,473,319</u>	<u>35,388</u>	<u>8,508,707</u>
Noncurrent Liabilities			
Bonds payable	68,435,000	-	68,435,000
Other post-employment benefits	4,481,749	-	4,481,749
Long-term portion of compensated absences	<u>359,760</u>	<u>-</u>	<u>359,760</u>
Total Noncurrent Liabilities	<u>73,276,509</u>	<u>-</u>	<u>73,276,509</u>
Total Liabilities	<u>81,749,828</u>	<u>35,388</u>	<u>81,785,216</u>
Net Position			
Invested in capital assets net of debt	24,006,239	177,736	24,183,975
Unrestricted	<u>9,575,921</u>	<u>50,480</u>	<u>9,626,401</u>
Total Net Position	<u>\$ 33,582,160</u>	<u>\$ 228,216</u>	<u>\$ 33,810,376</u>
Total Liabilities and Net Position	<u>\$ 115,331,988</u>	<u>\$ 263,604</u>	<u>\$ 115,595,592</u>

The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT

Statement of Activities For the Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
<u>Governmental Activities</u>				
Instruction	\$ 40,693,591	\$ 942,956	\$ 40,480,746	\$ -
Pupil personnel	1,246,984	-	107,712	-
Instructional student support	2,734,330	-	236,185	-
Administrative and financial support	4,378,581	324,966	346,682	-
Pupil health	814,978	-	159,849	-
Operation and maintenance of plant services	7,663,258	-	158,409	-
Student transportation	5,499,508	-	3,211,270	-
Central services	111,308	-	16,204	-
Student and community activities	210,522	-	11,595	-
Business services	664,196	-	57,372	-
Interest on debt	2,603,496	-	-	-
Total Governmental Activities	<u>66,620,752</u>	<u>1,267,922</u>	<u>44,786,024</u>	<u>-</u>
<u>Business-Type Activities</u>				
Food service	1,944,664	632,726	1,276,474	-
Total Business-Type Activities	<u>1,944,664</u>	<u>632,726</u>	<u>1,276,474</u>	<u>-</u>
Total Primary Government	<u>\$ 68,565,416</u>	<u>\$ 1,900,648</u>	<u>\$ 46,062,498</u>	<u>\$ -</u>
General Revenues:				
Taxes				
Property taxes				
Earned income and local services tax				
Public utility realty/other taxes				
Interest earnings				
Total General Revenues				
Change in Net Position				
Net Position, July 1, 2013 as restated				
Net Position, June 30, 2014				

The accompanying notes are an integral part of these statements.

Governmental Activities	Business- Type Activities	Total
\$ 730,111	\$ -	\$ 730,111
(1,139,272)	-	(1,139,272)
(2,498,145)	-	(2,498,145)
(3,706,933)	-	(3,706,933)
(655,129)	-	(655,129)
(7,504,849)	-	(7,504,849)
(2,288,238)	-	(2,288,238)
(95,104)	-	(95,104)
(198,927)	-	(198,927)
(606,824)	-	(606,824)
(2,603,496)	-	(2,603,496)
(20,566,806)	-	(20,566,806)
-	(35,464)	(35,464)
-	(35,464)	(35,464)
(20,566,806)	(35,464)	(20,602,270)
20,773,436	-	20,773,436
2,986,308	-	2,986,308
340,704	-	340,704
121,057	-	121,057
24,221,505	-	24,221,505
3,654,699	(35,464)	3,619,235
29,927,461	263,680	30,191,141
\$ 33,582,160	\$ 228,216	\$ 33,810,376

WARREN COUNTY SCHOOL DISTRICT

Balance Sheet Governmental Funds June 30, 2014

	General Fund	Capital Projects	Debt Service	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 11,387,764	\$ 1,140,752	\$ -	\$ 12,528,516
Investments	1,118,576	19,469,464	15,000	20,603,040
Taxes receivable, net	2,958,301	-	-	2,958,301
Due from other funds	410,499	-	-	410,499
Due from proprietary fund	245,180	-	-	245,180
Intergovernmental receivables	1,784,397	-	-	1,784,397
Other receivables	763,764	12,188	-	775,952
Prepaid expenses	742,477	-	-	742,477
Other current assets	680	-	-	680
Total Assets	\$ 19,411,638	\$ 20,622,404	\$ 15,000	\$ 40,049,042
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Due to other funds	\$ -	\$ 410,499	\$ -	\$ 410,499
Accounts payable	772,150	774,896	-	1,547,046
Accrued salaries and benefits	1,678,929	-	-	1,678,929
Payroll deductions and withholdings	1,898,622	-	-	1,898,622
Other current liabilities	78,384	-	-	78,384
Total Liabilities	4,428,085	1,185,395	-	5,613,480
Deferred Inflows of Resources				
Unavailable revenue - property taxes	2,221,910	-	-	2,221,910
Total Deferred Inflows of Resources	2,221,910	-	-	2,221,910
Fund Balances				
Restricted for debt service	-	-	15,000	15,000
Restricted for capital projects	-	18,296,257	-	18,296,257
Nonspendable	742,477	-	-	742,477
Committed to:				
Capital projects	2,400,000	1,140,752	-	3,540,752
Retirement	2,371,525	-	-	2,371,525
Tax and school board contingencies	500,000	-	-	500,000
Medical expenses	780,256	-	-	780,256
Textbook purchases	600,000	-	-	600,000
Technology	1,570,000	-	-	1,570,000
Scrap sales	90,972	-	-	90,972
WCC Health Program	30,000	-	-	-
Unassigned	3,676,413	-	-	3,676,413
Total Fund Balances	12,761,643	19,437,009	15,000	32,213,652
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 19,411,638	\$ 20,622,404	\$ 15,000	\$ 40,049,042

The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

Total fund balances - governmental funds	\$	32,213,652
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$ 120,379,635, and the accumulated depreciation is \$44,555,049		75,824,586
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Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		2,221,910
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An estimate of uncollectible real estate taxes receivable is not recorded in the funds.		(131,142)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds payable	\$ (71,300,000)	
Accrued interest on the bonds	(165,498)	
Other post-employment benefits	(4,481,749)	
Compensated absences	(599,599)	
	(76,546,846)	

Total Net Position - Governmental Activities	\$	33,582,160
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The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Capital Projects	Debt Service	Total Governmental Funds
Revenues				
Local sources				
Property taxes	\$ 21,138,734	\$ -	\$ -	\$ 21,138,734
Income and other taxes	3,622,011	-	-	3,622,011
Other local sources	1,928,678	78,057	-	2,006,735
State sources	40,169,723	-	-	40,169,723
Federal sources	3,673,581	-	-	3,673,581
Total Revenues	70,532,727	78,057	-	70,610,784
Expenditures				
Instruction	38,986,205	-	-	38,986,205
Support services	20,662,889	-	-	20,662,889
Noninstructional services	937,369	-	-	937,369
Capital outlay	-	28,133,042	-	28,133,042
Bond issuance costs	-	221,146	73,940	295,086
Agent fees	-	-	10,850	10,850
Debt service (principal and interest)	-	-	8,898,339	8,898,339
Total Expenditures	60,586,463	28,354,188	8,983,129	97,923,780
Excess (Deficiency) of Revenues Over Expenditures	9,946,264	(28,276,131)	(8,983,129)	(27,312,996)
Other Financing Sources (Uses)				
Interfund transfers	(6,035,773)	480,000	5,555,773	-
Transfer to proprietary fund	(168,187)	-	-	(168,187)
Refunding bonds issued	-	-	3,295,000	3,295,000
Premium on refunding bonds issued	-	-	142,356	142,356
Sale of fixed assets	18,376	135,548	-	153,924
Bond proceeds	-	9,980,000	-	9,980,000
Refunds of prior year receipts	(44,974)	-	-	(44,974)
Other financing	28,685	-	-	28,685
Total Other Financing Sources (Uses)	(6,201,873)	10,595,548	8,993,129	13,386,804
Net Change in Fund Balances	3,744,391	(17,680,583)	10,000	(13,926,192)
Fund Balance, July 1, 2013	9,017,252	37,117,592	5,000	46,139,844
Fund Balance, June 30, 2014	\$ 12,761,643	\$ 19,437,009	\$ 15,000	\$ 32,213,652

The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT
Reconciliation of the Governmental Funds' Statement of Revenues,
Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Year Ended June 30, 2014

Total net change in fund balances - governmental funds	\$ (13,926,192)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Depreciation and amortization expense	\$ (2,251,776)	
Capital outlays	28,223,303	25,971,527

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position.	(13,275,000)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	6,240,000
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Other:

Change in deferred taxes	(375,822)	
Change in income tax receivable	(295,000)	
Change in reserve for uncollectible taxes	10,494	
Change in accrued interest payable	54,843	
Change in compensated absences	5,126	
Change in OPEB liability	(755,307)	

Change in Net Position of Governmental Activities	\$ 3,654,669
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The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local revenues	\$ 25,626,865	\$ 24,727,273	\$ 26,689,423	\$ 1,962,150
State program revenues	40,103,779	40,149,581	40,169,723	20,142
Federal program revenues	1,828,991	3,046,498	3,673,581	627,083
Total Revenues	67,559,635	67,923,352	70,532,727	2,609,375
Expenditures				
Regular programs	30,412,645	28,666,062	27,363,632	1,302,430
Special programs	8,558,761	10,356,465	10,233,158	123,307
Vocational programs	1,440,449	1,544,604	1,293,687	250,917
Other instructional programs	10,246	96,746	95,730	1,016
Pupil personnel services	1,308,422	1,303,370	1,246,984	56,386
Instructional staff services	2,861,875	2,876,321	2,734,330	141,991
Administrative services	4,466,632	4,462,233	4,013,553	448,680
Pupil health	775,521	815,521	814,978	543
Business services	791,394	791,394	664,196	127,198
Operation and maintenance of plant services	5,752,899	5,752,900	5,501,743	251,157
Student transportation services	6,042,777	6,042,777	5,499,508	543,269
Central and other support services	169,721	177,386	111,308	66,078
Media services	78,090	78,090	76,288	1,802
Student activities	162,575	162,575	118,648	43,927
Athletics	752,137	654,812	803,134	(148,322)
Community services	17,500	17,500	15,586	1,914
Total Expenditures	63,601,644	63,798,756	60,586,463	3,212,293
Excess (Deficiency) of Revenues Over Expenditures	3,957,991	4,124,596	9,946,264	5,821,668
Other Financing Sources (Uses)				
Debt Service	(3,656,986)	(3,656,986)	(5,555,773)	(1,898,787)
Fund transfers	(480,000)	(480,000)	(480,000)	-
Proprietary fund transfer	(126,000)	(126,000)	(168,187)	(42,187)
Refund of prior year's receipts	-	-	(44,974)	(44,974)
Sale of fixed assets	-	-	18,376	18,376
Other financing	-	-	28,685	28,685
Budgetary reserve	(300,000)	(224,631)	-	224,631
Total Other Financing Sources (Uses)	(4,562,986)	(4,487,617)	(6,201,873)	(1,714,256)
Net Change in Fund Balances	(604,995)	(363,021)	3,744,391	4,107,412
Fund Balance , July 1, 2013	9,017,252	9,017,252	9,017,252	-
Fund Balance , June 30, 2014	\$ 8,412,257	\$ 8,654,231	\$ 12,761,643	\$ 4,107,412

The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT

Statement of Net Position

Proprietary Funds

June 30, 2014

	<u>Food Service</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 36,766
Intergovernmental accounts receivable	187,227
Other accounts receivable	5,619
Inventories	-
Prepaid expenses	<u>101,436</u>
Total Current Assets	<u>331,048</u>
Noncurrent Assets	
Machinery and equipment, net	<u>177,736</u>
Total Noncurrent Assets	<u>177,736</u>
Total Assets	<u><u>\$ 508,784</u></u>
Liabilities and Net Assets	
Current Liabilities	
Due to other funds	\$ 245,180
Accrued salaries and benefits	2,723
Student deposits	21,096
Accounts payable	<u>11,569</u>
Total Current Liabilities	<u>280,568</u>
Total Liabilities	<u>280,568</u>
Net Position	
Invested in capital assets, net of debt	177,736
Unrestricted	<u>50,480</u>
Total Net Position	<u>228,216</u>
Total Liabilities and Net Position	<u><u>\$ 508,784</u></u>

The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	<u>Food Service</u>
Operating Revenues:	
Food service revenue	<u>\$ 632,726</u>
Total Operating Revenues	<u>632,726</u>
Operating Expenses:	
Salaries	518,403
Employee benefits	374,747
Other purchased services	1,002,715
Depreciation	35,464
Other operating expenditures	<u>13,336</u>
Total Operating Expenses	<u>1,944,665</u>
Operating Income (Loss)	<u>(1,311,939)</u>
Nonoperating Revenues (Expenses)	
State sources	62,456
Federal sources	<u>1,045,832</u>
Total Nonoperating Revenues (Expenses)	<u>1,108,288</u>
Change in Net Position before Transfers	(203,651)
Transfers in	<u>168,187</u>
Change in Net Position	(35,464)
Net Position, July 1, 2013	<u>263,680</u>
Net Position, June 30, 2014	<u><u>\$ 228,216</u></u>

The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT

Combined Statement of Cash Flows

Proprietary Fund Type

For the Year Ended June 30, 2014

	<u>Food Service</u>
Cash Flows From Operating Activities	
Cash received from users	\$ 646,430
Cash decrease due to change in student deposits held	(7,025)
Cash payments to employees for services	(1,077,133)
Cash payments to suppliers for goods and services	(1,027,925)
Cash payments for other operating expenses	<u>-</u>
Net Cash Provided By (Used For) Operating Activities	<u>(1,465,653)</u>
Cash Flows From Non-Capital Financing Activities	
State sources	52,097
Federal sources	1,052,868
Transfers in	<u>400,000</u>
Net Cash Provided By (Used For) Non-Capital Financing Activities	<u>1,504,965</u>
Cash Flows From Capital and Related Financing Activities	
Equipment purchase	<u>(34,326)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(34,326)</u>
Net Increase in Cash and Cash Equivalents	4,986
Cash and Cash Equivalents at Beginning of Year	<u>31,780</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 36,766</u></u>
Reconciliation of Operating Income to Net Cash (Used For) Operating Activities	
Operating income (loss)	<u>\$ (1,311,939)</u>
Depreciation	35,464
(Increase) decrease in accounts receivable	13,704
Increase (decrease) in other liabilities	1,048
Increase (decrease) in student deposits	(7,025)
Increase (decrease) in due to/due from	(171,664)
(Increase) in other current assets	(32,935)
Increase (decrease) in accounts payable	<u>7,694</u>
Total Adjustments	<u>(153,714)</u>
Cash Provided By (Used For) Operations	<u><u>\$ (1,465,653)</u></u>

The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT

Statement of Net Position

Fiduciary Funds

June 30, 2014

	Agency Funds			
	Student	Earned Income		
	Activities	Tax Office	Trust Funds	Total
Assets				
Cash and cash equivalents	\$ 195,518	\$ 1,430,574	\$ 31,223	\$ 1,657,315
Investments	-	-	295,109	295,109
Total Assets	<u>\$ 195,518</u>	<u>\$ 1,430,574</u>	<u>\$ 326,332</u>	<u>\$ 1,952,424</u>
Liabilities and Net Position				
Liabilities				
Accounts payable	<u>\$ 195,518</u>	<u>\$ 1,430,574</u>	<u>\$ -</u>	<u>\$ 1,626,092</u>
Total Liabilities	<u>195,518</u>	<u>1,430,574</u>	<u>-</u>	<u>1,626,092</u>
Net Position				
Restricted by trust agreements	<u>-</u>	<u>-</u>	<u>326,332</u>	<u>326,332</u>
Total Net Position	<u>-</u>	<u>-</u>	<u>326,332</u>	<u>326,332</u>
Total Liabilities and Net Position	<u>\$ 195,518</u>	<u>\$ 1,430,574</u>	<u>\$ 326,332</u>	<u>\$ 1,952,424</u>

The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT

Statement of Changes in Net Position

Fiduciary Funds

For the Year Ended June 30, 2014

	<u>Trust Funds</u>
Additions	
Gifts and contributions	\$ 3,959
Net investment income	4,243
Earnings/(loss) on investments	<u>34,202</u>
	<u>42,404</u>
Deductions	
Scholarships/withdrawals	<u>(3,415)</u>
Change in Net Position	38,989
Net Position, July 1, 2013	<u>287,343</u>
Net Position, June 30, 2014	<u><u>\$ 326,332</u></u>

The accompanying notes are an integral part of these statements.

WARREN COUNTY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) as applied to governmental units prescribed in the statements issued by the Government Accounting Standards Board (GASB) and other recognized authoritative sources.

A. Financial Reporting Entity

For financial reporting purposes, Warren County School District includes all funds that are controlled by or dependent on the administrative and legislative branches (the Administration or School Board, respectively). Control by or dependence on the School District is determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligation of the School District to finance any deficits that may occur, or receipt of significant subsidies from the School District, and reporting responsibility of the entity in question.

The School District includes the Tax Collection Fund of Warren County as an agency fund of the District. Furthermore, the Warren County Area Vocational Technical School, which serves primarily the Warren County School District, is included in the general fund of the District.

B. Fund Accounting

The accounts of the School District are maintained and the accompanying fund financial statements have been prepared on the basis of accounting practices prescribed or permitted by the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems, issued by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. These practices, as they apply to the Warren County School District, are in conformity with accounting principles generally accepted in the United States of America.

The financial transactions of the School District are recorded in individual funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific District functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major governmental funds:

The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for certain repairs and maintenance of the District's buildings and facilities.

The Debt Service Fund is used to account for the payment of principal and interest related to the various outstanding General Obligation Bonds of the District.

The government reports the following major enterprise funds:

The Food Service Fund is used to account for all financial transactions related to the food service activities of the District. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the District reports the following funds:

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

These include the Student Activity Funds, Trust Funds, and the District's Earned Income Tax Office. The student activity funds and the earned income tax office are both classified as Agency Funds as they are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between governmental and business-type activities of the District.

The government-wide financial statements are reported using the *economic resources measurement focus*. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each identifiable activity of the business-type and for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities (whether current or noncurrent) associated with the operations of these funds are included on the balance sheet. Proprietary fund operating statements present increases (revenues) and decreases (expenses) in net total position.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and fiduciary funds.

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough, thereafter, to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, investment earnings, tuition, grants and student fees.

The District reports unavailable revenue on its governmental funds balance sheet. In both government-wide and governmental fund statements, taxes received that are "intended to finance" a future period are reported as unavailable revenue. In subsequent periods, the liability for unavailable revenue is removed from the governmental funds balance sheet and revenue is recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on a flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on long-term debt, which is recorded when due, and (2) the costs related to compensated absences, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

E. Property Taxes

The School District levies taxes on July 1 based on assessed values established by Warren County. Taxes paid prior to October 1 are eligible for a 2% discount and subject to a 10% penalty if paid after November 30. Under Act 1 of 2006, taxpayers may pay their taxes in three installments beginning August 31.

The District levied real estate taxes of \$21,138,734 on July 1, 2013 based on a gross taxable valuation of \$452,421,681 at 50.96 mills. Taxes are collectible through May 1 each year. Subsequent to that date, taxes are turned over to the Warren County Tax Claim Bureau and the property is liened.

F. Budgets and Budgetary Accounting

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to May 31, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted for twenty (20) days prior to the date set for adoption.
- c. Prior to June 30, the budget is legally enacted through passage of a resolution.
- d. The budget is adopted on the modified accrual basis of accounting.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgetary integration is not employed by other funds because effective budgetary control is alternatively achieved through direct authorization by the School Board or expenditures are all fixed in nature.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- f. The Business Manager is authorized to transfer budgeted amounts between functional areas within the fund, but such action shall be taken only during the last nine (9) months of the fiscal year. Any revisions that alter the total expenditures of the fund require School Board approval.
- g. Unencumbered appropriations lapse at year end.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration.

H. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all temporary investments with initial maturities of three months or less to be cash equivalents.

I. Investments

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

J. Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported on both statement types.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District defines capital assets as assets with an initial, individual cost of \$5,000 or more. Donated fixed assets are recorded at their fair market value as of the date received. The District does not possess any infrastructure.

All reported capital assets, with the exception of land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Life - Years</u>
Buildings and improvements	20-40
Machinery and equipment	5-20

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services between funds are reported as revenues in the seller funds and as expenses/expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds.

On fund financial statements, advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances are considered available and spendable resources and current obligations of the respective funds. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

L. Compensated Absences

Unpaid sick and personal days accrue at a rate of \$8.00 to \$50.00 per day and are paid on separation from service. The entire compensated absences liability is reported in the government-wide financial statements.

For governmental funds, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the appropriate fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available resources are not reported in the fund financial statements. Unpaid compensated absences consist of \$487,543 for unused sick pay and \$112,056 for accumulated vacation pay.

M. Accrued Liabilities and Long-Term Debt

All accrued liabilities and long-term debt are reported in the government-wide financial statements, as well as the proprietary fund financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as a fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the financial statements until due.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Concentration of Credit Risk

The District maintains various deposits presented on the balance sheet as cash and investments with several local banks. The amounts on deposit with certain banks exceed the \$250,000 federally insured limit.

Also, the District has amounts receivable arising from property tax delinquencies and levies. These amounts are due from citizens of Warren County, Pennsylvania and are, thus, subject to the economic conditions of this geographical area.

O. Estimates in Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

P. Retirement Plan

Plan Description

The School District contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the Public School Employee Retirement System (PSERS). Benefit provisions of the Plan are established under the provisions of the PSERS Code (the Code) and may be amended by an act of the Pennsylvania State Legislature. The Plan provides retirement, disability and death benefits, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of a member's employment in the public school sector. PSERS issues a publicly available financial report that includes financial statements for the Plan. That report may be obtained by writing to PSERS, P. O. Box 125, Harrisburg, Pennsylvania 17108-0125.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funding Policy

Public School Employees' Retirement System has four membership classes: T-C, T-D, T-E and T-F. The rate of the contribution an employee pays toward his account is based on the date of hire and/or membership class selected as follows:

- A Class T-C member who enrolled before July 22, 1983 has a contribution rate of 5.25 percent. A Class T-D member who enrolled before July 22, 1983 has a contribution rate of 6.50 percent.
- A Class T-C member enrolled on July 22, 1983 through and including June 30, 2011 will have a contribution rate of 6.50 percent. A Class T-D member who enrolled on July 22, 1983 through and including June 30, 2011 will have a contribution rate of 7.50 percent.

Those who become members for the first time on or after July 1, 2011 may choose between two classes of membership in the System.

- A Class T-E member's base employee contribution rate with "shared risk" contribution levels may fluctuate between 7.50 and 9.50 percent.
- A Class T-F member's base employee contribution rate with "shared risk" contribution levels may fluctuate between 10.30 and 12.30 percent.

For fiscal year ended June 30, 2014, the rate of employer contribution was 12.36 percent of covered payroll.

The School District's contributions to the System for the years ending June 30, 2014, 2013, and 2012 were \$4,831,774, \$3,519,676, and \$2,610,380, respectively, equal to the required contributions for each year.

Shared Risk

With a "shared risk" program, Class T-E and Class T-F members benefit when investments of the fund are doing well and share some of the risk when investments under-perform. With a Class T-E or Class T-F, your contribution rate will stay within the specified range, but may increase or decrease by 0.50 percent within the specified range every three years, starting on July 1, 2015. The member contribution rate will never go below the base rate or above the highest percentage rate.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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.

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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

R. Net Position and Fund Balance

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

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 government fund financial statements a flow consumption must be made about the order in which the resources are considered to be applied. It is the government'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, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Policies

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

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 School Board has by resolution authorized the business administrator to 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, an additional action is essential to either remove or revise a commitment.

S. Pronouncements Issued

The School District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets or liabilities as deferred outflows of resources (expenses) or inflows (revenues). The implementation of GASB 65 resulted in the write-off of bond issuance costs and the effect of adoption of GASB 65 is the reduction of beginning net position by \$813,831 for Governmental Activities.

T. Future Pronouncements

The School District will adopt GASB 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27. The objective of the statement is to improve accounting and financial reporting by state and local governments for pensions. The implementation of GASB 68 will result in the recognition of the Net Pension Obligation of the School District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Program Revenue

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead of *general revenues*.

NOTE 2 - NON-POOLED CASH AND INVESTMENTS

The District's cash and investments consist of deposits with financial institutions and investments through brokers. The District's investment policies are governed by state statute and District policy. Permissible investments include United States treasury bills and other federal instruments, time accounts or share accounts of institutions insured by the Federal Deposit Insurance Corporation, and certificates of deposit to the extent such certificates are secured by a proper bond or secured by such proper collateral.

A. Deposits

Custodial credit risk is the risk that, in event of a bank failure, the District's deposits may not be returned. As of June 30, 2014, the bank balance of the District's deposits that are exposed to custodial credit risk is \$13,197,498 and their carrying amount is \$12,565,282. These amounts are uninsured. However, they are collateralized with securities held by the trust department or agent but not in the District's name.

Reconciliation to Financial Statements

Insured amount	\$ 250,000
Uninsured and collateralized held by the pledging bank's Trust Department not in the District's name	13,197,498
Plus: deposits in transit	-
Less: outstanding checks	(891,799)
Ending amount of cash in banks	
Plus: petty cash	9,583
Total cash per financial statements	<u>\$ 12,565,282</u>

NOTE 2 - NON-POOLED CASH AND INVESTMENTS (CONTINUED)

B. Investments

As of June 30, 2014, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
PA Local Gov't Investment Trust	N/A	\$20,603,040
Cash held by Broker	N/A	-
		<u>\$20,603,040</u>

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.

Credit Risk - The District has no investment policy that limits its choices to certain credit ratings. The District's investment policy does limit investments to those allowed by the Pennsylvania School Code.

Custodial Credit Risk - For an investment, custodial risk is the risk that, in the event of a bank failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2014, all of the District's investments are held by the broker or dealer, or by its trust department or agent, but not in the District's name.

Concentration of Credit Risk - The District places no limit on the amount that may be invested in any one issuer.

NOTE 3 - TAXES RECEIVABLE

Taxes receivable consist of the following at June 30, 2014:

	<u>Government- Wide Statements</u>	<u>Fund Statements</u>
Delinquent real estate taxes	\$ 2,914,261	\$2,914,261
Delinquent per capita	44,040	44,040
Allowance for doubtful accounts	(131,142)	-
	<u>\$2,827,159</u>	<u>\$2,958,301</u>

In accordance with the modified accrual basis of accounting, the above has been recognized as revenue only to the extent that they are measurable and available. Accordingly, \$2,221,910 of the delinquent real estate taxes deemed not available as of June 30, 2014 has been recorded as unavailable revenue on the governmental funds balance sheet.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governments consist of the following:

	General Fund	Food Service Fund	Total
Federal	\$ 596,545	\$ 176,868	\$ 773,413
State	1,187,852	10,359	1,198,211
	<u>\$ 1,784,397</u>	<u>\$ 187,227</u>	<u>\$ 1,971,624</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund receivables and payables on the fund statements at June 30, 2014 consist of the following:

	Interfund Receivable	Interfund Payable
General fund	\$ 655,679	\$ -
Capital Projects fund	-	410,499
Food Service fund	-	245,180
	<u>\$ 655,679</u>	<u>\$ 655,679</u>

Interfund transfers on the fund statements at June 30, 2014 consist of the following:

	Transfer In	Transfer Out
General fund	\$ -	\$ 6,203,960
Proprietary fund	168,187	
Capital Projects fund	480,000	-
Debt Service fund	5,555,773	-
	<u>\$ 6,203,960</u>	<u>\$ 6,203,960</u>

The purpose of the transfer from the General Fund to the Debt Service Fund was to make principal and interest payments related to the District's outstanding General Obligation Bonds. The transfers from the General Fund to the Capital Projects Fund were made to fund certain repairs and maintenance of the District's buildings and facilities.

NOTE 6 - CAPITAL ASSETS

A summary of capital asset activity during the year is as follows:

	June 30, 2013	Additions	Deletions	June 30, 2014
Governmental Activities				
Capital assets not depreciated:				
Construction in progress	\$12,885,267	\$28,333,784	\$ -	\$41,219,051
Land	498,983	-	-	498,983
Total Capital Assets not Depreciated	<u>\$13,384,250</u>	<u>\$28,333,784</u>	<u>\$ -</u>	<u>\$41,718,034</u>
Capital assets depreciated:				
Buildings and improvements	\$ 66,591,756	\$ -	\$ (148,813)	\$66,442,943
Furniture and equipment	12,180,325	38,333	-	12,218,658
Total Assets Depreciated	<u>78,772,081</u>	<u>38,333</u>	<u>-</u>	<u>78,661,601</u>
Less accumulated depreciation				
Buildings and improvements	(33,249,223)	(1,413,124)	-	(34,662,347)
Furniture and equipment	<u>(9,054,050)</u>	<u>(838,652)</u>	<u>-</u>	<u>(9,892,702)</u>
Total Accumulated Depreciation	<u>(42,303,273)</u>	<u>(2,251,776)</u>	<u>-</u>	<u>(44,555,049)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 36,468,808</u>	<u>\$(2,213,443)</u>	<u>\$ (148,813)</u>	<u>\$34,106,552</u>
Business-Type Activities				
Capital assets being depreciated:				
Equipment	\$ 1,282,033	\$ 34,327	\$ (368,735)	\$ 947,625
Less accumulated depreciation	<u>(1,103,160)</u>	<u>(35,464)</u>	<u>368,735</u>	<u>(769,889)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 178,873</u>	<u>\$ (1,137)</u>	<u>\$ -</u>	<u>\$ 177,736</u>

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

Governmental Activities:	
Support Services:	
Operation and Maintenance	<u>\$ 2,251,776</u>
Business-type Activities:	
Food Service	<u>\$ 20,712</u>

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities on the statement of net position consist of the following:

Accrued interest payable	\$ 165,498
Retirees' prepaid health insurance	78,384
Current portion of compensated absences	<u>239,840</u>
	<u>\$ 483,722</u>

NOTE 8 - NONCURRENT LIABILITIES

A. General Obligation Bonds

The General Obligation Bonds consist of the following as of June 30, 2014:

Series of 2010

The Series of 2010 bonds were issued on October 21, 2010 in the amount of \$12,685,000. The bonds mature serially at various amounts through October 1, 2023 and bear interest ranging from 2.00% to 3.25%. These bonds were issued to provide resources to refund the Series of 2003 and 2004 bonds.

Series of 2008

The Series of 2008 bonds were issued on October 31, 2008 in the amount of \$10,000,000. The bonds mature serially at various amounts through September 1, 2017 and bear interest ranging from 3.00% to 3.50%. The bonds were issued to retire the 2001 bonds and a portion of the 2002 bonds. The bonds were totally refunded in the current year with the proceeds of the General Obligation Bonds, Series 2013A.

Series of 2013

The series of 2013 bonds were issued on February 21, 2013 in the amount of \$9,700,000. The bonds are stated to mature on November 15, 2018 and November 15, 2024 and are subject to redemption prior to maturity as required by the resolution. The bonds were issued to fund the current construction and renovation projects through the District.

Series A of 2013

The District issued General Obligation Bonds, Series A of 2013. The Bonds were issued to refund the remaining outstanding bonds of the 2008 Series. The Bonds were issued on September 5, 2013 in the amount of \$3,295,000. The bonds mature serially at various amounts through September 1, 2017 and bear interest ranging from 2% to 3%. The refunding of the 2008 Bonds resulted in an economic gain of \$65,000 and reduced future debt service payments by \$121,927.

Series of 2014

The series of 2014 bonds were issued on January 9, 2014 in the amount of \$9,980,000. The bonds are stated to mature on May 15, 2034. The bonds were issued to fund the current construction and renovation projects through the District. The bonds bear interest at rates from 1.8% to 4.5%.

NOTE 8 - NONCURRENT LIABILITIES (CONTINUED)

B. Qualified Zone Academy Bond (QZAB)

Series D of 2011

The District issued a QZAB Bond through the Pennsylvania Department of Education in the amount \$16,200,000 in the prior fiscal year. The Bond was issued to finance the ongoing renovation project taking place at Beatty Warren Middle School. One hundred percent of the available project proceeds must be used for renovation, repair or rehabilitation of existing public school facilities and must be spent within three years.

Series of 2012

The District issued a QZAB Bond through the Pennsylvania Department of Education in the amount of \$23,180,000 in the current fiscal year. The Bond was issued to finance the ongoing renovation projects district-wide. One hundred percent of the available project proceeds must be used for renovation, repair or rehabilitation of existing public school facilities. Under the QZAB program, substantially all interest expense is reimbursed by the federal government.

The changes in noncurrent liabilities for the year ended June 30, 2014 consist of the following:

	Balance at June 30, 2013	Increases	Decreases	Balance at June 30, 2014	Due in One Year
QZAB Bond Series of					
2011	\$ 16,200,000	\$ -	\$ -	\$16,200,000	\$ 775,000
2012	23,180,000	-	-	23,180,000	5,000
General Obligation Bonds, Series of					
2008	5,000,000	-	(5,000,000)	-	-
2010	10,185,000	-	(1,240,000)	8,945,000	1,270,000
2013	9,700,000	-	-	9,700,000	5,000
2013 A	-	3,295,000	-	3,295,000	810,000
2014	-	9,980,000	-	9,980,000	-
	<u>64,265,000</u>	<u>13,275,000</u>	<u>(6,240,000)</u>	<u>71,300,000</u>	<u>2,865,000</u>
Compensated Absences					
Sick pay	493,121	-	(5,578)	487,543	195,017
Vacation pay	<u>111,604</u>	<u>452</u>	<u>-</u>	<u>112,056</u>	<u>44,823</u>
	<u>604,725</u>	<u>452</u>	<u>(5,578)</u>	<u>599,599</u>	<u>239,840</u>
	<u>64,869,725</u>	<u>\$ 13,275,452</u>	<u>\$(6,245,578)</u>	<u>71,899,599</u>	<u>\$ 3,129,840</u>
Less: Current Portion	<u>(3,137,927)</u>			<u>(3,129,840)</u>	
	<u>\$61,731,798</u>			<u>\$68,769,759</u>	

NOTE 8 - NONCURRENT LIABILITIES (CONTINUED)

The following is a summary of future debt service requirements to maturity for General Obligation Bonds:

<u>June 30,</u>	<u>Sinking Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 780,000	\$ 2,085,000	\$ 2,777,010	\$ 5,642,010
2016	1,050,000	1,865,000	2,737,540	5,652,540
2017	1,060,000	1,910,000	2,695,700	5,665,700
2018	1,085,000	1,955,000	2,648,026	5,688,026
2019	2,035,000	1,130,000	2,610,177	5,775,177
2020-2024	13,890,000	3,410,000	12,751,536	30,051,536
2025-2029	13,045,000	6,410,000	16,041,358	35,496,358
2030-2034	6,435,000	13,155,000	12,154,378	31,729,378
	<u>\$ 39,380,000</u>	<u>\$31,920,000</u>	<u>\$54,415,725</u>	<u>\$125,700,725</u>

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note 1, the School District provides post-employment health insurance and prescription drug benefits through a single-employer defined benefit plan. The benefits are established in accordance with the requirements set forth by the School Board and Pennsylvania Act 110. The Plan is not accounted for as a trust fund, an irrevocable trust has not been established, the Plan does not issue a separate report and activity of the Plan is reported in the School District's General Fund.

Benefit coverage as a retiree will be equivalent (single or dependent coverage) to that held by the individual at the time of retirement. As of June 30, 2014, 108 retired employees are covered under the Plan. The School District's expenses for benefits were \$1,101,886 in the year ended June 30, 2014.

Funding Policy

The benefits are expensed when incurred and are financed on a pay-as-you-go basis. Retirees currently pay a portion of the monthly premium depending on the level of coverage. The School District covers the balance of the premium not paid by the retiree. Retiree and dependent coverage, group plans, and costs to the retiree are subject to change. A spouse may be covered as a dependent until the earlier of the death of the retiree or Medicare eligibility.

The School District's annual OPEB cost is calculated based on the annual required contribution of the employees (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No 45. The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both normal cost for each year and the amortized unfunded liability.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The following table shows the component of the School District's annual OPEB cost for the year, the amount actually contributed, and changes in the School District's net OPEB obligation:

Annual required contribution (ARC)	\$ 1,910,474
Interest on net OPEB obligation	146,273
Adjustment to ARC	(199,554)
Annual OPEB cost	<u>1,857,193</u>
Contribution made	<u>(1,101,886)</u>
Increase in net OPEB obligation	755,307
Net OPEB obligation - beginning of year	<u>3,726,442</u>
Net OPEB obligation - end of year	<u>\$ 4,481,749</u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 1,857,193	59.3%	\$ 4,481,749
June 30, 2013	1,857,193	74.4%	3,726,442
June 30, 2012	1,864,705	75.4%	3,250,520
June 30, 2011	2,213,923	60.2%	2,792,223

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 below, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the 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.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The ARC for the current year was computed as of July 1, 2013 using the following actuarial assumptions: (1) actuarial cost method entry age normal; (2) interest rate 4.5%; (3) salary increases are composed of a 3% cost of living adjustment, 1% real wage growth and merit increases for teacher and administrators between .25% and 3%; (4) retiree contributions to increase at the same rate as the Health Care cost trend rate; (5) the Health Care cost trend rate is 9.0% in 2008, decreasing to an ultimate rate of 5% in 2014 and later; (6) amortization is based on level dollar, thirty year open period.

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees for which the District purchases commercial insurance. Settled claims have not exceeded insurance coverage in any of the past three years. There were no significant reductions in coverage compared to prior years.

NOTE 11 - CONTINGENT LIABILITIES

The School District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the District believes such amounts to be immaterial. The District may also be subject to claims by creditors, employees or others. The District does not believe that liabilities arising from such claims, if any, are significant and no accrual for such claims has been made.

NOTE 12 - EVALUATION OF SUBSEQUENT EVENTS

The School District has evaluated subsequent events through December 17, 2014, the date which the financial statements were available to be issued.

NOTE 13 – RESTATEMENT OF NET POSITION

Beginning net position of the governmental activities was restated to reflect the following:

Beginning Balance	\$ 30,741,292
Restatement:	
Elimination of debt issuance costs due to implementation of GASB-65	<u>(813,831)</u>
Beginning Balance, as restated	<u>\$ 29,927,461</u>

Required Supplemental Information

WARREN COUNTY SCHOOL DISTRICT
POST – EMPLOYMENT BENEFITS
OTHER THAN PENSION BENIFITS
Schedule of Funding Progress

The schedule of funding progress for the post-employment benefits is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)</u>
July 1, 2012	N/A	\$ 19,070,028	\$ 19,070,028	0.00%	\$ 25,948,356	73%
July 1, 2008	N/A	20,871,113	20,871,113	0.00%	35,688,718	58%
July 1, 2007	N/A	N/A	N/A	N/A	N/A	N/A