

**SELINGROVE AREA SCHOOL DISTRICT**  
**SELINGROVE, PENNSYLVANIA**  
**FINANCIAL STATEMENTS AND SINGLE AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2014**

SELINGSGROVE AREA SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-18
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT - WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	19
STATEMENT OF ACTIVITIES	20
FUND FINANCIAL STATEMENTS :	
BALANCE SHEET - GOVERNMENTAL FUNDS	21
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	22
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	23
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	25
STATEMENT OF NET POSITION - PROPRIETARY FUND TYPES	26
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND TYPES	27
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES	28
STATEMENT OF NET POSITION - FIDUCIARY FUNDS	29
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS	30
NOTES TO FINANCIAL STATEMENTS	31-53

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS  
OTHER THAN PENSIONS

54

OTHER SUPPLEMENTAL INFORMATION

SCHEDULES OF STATISTICAL INFORMATION (UNAUDITED)

55 -59

SINGLE AUDIT REPORT:

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

60

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

61

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*

62-63

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH

MAJOR PROGRAM AND ON INTERNAL CONTROL OVER

COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

64-65

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

66-67

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

68

# *Zelenkofske Axelrod LLC*

## INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
Selinsgrove Area School District  
Selinsgrove, 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 the Selinsgrove Area School District (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

---

#### ***Harrisburg***

830 Sir Thomas Court, Suite 100  
Harrisburg, PA 17109  
717.561.9200 Fax 717.561.9202

#### ***Philadelphia***

2370 York Road, Suite A-5  
Jamison, PA 18929  
215.918.2277 Fax 215.918.2302

#### ***Pittsburgh***

3800 McKnight E. Drive, Suite 3805  
Pittsburgh, PA 15237  
412.367.7102 Fax 412.367.7103

# *Zelenkofske Axelrod LLC*

Board of School Directors  
Selinsgrove Area School District  
Page 2

## **Opinion**

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 District, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Adoptions of New GASB's**

As described in Note 1 to the financial statements, in 2014 the District adopted the provisions of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," Statement No. 66, "*Technical Corrections-2012- An Amendment of GASB Statements No. 10 and No. 62*", Statement No. 67, "*Financial Reporting for Pension Plans – an amendment to GASB Statement No. 25*," and Statement No. 70, "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*". Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress for postemployment benefits other than pensions, on pages 4 through 18 and page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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.

# *Zelenkofske Axelrod LLC*

Board of School Directors  
Selinsgrove Area School District  
Page 3

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 not a required part of the basic financial statements. The statistical schedules on pages 55 through 59 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 and the statistical schedules is the responsibility of management and was 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2015 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.

*Zelenkofske Axelrod LLC*  
ZELENKOFSCHE AXELROD LLC

Harrisburg, Pennsylvania  
January 29, 2015

## SELINSGROVE AREA SCHOOL DISTRICT

### Management's Discussion & Analysis Year Ended June 30, 2014

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Management Discussion & Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2013-14) and the prior year (2012-13) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

- Net Position increased by \$2,139,933. Total revenues were \$39,654,732 and total expenses were \$37,514,799.
- The General Fund surplus for the year was \$675,073.
- The District was able to transfer an additional \$1,350,000 from the General Fund into the Capital Reserve Fund to offset future capital expenses and to replace the intermediate school roof.
- An additional \$1,180,025 was committed from the General Fund Balance for future employer retirement (PSERS) expenses and an additional \$125,000 was designated for future educational resources.
- The Food Service Department ran an \$113,918 profit for the year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, the statistical schedules and required supplementary information. The basic financial statements include two kinds of statements that 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 tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

## SELINSGROVE AREA SCHOOL DISTRICT

### Management's Discussion & Analysis Year Ended June 30, 2014

- Proprietary funds statements offer short and long-term financial information about the activities the District operates as a business, such as food service.
- 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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

#### **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, deferred inflows and outflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, liabilities and deferred inflows and outflows, are one way to measure the District's financial health or position.

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

- Governmental activities - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- Business-type activities - The District charges fees to help cover the costs of certain services it provides. The District's food service is included here.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds and not the District as a whole. Funds are accounting devices 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 establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.



## SELINSGROVE AREA SCHOOL DISTRICT

### Management's Discussion & Analysis Year Ended June 30, 2014

The District has three kinds of funds:

- 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 to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to 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 long-term focus of the district-wide statements, we provide additional information with the governmental funds statements to explain the relationship 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 statements.
- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities fund. 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. All the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

# SELINGSGROVE AREA SCHOOL DISTRICT

## Management's Discussion & Analysis Year Ended June 30, 2014

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net position.** The District's combined net position were \$16,019,339, on June 30, 2014.  
(See Table A-1).

**Table A-1**  
**Selinsgrove Area School District**  
**Net Position as of**  
**June 30, 2014**

	Governmental		Business-type			
	Activities		Activities		Total	
	2013	2014	2013	2014	2013	2014
Current and other assets	17,933,248	14,059,265	591,238	669,031	18,524,486	14,728,296
Non-current assets	37,143,469	40,168,294	230,420	255,955	37,373,889	40,424,249
<b>Total Assets</b>	<b>55,076,717</b>	<b>54,227,559</b>	<b>821,658</b>	<b>924,986</b>	<b>55,898,375</b>	<b>55,152,545</b>
Deferred Charge on Refunding	-	1,554,224	-	-	-	1,554,224
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>1,554,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,554,224</b>
Non-current liabilities	35,950,360	34,056,206	26,299	33,215	35,976,659	34,089,421
Current Liabilities	5,779,277	6,573,509	42,006	24,500	5,821,283	6,598,009
<b>Total Liabilities</b>	<b>41,729,637</b>	<b>40,629,715</b>	<b>68,305</b>	<b>57,715</b>	<b>41,797,942</b>	<b>40,687,430</b>
Net investment in capital assets	2,806,213	3,501,213	230,360	255,955	3,036,633	3,757,168
Restricted net position	3,246,344	4,418,205	-	-	3,246,344	4,418,205
Unrestricted net assets	7,294,523	7,232,650	522,993	611,316	7,817,516	7,843,966
<b>Total Net Position</b>	<b>13,347,080</b>	<b>15,152,068</b>	<b>753,353</b>	<b>867,271</b>	<b>14,100,433</b>	<b>16,019,339</b>

# SELINSGROVE AREA SCHOOL DISTRICT

## Management's Discussion & Analysis Year Ended June 30, 2014

**Table A-2**  
**Selinsgrove Area School District**  
**Fiscal Year Ended June 30, 2014**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues						
Program Revenues						
Charges for services	374,562	415,236	675,320	653,866	1,049,882	1,069,102
Operating Grants & Contributions	6,665,196	7,005,938	679,319	681,424	7,344,515	7,687,362
Capital Grants & Contributions	473,713	472,471	-	-	473,713	472,471
General Revenues						
Property Taxes	14,889,919	15,107,585	-	-	14,889,919	15,107,585
Other Taxes	6,512,172	7,660,104	-	-	6,512,172	7,660,104
State formula aid	7,776,776	7,562,000	-	-	7,776,776	7,562,000
Investment earnings	73,844	59,521	435	345	74,279	59,866
Other	55,876	34,820	(191)	1,422	55,685	36,242
<b>Total Revenues</b>	<b>36,822,058</b>	<b>38,317,675</b>	<b>1,354,883</b>	<b>1,337,057</b>	<b>38,176,941</b>	<b>39,654,732</b>
Expenses						
Instruction	21,451,464	23,406,245	-	-	21,451,464	23,406,245
Instruction Student Support	3,342,045	3,399,848	-	-	3,342,045	3,399,848
Administration	3,598,615	3,255,155	-	-	3,598,615	3,255,155
Operation & Maint of facilities	2,525,266	2,696,881	-	-	2,525,266	2,696,881
Pupil Transportation	1,650,675	1,708,948	-	-	1,650,675	1,708,948
Student Activities	625,930	609,911	-	-	625,930	609,911
Community Services	31,345	29,792	-	-	31,345	29,792
Interest on Long term debt	1,090,324	1,184,880	-	-	1,090,324	1,184,880
Food Service	-	-	1,237,730	1,223,139	1,237,730	1,223,139
<b>Total Expenses</b>	<b>34,315,664</b>	<b>36,291,660</b>	<b>1,237,730</b>	<b>1,223,139</b>	<b>35,553,394</b>	<b>37,514,799</b>
<b>Increase in Net Position</b>	<b>2,506,394</b>	<b>2,026,015</b>	<b>117,153</b>	<b>113,918</b>	<b>2,623,547</b>	<b>2,139,933</b>

## SELINSGROVE AREA SCHOOL DISTRICT

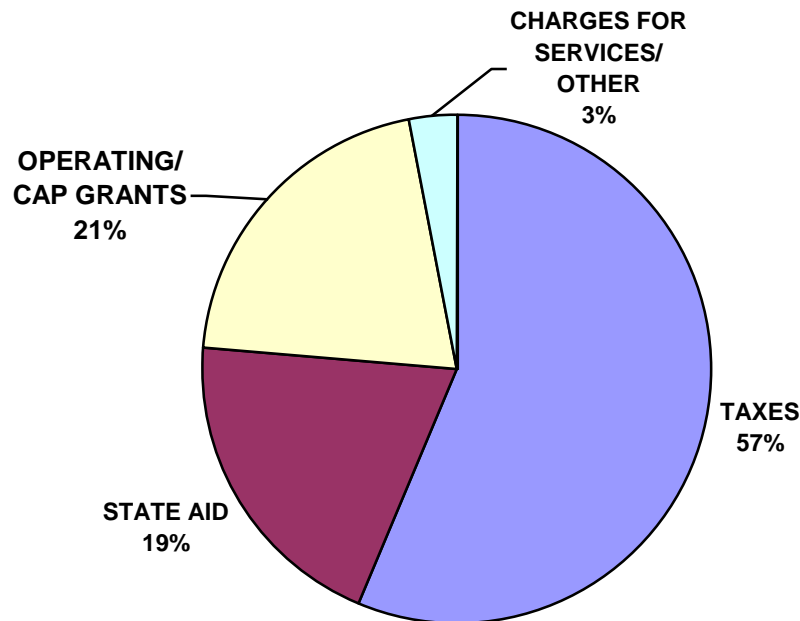
### Management's Discussion & Analysis Year Ended June 30, 2014

**Changes in net position.** The District's total revenues were \$39,654,732 for the year ended June 30, 2014 (see Table A-2). Property taxes and other taxes levied for general purposes continue to account for most of the District's revenue in the amount of \$22,767,689 or 57.4% of total revenues. Another 19.1% or \$7,562,000 came from state formula aid, which includes basic education, special education, and transportation subsidies. Approximately 19.4% or \$7,687,362 came from operating grants and contributions, and another 1.2% or \$472,471 came from capital grants and contributions, with the remainder of \$1,165,210 or 2.9% coming from fees charged for services and other miscellaneous sources.

The total cost of all programs and services was \$37,514,799 (see Table A-2). The District's costs related to educating and servicing students were \$29,124,952 or 77.6% of total expenses (Instruction, Instructional Student support, Pupil transportation, Student Activities). Administrative costs accounted for 8.7% of total expenses or \$3,255,155 and operation of the District's facilities accounted for 7.2% of total expenses or \$2,696,881. Finally, food service costs made up 3.3% of total costs or \$1,223,139 and all other expenses (including interest on long term debt) accounted for 3.2% or \$1,184,880.

Total revenues exceeded expenses, increasing net position by \$2,139,933.

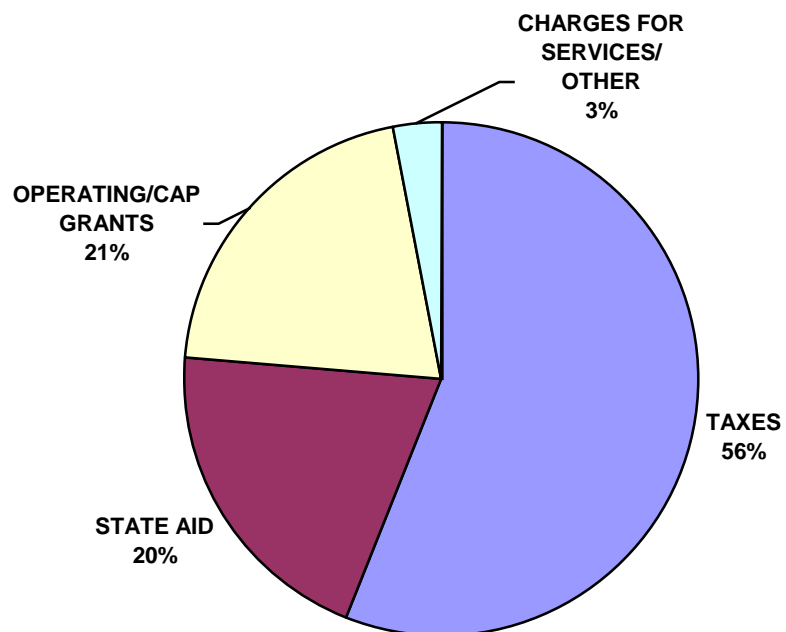
**Figure A-3: Sources of Selinsgrove Area School District Revenues for FY 2014**



SELINGROVE AREA SCHOOL DISTRICT

Management's Discussion & Analysis  
Year Ended June 30, 2014

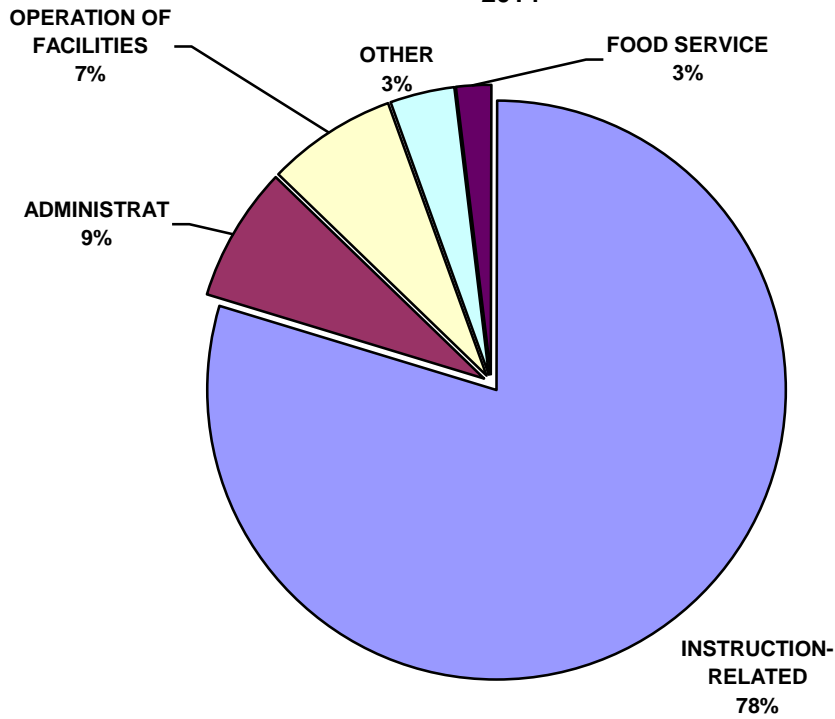
**Figure A-3: Sources of Selinsgrove Area School District Revenues for FY 2013**



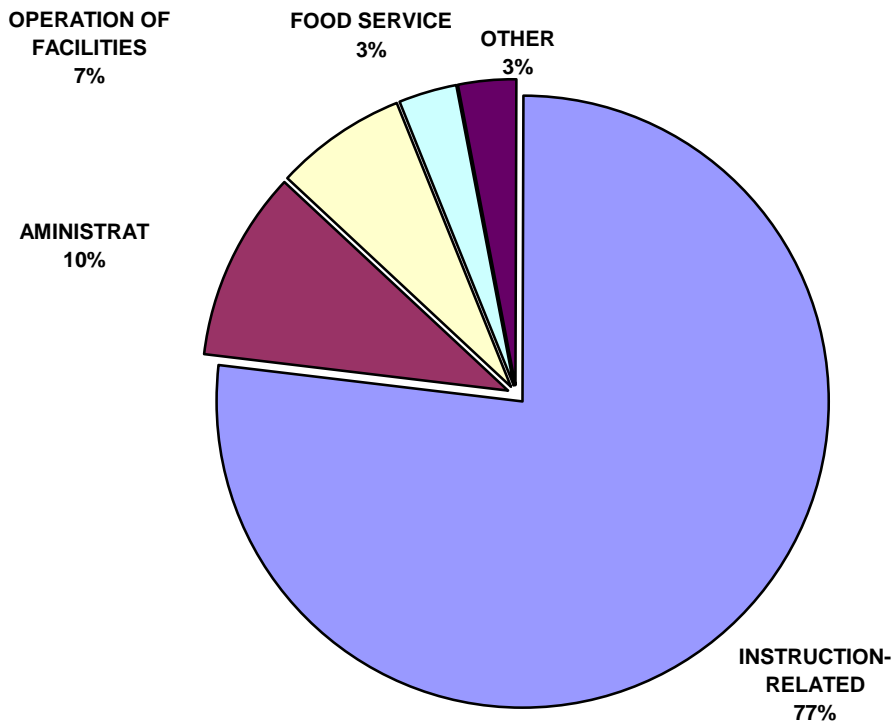
# SELINGSGROVE AREA SCHOOL DISTRICT

Management's Discussion & Analysis  
Year Ended June 30, 2014

**Figure A-4: Selinsgrove Area School District Expenses for FY 2014**



**Figure A-4: Selinsgrove Area School District Expenses for FY 2013**



# SELINGSGROVE AREA SCHOOL DISTRICT

## Management's Discussion & Analysis Year Ended June 30, 2014

The cost of all District activities was \$37,514,799. (See Table A-2).

- Some of the cost was paid by the users of the District's programs (\$1,069,102).
- Federal and state governments subsidized certain programs with grants and contributions (\$8,159,833).
- Most of the District's costs (\$28,285,864), however, were paid for by District taxpayers and taxpayers of our state.

This portion of governmental activities was paid for with \$22,767,689 in taxes, \$7,656,341 of state aid based on the statewide education aid formula, investment earnings, and other general revenues.

**Table A-3**  
**Selinsgrove Area School District**  
**Net Cost of Governmental Activities**

	Total Cost		Percentage	Net Cost		Percentage
	of Services		Change	of Services		Change
	2013	2014	2013-14	2013	2014	2013-14
Instruction	21,451,464	23,406,245	9.1%	16,352,848	17,993,481	10.0%
Instruction Student Support	3,342,045	3,399,848	1.8%	3,090,349	3,090,058	0.0%
Administration	3,598,615	3,255,155	(9.6%)	3,489,495	3,112,276	(10.9%)
Operation & Maint of facilities	2,525,266	2,696,881	6.8%	1,949,546	2,127,925	9.2%
Pupil Transportation	1,650,675	1,708,948	3.6%	819,207	859,238	4.9%
Student Activities	625,930	609,911	(2.6%)	453,583	473,630	4.5%
Community Services	31,345	29,792	(5.0%)	30,554	28,998	(5.1%)
Interest on Long term debt	1,090,324	1,184,880	8.7%	616,611	712,409	15.5%
Food Service	1,237,730	1,223,139	(1.2%)	(116,909)	(112,151)	(4.1%)
<b>Total Expenses</b>	<b>35,553,394</b>	<b>37,514,799</b>	<b>5.5%</b>	<b>26,685,284</b>	<b>28,285,864</b>	<b>6.0%</b>

# SELINSGROVE AREA SCHOOL DISTRICT

## Management's Discussion & Analysis Year Ended June 30, 2014

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$12,827,000 a net increase of \$1,764,298 from the prior year. The schedule below summarizes the fund balances and the total changes in fund balances as of June 30, 2013 and 2014.

	<b>Fund Balance 6/30/2013</b>	<b>Fund Balance 6/30/2014</b>	<b>Increase/ (Decrease)</b>
General	8,082,703	8,757,776	675,073
Capital Projects	1,102,055	2,227,186	1,125,131
Debt Service	1,877,944	1,842,038	(35,906)
<b>Total Fund Balances</b>	<b>11,062,702</b>	<b>12,827,000</b>	<b>1,764,298</b>

Revenues and net other financing sources/uses for the District's governmental funds were \$37,961,010, while expenses were \$36,196,712.

### GENERAL FUND

The following schedule provides a summary of General Fund revenues:

	<b>2013</b>	<b>2014</b>	<b>Increase/ (Decrease)</b>	<b>% Change</b>
Local Sources	22,391,273	22,904,550	513,277	2.3%
State Sources	12,496,665	13,118,769	622,104	5.0%
Federal Sources	2,048,954	1,921,640	(127,314)	(6.3%)
<b>Total Revenue</b>	<b>36,936,892</b>	<b>37,944,959</b>	<b>1,008,067</b>	<b>2.8%</b>

Total General Fund revenue increased by \$1,008,067 or 2.8% from the previous year. Local revenue sources increased \$513,277 or 2.3% from the previous year mainly due to increases in real estate taxes and earned income tax collections. State sources were up by \$622,104 or 5.0% due mostly to an increase in the retirement subsidy. Federal sources decreased \$127,314 or 6.3% due to the District receiving less in Title I funding and the Keystone Opportunity Grant.



# SELINSGROVE AREA SCHOOL DISTRICT

## Management's Discussion & Analysis Year Ended June 30, 2014

The following schedule presents a summary of General Fund expenditures and other financing uses:

	2013	2014	Increase/ (Decrease)	% Change
Salaries	16,976,753	17,482,994	506,241	3.0%
Employee Benefits	7,750,698	8,761,949	1,011,251	13.1%
Purchased Services	5,062,669	5,248,877	186,208	3.7%
Supplies, Materials, Equipment	1,766,115	1,669,037	(97,078)	(5.5%)
Debt Service	92,032	62,847	(29,185)	(31.8%)
Other Expenditures/Financing Uses	3,348,414	4,044,182	695,768	20.8%
<b>Total Expenditures/Financing Uses</b>	<b>34,996,681</b>	<b>37,269,886</b>	<b>2,273,205</b>	<b>6.5%</b>

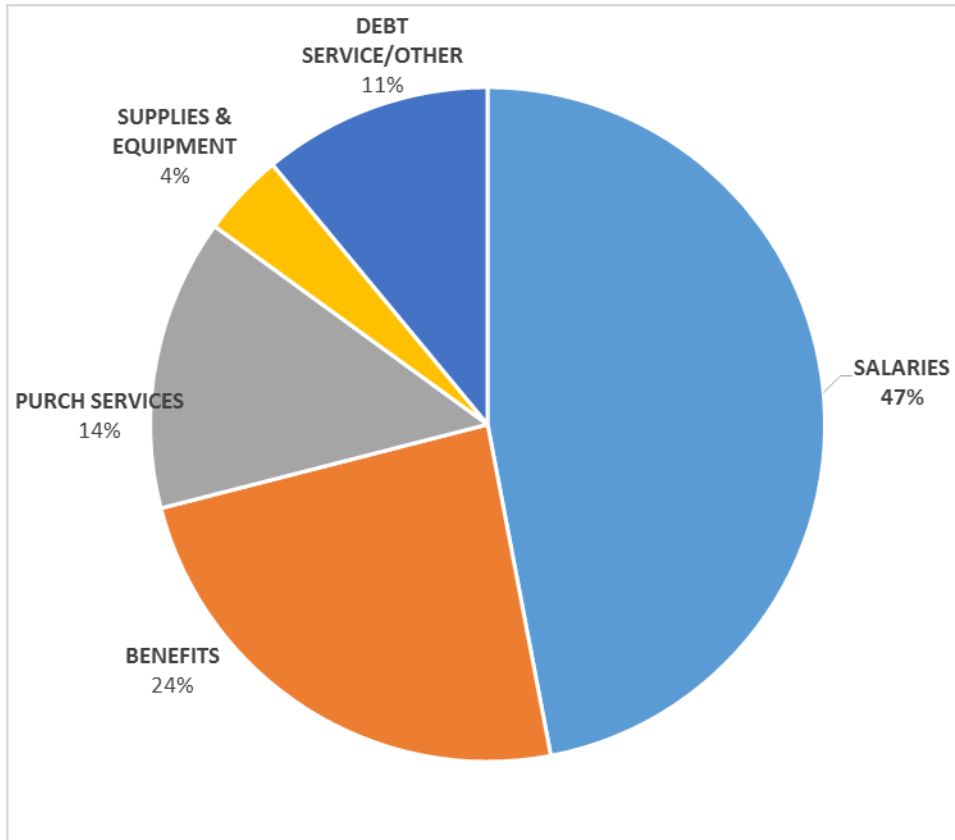
Total General Fund expenditures and financing uses increased \$2,273,025 or 6.5% from the previous year. Salary costs increased \$506,241 or 3.0% from 2012-13 due to scheduled contractual increases. Employee benefits increased by \$1,011,251 or 13.1% due to an increase in medical insurance premiums and the employer retirement rate. Purchased service costs increased \$186,208 or 3.7% because of increases in student tuition for charter school and special education tuition and professional services. Supplies, materials, and equipment costs decreased by a total of \$97,078 or 5.5%. Debt service costs decreased by \$29,185 or 31.8% because of a reduction in computer lease payments. Other Financing Uses were \$695,768 or 20.8% more than the prior year because of an increase in the transfers out to the capital projects fund.

In 2013-14, General Fund revenues and financing sources exceeded expenses and financing uses by \$675,073. This increased the fund balance to \$8,757,776 at June 30, 2014. This number represents 22.4% of 2014-15 budgeted expenses.

SELINGROVE AREA SCHOOL DISTRICT

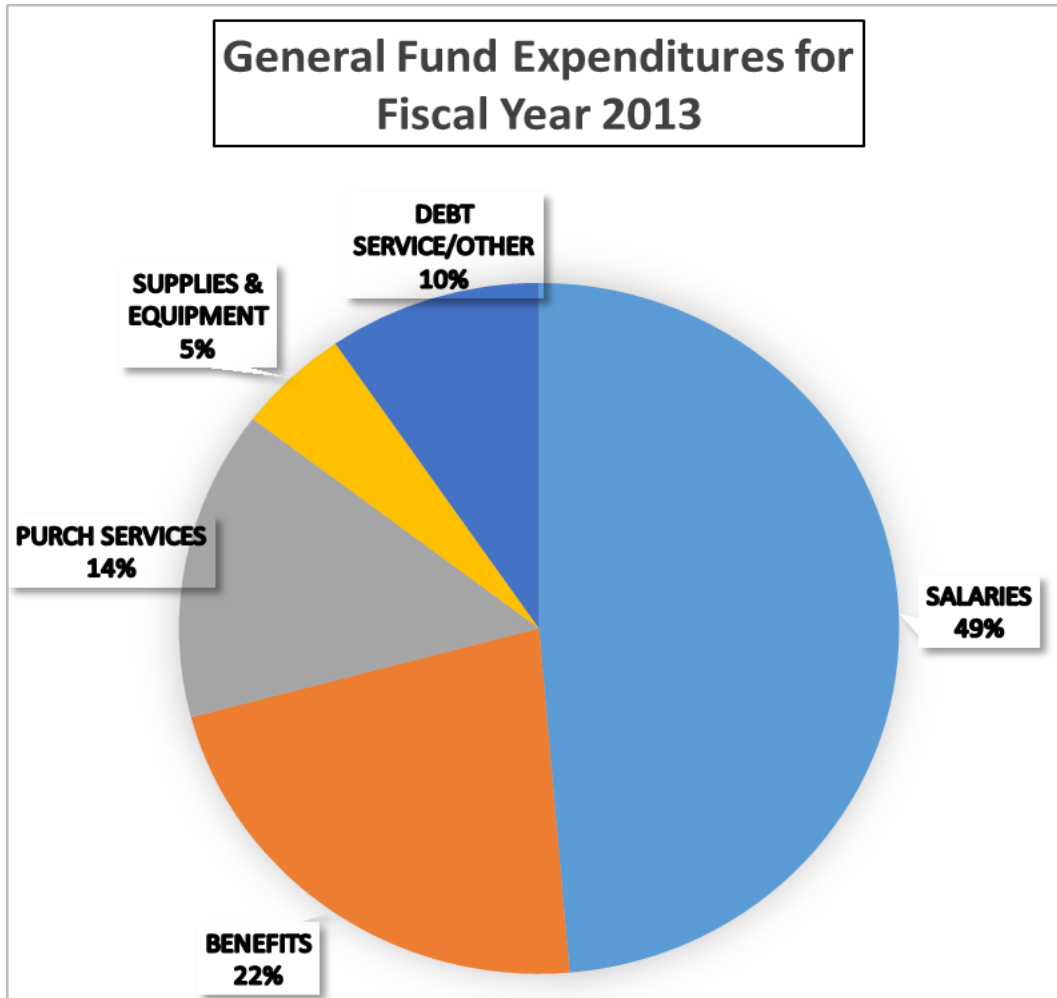
Management's Discussion & Analysis  
Year Ended June 30, 2014

**General Fund Expenditures for  
Fiscal Year 2014**



## SELINGROVE AREA SCHOOL DISTRICT

Management's Discussion & Analysis  
Year Ended June 30, 2014



### General Fund Budgetary Highlights

Over the course of the year, the District reviews expenditures and makes appropriate adjustments to cover unexpected expenditures in the annual operating budget due to increases in appropriations of significant budgeted costs.

While the District's final budget for the General Fund anticipated that expenditures and other financing uses would equal revenues and other financing sources, actual results show that revenues and other financing sources exceeded expenses and other financing uses by \$675,073. Overall expenses/financing uses came in \$510,963 or 1.4% under budget. Major variances in expenses were in the following areas: personnel expenses (salaries and benefits) came in \$1,219,542 or 4.7% under budget. Purchased services expenses were under budget by \$303,703 or 5.5%. Supplies and equipment expenses were \$78,890 or 0.1% under budget. The district was able to take \$1,350,000 of that savings and make an extra year end transfer to the capital reserve fund.

## SELINSGROVE AREA SCHOOL DISTRICT

### Management's Discussion & Analysis Year Ended June 30, 2014

Revenues/financing sources ended the year \$228,609 or 0.6% over budget mainly from tax receipts exceeding projections. The overall net actual result added \$675,073 to the fund balance.

#### **CAPITAL ASSETS**

The District has invested \$71,340,517 in a broad range of capital assets, including land, school buildings, athletic facilities, library resources, and computer and audio-visual equipment (see table A-4). Accumulated depreciation expenses year to date June 30, 2014 totaled \$35,180,573.

Current year investments in fixed assets included computers and related hardware, improvements to school buildings, and campus site improvements.

Table A-4  
Selinsgrove Area School District  
Capital Assets

			Increase/ (Decrease)	% Change
	2013	2014		
Land	501,269	501,269	-	-
Building and Building Improvements	52,394,675	52,602,310	207,635	0.4%
Furniture and Equipment	12,801,430	13,550,478	749,048	5.9%
Site Improvements	4,352,817	4,686,460	333,643	7.7%
Construction in Progress	-	-	-	-
Less: Accumulated Depreciation	(32,676,302)	(35,180,573)	(2,504,332)	7.7%
<b>Total</b>	<b>37,373,889</b>	<b>36,159,944</b>	<b>(1,214,006)</b>	<b>(3.3%)</b>

#### **LONG-TERM LIABILITIES**

At year-end, the District had \$34,549,876 in debt outstanding and \$2,821,545 of accrued compensated absences and other post-employment benefits (OPEB), a decrease of \$1,301,995 from the previous year (see table A-5).

## SELINGSGROVE AREA SCHOOL DISTRICT

### Management's Discussion & Analysis Year Ended June 30, 2014

Table A-5  
Selingsgrove Area School District  
Outstanding Long-term Liabilities

	2014	2013	Increase/ (Decrease)	% Change
General Obligation Bonds/Other Debt	34,549,876	36,178,189	(1,628,313)	(4.5%)
Compensated Absences/OPEB	2,821,545	2,495,228	326,317	13.0%
<b>Total</b>	<b>37,371,421</b>	<b>38,673,416</b>	<b>(1,301,994)</b>	<b>(3.4%)</b>

### FACTORS INFLUENCING THE DISTRICT'S FINANCIAL FUTURE

There are several major factors that will have a significant influence on the District's financial future. First, Act 1 of 2006, which became effective with the 2007-08 fiscal year, will limit future real estate tax increases to an inflation factor each year. Another factor that will have an impact on future district finances is the continued financial problems at the state level due to the stagnant economy. This will affect future state subsidy payments. A final factor that will have a major impact is the projected employer share into the Pennsylvania State Employee Retirement System (PSERS). That rate is projected to increase from 16.93% of total payroll in 2013-14 to 21.40% in 2014-15, 25.84% in 2015-16, 29.69% in 2016-17 and increasing each year to 32.23% in 2019-20. This will have a major impact on future district budgets. The district maintains a five year fiscal plan that deals with these factors by using a combination of revenue enhancements, expenditure reductions, and the use of reserves.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office, Selingsgrove Area School District, 401 North 18<sup>th</sup> St., Selingsgrove, PA 17870.

**SELINSGROVE AREA SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**JUNE 30, 2014**

<b>ASSETS</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 9,356,155	\$ 604,255	\$ 9,960,410
Taxes receivable, net	3,181,990	-	3,181,990
Intergovernmental receivables	1,210,348	24,046	1,234,394
Other receivables	210,516	-	210,516
Inventories	32,709	40,730	73,439
Prepaid expenses	67,547	-	67,547
<b>TOTAL CURRENT ASSETS</b>	<u>14,059,265</u>	<u>669,031</u>	<u>14,728,296</u>
<b>NON-CURRENT ASSETS</b>			
Restricted cash	4,264,305	-	4,264,305
Land	501,269	-	501,269
Building and building improvements (net of acc. dep.)	31,326,551	110,703	31,437,254
Furniture and equipment (net of acc. dep.)	1,936,878	145,252	2,082,130
Site Improvements (net of acc. dep.)	2,139,291	-	2,139,291
<b>TOTAL NON-CURRENT ASSETS</b>	<u>40,168,294</u>	<u>255,955</u>	<u>40,424,249</u>
<b>TOTAL ASSETS</b>	<u>\$ 54,227,559</u>	<u>\$ 924,986</u>	<u>\$ 55,152,545</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	\$ 1,554,224	\$ -	\$ 1,554,224
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,554,224</u>	<u>\$ -</u>	<u>\$ 1,554,224</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Internal balances	\$ 3,096	\$ (3,096)	\$ -
Accounts payable	1,698,074	2,435	1,700,509
Accrued salaries and benefits	1,475,453	-	1,475,453
Payroll deductions and withholdings	401,659	-	401,659
Accrued interest	262,831	-	262,831
Current portion of long-term liabilities	2,689,124	-	2,689,124
Unearned revenue	4,818	25,161	29,979
Other current liabilities	38,454	-	38,454
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,573,509</u>	<u>24,500</u>	<u>6,598,009</u>
<b>NON-CURRENT LIABILITIES</b>			
Bonds payable	32,266,831	-	32,266,831
Long-term portion of compensated absences	813,400	3,750	817,150
Other post employment benefits	975,975	29,465	1,005,440
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>34,056,206</u>	<u>33,215</u>	<u>34,089,421</u>
<b>TOTAL LIABILITIES</b>	<u>40,629,715</u>	<u>57,715</u>	<u>40,687,430</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,501,213	255,955	3,757,168
Restricted	4,418,205	-	4,418,205
Unrestricted	7,232,650	611,316	7,843,966
<b>TOTAL NET POSITION</b>	<u>15,152,068</u>	<u>867,271</u>	<u>16,019,339</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 55,781,783</u>	<u>\$ 924,986</u>	<u>\$ 56,706,769</u>

See notes to financial statements  
which are an integral part of this statement.

**SELINGSGROVE AREA SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/Revenue Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activites	Total
Governmental Activities							
Instruction	\$ 23,406,245	\$ 177,543	\$ 5,235,221	\$ -	(17,993,481)	\$ -	\$ (17,993,481)
Instructional Student Support	3,399,848	-	309,790	-	(3,090,058)	-	(3,090,058)
Administrative & Financial Support Svcs	3,255,155	-	142,879	-	(3,112,276)	-	(3,112,276)
Operation & Maintenance of Plant Svcs	2,696,881	139,521	429,435	-	(2,127,925)	-	(2,127,925)
Pupil Transportation	1,708,948	-	849,710	-	(859,238)	-	(859,238)
Student Activities	609,911	98,172	38,109	-	(473,630)	-	(473,630)
Community Services	29,792	-	794	-	(28,998)	-	(28,998)
Interest on Long Term Debt	1,184,880	-	-	472,471	(712,409)	-	(712,409)
					-		-
Total Governmental Activities	36,291,660	415,236	7,005,938	472,471	(28,398,015)	-	(28,398,015)
Business-Type Activities							
	1,223,139	653,866	681,424	-	-	112,151	112,151
Food Service							
	1,223,139	653,866	681,424	-	-	112,151	112,151
Total	37,514,799	1,069,102	7,687,362	472,471	\$ (28,398,015)	\$ 112,151	\$ (28,285,864)
General Revenues							
Taxes:							
Property taxes levied for general purposes, net					15,107,585	-	15,107,585
Other taxes					7,660,104	-	7,660,104
Grants, subsidies, & contributions not restricted					7,562,000	-	7,562,000
Investment Earnings					59,521	345	59,866
Miscellaneous income					34,820	1,422	36,242
Total General Revenues					30,424,030	1,767	30,425,797
Change in Net Position					2,026,015	113,918	2,139,933
Net Position, Beginning as restated (Note 15)					13,126,053	753,353	13,879,406
Net Position, Ending					\$ 15,152,068	\$ 867,271	\$ 16,019,339

See notes to financial statements  
which are an integral part of this statement.

**SELINGSGROVE AREA SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2014**

	General	Capital Projects	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,356,155	\$ -	\$ -	\$ 9,356,155
Restricted cash	-	2,422,267	1,842,038	4,264,305
Taxes receivable, net	3,181,990	-	-	3,181,990
Intergovernmental receivables	1,210,348	-	-	1,210,348
Other receivables	210,516	-	-	210,516
Inventories	32,709	-	-	32,709
Prepaid expenses	67,547	-	-	67,547
<b>TOTAL ASSETS</b>	<b>\$ 14,059,265</b>	<b>\$ 2,422,267</b>	<b>\$ 1,842,038</b>	<b>\$ 18,323,570</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ 3,096	-	-	\$ 3,096
Accounts payable	1,502,993	195,081	-	1,698,074
Accrued salaries and benefits	1,475,453	-	-	1,475,453
Payroll deductions and withholdings	401,659	-	-	401,659
Unearned revenue	4,818	-	-	4,818
Other current liabilities	38,454	-	-	38,454
<b>TOTAL LIABILITIES</b>	<b>3,426,473</b>	<b>195,081</b>	<b>-</b>	<b>3,621,554</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable revenue - taxes	1,875,016	-	-	1,875,016
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>1,875,016</b>	<b>-</b>	<b>-</b>	<b>1,875,016</b>
<b>FUND BALANCE</b>				
Nonspendable	100,256	-	-	100,256
Restricted				
Special Ed ACCESS	348,981	-	-	348,981
Capital Projects	-	2,227,186	-	2,227,186
Debt Service	-	-	1,842,038	1,842,038
Committed				
Retiree Healthcare	3,009,792	-	-	3,009,792
Future PSERS	2,648,258	-	-	2,648,258
Educational Resources	300,000	-	-	300,000
Unassigned	2,350,489	-	-	2,350,489
<b>TOTAL FUND BALANCE</b>	<b>8,757,776</b>	<b>2,227,186</b>	<b>1,842,038</b>	<b>12,827,000</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 14,059,265</b>	<b>\$ 2,422,267</b>	<b>\$ 1,842,038</b>	<b>\$ 18,323,570</b>

See notes to financial statements  
which are an integral part of this statement.



**SELINGROVE AREA SCHOOL DISTRICT**

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

**GOVERNMENTAL FUNDS**

**JUNE 30, 2014**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 12,827,000**

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.

Cost of capital assets	70,833,226	
Less: accumulated depreciation	<u>(34,929,237)</u>	
		35,903,989

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Balances at June 30, 2014 are:

General obligation debt	(34,549,876)	
Less: Deferred charge on refunding	1,554,224	
Unamortized bond discounts	592,876	
Compensated absences	(855,150)	
Accrued interest on bonds	(262,831)	
Unfunded postemployment benefits	<u>(1,933,180)</u>	
		(35,453,937)

Some of the District's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue - taxes in the funds.

1,875,016

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 15,152,068**

**SELINGROVE AREA SCHOOL DISTRICT**

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

**ALL GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local sources	\$ 22,904,550	\$ 14,887	\$ 1,164	\$ 22,920,601
State sources	13,118,769	-	-	13,118,769
Federal sources	<u>1,921,640</u>	<u>-</u>	<u>-</u>	<u>1,921,640</u>
<b>TOTAL REVENUES</b>	<u>37,944,959</u>	<u>14,887</u>	<u>1,164</u>	<u>37,961,010</u>
<b>EXPENDITURES</b>				
Instruction	21,866,299	-	-	21,866,299
Support services	10,451,089	-	-	10,451,089
Operation of non-instructional services	603,257	-	-	603,257
Capital outlay	305,194	319,756	-	624,950
Debt service	62,847	-	2,587,070	2,649,917
Refund prior year receipts	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
<b>TOTAL EXPENDITURES</b>	<u>33,289,886</u>	<u>319,756</u>	<u>2,587,070</u>	<u>36,196,712</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>4,655,073</u>	<u>(304,869)</u>	<u>(2,585,906)</u>	<u>1,764,298</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,430,000	2,550,000	3,980,000
Transfers out	<u>(3,980,000)</u>	<u>-</u>	<u>-</u>	<u>(3,980,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(3,980,000)</u>	<u>1,430,000</u>	<u>2,550,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>675,073</u>	<u>1,125,131</u>	<u>(35,906)</u>	<u>1,764,298</u>
<b>FUND BALANCES - BEGINNING</b>	<u>8,082,703</u>	<u>1,102,055</u>	<u>1,877,944</u>	<u>11,062,702</u>
<b>FUND BALANCES - ENDING</b>	\$ <u><u>8,757,776</u></u>	\$ <u><u>2,227,186</u></u>	\$ <u><u>1,842,038</u></u>	\$ <u><u>12,827,000</u></u>

See notes to financial statements  
which are an integral part of this statement.

**SELINGSGROVE AREA SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2014**

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$	1,764,298
---	----	-----------

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and net book value of disposed capital assets in the current period.

Capital outlays	1,226,697	
Depreciation expense	<u>(2,466,177)</u>	
		(1,239,480)

Under the modified accrual basis of accounting used in governmental funds, revenues are not reported until they become available. In the statement of activities, however, revenues are recorded regardless of when financial resources are available. This is the change in unearned tax revenue from 6/30/13 to 6/30/14.

356,665

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting.

Compensated absences expense	9,450	
Other postemployment benefits expense	(328,853)	
Amortization of debt premium/discount	(18,138)	
Amortization of deferred interest from refunding	(147,325)	
Accrued interest on long-term debt	<u>1,085</u>	
		(483,781)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Principal payments		<u>1,628,313</u>
--------------------	--	------------------

<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>	\$	<u><u>2,026,015</u></u>
---	----	-------------------------

See notes to financial statements  
which are an integral part of this statement.

**SELINGSGROVE AREA 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
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sources	\$ 22,614,931	\$ 22,614,931	\$ 22,904,550	\$ 289,619
State sources	13,131,063	13,145,772	13,118,769	(27,003)
Federal sources	1,729,661	1,955,647	1,921,640	(34,007)
<b>TOTAL REVENUES</b>	<u>37,475,655</u>	<u>37,716,350</u>	<u>37,944,959</u>	<u>228,609</u>
<b>EXPENDITURES</b>				
Regular programs	16,362,434	16,124,293	15,882,367	241,926
Special programs	4,010,114	3,984,114	3,773,994	210,120
Vocational programs	1,935,161	1,994,514	1,979,082	15,432
Other instructional programs	250,620	266,567	222,764	43,803
Nonpublic school programs	14,000	8,094	8,092	2
Pupil personnel services	1,540,039	1,648,414	1,497,683	150,731
Instructional staff services	1,683,057	1,692,580	1,476,351	216,229
Administrative services	1,781,532	1,779,307	1,760,732	18,575
Pupil health	389,861	417,649	411,641	6,008
Business services	363,778	363,103	356,430	6,673
Operation and maintenance of plant services	2,646,819	2,646,819	2,463,399	183,420
Student transportation services	1,669,218	1,669,218	1,589,848	79,370
Central and other support services	1,098,875	1,087,014	895,005	192,009
Student activities	706,260	706,260	575,719	130,541
Community services	33,321	32,644	27,538	5,106
Facilities acquisition, construction, and improvement services	-	305,194	305,194	-
Debt service (principal and interest)	172,848	172,848	62,847	110,001
Refund of prior year receipts	-	-	1,200	(1,200)
<b>TOTAL EXPENDITURES</b>	<u>34,657,937</u>	<u>34,898,632</u>	<u>33,289,886</u>	<u>1,608,746</u>
<b>EXCESS REVENUES OVER EXPENDITURES</b>	<u>2,817,718</u>	<u>2,817,718</u>	<u>4,655,073</u>	<u>1,837,355</u>
<b>OTHER FINANCING USES</b>				
Interfund transfers	(2,630,000)	(2,630,000)	(3,980,000)	(1,350,000)
Budgetary reserve	(187,718)	(187,718)	-	187,718
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,817,718)</u>	<u>(2,817,718)</u>	<u>(3,980,000)</u>	<u>(1,162,282)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>675,073</u>	<u>675,073</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>6,810,646</u>	<u>6,810,646</u>	<u>8,082,703</u>	<u>1,272,057</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 6,810,646</u>	<u>\$ 6,810,646</u>	<u>\$ 8,757,776</u>	<u>\$ 1,947,130</u>

See notes to financial statements  
which are an integral part of this statement.

SELINGSGROVE AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2014

	Food Service
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 604,255
Due from other funds	3,096
Intergovernmental receivables	24,046
Inventories	40,730
<b>TOTAL CURRENT ASSETS</b>	<u>672,127</u>
<b>NON-CURRENT ASSETS</b>	
Building improvements (net)	110,703
Furniture and equipment (net)	145,252
<b>TOTAL NON-CURRENT ASSETS</b>	<u>255,955</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 928,082</u></u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 2,435
Unearned revenues	25,161
<b>TOTAL CURRENT LIABILITIES</b>	<u>27,596</u>
<b>NON-CURRENT LIABILITIES</b>	
Long-term portion of compensated absences	3,750
Other postemployment benefits	29,465
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>33,215</u>
<b>TOTAL LIABILITIES</b>	<u>60,811</u>
<b>NET POSITION</b>	
Net investment in capital assets	255,955
Unrestricted	611,316
<b>TOTAL NET POSITION</b>	<u><u>867,271</u></u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 928,082</u></u>

See notes to financial statements  
which are an integral part of this statement.

**SELINGSGROVE AREA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Food Service
	<hr/>
<b>OPERATING REVENUES</b>	
Food service revenues	\$ 598,575
Other operating revenues	56,713
<b>TOTAL OPERATING REVENUES</b>	<hr/> 655,288
 <b>OPERATING EXPENSES</b>	
Salaries	410,220
Employee benefits	151,283
Purchased services	41,839
Supplies	547,713
Depreciation	38,095
Other operating expenses	33,989
<b>TOTAL OPERATING EXPENSES</b>	<hr/> 1,223,139
	<hr/>
<b>OPERATING LOSS</b>	(567,851)
 <b>NON-OPERATING REVENUES</b>	
Earnings on investments	345
State sources	88,643
Federal sources	592,781
<b>TOTAL NON-OPERATING REVENUES</b>	<hr/> 681,769
	<hr/>
<b>CHANGE IN NET POSITION</b>	113,918
 <b>NET POSITION - BEGINNING OF YEAR</b>	<hr/> 753,353
 <b>NET POSITION - END OF YEAR</b>	 \$ <u><u>867,271</u></u>

See notes to financial statements  
which are an integral part of this statement.

**SELINGSGROVE AREA SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2014**

	Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from users	\$ 600,825
Cash received from other operating revenue	(15,280)
Cash payments to employees for services	64,268
Cash payments to suppliers for goods and services	(637,285)
Cash payments for other operating expenses	(554,587)
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u>(542,059)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State sources	88,643
Federal sources	592,781
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>681,424</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Outlay	(63,630)
<b>NET CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(63,630)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on investments	345
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>345</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	76,080
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>528,175</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ <u><u>604,255</u></u>
<b>OPERATING LOSS</b>	\$ (567,851)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Changes in current assets and current liabilities	
Depreciation and net amortization	38,095
Decrease in accounts payable	(4,476)
Decrease in inventories	(9,268)
Increase in due to other governments	7,555
Increase in unearned revenue	2,250
Decrease in due to other funds	(15,280)
Increase in OPEB	6,916
<b>TOTAL ADJUSTMENTS</b>	<u>25,792</u>
<b>TOTAL CASH USED FOR OPERATING ACTIVITIES</b>	\$ <u><u>(542,059)</u></u>

See notes to financial statements  
which are an integral part of this statement.

**SELINGROVE AREA SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**FIDUCIARY FUNDS**

**JUNE 30, 2014**

	Private Purpose Trust	Agency	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 62,772	\$ 120,732	\$ 183,504
Accounts Receivable	54,417	-	54,417
<b>TOTAL ASSETS</b>	<u>\$ 117,189</u>	<u>\$ 120,732</u>	<u>\$ 237,921</u>
 <b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Other current liabilities	\$ -	\$ 120,732	\$ 120,732
 <b>NET POSITION</b>			
Restricted	<u>117,189</u>	<u>-</u>	<u>117,189</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 117,189</u>	<u>\$ 120,732</u>	<u>\$ 237,921</u>

See notes to financial statements  
which are an integral part of this statement.



**SELINGSGROVE AREA SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Private Purpose Trust
<b>ADDITIONS</b>	
Gifts and contributions	\$ 7,535
Other additions	85
<b>TOTAL ADDITIONS</b>	<u>7,620</u>
<b>DEDUCTIONS</b>	
Other deductions	14,243
Scholarships awarded	4,875
<b>TOTAL DEDUCTIONS</b>	<u>19,118</u>
<b>CHANGE IN NET POSITION</b>	<u>(11,498)</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>128,687</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 117,189</u></u>

See notes to financial statements  
which are an integral part of this statement.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The Selinsgrove Area School District (the "School District") is governed by the Selinsgrove Area School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Reporting Entity

Governmental Accounting Standards Board ("GASB") Statement No. 61, *"The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34"* established the criteria used by the School District to evaluate the possible inclusion of related entities within its reporting entity based upon financial accountability and the nature and significance of the relationship. Based on the foregoing criteria, the School District has no component units that are required to be included in the School District's financial statements.

C. Measurement Focus, Basis of Accounting

The basic financial statements of the School District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

1. Government-wide Financial Statements

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report on all the nonfiduciary activities of the School District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities which are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting (Continued)

1. Government-wide Financial Statements (Continued)

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and agency fund financial statements which incorporate noncurrent assets as well as long term debt and obligations. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 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 customer 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 as general revenues.

Amounts expended to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the School District are reported as a reduction of the related liability, rather than an expenditure.

2. Fund Financial Statements

The operations of the School District are organized and are recorded in individual funds. Each fund is a separate accounting entity, with self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

**Governmental Funds**

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 180 days of the end of the current fiscal period with the exception of taxes which must be received within 60 days of year end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the School District.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of "available spendable resources". Governmental funds operating statements 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.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

SELINGSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

**Proprietary Funds**

The School District's Food Service Fund is a proprietary fund. In the fund financial statements, the proprietary fund is presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary fund is presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The proprietary fund type operating statement presents increases (revenues) and decreases (expenses) in total net assets.

The proprietary fund's operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

**Fiduciary Funds**

The School District's Fiduciary Funds are presented in the fund financial statements as a Private Purpose Trust Fund and an Agency Fund. Since, by definition, the assets of these funds are held for the benefit of a third party (individuals, private organizations, and/or other governments) and cannot be used to satisfy obligations of the School District, these funds are not incorporated into the government-wide financial statements. The School District's fiduciary funds are presented on the accrual basis of accounting.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

D. Basis of Presentation

The following are the School District's major funds:

Governmental Fund Types

- The General Fund is the operating fund of the School District and 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 financial resources to be used in acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds.
- This Debt Service Fund accounts for the accumulation of resources for and payment of principal, interest, and related costs of the District's general long-term debt.

Proprietary Fund Type

- The Food Service Fund is used to account for the operations of the School District's food service operations. Operating Revenues consist of charges for food served. Operating expenses consist mainly of food, food preparation costs, supplies, and other direct costs. All other revenues and expenses are reported as non-operating.

Additionally the School District reports the following funds:

- The Private Purpose Trust Funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and therefore not available to support the School District's own programs.
- Agency Funds are custodial in nature and account for assets held by the School District as an agent for various student activities.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position or Fund Balance

1. Cash and Cash Equivalents

For the purposes of the accompanying statement of cash flows, the School District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Receivables and Payables

• Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All receivables are shown net of an allowance for doubtful accounts.

3. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the governmental or business-type activity column in the government-wide and the proprietary fund financial statements. The School District defines capital assets with an initial, individual cost of more than: equipment - \$5,000, vehicles - \$10,000, and building improvements - \$25,000. Capital assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Intangible assets, such as computer software, are grouped with furniture and equipment in the financial statements and are being depreciated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are completed.

SELINGSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position or Fund Balance (Continued)

Capital assets of the School District are depreciated using the straight line method over the following intended useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Land Improvements	20 years
Buildings and Improvements	15-20 years
Furniture and Equipment	5-15 years
Vehicles	3-15 years

4. Restricted Assets

Restricted Assets represent revenues set-aside for liquidation of specific obligations, as detailed in Note 4.

5. Compensated Absences

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates, which apply historical data to current factors. The School District maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences. The School District allows only restricted sabbatical leave and therefore, has no recorded liability in advance of the sabbatical. The School District also records estimated vested retirement bonus for employees.

6. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount and issuance costs are expensed.



SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position or Fund Balance (Continued)

6. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Unearned Revenues

Revenues that are received but not yet earned are recorded as unearned revenue in the District's financial statements. In the District's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized.

8. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position or Fund Balance (Continued)

8. Fund Balance (Continued)

- Restricted fund balance – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of School Directors. These amounts cannot be used for any other purpose unless the Board of School Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.
- Assigned fund balance – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of School Directors delegated this responsibility to the Business Manager.
- Unassigned fund balance – This classification represents amounts that are available for any purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance.

9. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position or Fund Balance (Continued)

9. Net Position (Continued)

- *Net Investment in capital assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the School District, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

10. Accounting Estimates

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

11. Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund, and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

E. Assets, Liabilities, Net Position or Fund Balance (Continued)

12. Inventory

Inventories are recorded using the consumption method of accounting and consist of instructional materials, purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. Surplus commodities are stated at standard costs, as determined by the Department of Agriculture. In the financial statements, commodities received are recorded as deferred until consumed.

13. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on 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.

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 only has one type of item, which arises 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 revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 1: NATURE OF ENTITY SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)

F. Adoption of Governmental Accounting Standards Board Statements

The School District adopted the requirements of GASB statement No. 65, *"Items Previously Reported as Assets and Liabilities"*. The adoption of this statement resulted in a restatement of previously reported amounts (See Note 15).

The School District adopted the requirements of GASB Statement No. 66, *"Technical Corrections – 2012- An Amendment of GASB Statements No. 10 and No.62"*. The adoption of this statement had no effect on previously reported amounts.

The School District adopted the requirements of GASB Statement No. 67, *"Financial Reporting for Pension Plans – an amendment to GASB Statement No. 25"*. The adoption of this statement had no effect on previously reported amounts.

The School District adopted the requirements of GASB Statement No. 70, *"Accounting and Financial Reporting for Nonexchange Financial Guarantees"*. The adoption of this statement had no effect on previously reported amounts.

G. Pending Changes in Accounting Principles

In June 2012, the GASB issued Statement No. 68, *"Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27"*. The School District is required to adopt statement No. 68 for its fiscal year 2015 financial statements.

In January 2013, the GASB issued Statement No. 69, *"Government Combinations and Disposals of Government Operations"*. The School District is required to adopt statement No. 69 for its fiscal year 2015 financial statements.

In November 2013, the GASB issued Statement No. 71, *"Pension Transition for Contributions made Subsequent to the Measurement Date"*. The School District is required to adopt statement No. 71 for its fiscal 2015 statements.

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

SELINGSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING

The budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. Project-length financial plans are used for capital projects funds. All unencumbered budget appropriations, except capital projects, lapse at the end of each fiscal year.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the school board, budgetary transfers between accounts can be made. The budgeted financial statements represented in this report reflect the final budget authorization, including all transfers.

NOTE 3: DEPOSIT AND INVESTMENT RISK

The School District's investment policy is in accordance with the Public School Code of 1949, Section 440.1 which requires monies to be invested in the following types of investments: U.S. Treasury bills, short-term obligations of the U.S. government or its agencies or instrumentalities, savings or time accounts, or share accounts of institutions insured by the FDIC, FSLIC, or NCUSIF to the extent such accounts are so insured and, for any amounts above the insured maximum provided that approved collateral as provided by law therefore shall be pledged by the depository, obligations of the United States of America or any of its agencies or instrumentalities, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities, or obligations of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.

*Custodial Credit Risk* – For deposits, custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its deposits or collateral securities that are in the possession of an outside party. As of June 30, 2014, the School District's cash balances for its governmental activities, business-type activities and fiduciary funds were \$14,408,219 and its bank balances were \$14,467,559. Of these bank balances, \$13,962,693 were exposed to custodial credit risk and they were collateralized with securities held by the pledging financial institutions and uninsured.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 4: RESTRICTED CASH

Assets whose use is limited to a specific purpose have been classified as “restricted” in the balance sheet. Restricted assets are composed of the following:

Governmental Funds

Restricted Cash

Cash restricted for future capital projects	\$2,422,267
Cash restricted for debt service payments	<u>1,842,038</u>
Total Restricted Cash	<u>\$4,264,305</u>

NOTE 5: TAXES ASSESSED

The following is a listing of the taxes assessed along with their respective tax levy:

Tax Type	Millage/Rate	Assessed Valuation
Real Estate – Snyder County	61.75 mills	\$15,985,856
Per Capita Tax – Act 511	\$5.00/person	62,951
Per Capita Tax – Section 679	\$5.00/person	62,951
Total Assessed Valuation		<u>\$16,111,758</u>

Real estate taxes are assessed on August 1, of each year and become due and payable on that date. Taxpayers are given a two percent discount if they pay their taxes by September 30. All taxes levied on August 1, become delinquent on December 1, and are charged a ten percent penalty. On December 31, of the following year, all delinquent taxpayers are turned over for collection. Uncollected real estate taxes attach as an enforceable lien on property when recorded in January.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent taxes that is not collected within 60 days of year-end is deferred in the fund financial statements because it is not known to be available to finance the operations of the School District in the current year. An allowance has been established to recognize the uncollectable portion in the amount of \$11,681.

Taxes receivable also include estimated earned income taxes due to the School District at June 30, with the amount not collected within 60 days after year end being deferred in the general fund.

SELINSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 6: DUE FROM OTHER GOVERNMENTS

The following table summarizes the amounts due from other governments at June 30, 2014 as related to the School District's governmental activities:

Governmental activities:

Commonwealth of Pennsylvania

State source revenue	\$ 638,831
Central Susquehanna Intermediate Unit	165,509
Federal source revenues	<u>406,008</u>
Total	<u>\$ 1,210,348</u>

NOTE 7: CAPITAL ASSETS

Capital asset of governmental activities for the year ended June 30, 2014, was as follows:

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2014</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 501,269	\$ -	\$ -	\$ 501,269
Total capital assets, not being depreciated	<u>501,269</u>	<u>-</u>	<u>-</u>	<u>501,269</u>
<b>Capital assets being depreciated:</b>				
Site improvements	4,352,816	333,644	-	4,686,460
Buildings and building improvements	52,216,950	192,017	-	52,408,967
Furniture and equipment	<u>12,535,494</u>	<u>701,036</u>	<u>-</u>	<u>13,236,530</u>
Total assets being depreciated.	<u>69,105,260</u>	<u>1,226,697</u>	<u>-</u>	<u>70,331,957</u>
<b>Less accumulated depreciation:</b>				
Site improvements	2,338,081	209,088	-	2,547,169
Buildings and building improvements	19,460,754	1,621,662	-	21,082,416
Furniture and equipment	<u>10,664,225</u>	<u>635,427</u>	<u>-</u>	<u>11,299,652</u>
Total accumulated depreciation	<u>32,463,060</u>	<u>2,466,177</u>	<u>-</u>	<u>34,929,237</u>
Total capital assets, being depreciated, net	<u>36,642,200</u>	<u>(1,239,480)</u>	<u>-</u>	<u>35,402,720</u>
Governmental activities, capital assets, net	<u>\$ 37,143,469</u>	<u>\$ (1,238,480)</u>	<u>\$ -</u>	<u>\$ 35,903,989</u>



SELINGSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 7: CAPITAL ASSETS (CONTINUED)

Capital asset of the business-type activities for the year ended June 30, 2014, was as follows:

	Balance July, 1 2013	Additions	Deletions	Balance June 30, 2014
<b>Business-Type Activities:</b>				
Capital Assets being depreciated:				
Buildings and Building Improvements	\$ 177,725	\$ 6,844	\$ -	\$ 184,569
Furniture and Equipment	265,936	56,786	-	322,722
Total assets being depreciated	443,661	63,630	-	507,291
<b>Less accumulated depreciation:</b>				
Buildings and Building Improvements	74,718	228	-	74,946
Furniture and Equipment	138,523	37,867	-	176,390
Total Accumulated Depreciation	213,241	38,095	-	251,336
Total capital assets, being depreciated, net	230,420	(25,535)	-	255,955
Business-Type, capital assets, net	<u>\$ 230,420</u>	<u>\$ (25,535)</u>	<u>\$ -</u>	<u>\$ 255,955</u>

Depreciation expense was charged to functions/programs as follows:

Governmental:

Instructional	\$ 1,637,874
Instructional student support	782,920
Operation and maintenance of plant services	45,383
Total Governmental depreciation expense	<u>\$ 2,466,177</u>

Business-Type:

Food Service	\$ 38,095
Total Business-Type depreciation expense	<u>\$ 38,095</u>

NOTE 8: LONG TERM OBLIGATIONS

As of June 30, 2014, the School District's long-term debt consisted of the following:

	Beginning Balance July 1, 2013	Additions	Reductions	Ending Balance June 30, 2014	Amounts Due Within One Year
General Obligation Debt	\$ 36,117,886	\$ -	\$ 1,568,010	\$ 34,549,876	\$ 1,690,169
Less: Bond Discounts	(611,014)	-	18,138	(592,876)	-
Capital Leases	60,303	-	60,303	-	-
Compensated Absences	868,350	-	9,450	858,900	41,750
Other Post Employment Benefits	1,626,876	1,269,196	933,427	1,962,645	957,205
Total Long-Term Obligations	<u>\$ 38,062,401</u>	<u>\$ 1,269,196</u>	<u>\$ 2,589,328</u>	<u>\$ 36,778,545</u>	<u>\$ 2,689,124</u>

SELINSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 8: LONG TERM OBLIGATIONS (CONTINUED)

Pertinent information regarding long-term debt obligations outstanding is presented below:

General Obligation Debt:	Interest Rate	Maturity Date	Amounts Issued	Amounts Outstanding
Series of 1994	4.50% - 6.80%	2015	\$9,905,000	\$ 1,799,876
Series B of 2009	2.00% - 3.35%	2019	\$5,085,000	4,820,000
Series A of 2011	1.00% - 3.00%	2024	\$9,800,000	9,770,000
Series A of 2012	0.60% - 2.60%	2025	\$4,310,000	4,080,000
Series B of 2012	0.60% - 2.85%	2027	\$5,490,000	5,475,000
Series of 2013	2.00% - 2.45%	2028	\$8,645,000	8,605,000
Total				<u>\$34,549,876</u>

The following summarized the School District's estimated future debt service requirements on these bonds and notes as of June 30, 2014:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,690,169	\$ 928,488	\$ 2,618,657
2016	1,664,707	837,026	2,501,733
2017	1,675,000	792,912	2,467,912
2018	1,940,000	747,771	2,687,771
2019	2,130,000	696,625	2,826,625
2020-2024	13,225,000	2,573,276	15,798,276
2025-2028	<u>12,225,000</u>	<u>658,610</u>	<u>12,883,610</u>
Total	<u>\$ 34,549,876</u>	<u>\$ 7,234,708</u>	<u>\$41,371,584</u>

NOTE 9: COMPENSATED ABSENCES

The changes in the School District's compensated absences in 2014 are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Balance, July 1, 2013	\$ 864,600	\$ 3,750	\$ 868,350
Additions/(Reductions)	<u>(9,450)</u>	<u>-</u>	<u>(9,450)</u>
Balance, June 30, 2014	<u>\$ 855,150</u>	<u>\$ 3,750</u>	<u>\$ 858,900</u>

Compensated absences are paid from the General Fund and Food Service Fund.

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 10: PENSION BENEFITS

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

PSERS provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments and healthcare premium assistance benefits to qualifying annuitants. The School District's and its employees' obligation to contribute to PSERS are established by authority of Act 96 of the Public School Employees' Retirement Code. Benefit provisions are established and amended by the PSERS board of trustees. PSERS issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania 1710-0125.

The School District's contribution rate was 16.93% in 2014, 12.36% in 2013, and 8.65% in 2012 of covered payroll. The School District's contributions to PSERS for the years ended June 30, 2014, 2013, and 2012 were approximately \$1,382,750, \$976,985, and \$714,941 respectively, equal to the required contractual contribution. The employees' contribution rates range from 5.25% to 7.50%, depending upon when the active member was hired and what benefits class is selected.

NOTE 11: POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The School District provides postretirement healthcare benefits for teachers and administrative employees who retire with at least 35 years of public school service in Pennsylvania or 30 years of public school service in Pennsylvania and have attained the age of 60 for teachers and 55 for administrators or later, up to age 65. The employee also shall have completed 15 years of service with the School District. The cost of such medical and prescription coverage for retirees and spouses is determined by the contract provisions at the time of retirement. The plan provides post-retirement medical and prescription drug benefits. The plan is unfunded and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Retired teachers who are ineligible under the above requirements and choose to participate in the medical plan must pay 100% of the composite rate cost of such coverage.

SELINSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 11: POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

B. Funding Policy

The contribution requirements of plan members and the School District are established and may be amended by the School Board. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. Retiree contribution rates and amount vary depending on classification and years of services with the School District. The School District paid estimated premiums of approximately \$833,551 for the fiscal year ended June 30, 2014.

C. Annual OPEB Cost and Net OPEB Obligation

The School 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 No. 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 30 years. The following show the components of the School District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School District's net OPEB obligation:

	Governmental Activities	Business- Type	Total
Annual required contribution (ARC)	\$ 1,178,032	\$ 17,955	\$ 1,195,987
Interest on net OPEB obligation	72,110	1099	73,209
Adjustment to ARC	<u>(98,377)</u>	<u>(1,499)</u>	<u>(99,876)</u>
Annual OPEB costs (expense)	1,151,765	17,555	1,169,320
Contributions made	<u>(822,912)</u>	<u>(10,639)</u>	<u>(833,551)</u>
Increase in net OPEB obligation	328,853	6,916	335,769
Net OPEB obligation - beginning of year	<u>1,604,327</u>	<u>22,549</u>	<u>1,626,876</u>
Net OPEB obligation - end of year	<u><u>\$ 1,933,180</u></u>	<u><u>\$ 29,465</u></u>	<u><u>\$ 1,962,645</u></u>

SELINSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 11: POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation (continued)

The School District's annual OPEB cost (estimated), the percentage of annual OPEB cost contributed to the plan (estimated), and the net OPEB obligation for June 30, 2014, 2013, and 2012 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net Obligation</u>
June 30, 2014	<u>\$1,169,320</u>	71%	<u>\$ 1,962,645</u>
June 30, 2013	<u>\$1,173,252</u>	81%	<u>\$ 1,626,876</u>
June 30, 2012	<u>\$ 937,404</u>	90%	<u>\$ 1,402,840</u>

D. Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$11,036,902, and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,036,902 million. The actuarial value of assets as a percentage of the actuarial accrued liability was 0%. The covered payroll was \$15,517,194, and the ratio of the UAAL to the covered payroll was 71.13%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability 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 ARC are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SELINGSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 11: POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

E. Actuarial Methods and Assumptions

The calculations are based on the types of benefits provided under the terms of the School District's Retirement Benefits plan at the time of the valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations in the future. 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 January 1, 2012, actuarial valuation, the Entry Age Normal Method was used. Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

E. Actuarial Methods and Assumptions

The actuarial assumptions included a 4.5% investment rate of return, which is the expected rate to be earned on the School District's deposits and investments, and an annual healthcare cost trend rate of 7.5% initially, reduced by .5% annually to a rate of 5.5% in 2016. The rates decrease from 5.3% in 2017 to 4.2% in 2089 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model. The UAAL is being amortized as a level percentage of payroll over a thirty year period on an open basis.

NOTE 12: RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District provides for these risks through the purchase of commercial insurance coverage.

SELINSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 13: CONTINGENT LIABILITIES

The School District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the School District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the School District.

The School District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulation governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2014 may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2014 are as follows:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General Fund	\$ -	\$ 3,096	\$ -	\$3,980,000
Capital Projects Fund	-	-	1,430,000	-
Debt Service Fund	-	-	2,550,000	-
Food Service Fund	3,096	-	-	-
Total	<u>\$ 3,096</u>	<u>\$ 3,096</u>	<u>\$3,980,000</u>	<u>\$3,980,000</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided, (2) reimbursable expenditures occur and (3) payments between funds are made.

NOTE 15: RESTATEMENT OF NET POSITION

Change in Accounting Principles – As the result of implementing GASB Statement No. 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013 by \$221,027. The decrease results from no longer deferring and amortizing bond issuance costs.

SELINGSGROVE AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 15:     RESTATEMENT OF NET POSITION (CONTINUED)

The following restatements were necessary to properly reflect the accounting changes noted above, due to a change in accounting estimate in the Governmental Activities and also to properly reflect the adoption of the provision of GASB Statement No. 65 *“Previously Reported as Assets and Liabilities”*.

	<u>Governmental Activities</u>
Net Position, beginning of year, as previously stated	\$     13,347,080
Overstatement of Deferred Charges, due to the adoption of GASB 65	<u>(221,027)</u>
Net Position beginning of year, as restated	<u><u>\$     13,126,053</u></u>

NOTE 16:     SUBSEQUENT EVENTS

In July 2014, the District issued General Obligation Bonds, Series of 2014 in the amount of \$4,870,000 with a fixed interest rate of 2% and payments beginning on October 1, 2014 and ending on April 1, 2019. The purpose of the bonds is to currently refund all of the outstanding General Obligation Bonds, Series B of 2009 and pay the costs of issuance.



SELINGSGROVE AREA SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Schedule of Funding Progress

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)
1/1/2008	\$ -	\$ 9,506,482	\$ 9,506,482	0.0%	\$ 14,901,653	63.79%
1/1/2010	\$ -	\$ 8,992,863	\$ 8,992,863	0.0%	\$ 16,402,484	54.83%
1/1/2012	\$ -	\$ 11,036,902	\$ 11,036,902	0.0%	\$ 15,517,194	71.13%

The School District adopted GASB 45 on a prospective basis in 2008, therefore only three years are presented in the above schedule.

SELINSGROVE AREA SCHOOL DISTRICT  
SCHEDULES OF STATISTICAL INFORMATION (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2014

## **THE ECONOMY**

The trend in total employment rates in Snyder County, compared with the same rates for Pennsylvania and the United States, since 2000, is shown as follows:

Year	<b>Snyder County</b>			PA	U.S.
	Civilian Labor Force	Total Employment	Percent		
2000	18,900	18,200	3.7	3.8	3.7
2001	18,700	18,100	3.4	4.5	5.4
2002	19,500	18,400	5.5	5.5	5.7
2003	18,500	17,800	4.0	4.7	5.4
2004	20,000	19,000	4.8	5.7	5.4
2005	19,900	19,000	4.4	4.7	4.9
2006	20,400	19,500	4.4	4.6	4.5
2007	19,900	18,900	5.0	4.3	4.8
2008	20,000	18,400	8.1	6.4	7.1
2009	19,500	17,700	9.1	8.5	9.7
2010	18,900	17,400	8.1	8.1	9.1
2011	19,200	17,800	7.5	7.2	8.3
2012	20,000	18,400	8.0	7.9	7.6
2013	19,500	18,300	6.3	6.2	6.5
2014 (Oct)	18,600	17,400	5.1	5.4	5.8

Source: Center for Workforce Information and Analysis, PA Department of Labor and Industry

## **Largest Employers in or near the School District**

<u>Company</u>	<u>Business</u>
Wood-Mode Inc.	Manufactures kitchen cabinets
PA State Government	Government
Conestoga Wood Specialties	Hardwood lumber
Susquehanna University	Educational Services
Selinsgrove Area School District	Public Education
Midd-West School District	Public Education
Apex Homes Inc.	Manufacturer of modular homes
Wal-Mart Association, Inc.	Retail Trade
Professional Building Systems	Manufacturer of modular homes
National Beef Packaging Company	Wholesale Trade

SELINSGROVE AREA SCHOOL DISTRICT  
SCHEDULES OF STATISTICAL INFORMATION (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2014

Weis Markets, Inc.	Retail trade-food services
Snyder County	Government
Lowe's Home Centers, Inc.	Retail trade – professional services

Source: School District Officials

**TAX REVENUES OF THE SCHOOL DISTRICT**

**Market and Assessed Values of Real Property**

Market values of real property in the School District, as reported by the Pennsylvania State Tax Equalization Board, are listed below.

<u>Year</u>	<u>Current Market Value</u>	<u>Assessed Valuation</u>	<u>Ratio</u>
1999	659,901,700	156,908,040	23.78
2000	733,837,500	172,164,930	23.46
2001	752,451,600	175,490,760	23.32
2002	772,510,400	170,880,670	22.12
2003	784,330,200	172,936,100	22.05
2004	830,670,100	174,823,860	21.05
2005	851,404,400	178,642,920	20.98
2006	919,625,200	181,930,890	19.78
2007	969,490,800	243,204,250	25.09
2008	1,112,979,600	246,650,960	22.16
2009	1,110,100,900	256,296,540	23.09
2010	1,167,883,179	259,335,440	22.21
2011	1,180,839,514	256,938,410	21.79
2012	1,249,532,368	258,023,600	20.65

Source: Pennsylvania State Tax Equalization Board

SELINGSGROVE AREA SCHOOL DISTRICT  
SCHEDULES OF STATISTICAL INFORMATION (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2014

**Ten Largest Taxpayers in the School District**

The ten largest real estate taxpayers in the School District and their 2013-14 assessed valuation of their real estate are as follows:

<u>Taxpayer</u>	<u>Business</u>	<u>Assessed Value</u>
Susquehanna Valley Mall	Retail	\$11,778,890
PR Monroe Limited Partnership	Retail	6,462,120
Savidge	Rentals	2,791,750
Wal-Mart Real Estate Business	Retail	1,994,200
RE Selinsgrove, LLC	Nursing Home/Apartments	1,864,890
Target Corporation	Retail	1,710,000
Lowe's Home Centers Inc.	Retail	1,176,890
Plaza Shopping Center	Retail	1,117,870
Orchard Hills Shopping	Retail	1,010,950
National Beef Packing Company	Industrial	<u>874,890</u>
TOTAL		\$30,782,450

Source: Snyder County Assessment Office

SELINSGROVE AREA SCHOOL DISTRICT  
SCHEDULES OF STATISTICAL INFORMATION (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2014

**Tax Collection Record**

The School District mails tax notices to taxpayers on or about August 1 of each year. The tax collection process of the School District allows taxpayers remitting in full prior to September 15 of each year a 2% discount on their tax obligations. Remittances between September 30 and November 30 are paid at par and taxpayers remitting after December 1st pay a 10% penalty. After January 31, all unpaid real estate taxes are turned over to the Snyder County for collection.

The School District's realty tax collection record is shown below:

<u>Fiscal Year</u>	<u>Total Gross Billing</u>	<u>Current Year Collections</u>	<u>Current Year Collections as a Percent of Total Gross Billing</u>	<u>Current Plus Delinquent Collections</u>	<u>Collections as Percent of Total Gross Billing</u>
2000-01	8,084,627	7,752,451	95.9	8,686,257	107.4
2001-02	7,901,374	7,543,213	95.5	8,411,802	106.5
2002-03	8,414,950	7,991,310	95.0	8,420,386	100.1
2003-04	9,513,739	8,960,196	94.2	9,483,190	99.7
2004-05	10,278,805	9,670,973	94.1	10,138,039	98.6
2005-06	10,959,233	10,362,893	94.6	10,922,729	99.7
2006-07	11,461,646	10,815,193	94.4	11,476,031	100.1
2007-08	12,219,242	11,587,955	94.8	12,152,992	99.5
2008-09	13,033,037	12,570,521	96.5	13,107,716	100.6
2009-10	14,067,527	13,504,081	96.0	14,023,746	99.7
2010-11	14,828,800	13,885,594	93.7	14,524,669	98.0
2011-12	15,213,011	14,578,625	95.9	15,068,444	99.1
2012-13	15,553,243	14,966,263	96.3	15,526,439	99.9
2013-14	15,890,660	15,184,637	95.6	15,846,111	99.8

*Note: Beginning in Fiscal year 2008-09 amounts include property tax relief money from state gambling monies.*

Source: School District Officials

SELINGSGROVE AREA SCHOOL DISTRICT  
SCHEDULES OF STATISTICAL INFORMATION (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2014

**Pupil Enrollment Historical and Projected**

The following Table presents recent trends in school enrollment and projections of enrollment for over the next two years, as prepared by School District officials.

<u>School Year</u>	<u>Total</u>
2000-01	2,947
2001-02	2,934
2002-03	2,920
2003-04	2,890
2004-05	2,850
2005-06	2,780
2006-07	2,762
2007-08	2,704
2008-09	2,726
2009-10	2,677
2010-11	2,672
2011-12	2,764
2012-13	2,753
2013-14	2,709
2014-15	2,700
2015-16 (1)	2,713

(1) Projected

Source: School District Officials

**District Employment**

<u>Employee Type</u>	<u>2012-13</u>	<u>2013-14</u>	<u>Variance</u>
Professional Staff	189.5	186.5	-3
Administrative Staff	11.5	11.5	0
<u>Support Staff</u>	<u>129</u>	<u>126</u>	<u>-3</u>
Total Staff	330	324	-6

Source: School District Officials

**SELINGSGROVE AREA SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Source Code	Federal CFDA Number	Pass Through Grantors' Number	Program or Award Amount	Grant Period Beginning/Ending Date	Total Received For Year	Accrued Or (Deferred) Revenue July 1, 2013	Revenue Recognized	Expenditures	Accrued Or (Deferred) Revenue June 30, 2014
<b>U.S. DEPARTMENT OF EDUCATION</b>										
<b>Passed Through State Department of Education:</b>										
NCLB Title I	(I)	84.010	013-120377	\$ 516,378	7-1-11 / 9-30-13	\$ -	\$ (1,905)	\$ 1,905	\$ 1,905	\$ -
NCLB Title I	(I)	84.010	013-130377	715,886	7-1-12 / 9-30-14	227,581	150,546	94,711	94,711	17,676
NCLB Title I	(I)	84.010	013-140377	638,158	7-1-13 / 9-30-15	510,526	-	610,264	610,264	99,738
NCLB Title III	(I)	84.365	010-120377	21,318	7-1-11 / 9-30-13	2,107	(1,701)	3,808	3,808	-
NCLB Title III	(I)	84.365	010-130377	10,320	7-1-12 / 9-30-14	-	(2,752)	3,697	3,697	945
NCLB Title II Part A Improving Teacher Quality	(I)	84.367	020-130377	147,223	7-1-11 / 9-30-14	58,468	(48,763)	107,793	107,793	562
NCLB Title II Part A Improving Teacher Quality	(I)	84.367	020-140377	140,043	7-1-12 / 9-30-15	93,514	-	57,699	57,699	(35,815)
Perkins - Secondary	(I)	84.048	380-142091	26,596	7-1-13 / 6-30-14	26,596	-	26,596	26,596	-
Keystones to Opportunities - Striving Readers Grant	(I)	84.371	143-120377	826,148	4-5-12 / 9-30-13	275,383	160,524	114,859	114,859 *	-
Keystones to Opportunities - Striving Readers Grant	(I)	84.371	143-130377	711,644	10-1-13 / 9-30-14	533,733	-	497,431	497,431 *	(36,302)
Total State Department of Education				3,753,714		1,727,908	255,949	1,518,763	1,518,763	46,804
<b>Passed Through Central Susquehanna Intermediate Unit</b>										
<b>Special Education-Grants to States:</b>										
IDEA B	(I)	84.027	N/A	333,011	7-1-12 / 6-30-13	177,448	177,448	-	-	-
IDEA B	(I)	84.027	N/A	309,130	7-1-13 / 6-30-14	149,346	-	309,130	309,130 *	159,784
IDEA 619	(I)	84.027	N/A	6,931	7-1-12 / 6-30-13	6,931	6,931	-	-	-
IDEA 619	(I)	84.027	N/A	5,681	7-1-13 / 6-30-14	-	-	5,681	5,681 *	5,681
Total Cental Susquehanna Intermediate Unit				654,753		333,725	184,379	314,811	314,811	165,465
<b>TOTAL DEPARTMENT OF EDUCATION</b>				4,408,467		2,061,633	440,328	1,833,574	1,833,574	212,269
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>										
<b>Passed Through State Department of Transportation:</b>										
Highway Planning and Construction-Federal Safe Routes to Schools	(I)	20.205	33354	794,535	NONE	294,971	-	305,194	305,194	10,223
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>				794,535		294,971	-	305,194	305,194	10,223
<b>U.S. DEPARTMENT OF AGRICULTURE</b>										
<b>Passed Through State Department of Education:</b>										
National School Lunch	(I)	10.555	1-29-54-080-3	437,898	7-1-12 / 6-30-13	6,885	6,885	-	-	-
National School Lunch	(S)	N/A	1-29-54-080-3	39,069	7-1-12 / 6-30-13	570	570	-	-	-
National School Lunch	(I)	10.555	1-29-54-080-3	467,503	7-1-13 / 6-30-14	467,503	-	467,503	467,503 *	-
National School Lunch	(S)	N/A	1-29-54-080-3	37,370	7-1-13 / 6-30-14	37,370	-	37,370	37,370	-
School Breakfast	(I)	10.553	1-29-54-080-3	55,929	7-1-12 / 6-30-13	981	981	-	-	-
School Breakfast	(S)	N/A	1-29-54-080-3	3,757	7-1-12 / 6-30-13	66	66	-	-	-
School Breakfast	(I)	10.553	1-29-54-080-3	61,095	7-1-13 / 6-30-14	61,095	-	61,095	61,095 *	-
School Breakfast	(S)	N/A	1-29-54-080-3	4,368	7-1-13 / 6-30-14	4,368	-	4,368	4,368	-
Summer Food	(I)	10.559	1-29-54-080-3	3,232	7-1-13 / 6-30-14	3,232	-	3,232	3,232 *	-
Total State Department of Education				1,110,221		582,070	8,502	573,568	573,568	-
<b>PASSED THROUGH STATE DEPARTMENT OF AGRICULTURE:</b>										
National School Lunch Program	(I)	10.555	1-29-54-080-3	N/A	7-1-13 / 6-30-14 (A)	60,537	(B) (2,695)	60,950	(C) 60,950 *	(D) (2,282)
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>				1,110,221		642,607	5,807	634,518	634,518	(2,282)
<b>LESS: STATE FUNDS</b>				84,564		42,374	636	41,738	41,738	-
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				\$ 6,228,659		\$ 2,956,837	\$ 445,499	\$ 2,731,548	\$ 2,731,548	\$ 220,210

**Source Code Legend:**

(I) Indicates indirect funding  
(S) Indicates State matching funding.

**Other Code Legend:**

(A) Indicates total commodities received.  
(B) Indicates beginning commodity inventory  
(C) Indicates commodities used.  
(D) Indicates ending commodity inventory

SELINGROVE AREA SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014

NOTE 1: REPORTING ENTITY

Selinsgrove Area School District (the "School District") is the reporting entity for financial reporting purposes as defined in Note 1A to the School District's basic financial statements. For purposes of preparing the schedules of expenditures of federal awards, the School District's reporting entity is the same that was used for financial reporting.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the School District and is presented using the accrual basis of accounting, which is described in Note 1C to the School District's basic financial statements.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2014 threshold for determining Type A and Type B programs is \$300,000.

The following low-risk Type-A Programs were not audited as major:

Highway Planning and Construction	CFDA # 20.205
Title I	CFDA# 84.010

None of the District's Type-B Programs were considered high-risk.

The amount expended under programs audited as major federal programs for the year ended June 30, 2014, totaled \$1,519,881 or 56% of total federal awards expended.

NOTE 4: CLUSTER PROGRAMS

The following CFDA has been deemed a cluster program by the Office of Management and Budget, and therefore are treated as one program in determining major programs to be audited:

Child Nutrition Cluster	
CFDA #	Expenditures
10.553	\$ 61,095
10.555	528,453
10.559	3,232
Total	<u>\$ 592,780</u>



# *Zelenkofske Axelrod LLC*

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

Board of School Directors  
Selinsgrove Area School District  
Selinsgrove, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Selinsgrove Area School District (the "District"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 29, 2015.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

---

### ***Harrisburg***

830 Sir Thomas Court, Suite 100  
Harrisburg, PA 17109  
717.561.9200 Fax 717.561.9202

### ***Philadelphia***

2370 York Road, Suite A-5  
Jamison, PA 18929  
215.918.2277 Fax 215.918.2302

### ***Pittsburgh***

3800 McKnight E. Drive, Suite 3805  
Pittsburgh, PA 15237  
412.367.7102 Fax 412.367.7103

# *Zelenkofske Axelrod LLC*

Board of School Directors  
Selinsgrove Area School District

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Zelenkofske Axelrod LLC*

Zelenkofske Axelrod LLC

Harrisburg, PA  
January 29, 2015

# *Zelenkofske Axelrod LLC*

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of School Directors  
Selinsgrove Area School District  
Selinsgrove, Pennsylvania

### **Report on Compliance for Each Major Federal Program**

We have audited the Selinsgrove Area School District (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the 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, 2014.

---

#### ***Harrisburg***

830 Sir Thomas Court, Suite 100  
Harrisburg, PA 17109  
717.561.9200 Fax 717.561.9202

#### ***Philadelphia***

2370 York Road, Suite A-5  
Jamison, PA 18929  
215.918.2277 Fax 215.918.2302

#### ***Pittsburgh***

3800 McKnight E. Drive, Suite 3805  
Pittsburgh, PA 15237  
412.367.7102 Fax 412.367.7103

# *Zelenkofske Axelrod LLC*

Board of School Directors  
Selinsgrove Area School District

## **Report on Internal Control Over Compliance**

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 the 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.

*Zelenkofske Axelrod LLC*

Zelenkofske Axelrod LLC

Harrisburg, Pennsylvania  
January 29, 2015

SELINSGROVE AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditors' Results:

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_ yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses?  
\_\_\_\_ yes X none reported

Noncompliance material to financial statements noted? \_\_\_\_ yes X no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_ yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses?  
\_\_\_\_ yes X none reported

Type of auditors' report issued on compliance for major programs: Unqualified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.027	Special Education_Grants to States
84.371	Striving Readers

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_ yes X no

SELINGSGROVE AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS

None noted.

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

<u>Program</u>	<u>Prior Year Finding</u>	<u>Description</u>	<u>Current Year Status</u>
Child Nutrition Cluster	13-1	Activities Allowed/Unallowed, Allowable Costs/Cost Principles and Period of Availability	Resolved
Striving Readers	13-2	Reporting	Resolved