

**WESTERN BEAVER COUNTY
SCHOOL DISTRICT**

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

**WESTERN BEAVER COUNTY**  
**SCHOOL DISTRICT**  
BEAVER COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS  
WITH REPORT OF  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED**  
**JUNE 30, 2016**

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**BEAVER COUNTY, PENNSYLVANIA**  
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**To the Board of Directors  
Western Beaver County School District**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Beaver County School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Western Beaver County School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Western Beaver County School District'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 Western Beaver County School District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

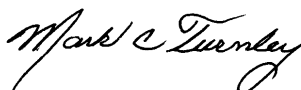
## Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Beaver County School District as of June 30, 2016 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii-xiii and the defined benefit pension plan information on page 35, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.



Mark C. Turnley, CPA

February 8, 2017  
New Brighton, Pennsylvania

## **WESTERN BEAVER COUNTY SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

#### **Required Supplementary Information (RSI)**

Our discussion and analysis of Western Beaver County School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2016. Please review in conjunction with School District's financial statements that begin on page 3.

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

#### **FINANCIAL HIGHLIGHTS**

The District's total governmental activities liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources as of June 30, 2016 by \$14,601,310 (net position - deficit). This was a decrease of \$157,815 over June 30, 2015. The deficit is due mainly as of the result of the District's implementation of GASB 68 'Accounting and Financial Reporting for Pensions' implemented at June 30, 2015. The District is now required to recognize their proportionate share of the Pennsylvania School Employees Retirement System (PSERS) overall net pension obligation. For the Western Beaver County School District, this liability stands at \$17,413,000 as of June 30, 2016.

Total net position increased in total by \$123,360. Net position of the governmental activities increased by \$157,816 and net position in business-type activities decreased by \$34,456.

Total revenues for governmental activities on the statement of activities were \$12,583,594. General revenues (net of transfers) accounted for \$9,776,259 or 77.7% of all revenues. Program specific revenues in the form of charges for services and grants accounting for \$2,807,335, or 22.3% of total revenues.

The School District had \$12,355,778 in expenses related to governmental activities; \$1,807,335 of these expenses were offset by program specific charges for services and grants. General revenue (primarily taxes and basic subsidy) of \$9,776,259 covered the remaining net cost of program expenses.

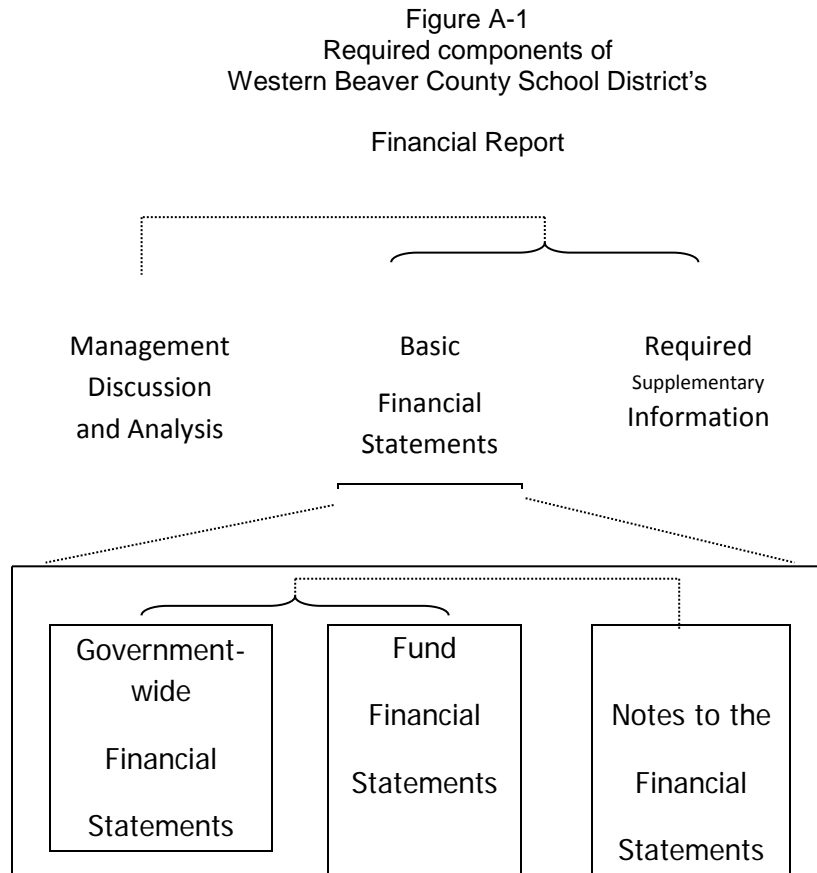
The General fund balance increased by \$484,181 to \$1,689,710. This was due to actual expenditures being significantly less than anticipated and actual revenue being significantly more than anticipated.

#### **USING THE BASIC FINANCIAL STATEMENT REPORT**

This Basic Financial Statement Report consists of Management's Discussion and Analysis and a series of financial statements and notes to those statements. The Statement of Net Position and Statement of Activities, on pages 3 and 4, provide information about the activities of the School District as a whole and present a longer-term view of the School District's financial position. Fund Financial Statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the School District's most significant funds with all other non-major funds presented in total on one column. For Western Beaver County School District, the General Fund is the most significant fund. Lastly, the financial statements include notes that explain some of the information in the financial statements and provide more detailed data.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2016**

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another.



## REPORTING THE SCHOOL DISTRICT AS A WHOLE

### Statement of Net Position and the Statement of Activities

This document contains all funds used by the School District to provide programs and activities. The view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the Fiscal Year Ended June 30, 2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader, for the School District as a whole, whether or not the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax law in Pennsylvania restricting revenue growth, facility conditions, required educational programs, and other factors.

**WESTERN BEAVER COUNTY SCHOOL DISTRICTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

**OVERVIEW OF FINANCIAL STATEMENTS**

**Government-Wide Statements**

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

The two government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's assets and liabilities, is one way to measure the School District's financial health or position.

Over time, increases and decreases in the School District's net position is an indication of whether its financial health is improving or deteriorating respectively.

To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base (growth) and the academic achievement of the students.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental activities** – Most of the School District's basic services are included here, such as instruction, support services, operation and maintenance of plant, pupil transportation services, and administrative services. Property taxes, state and federal subsidies and grants finance most of these activities.
- **Business-type activities** – The School District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service and catering operations.

**REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

Fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required by state law and by bond requirements.

**Government funds** – Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reflected in reconciliations on page 6 and 8.



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

Proprietary fund – This fund is used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is concerned with determining net income, financial position, and a significant portion of funding through the user charges. When the School District charges for services it provides – whether to outside customers or to units in the School District – these services are generally reported in proprietary funds. The Food Service Fund is the School District's only major proprietary fund and uses the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The School District's total net position was (\$15,424,386) at June 30, 2016.

Table A-1  
Fiscal Year ended June 30, 2016 and June 30, 2015  
Net Position

|                                  | <u>2016</u>                       |                                    |                               | <u>2015</u>                       |                                    |                               |
|----------------------------------|-----------------------------------|------------------------------------|-------------------------------|-----------------------------------|------------------------------------|-------------------------------|
|                                  | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> | <u>Total</u>                  | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> | <u>Total</u>                  |
| Current and other assets         | \$ 3,571,616                      | \$ (326,787)                       | \$ 3,244,829                  | \$ 2,924,958                      | \$ (325,416)                       | \$ 2,599,542                  |
| Capital assets                   | 5,485,266                         | 18,798                             | 5,504,064                     | 5,878,052                         | 24,005                             | 5,902,057                     |
| Total assets                     | <u>\$ 9,056,882</u>               | <u>\$ (307,989)</u>                | <u>\$ 8,748,893</u>           | <u>\$ 8,803,010</u>               | <u>\$ (301,411)</u>                | <u>\$ 8,501,599</u>           |
| Deferred Outflows of Resources   | <u>\$ 1,255,151</u>               | <u>\$ 38,819</u>                   | <u>\$ 1,293,970</u>           | <u>\$ 1,080,399</u>               | <u>\$ 31,713</u>                   | <u>\$ 1,112,112</u>           |
| Current and other liabilities:   | \$ 1,923,793                      | \$ 3,900                           | \$ 1,927,693                  | \$ 2,705,091                      | \$ 37,790                          | \$ 2,742,881                  |
| Long-term liabilities            | 22,254,290                        | 527,266                            | 22,781,556                    | 20,001,275                        | 424,302                            | 20,425,577                    |
| Total liabilities                | <u>\$ 24,178,083</u>              | <u>\$ 531,166</u>                  | <u>\$ 24,709,249</u>          | <u>\$ 22,706,366</u>              | <u>\$ 462,092</u>                  | <u>\$ 23,168,458</u>          |
| Deferred Inflow of Resources     | <u>\$ 735,260</u>                 | <u>\$ 22,740</u>                   | <u>\$ 758,000</u>             | <u>\$ 1,936,168</u>               | <u>\$ 56,832</u>                   | <u>\$ 1,993,000</u>           |
| Net Investment in Capital Assets | \$ (460,401)                      | \$ 18,798                          | \$ (441,603)                  | \$ (241,948)                      | \$ 24,005                          | \$ (217,943)                  |
| Restricted for:                  |                                   |                                    |                               |                                   |                                    |                               |
| Capital Reserve                  | -                                 | -                                  | -                             | 866                               | -                                  | 866                           |
| Unrestricted                     | <u>(14,140,909)</u>               | <u>(841,874)</u>                   | <u>(14,982,783)</u>           | <u>(14,518,043)</u>               | <u>(812,627)</u>                   | <u>(15,330,670)</u>           |
| Total Net Position               | <u><u>\$ (14,601,310)</u></u>     | <u><u>\$ (823,076)</u></u>         | <u><u>\$ (15,424,386)</u></u> | <u><u>\$ (14,759,125)</u></u>     | <u><u>\$ (788,622)</u></u>         | <u><u>\$ (15,547,747)</u></u> |

A portion of the School District's net assets are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are a combination of restricted and unrestricted amounts. The restricted balances are amounts set-aside to fund future capital purchases or capital projects as planned by the School District and its Board of Directors.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

The results of this year's operations as a whole are reported in the Statement of Activities on page 4. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see your total revenues for the year. This table also compares the prior year to the current year.

Table A-2  
Fiscal Year ended June 30, 2016 and June 30, 2015  
Changes in Net Position

|                                                   | <u>2016</u>          |                   |                      | <u>2015</u>          |                   |                      |
|---------------------------------------------------|----------------------|-------------------|----------------------|----------------------|-------------------|----------------------|
|                                                   | Governmental         | Business-Type     |                      | Governmental         | Business-Type     |                      |
|                                                   | <u>Activities</u>    | <u>Activities</u> | <u>Total</u>         | <u>Activities</u>    | <u>Activities</u> | <u>Total</u>         |
| <b>Revenues</b>                                   |                      |                   |                      |                      |                   |                      |
| <u>Program revenues:</u>                          |                      |                   |                      |                      |                   |                      |
| Charges for services                              | \$ 134,840           | \$ 148,773        | \$ 283,613           | \$ 51,353            | \$ 141,535        | \$ 192,888           |
| Operating grants and contributions                | 2,672,495            | 246,662           | 2,919,157            | 2,696,138            | 223,098           | 2,919,236            |
| <u>General revenues:</u>                          |                      |                   |                      |                      |                   |                      |
| Property taxes                                    | 3,056,949            | -                 | 3,056,949            | 3,069,015            | -                 | 3,069,015            |
| Other taxes                                       | 931,495              | -                 | 931,495              | 659,159              | -                 | 659,159              |
| Property tax reduction                            | 292,729              | -                 | 292,729              | 292,921              | -                 | 292,921              |
| Grants, subsidies and contributions, unrestricted | 5,389,804            | -                 | 5,389,804            | 5,347,719            | -                 | 5,347,719            |
| Investment earnings                               | 1,814                | 18                | 1,832                | 100,907              | 16                | 100,923              |
| Transfers                                         | (70,000)             | 70,000            | -                    | -                    | -                 | -                    |
| Gain/Loss on Fixed Assets                         | 4,860                | -                 | 4,860                | -                    | -                 | -                    |
| Miscellaneous                                     | 83,608               | -                 | 83,608               | -                    | -                 | -                    |
| Refund of prior year expenses                     | 15,000               | -                 | 15,000               | 130,595              | -                 | 130,595              |
| Refund of prior year receipts                     | -                    | -                 | -                    | (13,021)             | -                 | (13,021)             |
| <b>Total revenues</b>                             | <b>\$ 12,513,594</b> | <b>\$ 465,453</b> | <b>\$ 12,979,047</b> | <b>\$ 12,334,786</b> | <b>\$ 364,649</b> | <b>\$ 12,699,435</b> |

(Table continued on following page)

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

|                                                         | <b><u>2016</u></b>                |                                    |                        | <b><u>2015</u></b>                |                                    |                     |
|---------------------------------------------------------|-----------------------------------|------------------------------------|------------------------|-----------------------------------|------------------------------------|---------------------|
|                                                         | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> | <u>Total</u>           | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> | <u>Total</u>        |
| <b>Expenses</b>                                         |                                   |                                    |                        |                                   |                                    |                     |
| Instruction                                             | \$ 8,075,252                      | \$ -                               | \$ 8,075,252           | \$ 7,788,875                      | \$ -                               | 7,788,875           |
| Pupil personnel                                         | 322,126                           | -                                  | 322,126                | 316,857                           | -                                  | 316,857             |
| Instructional student support                           | 153,640                           | -                                  | 153,640                | 145,187                           | -                                  | 145,187             |
| Administrative & financial support                      | 997,856                           | -                                  | 997,856                | 1,088,374                         | -                                  | 1,088,374           |
| Pupil health                                            | 140,775                           | -                                  | 140,775                | 131,080                           | -                                  | 131,080             |
| Operation & maintenance of plant                        | 1,141,619                         | -                                  | 1,141,619              | 1,055,641                         | -                                  | 1,055,641           |
| Business services                                       | 159,747                           | -                                  | 159,747                | 181,649                           | -                                  | 181,649             |
| Pupil transportation services                           | 928,573                           | -                                  | 928,573                | 961,275                           | -                                  | 961,275             |
| Other support services                                  | 4,877                             | -                                  | 4,877                  | 4,895                             | -                                  | 4,895               |
| Student activities                                      | 220,432                           | -                                  | 220,432                | 286,636                           | -                                  | 286,636             |
| Community services                                      | -                                 | -                                  | -                      | -                                 | -                                  | -                   |
| Interest on long-term debt                              | 166,466                           | -                                  | 166,466                | 238,813                           | -                                  | 238,813             |
| Refund Prior Year Receipts                              | 34,430                            | -                                  | 34,430                 | -                                 | -                                  | -                   |
| Capital Outlay (not subject to capitalization)          | 9,985                             | -                                  | 9,985                  | 37,082                            | -                                  | 37,082              |
| Food services                                           | -                                 | 499,909                            | 499,909                | -                                 | 444,620                            | 444,620             |
| <b>Total expenses</b>                                   | <b>\$ 12,355,778</b>              | <b>\$ 499,909</b>                  | <b>\$ 12,855,687</b>   | <b>\$ 12,236,364</b>              | <b>\$ 444,620</b>                  | <b>12,680,984</b>   |
| Increase (decrease) in net position<br>before Transfers | \$ 227,816                        | \$ (104,456)                       | \$ 123,360             | \$ 98,422                         | \$ (79,971)                        | 18,451              |
| Transfers In (Out)                                      | \$ (70,000)                       | \$ 70,000                          | \$ -                   | \$ (30,000)                       | \$ 30,000                          | -                   |
| Net Position, Beginning                                 | (14,759,126)                      | (788,620)                          | (15,547,746)           | 1,376,808                         | (263,006)                          | 1,113,802           |
| Prior Period Adjustment                                 | -                                 | -                                  | -                      | (16,204,355)                      | (475,645)                          | (16,680,000)        |
| Net Position, Ending                                    | <u>\$ (14,601,310)</u>            | <u>\$ (823,076)</u>                | <u>\$ (15,424,386)</u> | <u>\$ (14,759,125)</u>            | <u>\$ (788,622)</u>                | <u>(15,547,747)</u> |

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the School District.

Table A-3 shows the School District's eight largest functions – instruction programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation services, student activities, community services, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

Table A-3  
Fiscal Year ended June 30, 2016 and 2015  
Government Activities

| <u>Functions/Programs</u>                      | <u>2016</u>          |                     | <u>2015</u>          |                     |
|------------------------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                                | <u>Total Cost</u>    | <u>Net Cost</u>     | <u>Total Cost</u>    | <u>Net Cost</u>     |
|                                                | <u>of Services</u>   | <u>of Services</u>  | <u>of Services</u>   | <u>of Services</u>  |
| Instruction                                    | \$ 8,075,252         | \$ 6,124,913        | \$ 7,788,875         | \$ 5,721,615        |
| Instruction Student Support                    | 616,541              | 544,315             | 593,124              | 536,977             |
| Administrative                                 | 1,162,480            | 1,047,955           | 1,270,023            | 1,172,812           |
| Operation and Maintenance of Plant             | 1,141,619            | 1,050,015           | 1,055,641            | 976,831             |
| Pupil Transportation Services                  | 928,563              | 372,888             | 961,275              | 540,922             |
| Other Support Services                         | -                    | -                   | 4,895                | 4,895               |
| Student Activities                             | 220,432              | 197,476             | 286,636              | 258,926             |
| Interest on Long-Term Debt                     | 200,896              | 200,896             | 238,813              | 238,813             |
| Capital Outlay (Not subject to capitalization) | 9,985                | 9,985               | 37,082               | 37,082              |
| Total Governmental Activities                  | <u>\$ 12,355,768</u> | <u>\$ 9,548,443</u> | <u>\$ 12,236,364</u> | <u>\$ 9,488,873</u> |
| Less:                                          |                      |                     |                      |                     |
| Unrestricted grants, subsidies                 |                      | (5,389,804)         |                      | (5,347,719)         |
| Total needs from local taxes                   |                      |                     |                      |                     |
| other revenues                                 |                      | <u>\$ 4,158,639</u> |                      | <u>\$ 4,141,154</u> |

The dependence upon tax revenues for governmental activities is apparent. Approximately 56% of instructional activities are supported through taxes and other general revenues. The community, as a whole, is the primary support for Western Beaver County School District students.

#### **BUSINESS-TYPE ACTIVITY**

The only major business-type activity of the School District is the food service operations. As noted on the Statement of Revenues, Expenses, and Changes in Fund Net Position on page 10, this program had revenues of \$465,453 and expenses of \$499,909 for the Fiscal Year ended June 30, 2016.

Business-type activities receive no support from local tax revenues. The Statement of Revenues, Expenses and Changes in Fund Net Position for this proprietary fund will further detail the actual results of operations.

## **WESTERN BEAVER COUNTY SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

#### **THE SCHOOL DISTRICT'S FUNDS**

The General Fund, which accounts for the School District's operations, represents the School District's most significant major fund. All governmental funds had a fund balance of \$1,689,710 as noted on page 5.

##### **General Fund Budgeting Highlights**

The School District's budget is prepared according to Pennsylvania law and based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Operating Fund.

During the fiscal year, the School Board of Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. The budgeting systems are designed to tightly control budgets by administrators responsible for their individual areas. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided on page 13.

Local and State revenues were higher than budgeted amounts by \$429,721 and \$415,772 respectively. Total actual revenues exceeded budgeted amounts by \$643,352 (excluding other financing sources).

Expenditures were budgeted at \$12,440,488 while actual expenditures were \$12,179,634. The difference is due to a reduction of personnel through attrition, and the reduction of salaries and benefits due to successful contract negotiations. The School District has been diligent at reducing and eliminating unnecessary expenses while maintaining excellence in the classroom.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital Assets**

At June 30, 2016, the School District's Governmental Activities had \$5,878,052 invested in a broad range of capital assets, including land, site improvements, buildings, furniture and equipment.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

Table A-4  
Governmental Activities  
Capital assets – net of depreciation (if applicable)

|                          | <u><b>2016</b></u>         | <u><b>2015</b></u>         |
|--------------------------|----------------------------|----------------------------|
| Land                     | \$ 56,585                  | \$ 56,585                  |
| Site Improvements        | 199,102                    | 239,089                    |
| Buildings & Improvements | 2,930,944                  | 3,224,641                  |
| Furniture and Equipment  | 2,298,635                  | 2,357,737                  |
| Totals                   | <u><u>\$ 5,485,266</u></u> | <u><u>\$ 5,878,052</u></u> |

**Debt Administration**

As of June 30, 2016, the School District had total outstanding bond principal of \$5,870,000 as listed in Note 8 in the notes to the financial statements.

Table A-5  
Outstanding Debt

|                                | <u><b>2016</b></u>         | <u><b>2015</b></u>         |
|--------------------------------|----------------------------|----------------------------|
| General Obligation Notes/Bonds |                            |                            |
| GOB, Series of 2015            | \$ 5,870,000               | \$ 6,120,000               |
| Total Outstanding Debt         | <u><u>\$ 5,870,000</u></u> | <u><u>\$ 6,120,000</u></u> |

Other obligations include accrued and compensated vacation pay, sick leave pay, and post-employment benefits for qualifying employees who retire from the School District.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The School District continues to realize little growth in population.

The expected inflationary increases in expenses within the Western Beaver County School District puts additional burden on local taxpayers to meet student needs and demand. Facilities must continually be updated and expanded to meet these enrollment trends. The School District will continue to upgrade facilities such as parking areas, window blinds, and security systems.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

In addition to growth, both health care insurance rates and retirement contribution rates continue to grow. The School District experienced an increase in the retirement contribution rate from 21.40% in 2015 to 25.84% in 2016, an increase of 21%. Additionally, the retirement contribution rate for 2016-2017 has increased 13% to 29.27% and has projected annual increases through the next 3-5 years.

**Budget Comparison**

The comparison of revenue and expenditures categories is as follows:

Table A-6  
BUDGETED REVENUES

|                         | <u>2016-2017</u>     | <u>2015-2016</u>     |
|-------------------------|----------------------|----------------------|
| Local                   | \$ 4,267,933         | \$ 3,975,900         |
| State                   | 7,919,229            | 7,988,807            |
| Federal/Other           | 349,400              | 355,741              |
| Other Financial Sources | -                    | 120,000              |
| Total Budgeted Revenues | <u>\$ 12,536,562</u> | <u>\$ 12,440,448</u> |

BUDGETED EXPENDITURES

|                             | <u>2016-2017</u>    | <u>2015-2016</u>     |
|-----------------------------|---------------------|----------------------|
| Instruction                 | \$ 7,811,974        | \$ 7,715,632         |
| Support Services            | 3,983,053           | 3,728,800            |
| Non-Instruction/Community   | 261,317             | 527,056              |
| Facilities                  | 18,000              | 8,000                |
| Debt Service                | 454,994             | 401,000              |
| Interfund Transfers         | 60,000              | 60,000               |
| Budgetary Reserve           | -                   | -                    |
| Total Budgeted Expenditures | <u>\$12,589,338</u> | <u>\$ 12,440,488</u> |

The Western Beaver County School District has committed itself to financial excellence for many years.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District’s finances and to show the School Board of Director’s accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the business office at Western Beaver County School District, 343 Ridgemont Drive, Midland, PA 15059.



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

**EXHIBIT A**

|                                                                           | Governmental<br>Activities | Business-Type<br>Activities | Total                  |
|---------------------------------------------------------------------------|----------------------------|-----------------------------|------------------------|
| <b>ASSETS</b>                                                             |                            |                             |                        |
| <b>Current Assets:</b>                                                    |                            |                             |                        |
| Cash and Cash Equivalents                                                 | \$ 2,002,155               | \$ 23,270                   | \$ 2,025,425           |
| Taxes Receivable, net                                                     | 587,193                    | -                           | 587,193                |
| Due From Other Governments                                                | 432,408                    | -                           | 432,408                |
| Internal Balances                                                         | 355,933                    | (355,933)                   | -                      |
| Other Receivables                                                         | 45,196                     | 9                           | 45,205                 |
| Prepaid Expenses                                                          | 148,731                    | -                           | 148,731                |
| Inventories                                                               | -                          | 5,867                       | 5,867                  |
| <b>Total Current Assets</b>                                               | <b>\$ 3,571,616</b>        | <b>\$ (326,787)</b>         | <b>\$ 3,244,829</b>    |
| <b>Noncurrent Assets:</b>                                                 |                            |                             |                        |
| Land                                                                      | \$ 56,585                  | \$ -                        | \$ 56,585              |
| Site Improvements                                                         | 199,102                    | -                           | 199,102                |
| Building & Building Improvements (net)                                    | 2,930,944                  | -                           | 2,930,944              |
| Furniture & Equipment (net)                                               | 2,298,635                  | 18,798                      | 2,317,433              |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 5,485,266</b>        | <b>\$ 18,798</b>            | <b>\$ 5,504,064</b>    |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 9,056,882</b>        | <b>\$ (307,989)</b>         | <b>\$ 8,748,893</b>    |
| <b>Deferred Outflows of Resources:</b>                                    |                            |                             |                        |
| Deferred Outflows Related Pension                                         | \$ 1,255,151               | \$ 38,819                   | \$ 1,293,970           |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 1,255,151</b>        | <b>\$ 38,819</b>            | <b>\$ 1,293,970</b>    |
| <b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>                  | <b>\$ 10,312,033</b>       | <b>\$ (269,170)</b>         | <b>\$ 10,042,863</b>   |
| <b>LIABILITIES</b>                                                        |                            |                             |                        |
| <b>Current Liabilities:</b>                                               |                            |                             |                        |
| Accounts Payable                                                          | \$ 171,132                 | \$ 754                      | \$ 171,886             |
| Bonds Payable - Current Portion                                           | 360,000                    | -                           | 360,000                |
| Lease Obligation - Current Portion                                        | 25,000                     | -                           | 25,000                 |
| Accrued Interest                                                          | 46,912                     | -                           | 46,912                 |
| Accrued Salaries and Benefits                                             | 1,274,816                  | -                           | 1,274,816              |
| Payroll Deductions and Withholdings                                       | 45,933                     | -                           | 45,933                 |
| Other Current Liabilities                                                 | -                          | 3,146                       | 3,146                  |
| <b>Total Current Liabilities</b>                                          | <b>\$ 1,923,793</b>        | <b>\$ 3,900</b>             | <b>\$ 1,927,693</b>    |
| <b>Noncurrent Liabilities:</b>                                            |                            |                             |                        |
| Bonds Payable - Long Term Portion (Net)                                   | \$ 5,485,667               | \$ -                        | \$ 5,485,667           |
| Lease Obligations - Long Term Portion                                     | 75,000                     | -                           | 75,000                 |
| Net OPEB Obligation                                                       | (277,946)                  | -                           | (277,946)              |
| Net Pension Liability                                                     | 16,890,610                 | 522,390                     | 17,413,000             |
| Compensated Absences                                                      | 80,959                     | 4,876                       | 85,835                 |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 22,254,290</b>       | <b>\$ 527,266</b>           | <b>\$ 22,781,556</b>   |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 24,178,083</b>       | <b>\$ 531,166</b>           | <b>\$ 24,709,249</b>   |
| <b>Deferred Inflows of Resources:</b>                                     |                            |                             |                        |
| Deferred Inflows Related to Pension                                       | \$ 735,260                 | \$ 22,740                   | \$ 758,000             |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 735,260</b>          | <b>\$ 22,740</b>            | <b>\$ 758,000</b>      |
| <b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>              | <b>\$ 24,913,343</b>       | <b>\$ 553,906</b>           | <b>\$ 25,467,249</b>   |
| <b>NET POSITION</b>                                                       |                            |                             |                        |
| Net Investment in Capital Assets                                          | \$ (460,401)               | \$ 18,798                   | \$ (441,603)           |
| Unrestricted                                                              | (14,140,909)               | (841,874)                   | (14,982,783)           |
| <b>TOTAL NET POSITION (Deficit)</b>                                       | <b>\$ (14,601,310)</b>     | <b>\$ (823,076)</b>         | <b>\$ (15,424,386)</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 10,312,033</b>       | <b>\$ (269,170)</b>         | <b>\$ 10,042,863</b>   |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**EXHIBIT B**

| Functions/Programs                                | Expenses             | Program Revenues        |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |                        |
|---------------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|------------------------|
|                                                   |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total                  |
| <b>Governmental Activities:</b>                   |                      |                         |                                          |                                        |                                                      |                             |                        |
| Instruction                                       | \$ 8,075,252         | \$ 122,419              | \$ 1,827,920                             | \$ -                                   | \$ (6,124,913)                                       |                             | \$ (6,124,913)         |
| Instructional Student Support                     | 616,541              | -                       | 72,226                                   | -                                      | (544,315)                                            |                             | (544,315)              |
| Administrative and Financial Support Services     | 1,162,480            | 5,000                   | 109,525                                  | -                                      | (1,047,955)                                          |                             | (1,047,955)            |
| Operation and Maintenance of Plant Services       | 1,141,619            | -                       | 91,604                                   | -                                      | (1,050,015)                                          |                             | (1,050,015)            |
| Pupil Transportation                              | 928,573              | -                       | 555,685                                  | -                                      | (372,888)                                            |                             | (372,888)              |
| Student Activities                                | 220,432              | 7,421                   | 15,535                                   | -                                      | (197,476)                                            |                             | (197,476)              |
| Capital Outlay                                    | 9,985                | -                       | -                                        | -                                      | (9,985)                                              |                             | (9,985)                |
| Interest on Long-Term Debt/Refunds Prior Year     | 200,896              | -                       | -                                        | -                                      | (200,896)                                            |                             | (200,896)              |
| <b>Total Governmental Activities</b>              | <b>\$ 12,355,778</b> | <b>\$ 134,840</b>       | <b>\$ 2,672,495</b>                      | <b>\$ -</b>                            | <b>\$ (9,548,443)</b>                                |                             | <b>\$ (9,548,443)</b>  |
| <b>Business-Type activities:</b>                  |                      |                         |                                          |                                        |                                                      |                             |                        |
| Food Service                                      | \$ 499,909           | \$ 148,773              | \$ 246,662                               | \$ -                                   | \$ -                                                 | \$ (104,474)                | \$ (104,474)           |
| <b>Total Business-Type Activities</b>             | <b>\$ 499,909</b>    | <b>\$ 148,773</b>       | <b>\$ 246,662</b>                        | <b>\$ -</b>                            | <b>\$ -</b>                                          | <b>\$ (104,474)</b>         | <b>\$ (104,474)</b>    |
| <b>Total Primary Government</b>                   | <b>\$ 12,855,687</b> | <b>\$ 283,613</b>       | <b>\$ 2,919,157</b>                      | <b>\$ -</b>                            | <b>\$ (9,548,443)</b>                                | <b>\$ (104,474)</b>         | <b>\$ (9,652,917)</b>  |
| <b>General Revenues:</b>                          |                      |                         |                                          |                                        |                                                      |                             |                        |
| Taxes:                                            |                      |                         |                                          |                                        |                                                      |                             |                        |
| Property Taxes, Levied for General Purposes (net) |                      |                         |                                          |                                        | \$ 3,056,949                                         | \$ -                        | \$ 3,056,949           |
| Other Taxes, Levied for General Purposes          |                      |                         |                                          |                                        | 931,495                                              | -                           | 931,495                |
| Property Tax Relief Payment                       |                      |                         |                                          |                                        | 292,729                                              | -                           | 292,729                |
| Grants and Contributions - Unrestricted           |                      |                         |                                          |                                        | 5,389,804                                            | -                           | 5,389,804              |
| Investment Earnings                               |                      |                         |                                          |                                        | 1,814                                                | 18                          | 1,832                  |
| Transfers                                         |                      |                         |                                          |                                        | (70,000)                                             | 70,000                      | -                      |
| Gain/Loss on Fixed Ssets                          |                      |                         |                                          |                                        | 4,860                                                | -                           | 4,860                  |
| Miscellaneous Income                              |                      |                         |                                          |                                        | 98,608                                               | -                           | 98,608                 |
| <b>Total General Revenues</b>                     |                      |                         |                                          |                                        | <b>\$ 9,706,259</b>                                  | <b>\$ 70,018</b>            | <b>\$ 9,776,277</b>    |
| <b>Change in Net Position</b>                     |                      |                         |                                          |                                        | <b>\$ 157,816</b>                                    | <b>\$ (34,456)</b>          | <b>\$ 123,360</b>      |
| Net Position (Deficit) - July 1, 2015             |                      |                         |                                          |                                        | (14,759,126)                                         | (788,620)                   | (15,547,746)           |
| <b>Net Position — June 30, 2016</b>               |                      |                         |                                          |                                        | <b>\$ (14,601,310)</b>                               | <b>\$ (823,076)</b>         | <b>\$ (15,424,386)</b> |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

**EXHIBIT C**

|                                                                                | <b>GENERAL<br/>FUND</b>    | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------------------------------------------|----------------------------|-----------------------------------------|
| <b>ASSETS:</b>                                                                 |                            |                                         |
| Cash and Cash Equivalents                                                      | \$ 2,002,155               | \$ 2,002,155                            |
| Taxes Receivable, net                                                          | 587,193                    | 587,193                                 |
| Due from Other Funds                                                           | 355,933                    | 355,933                                 |
| Due from Other Governmental Units                                              | 432,408                    | 432,408                                 |
| Other Receivables                                                              | 45,196                     | 45,196                                  |
| Prepaid Expenses                                                               | 148,731                    | 148,731                                 |
| <b>TOTAL ASSETS</b>                                                            | <b><u>\$ 3,571,616</u></b> | <b><u>\$ 3,571,616</u></b>              |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES:</b>      |                            |                                         |
| <b>LIABILITIES:</b>                                                            |                            |                                         |
| Accounts Payable                                                               | \$ 171,132                 | \$ 171,132                              |
| Accrued Salaries and Benefits                                                  | 1,274,816                  | 1,274,816                               |
| Payroll Deductions and Withholdings                                            | 45,933                     | 45,933                                  |
| <b>TOTAL LIABILITIES</b>                                                       | <b><u>\$ 1,491,881</u></b> | <b><u>\$ 1,491,881</u></b>              |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                          |                            |                                         |
| Delinquent Real Estate Taxes                                                   | 390,025                    | 390,025                                 |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                     | <b><u>\$ 390,025</u></b>   | <b><u>\$ 390,025</u></b>                |
| <b>FUND BALANCES:</b>                                                          |                            |                                         |
| Nonspendable:                                                                  | 148,731                    | 148,731                                 |
| Unassigned:                                                                    | 1,540,979                  | 1,540,979                               |
| <b>TOTAL FUND BALANCES (Deficit)</b>                                           | <b><u>\$ 1,689,710</u></b> | <b><u>\$ 1,689,710</u></b>              |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <b><u>\$ 3,571,616</u></b> | <b><u>\$ 3,571,616</u></b>              |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

**Total Fund Balances - Governmental Funds** \$ 1,689,710

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$13,171,716, and the accumulated depreciation is \$7,686,450. 5,485,266

Property and wage taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds. 390,025

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions (from pension schedule). 1,255,151

Deferred inflows of resources related to pensions (from pension schedule). (735,260)

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

|                                               |                  |                     |
|-----------------------------------------------|------------------|---------------------|
| Bonds Payable                                 | \$ 5,870,000     |                     |
| Unamortized Bond Discount                     | (52,972)         |                     |
| Bond Premium                                  | 28,639           |                     |
| Leases Obligation Payable                     | 100,000          |                     |
| Accrued Interest on Debt                      | 46,912           |                     |
| Net Pension Liability (from pension schedule) | 16,890,610       |                     |
| Accrued Compensated Absences                  | 80,959           |                     |
| Net OPEB Obligation                           | <u>(277,946)</u> | <u>(22,686,202)</u> |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ (14,601,310)**

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

|                                                              | <b><u>GENERAL FUND</u></b>        | <b><u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u></b> |
|--------------------------------------------------------------|-----------------------------------|------------------------------------------------|
| <b><u>REVENUES</u></b>                                       |                                   |                                                |
| Local Sources                                                | \$ 4,208,787                      | \$ 4,208,787                                   |
| State Sources                                                | 8,201,428                         | 8,201,428                                      |
| Federal Sources                                              | 153,600                           | 153,600                                        |
| <b>Total Revenue</b>                                         | <b><u>\$ 12,563,815</u></b>       | <b><u>\$ 12,563,815</u></b>                    |
| <b><u>EXPENDITURES</u></b>                                   |                                   |                                                |
| Instruction                                                  | \$ 7,680,379                      | \$ 7,680,379                                   |
| Support Services                                             | 3,791,686                         | 3,791,686                                      |
| Noninstructional Services                                    | 195,603                           | 195,603                                        |
| Capital Outlay                                               | 9,985                             |                                                |
| Debt Service                                                 | 431,981                           | 431,981                                        |
| <b>Total Expenditures</b>                                    | <b><u>\$ 12,109,634</u></b>       | <b><u>\$ 12,099,649</u></b>                    |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b><u>\$ 454,181</u></b>          | <b><u>\$ 464,166</u></b>                       |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                                   |                                                |
| Proceeds from Other Extended Term Financing                  | \$ 100,000                        | \$ 100,000                                     |
| Operating Transfers Out                                      | (70,000)                          | (70,000)                                       |
| <b>Total Other Financing Sources (Uses)</b>                  | <b><u>\$ 30,000</u></b>           | <b><u>\$ 30,000</u></b>                        |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b><u>\$ 484,181</u></b>          | <b><u>\$ 484,181</u></b>                       |
| FUND BALANCE - JULY 1, 2015                                  | <u>1,205,529</u>                  | <u>1,205,529</u>                               |
| <b>FUND BALANCE - JUNE 30, 2016</b>                          | <b><u><u>\$ 1,689,710</u></u></b> | <b><u><u>\$ 1,689,710</u></u></b>              |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ (484,181)**

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

|                                                                                                                                                                                                                                                                                                                                                                                |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$395,245) exceeded capital outlays (\$20,951) during the fiscal year.                                         | 374,294             |
| Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.                                                                                                                                                           | 95,554              |
| Proceeds from capital lease obligations are recognized as revenues in the governmental funds, however these proceeds are recognized as a long-term liability in the statement of net assets                                                                                                                                                                                    | 100,000             |
| Repayment of bond, note and lease obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.                                                                                                                                                                                          | (285,231)           |
| Bond issuance costs are reported in governmental funds as expenditures. However, in the statement of activities, these costs are capitalized and amortized over the life of the bond issue as amortization expense.                                                                                                                                                            | 5,168               |
| Bond premiums are reported in governmental funds as revenues. However, in the statement of activities, this amount is capitalized and is accreted over the life of the bond issue as interest expense.                                                                                                                                                                         | (2,794)             |
| In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due.                                                                                                                                                                                                               | 46,912              |
| In the statement of activities, certain operating expenses - compensated absences and retiree benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This amount represents benefits paid in excess of the amounts earned for 2014-15. | (16,921)            |
| Because certain property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues, net of a provision for doubtful accounts, increased by this amount this year.                                                                                 | (14,919)            |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.                                                                                                                                                                                                                                    | 24,302              |
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                                                                                                                                                                                                                                                                       | <b>\$ (157,816)</b> |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS-GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

|                                                               | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget |
|---------------------------------------------------------------|----------------------|----------------------|----------------------|-------------------------------|
|                                                               | Original             | Final                | (Budgetary Basis)    | Positive<br>(Negative)        |
| <b>REVENUES</b>                                               |                      |                      |                      |                               |
| Local Sources                                                 | \$ 3,975,900         | \$ 3,779,066         | \$ 4,208,787         | \$ 429,721                    |
| State Sources                                                 | 7,988,807            | 7,785,656            | 8,201,428            | 415,772                       |
| Federal Sources                                               | 355,741              | 355,741              | 153,600              | (202,141)                     |
| <b>Total Revenues</b>                                         | <b>\$ 12,320,448</b> | <b>\$ 11,920,463</b> | <b>\$ 12,563,815</b> | <b>\$ 643,352</b>             |
| <b>EXPENDITURES</b>                                           |                      |                      |                      |                               |
| Regular Programs                                              | \$ 4,519,200         | \$ 4,457,347         | \$ 4,444,600         | \$ 12,747                     |
| Special Programs                                              | 1,700,822            | 1,700,821            | 1,679,686            | 21,135                        |
| Vocational Programs                                           | 608,832              | 608,832              | 719,811              | (110,979)                     |
| Other Instructional Programs                                  | 599,439              | 599,439              | 477,427              | 122,012                       |
| Pre-K Programs                                                | 287,339              | 287,339              | 358,855              | (71,516)                      |
| Pupil Personnel Services                                      | 358,445              | 358,445              | 318,940              | 39,505                        |
| Instructional Staff Services                                  | 119,733              | 119,733              | 152,897              | (33,164)                      |
| Administrative Services                                       | 965,993              | 965,993              | 1,001,559            | (35,566)                      |
| Pupil Health                                                  | 131,052              | 131,052              | 139,289              | (8,237)                       |
| Business Services                                             | 165,305              | 165,305              | 159,302              | 6,003                         |
| Operation & Maintenance of Plant Services                     | 1,111,272            | 1,111,272            | 1,105,639            | 5,633                         |
| Student Transportation Services                               | 877,000              | 877,000              | 909,183              | (32,183)                      |
| Other Support Services                                        | -                    | -                    | 4,877                | (4,877)                       |
| Food Services                                                 | -                    | 249,869              | -                    | 249,869                       |
| Student Activities                                            | 527,056              | 277,187              | 195,603              | 81,584                        |
| Capital Outlay                                                | 8,000                | 8,000                | 9,985                | (1,985)                       |
| Debt Service (Principal & Interest)                           | 401,000              | 401,000              | 431,981              | (30,981)                      |
| <b>Total Expenditures</b>                                     | <b>\$ 12,380,488</b> | <b>\$ 12,318,634</b> | <b>\$ 12,109,634</b> | <b>\$ 209,000</b>             |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ (60,040)</b>   | <b>\$ (398,171)</b>  | <b>\$ 454,181</b>    | <b>\$ 852,352</b>             |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                      |                      |                      |                               |
| Refund of Prior Year Receipts                                 | \$ -                 | \$ -                 | \$ -                 | \$ -                          |
| Operating Transfer Out                                        | (60,000)             | (60,000)             | (70,000)             | (10,000)                      |
| Sale of Assets                                                | 120,000              | 120,000              | -                    | (120,000)                     |
| Proceeds from Other Extended Term Financing                   | -                    | -                    | 100,000              | 100,000                       |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ 60,000</b>     | <b>\$ 60,000</b>     | <b>\$ 30,000</b>     | <b>\$ (30,000)</b>            |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (40)</b>       | <b>\$ (338,171)</b>  | <b>\$ 484,181</b>    | <b>\$ 822,352</b>             |
| FUND BALANCE - JULY 1, 2015                                   | 621,854              | 621,854              | 1,205,529            | 583,675                       |
| <b>FUND BALANCE - JUNE 30, 2016</b>                           | <b>\$ 621,814</b>    | <b>\$ 283,683</b>    | <b>\$ 1,689,710</b>  | <b>\$ 1,406,027</b>           |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**

|                                                                               | <b><u>FOOD<br/>SERVICES</u></b> |
|-------------------------------------------------------------------------------|---------------------------------|
| <b>ASSETS</b>                                                                 |                                 |
| <b>Current Assets:</b>                                                        |                                 |
| Cash and Cash Equivalents                                                     | \$ 23,270                       |
| Other Accounts Receivable                                                     | 9                               |
| Inventories                                                                   | 5,867                           |
| <b>TOTAL CURRENT ASSETS</b>                                                   | <b><u>\$ 29,146</u></b>         |
| <b>Noncurrent Assets:</b>                                                     |                                 |
| Furniture and Equipment (Net)                                                 | \$ 18,798                       |
| <b>TOTAL NONCURRENT ASSETS</b>                                                | <b><u>\$ 18,798</u></b>         |
| <b>TOTAL ASSETS</b>                                                           | <b><u>\$ 47,944</u></b>         |
| <b>Deferred Outflows of Resources:</b>                                        |                                 |
| Deferred Outflows Related to Pension                                          | \$ 38,819                       |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                   | <b><u>\$ 38,819</u></b>         |
| <b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>                      | <b><u>\$ 86,763</u></b>         |
| <b>LIABILITIES</b>                                                            |                                 |
| <b>Current Liabilities:</b>                                                   |                                 |
| Due to Other Funds                                                            | \$ 355,933                      |
| Accounts Payable                                                              | 754                             |
| Due to the Students                                                           | 3,146                           |
| <b>TOTAL CURRENT LIABILITIES</b>                                              | <b><u>\$ 359,833</u></b>        |
| <b>Noncurrent Liabilities:</b>                                                |                                 |
| Compensated Absences                                                          | \$ 4,876                        |
| Net Pension Liability                                                         | 522,390                         |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                           | <b><u>\$ 527,266</u></b>        |
| <b>TOTAL LIABILITIES</b>                                                      | <b><u>\$ 887,099</u></b>        |
| <b>Deferred Inflows of Resources:</b>                                         |                                 |
| Deferred Inflows Related to Pension                                           | \$ 22,740                       |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b><u>\$ 22,740</u></b>         |
| <b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>                  | <b><u>\$ 909,839</u></b>        |
| <b>NET POSITION</b>                                                           |                                 |
| Net Investment in Capital Assets                                              | \$ 18,798                       |
| Unrestricted                                                                  | (841,874)                       |
| <b>TOTAL NET POSITION</b>                                                     | <b><u>\$ (823,076)</u></b>      |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND NET POSITION</b> | <b><u>\$ 86,763</u></b>         |

The accompanying notes are an integral part of these financial statements



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

|                                                |                             |
|------------------------------------------------|-----------------------------|
|                                                | <b><u>FOOD SERVICES</u></b> |
| <b><u>OPERATING REVENUES</u></b>               |                             |
| Food Services Revenue                          | \$ 148,773                  |
| <b>Total Operating Revenues</b>                | <b>\$ 148,773</b>           |
| <b><u>OPERATING EXPENSES</u></b>               |                             |
| Personnel Services - Salaries                  | \$ 183,774                  |
| Personnel Services - Benefits                  | 95,103                      |
| Purchased Property Service                     | 3,396                       |
| Other Purchased Service                        | 1,073                       |
| Supplies                                       | 210,383                     |
| Other Objects                                  | 973                         |
| Depreciation                                   | 5,207                       |
| <b>Total Operating Expenses</b>                | <b>\$ 499,909</b>           |
| <b>OPERATING INCOME/(LOSS)</b>                 | <b>\$ (351,136)</b>         |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                             |
| Earnings on Investments                        | \$ 18                       |
| State Sources                                  | 40,137                      |
| Federal Sources                                | 206,525                     |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b>\$ 246,680</b>           |
| <b><u>TRANSFERS</u></b>                        |                             |
| Operating Transfer In (Out)                    | \$ 70,000                   |
| <b>CHANGE IN NET POSITION</b>                  | <b>\$ (34,456)</b>          |
| NET POSITION - JULY 1, 2015                    | (788,620)                   |
| <b>NET POSITION - JUNE 30, 2016</b>            | <b><u>\$ (823,076)</u></b>  |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

|                                                                                                                  | <b>FOOD<br/>SERVICES</b> |
|------------------------------------------------------------------------------------------------------------------|--------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                               |                          |
| Cash Received from Users                                                                                         | \$ 151,294               |
| Cash Payments to Employees for Services                                                                          | (228,681)                |
| Cash Payments to Suppliers for Goods and Services                                                                | (191,753)                |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                                          | <b>\$ (269,140)</b>      |
| <b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>                                                   |                          |
| State Sources                                                                                                    | \$ 40,368                |
| Federal Sources                                                                                                  | 187,484                  |
| Operating Transfer In                                                                                            | 70,000                   |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>                                              | <b>\$ 297,852</b>        |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                                               |                          |
| Earnings on Investments                                                                                          | \$ 18                    |
| <b>Net Cash Provided (Used) by Investing Activities</b>                                                          | <b>\$ 18</b>             |
| <b>NET INCREASE &lt;DECREASE&gt; IN CASH AND CASH EQUIVALENTS</b>                                                | <b>\$ 28,730</b>         |
| CASH AND CASH EQUIVALENTS - JULY 1, 2015 (Deficit)                                                               | (5,460)                  |
| <b>CASH AND CASH EQUIVALENTS - JUNE 30, 2016</b>                                                                 | <b>\$ 23,270</b>         |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>PROVIDED (USED) BY OPERATING ACTIVITIES:</b>        |                          |
| <b>Operating Income (Loss)</b>                                                                                   | <b>\$ (351,136)</b>      |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                          |
| Depreciation                                                                                                     | \$ 5,207                 |
| Donated Commodities                                                                                              | 22,330                   |
| Accrual of GASB 68 Pension Expense                                                                               | 28,588                   |
| (Increase) Decrease in Accounts Receivable                                                                       | (9)                      |
| (Increase) Decrease in Inventory                                                                                 | 988                      |
| Increase (Decrease) in Advances to Other Funds                                                                   | 20,144                   |
| Increase (Decrease) in Accounts Payable                                                                          | 754                      |
| Increase (Decrease) in Compensated Absences                                                                      | 1,464                    |
| Increase (Decrease) in Unearned Revenue                                                                          | 2,530                    |
| <b>Total Adjustments</b>                                                                                         | <b>\$ 81,996</b>         |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                                                          | <b>\$ (269,140)</b>      |
| <b>NONCASH NONCAPITAL FINANCING ACTIVITIES:</b>                                                                  |                          |
| During the year, the District received \$22,330 of food commodities<br>from the U.S. Department of Agriculture   |                          |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2016**

|                           | <b><u>ACTIVITY<br/>FUND</u></b> |
|---------------------------|---------------------------------|
| <b>ASSETS</b>             |                                 |
| Cash and Cash Equivalents | \$     87,520                   |
| <b>TOTAL ASSETS</b>       | <b><u>\$     87,520</u></b>     |
| <b>LIABILITIES</b>        |                                 |
| Other Current Liabilities | \$     87,520                   |
| <b>TOTAL LIABILITIES</b>  | <b><u>\$     87,520</u></b>     |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Western Beaver County School District was established under the authority of an act of the state legislature that designated a school board as the governing body. This district serves the surrounding municipalities that include Ohioville Borough, Industry Borough, and Glasgow Borough. The School District operates under a locally-elected nine member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the school district's activities.

The financial statements of the Western Beaver County School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). During 2015-2016, Western Beaver County School District adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 72, *'Fair Value Measurement and Application'*; Statement No. 76, *'The Hierarchy of Generally Accepted Principles for State and Local Governments'*; and Statement No. 79, *'Certain External Investment Pools and Pool Participates'*. The most significant of the School District's accounting policies are as follows:

**REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Western Beaver County School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. As defined by GASB Statement No. 14, component units are legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of these criteria, the Western Beaver County School District has no component units.

The School District is associated with two jointly governed organizations (Note 11) and one public entity risk pool (Note 13). These organizations are:

- Jointly Governed Organizations:
  - Beaver County Career and Technology Center
  - Beaver Valley Intermediate Unit
- Public Entity Risk Pool:
  - Beaver County School Health Care Insurance Consortium

**BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibit D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF PRESENTATION (Continued)**

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the District's business-type activities (food service operations) and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which the business-type activity or government function is self-financing or draws from the general revenues of the School District.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the School District. Under GASB Statement No. 34, the focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major funds represent the District's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. For the Western Beaver County School District, the General Fund is always considered a major fund. Each major fund is presented in a separate column. Non-major funds, if any, would be segregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

**FUND ACCOUNTING**

The School District uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major and non-major governmental funds:

**MAJOR GOVERNMENTAL FUNDS:**

**GENERAL FUND** - The general fund is used to account for all financial resources not required to be accounted for in some other fund. The general fund balance is available for any purpose provided it is expended according to the Commonwealth of Pennsylvania Public School Code.

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the school district (internal service funds). The School District's major and sole enterprise fund is its Food Service Fund that accounts for the financial transactions related to the food service operations of the District.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. 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 are therefore not available to support the School District's own programs. Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The District's Agency Fund is comprised of a student organization activity accounts administered by the District on behalf of the various student organizations.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Revenue resulting from non-exchange transactions, in which the School District receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

The management of the Western Beaver County School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2016 under the modified accrual basis are **1)** delinquent property taxes held with the Beaver County Tax Claim Bureau, **2)** deed transfer taxes for the month of June, **3)** federal and state subsidies earned in the fiscal year 2015-2016, and **4)** other miscellaneous revenues earned in fiscal year 2015-2016 but received subsequent to June 30, 2016. On the governmental fund financial statements, delinquent real estate taxes receivable that will not be collected within the 'available' period have been reported as 'deferred inflow of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2016 are those for which the Board of Education's intention was to expense these items as budgeted for the 2015-2016 official budget, and for which the District has incurred an obligation, but has not paid as of June 30, 2016.

Allocations of cost such as depreciation, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities.

**BUDGETS**

On July 13, 2015, the Western Beaver County School District adopted its fiscal year June 30, 2016 annual budget for the General Fund totaling \$12,440,488 in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual method of accounting. Budgetary transfers among various expenditure line items can be performed by the district, as approved by the Board of Education, only during the last nine months of the fiscal year. The original and adjusted budgetary amounts are reflected in these financial statements (Exhibit G). All annual appropriations of the general fund lapse at fiscal year-end.

**CASH AND CASH EQUIVALENTS**

For the purpose of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts, and any other highly liquid, short-term investments, with original maturity terms of less than three months.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of net position.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**INVENTORIES**

Inventories on the government-wide statement of net position (Exhibit A) and the proprietary fund statement of net position (Exhibit H) are recorded at fair value on a first-in first-out basis. This inventory consists of donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books and supplies, but rather records these items as an expenditure in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in both the business-type activity column of the government-wide statement of net position and on the proprietary fund statement of net position.

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$4,000. The cost of infrastructure is included as part of site improvements in the government-wide statement of net position. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

| <b><u>CATEGORY</u></b>     | <b><u>GOVERNMENTAL<br/>ACTIVITIES</u></b> | <b><u>BUSINESS TYPE<br/>ACTIVITIES</u></b> |
|----------------------------|-------------------------------------------|--------------------------------------------|
| Site Improvements          | 20 years                                  | N/A                                        |
| Buildings and Improvements | 20 to 50 years                            | N/A                                        |
| Furniture and Equipment    | 5 to 20 years                             | 5 to 15 years                              |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**LONG-TERM DEBT FINANCING COSTS**

Bond and note issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District did not incur any closing costs during the 2015-2016 fiscal year.

**COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, 'Accounting for Compensated Absences'. Participants of the Western Beaver County Education Association with fifteen or more years of experience within the District are entitled to accumulated unused sick day reimbursement at the rate of up to \$60 per day, payable at retirement. Participants of the Western Beaver County Educational Support Professionals are entitled to accumulated unused sick day reimbursement at the rate of up to \$40 per day. The entire compensated absences liability of \$80,959 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**PENSIONS**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on pension activity is included in Note 10.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. For the business-type activities, these obligations and all similar obligations are reported again on the proprietary fund statement of net position (Exhibit H).

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been paid with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)**

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**UNEARNED REVENUE**

Unearned Revenue arises when the District receives resources before it has legal claim to them. This occurs 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 School District has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements represent a decrease and/or increase in net position that applies to a future period and will not be recognized as an outflow and/or inflow of resources (expense/expenditure or income/revenue) in the current period.

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy District obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets.
- Unrestricted – Consists of net position that does not meet the definition of ‘restricted’ or ‘net investment in capital assets’.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND EQUITY**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. The non-spendable fund balance of \$148,731 represents July of 2016 insurance coverage applicable to 2016-2017 fiscal year paid in June of 2016 and Health Savings Account (HSA's) for 2016.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose

Act 48 of 2003 prohibits school districts from increasing real property taxes for the school year 2006-2007 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district's total budgeted expenditures. For the Western Beaver County School District, estimated ending unassigned fund balance must not exceed 8% of total budgeted expenditures. The District's unassigned General Fund balance at June 30, 2016 was approximately 13.6% of its 2016-2017 budgeted expenditures.

The School District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Board of Education has authority to assign fund balance.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ESTIMATES**

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

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Western Beaver County School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are **1)** investment earnings and **2)** state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. The District did not have non-operating expenses during the fiscal year.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

The following represents the bank balance and carrying value for the Western Beaver County School District's cash and cash equivalents at June 30, 2016:

|                  | <b><u>Bank<br/>Balance</u></b> | <b><u>Carrying<br/>Value</u></b> |
|------------------|--------------------------------|----------------------------------|
| General Fund     | \$ 2,557,319                   | \$ 2,002,155                     |
| Proprietary Fund | 23,270                         | 23,270                           |
| Fiduciary Fund   | 94,243                         | 87,520                           |
| <b>Totals</b>    | <b><u>\$ 2,674,832</u></b>     | <b><u>\$ 2,112,945</u></b>       |

The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks, and petty cash. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to invest funds consistent with sound business practices evaluating each investment opportunity in terms of risk, yield, liquidity, and legal restrictions as allowable by law or regulations. As of June 30, 2016, \$2,174,832 of the District's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the District's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 - PROPERTY TAXES**

The Western Beaver County School District levies property taxes July 1st of each fiscal year. The tax millage assessment for the 2015-2016 fiscal year was 51 mills, which represents \$51 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to August 31st. Collections beginning November 1st are assessed a 5% penalty. Unpaid taxes are submitted to the Beaver County Tax Claim Bureau for collection. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15<sup>th</sup> of the year following levy.

Taxes receivable as shown in the government-wide statement of net position includes delinquent property taxes of \$390,025. For purposes of the governmental fund financial statements, the above property taxes receivable, although measurable, does not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off-set as a credit to deferred inflow of resources in the fund financial statements.

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F). Taxes receivable are comprised of the following at June 30, 2016:

|                                       |                   |
|---------------------------------------|-------------------|
| Delinquent Property Taxes (Net)       | \$ 390,025        |
| Delinquent Property Taxes - Collected |                   |
| within 60 Days of Fiscal Year End     | 96,680            |
| Wage Taxes                            | 96,644            |
| Deed Transfer Taxes                   | 3,844             |
|                                       | <u>\$ 587,193</u> |

**NOTE 4 – DUE FROM OTHER GOVERNMENTS**

The amount of 'due from other governments', as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of the following:

|                               |                       |
|-------------------------------|-----------------------|
|                               | <b><u>GENERAL</u></b> |
|                               | <b><u>FUND</u></b>    |
| Commonwealth of Pennsylvania: |                       |
| State Subsidies               | \$ 368,119            |
| Federal Pass-Through Grants   | 64,287                |
| Other School Districts        | 2                     |
|                               | <u>\$ 432,408</u>     |

**NOTE 5 – OTHER RECEIVABLES**

The amount of 'other receivables', as reflected on the statement of net position represents reimbursements to the District's General Fund and Proprietary Fund for costs incurred during the 2015-2016 year totaling \$45,196 and \$9 respectively.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 – UNEARNED REVENUES**

Unearned revenue of the District's proprietary fund as of June 30, 2016 is comprised of \$3,146 in prepaid student lunch balances.

**NOTE 7 – INTER-FUND TRANSFERS**

During the fiscal year 2015-2016, the District's General Fund transferred \$70,000 to the Food Service Fund to subsidize the Food Service Fund for expenditures during the year ended June 30, 2016.

**NOTE 8 - CAPITAL ASSETS**

A summary of the governmental fixed asset activity for the 2015-2016 fiscal year was as follows:

|                                                    | <b>Balance<br/>7/1/2015</b> | <b>Additions</b>           | <b>Deductions</b>         | <b>Balance<br/>6/30/2016</b> |
|----------------------------------------------------|-----------------------------|----------------------------|---------------------------|------------------------------|
| <b>Governmental Activities</b>                     |                             |                            |                           |                              |
| Land                                               | \$ 56,585                   | \$ -                       | \$ -                      | \$ 56,585                    |
| Site Improvements                                  | 946,134                     | -                          | -                         | 946,134                      |
| Building and Improvements                          | 9,207,464                   | -                          | -                         | 9,207,464                    |
| Furniture and Equipment                            | 3,079,269                   | 20,951                     | (138,687)                 | 2,961,533                    |
|                                                    | <u>\$ 13,289,452</u>        | <u>\$ 20,951</u>           | <u>\$ (138,687)</u>       | <u>\$ 13,171,716</u>         |
| <b>Less: Accumulated depreciation</b>              |                             |                            |                           |                              |
| Site Improvements                                  | \$ (707,045)                | \$ (39,986)                | -                         | \$ (747,031)                 |
| Building and Improvements                          | (5,970,086)                 | (306,436)                  | -                         | (6,276,522)                  |
| Furniture and Equipment                            | (734,269)                   | (48,822)                   | 120,194                   | (662,897)                    |
|                                                    | <u>\$ (7,411,400)</u>       | <u>\$ (395,244)</u>        | <u>\$ 120,194</u>         | <u>\$ (7,686,450)</u>        |
| <b>Governmental Activities Capital Assets, Net</b> | <u><b>\$ 5,878,052</b></u>  | <u><b>\$ (374,293)</b></u> | <u><b>\$ (18,493)</b></u> | <u><b>\$ 5,485,266</b></u>   |

|                                                     | <b>Balance<br/>7/1/2015</b> | <b>Additions</b>         | <b>Deductions</b>  | <b>Balance<br/>6/30/2016</b> |
|-----------------------------------------------------|-----------------------------|--------------------------|--------------------|------------------------------|
| <b>Business-Type Activities</b>                     |                             |                          |                    |                              |
| Furniture and Equipment                             | \$ 147,021                  | \$ -                     | \$ -               | \$ 147,021                   |
| Less: Accumulated Depreciation                      | (123,016)                   | (5,207)                  | -                  | (128,223)                    |
| <b>Business-Type Activities Capital Assets, Net</b> | <u><b>\$ 24,005</b></u>     | <u><b>\$ (5,207)</b></u> | <u><b>\$ -</b></u> | <u><b>\$ 18,798</b></u>      |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

|                                             |                   |
|---------------------------------------------|-------------------|
| Instruction                                 | \$ 290,482        |
| Special Instruction                         | 34,777            |
| Operation and Maintenance of Plant Services | 27,186            |
| Transportation                              | 19,390            |
| Student Activities                          | 23,409            |
|                                             | <u>\$ 395,244</u> |

**NOTE 9 - LONG-TERM LIABILITIES**

**GENERAL OBLIGATION BONDS – SERIES OF 2015**

In February, 2015, the Western Beaver County School District issued General Obligation Bonds, Series of 2015 in the amount of \$6,120,000, to **1)** currently refund the outstanding General Obligation Bonds, Series of 2010, and **2)** pay all costs and expenses incident to the issuance of the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1st and September 1st each year through maturity. The interest rate is between 1% and 3% with the bonds maturing on March 1, 2030.

A summary of the Western Beaver County School District's general obligation bonds outstanding at June 30, 2016 is as follows:

| <u><b>June 30,</b></u> | <u><b>Principal</b></u>    | <u><b>Interest</b></u>     | <u><b>Total</b></u>        |
|------------------------|----------------------------|----------------------------|----------------------------|
| 2017                   | \$ 360,000                 | \$ 140,735                 | \$ 500,735                 |
| 2018                   | 370,000                    | 133,535                    | 503,535                    |
| 2019                   | 375,000                    | 122,435                    | 497,435                    |
| 2020                   | 385,000                    | 114,935                    | 499,935                    |
| 2021                   | 400,000                    | 103,385                    | 503,385                    |
| 2022-2026              | 2,115,000                  | 393,165                    | 2,508,165                  |
| 2027-2030              | 1,865,000                  | 132,145                    | 1,997,145                  |
|                        | <u><b>\$ 5,870,000</b></u> | <u><b>\$ 1,140,335</b></u> | <u><b>\$ 7,010,335</b></u> |

In connection with the School District's General Obligation Note issue, Series of 2015, the District received approximately \$31,433 in bond premiums. This premium is being amortized on a straight-line basis over the life of the note issue. The un-accreted portion of these premiums totaling \$28,639 is included as part of the long-term portion of notes payable in the statement of net position (Exhibit A). Accretion of note premium totaled \$2,794 for the year ended June 30, 2016 and was charged to the 'Interest on Long-Term Debt' expense category.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9 – LONG TERM LIABILITIES (Continued)**

**LEASES**

In October of 2015, Western Beaver County School District entered into a lease agreement with WesBanco Bank for certain computers for use in its educational program in the amount of \$100,000. The terms of lease are four (4) years at a fixed interest rate of 2.25%.

**TAX AND REVENUE ANTICIPATION NOTE – SERIES OF 2015**

In October of 2015, Western Beaver County School District entered into a tax and revenue anticipation note agreement in the amount of \$2,400,000 from WesBanco Bank at an interest rate of 1.54%. The District had drawn down \$50,001 during 2015-2016 and it was repaid by June 30, 2016.

The following represents the changes in the District's long-term liabilities during the 2015-2016 fiscal year:

|                           | <b>Balance<br/>7/1/2015</b> | <b>Additions</b>    | <b>Reductions</b> | <b>Balance<br/>6/30/2016</b> | <b>Due Within<br/>One Year</b> |
|---------------------------|-----------------------------|---------------------|-------------------|------------------------------|--------------------------------|
| General Obligation Bonds  | \$ 6,120,000                | \$ -                | \$ 250,000        | \$ 5,870,000                 | \$ 360,000                     |
| Compensated Absences      | 97,880                      | 537                 | 17,458            | 80,959                       | -                              |
| Capital Lease Obligations | 53,724                      | 100,000             | 53,724            | 100,000                      | 25,000                         |
| Tax and Revenue Note      | -                           | 50,001              | 50,001            | -                            | -                              |
| Net Pension Liability     | 15,419,396                  | 1,471,214           | -                 | 16,890,610                   | -                              |
| Net OPEB Obligation       | (302,248)                   | 24,302              | -                 | (277,946)                    | -                              |
|                           | <b>\$ 21,388,752</b>        | <b>\$ 1,646,054</b> | <b>\$ 371,183</b> | <b>\$ 22,663,623</b>         | <b>\$ 385,000</b>              |

**NOTE 10 - PENSION PLAN**

The Western Beaver County School District participates in the Public School Employees' Retirement System (PSERS). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief description of the plan, and summary of the plan's provisions, are as follows:

**Plan Description:**

PSERS is a governmental cost-sharing multiple-employer defined-benefit plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10 - PENSION PLAN (Continued)**

**Benefits Provided:**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with a least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F).

To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than ninety two with a minimum of thirty-five years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

**Health Insurance Premium Assistance Program:**

In addition, PSERS provides a Health Insurance Premium Assistance Program (Premium Assistance) for all eligible annuitants who qualify and elect to participate. Under this program, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive Premium Assistance, eligible annuitants must obtain their health insurance through either their school employer or the PSERS' Health Options Program. Premium Assistance is not included in the calculation of the net pension liability as it does not qualify under the provisions of GASB Statement 68.

**Contribution Rates:**

**Member Contributions** - Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.5% (Membership Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute 6.25% (Membership Class TC) or at 7.5% (Membership Class TD) of the members qualifying compensation. Members who joined the System after June 30, 2001 and before June 1, 2011, contribute at 7.5% (automatic Membership Class TD).

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10 - PENSION PLAN (Continued)**

**Contribution Rates: (Continued)**

For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a 'shared risk' provision in Act 120 of 2010 that in future years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.30%.

**Employer Contributions** - Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2016, the rate of employer's contribution was 21.40% of covered payroll. The 21.40% is comprised of a pension contribution rate of 25.00% for pension benefits and .84% for healthcare insurance premium assistance. Contributions to the pension plan from the District were \$1,274,046 for the year ended June 30, 2016.

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

At June 30, 2016, the School District reported a liability of \$17,413,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2014 to June 30, 2015. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2015, the School District's proportion was .0402%, which was a decrease of .0001% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense of \$1,378,205 in the Statement of Activities (Exhibit B). At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                          | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|------------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience                                        | \$ -                                             | \$ 72,000                                       |
| Changes in assumptions                                                                   | -                                                | -                                               |
| Net difference between projected and actual investment earnings                          | -                                                | 35,000                                          |
| Changes in proportions                                                                   | 34,000                                           | 651,000                                         |
| Difference between employer contributions and proportionate share of total contributions | 27,341                                           | -                                               |
| Contributions subsequent to the measurement date                                         | 1,232,629                                        | -                                               |
|                                                                                          | <b><u>\$ 1,293,970</u></b>                       | <b><u>\$ 758,000</u></b>                        |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10 - PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)**

The \$1,232,629 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Measurement<br/>Date</b>     | <b>Reporting<br/>Date</b>       | <b>Amortization<br/>Amount</b> |
|---------------------------------|---------------------------------|--------------------------------|
| <b><u>Year End June 30,</u></b> | <b><u>Year End June 30,</u></b> |                                |
| 2016                            | 2017                            | \$ (268,659)                   |
| 2017                            | 2018                            | (296,000)                      |
| 2018                            | 2019                            | (196,000)                      |
| 2019                            | 2020                            | 164,000                        |

**Actuarial Assumptions:**

The total pension liability as of June 30, 2015 was determined by rolling forward the System's total pension liability as of the June 30, 2014 actuarial valuation to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.50%, includes inflation at 3%
- Salary increases – Effective average of 5.5%, which reflects an allowance for inflation of 3%, real wage growth of 1%, and merit or seniority increases of 1.5%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three (3) years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back seven (7) years for males and three (3) years for females

The actuarial assumptions used in the June 30, 2014 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10 PENSION PLAN (Continued)**

**Investment Asset Allocation:**

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

| <b><u>Asset Class</u></b>    | <b><u>Target<br/>Allocation</u></b> | <b><u>Long-Term<br/>Expected Real<br/>Rate of Return</u></b> |
|------------------------------|-------------------------------------|--------------------------------------------------------------|
| Public markets global equity | 22.5%                               | 4.80%                                                        |
| Private markets (equity)     | 15.0%                               | 6.60%                                                        |
| Private real estate          | 12.0%                               | 4.50%                                                        |
| Global fixed income          | 7.5%                                | 2.40%                                                        |
| U.S. long treasuries         | 3.0%                                | 1.40%                                                        |
| TIPS                         | 12.0%                               | 1.10%                                                        |
| High yield bonds             | 6.0%                                | 3.30%                                                        |
| Cash                         | 3.0%                                | 0.70%                                                        |
| Absolute return              | 10.0%                               | 4.90%                                                        |
| Risk parity                  | 10.0%                               | 3.70%                                                        |
| MLPs/Infrastructure          | 5.0%                                | 5.20%                                                        |
| Commodities                  | 8.0%                                | 3.10%                                                        |
| Financing (LIBOR)            | -14.0%                              | 1.10%                                                        |
|                              | <u>100%</u>                         |                                                              |

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2015.

**Discount Rate:**

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

**Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate:**

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

|                                                                    | <b><u>1%<br/>Decrease<br/>6.50%</u></b> | <b><u>Current<br/>Discount<br/>Rate<br/>7.50%</u></b> | <b><u>1%<br/>Increase<br/>8.50%</u></b> |
|--------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------|-----------------------------------------|
| School District's proportionate share of the net pension liability | <u>\$ 21,463,000</u>                    | <u>\$ 17,413,000</u>                                  | <u>\$ 14,009,000</u>                    |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 11 – JOINTLY GOVERNED ORGANIZATIONS**

**BEAVER COUNTY CAREER AND TECHNOLOGY CENTER**

The Western Beaver County School District, in conjunction with fourteen other School Districts, funds the operating and capital budget of the Beaver County Career and Technology Center. The Technology Center is designed to teach students trade related professions. Each district's share of tuition is based on its proportionate share of enrollment. The School District paid \$398,213 to the Career and Technology Center during the 2015-2016 fiscal year. One representative from each district's school board sit on the board of the Technology Center. Financial information can be obtained by contacting the Technology Center's administrative offices.

**BEAVER VALLEY INTERMEDIATE UNIT**

The Western Beaver County School District participates with 14 other School Districts and 1 Vocational-Technical school located in Beaver County in the Beaver County Intermediate Unit. The Intermediate Unit was established in 1970 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 15 school districts, as well as nonpublic schools and other institutions, located within Beaver County. The Intermediate Unit provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The School District contributed \$4,877 to IU #27 for operations and \$4,485 for transportation recovery through subsidy withholdings, for the year ended June 30, 2016. Financial information can be obtained by contacting the Intermediate Unit's business office at 147 Poplar Avenue, Monaca, PA 15061.

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PLAN DESCRIPTION**

The Western Beaver County School District provides for post-employment health care benefits to all eligible employees per the terms of the District's collective bargaining agreements.

In addition to the pension benefits described above, the School District provides post-retirement health care benefits, in accordance with State statutes, to certain employees accepting special retirement incentives. The School District has agreed to provide health insurance coverage for the retiree and spouse until the retiree reaches age 65 or becomes deceased. The School District shall pay monthly, an amount equal to the premium rate currently in effect, less reimbursement available to the retiree through the PSERS Premium Assistance Program as specified in Act 23 of 1991. A triennial actuarial valuation, because there are less than 200 plan participants, is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2015. The post-retirement plan does not issue standalone financial reports.

The contribution requirements of plan members and the School District are established and may be amended by the School District. The School District determines the required contribution using the Projected Unit Credit Method.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PLAN DESCRIPTION (Continued)**

Membership in the plan consisted of the following at July 1, 2015 the date of the last actuarial evaluation:

|                                               |                  |
|-----------------------------------------------|------------------|
| Retirees and beneficiaries receiving benefits | 18               |
| Active plan members                           | <u>65</u>        |
| <b>Total</b>                                  | <b><u>83</u></b> |

**FUNDING POLICY**

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In accordance with the requirements of GASB No. 45, the School District recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the School District's future cash flows. Recognition of the liability accumulated from prior years will be phased in over fifteen years, commencing with the 2009-2010 liability.

**ANNUAL OPEB COST AND NET OPEB OBLIGATION**

The District's annual other post-employment 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 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 Western Beaver County School District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Western Beaver County School District's net OPEB obligation:

|                                            |                                   |
|--------------------------------------------|-----------------------------------|
| Annual required contribution               | \$ 83,052                         |
| Interest on net OPEB obligation            | -                                 |
| Adjustment to annual required contribution | <u>29,450</u>                     |
| Annual OPEB cost (expense)                 | \$ 112,502                        |
| Contributions made (estimate)              | <u>(88,200)</u>                   |
| (Decrease) in net OPEB obligation          | \$ 24,302                         |
| Net OPEB obligation at July 1, 2015        | <u>(302,248)</u>                  |
| Net OPEB obligation at June 30, 2016       | <b><u><u>\$ (277,946)</u></u></b> |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**ANNUAL OPEB COST AND NET OPEB OBLIGATION (Continued)**

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the Net OPEB obligation is as follows:

| <b><u>FISCAL YEAR<br/>ENDED</u></b> | <b><u>ANNUAL OPEB<br/>COST</u></b> | <b><u>PERCENTAGE<br/>CONTRIBUTED</u></b> | <b><u>NET OPEB<br/>OBLIGATION</u></b> |
|-------------------------------------|------------------------------------|------------------------------------------|---------------------------------------|
| 6/30/2011                           | \$ 118,000                         | 240.5%                                   | \$ (210)                              |
| 6/30/2012                           | 113,000                            | 210.2%                                   | (334)                                 |
| 6/30/2013                           | 93,000                             | 98.9%                                    | (333)                                 |
| 6/30/2014                           | 93,000                             | 89.1%                                    | (323)                                 |
| 6/30/2015                           | 95,000                             | 78.6%                                    | (302)                                 |
| 6/30/2016                           | 113,000                            | 78.4%                                    | (278)                                 |

**FUNDED STATUS AND FUNDING PROGRESS**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarial amounts determined regarding the funded status of the plan and the annual required contributions of the School District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Since the year ended June 30, 2010 was the year of implementation, based on an actuarial valuation done as of July 1, 2015, the Plan was not funded as of the date, and therefore, there is no funded status of the Plan as of the actuarial valuation date.

|                                                | <b>(A)</b>                                      | <b>(B)</b>                                        | <b>(B-A)<br/>(UAAL)</b>                                        | <b>(A/B)</b>                   | <b>(C)</b>                        | <b>(B-A)/C</b>                                           |
|------------------------------------------------|-------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------|--------------------------------|-----------------------------------|----------------------------------------------------------|
| <b><u>ACTUARIAL<br/>VALUATION<br/>DATE</u></b> | <b><u>ACTUARIAL<br/>VALUE OF<br/>ASSETS</u></b> | <b><u>ACTUARIAL<br/>ACCRUED<br/>LIABILITY</u></b> | <b><u>UNFUNDED<br/>ACTUARIAL<br/>ACCRUED<br/>LIABILITY</u></b> | <b><u>FUNDED<br/>RATIO</u></b> | <b><u>COVERED<br/>PAYROLL</u></b> | <b><u>UAAL AS A<br/>% OF<br/>COVERED<br/>PAYROLL</u></b> |
| 7/1/15                                         | \$ -                                            | \$ 455,000                                        | \$ 455,000                                                     | 0%                             | TBD                               | TBD                                                      |
| 7/1/12                                         | -                                               | 535,000                                           | 535,000                                                        | 0%                             | TBD                               | TBD                                                      |
| 7/1/09                                         | -                                               | 1,141,000                                         | 1,141,000                                                      | 0%                             | \$ 5,864,000                      | 19.5%                                                    |

**ACTUARIAL METHODS AND ASSUMPTIONS**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used to 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.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

The July 1, 2015 actuarial valuation report utilized the Projected Unit Credit Actuarial Cost Method. The actuarial assumptions inflation rate of 3.25%.

The Net OPEB liability of \$(277,946) is reflected as part of Noncurrent Liabilities in the government-wide financial statement of net position (Exhibit A).

**NOTE 13 - RISK MANAGEMENT**

**GENERAL INSURANCE**

The Western Beaver County School District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**HEALTH INSURANCE**

The Western Beaver County School District is one of sixteen members of the Beaver County School Health Care Insurance Consortium (the Consortium), a public entity risk pool designed to administer health and medical insurance risks on a pooled basis. The school district pays an annual premium (\$902,034 for 2015-2016) in monthly installments to the Consortium for its health and medical insurance coverage, which is subject to an annual settlement based on claims experience. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to, or responsible for, a proportionate share of the Consortium's net position, as determined on the fiscal year-end date after withdrawal. As of June 30, 2016 (latest available), the District's share of the Consortium's undesignated fund balance was \$161,592.

**NOTE 14 – CONTINGENCIES**

The Western Beaver County School District state and federally funded programs are subject to audit by various governmental agencies. The district is potentially liable for any expenditure disallowed by the results of these audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**NOTE 15 – OPERATING LEASE**

In June of 2016, Western Beaver County School District entered into a lease agreement with Cannon Solutions America for copiers. The terms of the lease call for monthly payments of \$4,198 for a period of sixty-three (63) months. The district did not incur any expenses for the lease during 2015-2016.



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 15 – OPERATING LEASE (Continued)**

The maximum future non-cancelable operating lease payments are as follows:

| <b><u>FISCAL YEAR<br/>ENDED</u></b> | <b><u>AMOUNT DUE</u></b> |
|-------------------------------------|--------------------------|
| 6/30/2017                           | \$ 50,376                |
| 6/30/2018                           | 50,376                   |
| 6/30/2019                           | 50,376                   |
| 6/30/2020                           | 50,376                   |
| 6/30/2021                           | 50,376                   |
| 6/30/2022                           | 12,594                   |

**NOTE 16 – PENDING GASB PRONOUNCEMENTS**

In June of 2015, GASB issued Statement No. 74, 'Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans'. The primary objective of this Statement is to address reporting by governments that provide Other Post-Employment Benefits (OPEB) to their employees. The provisions of this Statement are effective for Western Beaver County School District's June 30, 2017 financial statements.

In June of 2015, the GASB issued Statement No. 75, 'Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.' The primary objective of this Statement is to replace GASB 45 with a requirement to report a liability on the financial statements for the OPEB that governments provide to employees. The provisions of this Statement are effective for Western Beaver County School District's June 30, 2018 financial statements.

In August of 2015, the Government Accounting Standards Board (GASB) issued Statement No. 77, *Tax Abatement Disclosures*. The primary objective of this Statement is the requirement of certain disclosures in regards to tax abatement agreements. The provisions of this Statement are effective for the Western Beaver County School District's June 30, 2017 financial statements.

In March of 2016, the GASB issued Statement No. 82, 'Pension Issues'. The primary objective of this Statement is to address for certain issues that have been raised with respect to GASB Statements No. 67, 68 and 73. The provisions of this Statement are effective for the Western Beaver County School District's June 30, 2017 financial statements.

The effects of the implementation of these standards on Western Beaver County School District's financial statements have not yet been determined.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 17 – SUBSEQUENT EVENTS**

In July of 2016, Western Beaver County School District entered into a lease agreement with Cannon Solutions America for a copier. The terms of the lease call for monthly payments of \$202 for a period of sixth two (62) months.

In August of 2016, Western Beaver County School District issued a promissory note to First National Bank for \$103,894.00 to pay off the outstanding lease with WesBanco Bank of \$100,000.00 at June 30, 2016 for computers used in its educational program. The note calls for forty-eight (48) monthly payments of \$2,287.17 with an interest rate of 2.69%. The note is scheduled to mature in August 2020.

In August of 2016, Western Beaver County School District entered into a Tax and Revenue Anticipation Draw-Down Note, Series 2016-2017 with First National Bank. The maximum amount allowed to be drawn down is \$2,500,000 at an interest rate of 1.19%. The maturity date of the note is June 30, 2017.

Management has determined that there are no other events subsequent to June 30, 2016 through the February 8, 2017 date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30, 2016**

**SCHEDULE OF DISTRICT CONTRIBUTIONS:**

| June 30,                                                            | <u>2016</u>  | <u>2015</u>  |
|---------------------------------------------------------------------|--------------|--------------|
| Contractually required contributions                                | \$ 1,274,046 | \$ 1,112,112 |
| Contribution in relation to the contractually required contribution | (1,274,046)  | (1,112,112)  |
| Contribution deficiency (excess)                                    | <u>\$ -</u>  | <u>\$ -</u>  |
| District's covered-employee payroll                                 | \$ 5,176,911 | \$ 5,112,215 |
| Contributions as a percentage of covered-employee payroll           | 24.61%       | 21.75%       |

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

| As of the measurement date of June 30,                                                                      | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   |
|-------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| District's proportion of the net pension liability                                                          | 0.0402%       | 0.0401%       | 0.0427%       |
| District's proportionate share of the net pension liability                                                 | \$ 17,413,000 | \$ 15,872,000 | \$ 17,479,000 |
| District's covered-employee payroll                                                                         | \$ 5,176,911  | \$ 5,112,215  | \$ 5,473,540  |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 29.73%        | 32.21%        | 31.31%        |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 54.36%        | 57.24%        | 54.49%        |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year. This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.