

PANTHER VALLEY SCHOOL DISTRICT

SINGLE AUDIT REPORT

LANSFORD PENNSYLVANIA

FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

Transmittal Letter	1
List of Report Distribution	2

AUDITOR'S REPORTS

Independent Auditor's Report	3-4
Independent Auditor's Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <u>Government Auditing Standards</u>	5-6
Independent Auditor's Report on compliance for each major program and on internal control over compliance required by OMB Circular A-133	7-8

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis	9-16
--	------

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Statement of Net Position	17
Statement of Activities	18

FUND FINANCIAL STATEMENTS

Governmental Funds

Balance Sheet	19
Reconciliation of the Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	22

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	23
--	----

Proprietary Funds

Statement of Net Position	24
Statement of Revenues, Expenses, and Changes in Net Position	25
Statement of Cash Flows	26

Fiduciary Funds

Statement of Net Position	27
Statement of Changes in Net Position	28

Notes to Financial Statements	29-55
-------------------------------------	-------

SUPPLEMENTAL INFORMATION

Schedule of Findings and Questioned Costs	56
Schedule of Expenditures of Federal Awards	57
Notes to Schedule of Expenditures of Federal Awards	58

JONES & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM L. JONES III, M.B.A., C.P.A., C.V.A.
RICHARD W. PITCAVAGE, C.P.A.
EDWIN H. EBLING, C.P.A.
JOHN W. PAULSHOCK, C.P.A., C.V.A.

110 North Second Street
Pottsville, Penna. 17901
Telephone (570) 622-5010
Fax (570) 622-3283
Email: jonescpa@comcast.net

Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

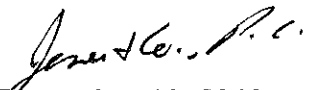
We have performed the OMB Circular A-133 Single Audit of the Panther Valley School District for the year ended June 30, 2013. OMB Circular A-133 indicates that the auditee is responsible for ensuring appropriate submission of the audit reports to appropriate government officials.

The reporting packages must be submitted no later than 30 days after you receive our Single Audit Report but no later than nine months after the year end (March 31, 2014).

The Single Audit was done to fulfill the requirements of the OMB Circular A-133. It entailed: (1) an audit of the general purpose financial statements and our opinion thereon; (2) an examination of the Schedule of Expenditures of Federal Awards and our opinion thereon; (3) a review of the internal control structure based solely on the understanding obtained as part of the audit of the general purpose financial statements; (4) a review of the internal control structure made as a part of the audit of the federal financial assistance programs; (5) a review of compliance based on an audit of the general purpose financial statements in accordance with Government Auditing Standards; and (6) a review of compliance with laws and regulations related to the federal financial assistance programs and our opinion thereon.

As part of our report, we have enclosed a management letter for the fiscal year ended June 30, 2013.

When filing the Single Audit Report and the Data Collection Form with the agencies listed on Page 2, the District must enclose the appropriate number of reports as listed.


December 18, 2013
Pottsville, Pennsylvania

PANTHER VALLEY SCHOOL DISTRICT

LIST OF REPORT DISTRIBUTION

JUNE 30, 2013

1 Single Audit Report,
Data Collection Form and
Single Audit Reporting
Package Checklist

Must be submitted Via Electronic Mail (E-mail)
Commonwealth of Pennsylvania
Office of the Budget - Bureau of Audits,
Special Audit Services Division
RA-BOASingleAudit@state.pa.us

1 Single Audit Report and
Data Collection Form

Federal Audit Clearinghouse
Via Internet Website
www.harvester.census.gov/sac

1 Report

Carbon County Courthouse
Clerk of Courts
P.O. Box 129
Jim Thorpe, PA 18229-0129

JONES & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM L. JONES III, M.B.A., C.P.A., C.V.A.
RICHARD W. PITCAVAGE, C.P.A.
EDWIN H. EBLING, C.P.A.
JOHN W. PAULSHOCK, C.P.A., C.V.A.

110 North Second Street
Pottsville, Penna. 17901
Telephone (570) 622-5010
Fax (570) 622-3283
Email: jonescpa@comcast.net

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

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 9-16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

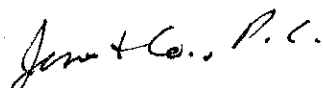
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Panther Valley School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, on our consideration of the Panther Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Panther Valley School District's internal control over financial reporting and compliance.



December 18, 2013
Pottsville, Pennsylvania

JONES & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM L. JONES III, M.B.A., C.P.A., C.V.A.
RICHARD W. PITCAVAGE, C.P.A.
EDWIN H. EBLING, C.P.A.
JOHN W. PAULSHOCK, C.P.A., C.V.A.

110 North Second Street
Pottsville, Penna. 17901
Telephone (570) 622-5010
Fax (570) 622-3283
Email: jonescpa@comcast.net

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Panther Valley School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Panther Valley School District's basic financial statements, and have issued our report thereon dated December 18, 2013.

Internal Control over Financial Reporting

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

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

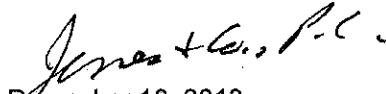
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



December 18, 2013
Pottsville, Pennsylvania

JONES & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM L. JONES III, M.B.A., C.P.A., C.V.A.
RICHARD W. PITCAVAGE, C.P.A.
EDWIN H. EBLING, C.P.A.
JOHN W. PAULSHOCK, C.P.A., C.V.A.

110 North Second Street
Pottsville, Penna. 17901
Telephone (570) 622-5010
Fax (570) 622-3283
Email: jonescpa@comcast.net

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

Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the Panther Valley School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Panther Valley School District's major federal programs for the year ended June 30, 2013. The Panther Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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


Report on Internal Control over Compliance

Management of the Panther Valley School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Panther Valley School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Panther Valley School District's internal control over compliance.

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

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

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



December 18, 2013
Pottsville, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Panther Valley School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the District's financial statements, which begin on Page 17.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 17 and 18) provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements start on page 19. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets (the difference between assets and liabilities) as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and student enrollment.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities – The District's educational services, including administration costs, and capital project activities are reported here. Property taxes, state and federal funding, and bond proceeds finance most of these activities.
- Business-type activities – The District's food service operation is reported here. State and federal funding and charges for meals finance all of the food service activities.

Reporting the District's Most Significant Funds

The fund financial statements begin on page 19 and provide detailed information about the most significant funds – not the District as a whole. The District's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds** – The District's educational services, including administration costs and capital project activities, are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds 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 District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation statement contained in this report.
- **Proprietary funds** – When the District charges students and employees for meals provided, these transactions are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>6-30-13</u>	<u>6-30-12</u>	<u>6-30-13</u>	<u>6-30-12</u>	<u>6-30-13</u>	<u>6-30-12</u>
Current and other assets	9,658,105	11,105,129	176,468	238,187	9,834,573	11,343,316
Capital assets	30,333,032	31,015,580	79,222	86,890	30,412,254	31,102,470
Total Assets	39,991,137	42,120,709	255,690	325,077	40,246,827	42,445,786
Current and Other liabilities	3,171,760	3,353,459	7,203	15,260	3,178,963	3,368,719
Long-term liabilities	24,439,376	25,573,686	0	0	24,439,376	25,573,686
Total Liabilities	27,611,136	28,927,145	7,203	15,260	27,618,339	28,942,405
Net Assets:						
Invested in capital assets, net of related debt	4,767,632	4,451,567	79,222	54,612	4,846,854	4,506,179
Restricted for Capital Projects	0	0	0	0	0	0
Unrestricted	7,612,369	8,660,331	169,265	140,800	7,781,634	8,801,131
Total net assets	12,380,001	13,111,898	248,487	195,412	12,628,488	13,307,310

Net assets of the District's governmental activities decreased by 6% (\$12,380,011 compared to \$13,111,898). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - changed from \$8,660,331 to \$7,612,369 at the end of this year.

This decrease is a result of the planned budget deficit of the General Fund.

The net assets of our business-type activities increased by 27% (\$248,487 compared to \$195,412). This increase was primarily related to the General Fund subsidizing the activity so the net asset amount is of non importance.

Governmental Activities

	General Fund	
	<u>6-30-13</u>	<u>6-30-12</u>
Revenues		
Local sources	10,127,967	9,553,556
State sources	11,438,608	11,402,447
Federal sources	1,319,669	1,435,478
Other financing sources	2,701,618	17,152,466
Total Revenues	<u>25,587,862</u>	<u>39,543,947</u>
Expenditures		
Instruction	15,325,695	14,713,702
Support services	6,169,744	6,037,817
Operation of non-instructional services	440,443	452,332
Debt service	4,772,650	18,579,152
Interfund transfers	0	147,000
Other	3,590	86,472
Total Expenditures	<u>26,712,122</u>	<u>40,016,475</u>

**Excess (Deficiency) of Revenues and
Other Financing Sources over**

Expenditures and Other Financing Uses (1,124,260) (472,528)

Fund Balance, July 1	<u>5,305,339</u>	<u>5,777,867</u>
Prior Period Adjustment		
Fund Balance, June 30	<u>4,181,079</u>	<u>5,305,339</u>

General Fund

Revenues and Expenditures decreased for the year because of prior year bond refinancing.

Fund balance at June 30, 2013 is \$4,181,079 a \$1,124,260 decrease from the prior year. The budgeted shortfall was estimated at \$1,801,973 therefore the year end result was a positive variance of \$677,713.

	Capital Project Fund	
	<u>6-30-13</u>	<u>6-30-12</u>
Revenues		
Local sources	110	208,680
Other financing sources	0	0
Total Revenues	<u>208,680</u>	<u>208,680</u>
Expenditures		
Facilities Acquisition, construction, and improvement services	207,280	159,864
Interfund Transfers	0	0
Total Expenditures	<u>207,280</u>	<u>159,864</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(207,170)	48,816
Fund Balance, July 1	<u>988,222</u>	<u>939,406</u>
Fund Balance, June 30	<u><u>781,052</u></u>	<u><u>988,222</u></u>

Capital Project Fund

The district has is using the remaining funds from the energy conservation construction project to complete small projects and purchasing of needed fixed assets.

	Food Service Fund	
	<u>6-30-13</u>	<u>6-30-12</u>
Revenues		
Food service revenues	209,235	244,125
Earnings on Investments	91	111
State sources	60,867	60,085
Federal sources	<u>628,141</u>	<u>633,760</u>
Total Revenues	<u>898,334</u>	<u>938,081</u>
Expenses		
Personal services-salaries	282,187	282,780
Personal services-employee benefits	153,635	125,857
Other purchased services	102,113	1,543
Supplies	408,079	456,272
Depreciation	11,284	9,037
Other operating expenses	<u>2,366</u>	<u>95,187</u>
Total Expenses	<u>959,664</u>	<u>970,676</u>
Transfer In	0	147,000
Change in Net Assets	<u>(61,330)</u>	<u>114,405</u>
Retained Earnings, July 1	<u>309,817</u>	<u>195,412</u>
Retained Earnings, June 30	<u><u>248,487</u></u>	<u><u>309,817</u></u>

Food Services Fund

Revenues for the year ended June 30, 2013 (excluding the value of commodities received) decreased by \$39,747 or 4% due primarily to decreased participation in free reimbursable meals.

Expenses for the year ended June 30, 2013 (excluding value of commodities used) decreased by \$11,012 or 1%.

Retained earnings for the year ending June 30, 2013 decreased by \$61,330 or 20%. The General Fund did not subsidize the Food Service so this amount is irrelevant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the District had \$28,859,295 (net of depreciation) invested in various capital assets. This amount decreased by approximately \$520,180 due primarily to depreciation.

Capital Assets at Year-end

	Governmental Activities		Business-type Activities		Totals	
	<u>6-30-13</u>	<u>6-30-12</u>	<u>6-30-13</u>	<u>6-30-12</u>	<u>6-30-13</u>	<u>6-30-12</u>
Land and land improvements	108,945	108,945	0	0	108,945	108,945
Buildings and improvements	27,840,016	28,397,650	0	0	27,840,016	28,397,650
Machinery and equipment	831,112	785,990	79,222	86,890	910,334	872,880
Totals (Net of Depreciation)	<u>28,780,073</u>	<u>29,292,585</u>	<u>79,222</u>	<u>86,890</u>	<u>28,859,295</u>	<u>29,379,475</u>

Debt Administration

As of June 30, 2013 and 2012 the District had the following bonds outstanding:

	Governmental Activities		Business-type Activities		Totals	
	<u>6-30-13</u>	<u>6-30-12</u>	<u>6-30-13</u>	<u>6-30-12</u>	<u>6-30-13</u>	<u>6-30-12</u>
General obligation bonds (backed by the District)/Lease obligations	<u>26,676,200</u>	<u>25,565,400</u>	<u>0</u>	<u>0</u>	<u>26,676,200</u>	<u>25,565,400</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's Board of Education considered many factors when setting the preliminary 2014-2015 budget, tax rates, and fees that will be charged for the business-type activities.

The general fund budget estimates revenue of \$23,512,291, an increase of 3% over the prior year amount of \$22,872,291. This increase is from a preliminary 6 mill real estate tax increase. This increase is due because of not raising taxes in the past four years. Although administration recommended a tax increase the prior four years the board of directors have not approved one. The budget includes estimated expenditures of \$24,941,091, an increase of 2% over the prior year amount of \$24,542,359. This increase is due from the increase in the PSERS rate of 21.40% from 16.93% and increases in salaries.

On June 27, 2006 the Pennsylvania Legislature passed Act 1 of 2006, the Taxpayer Relief Act. This Act utilizes gambling revenue from slot machines to help offset real estate taxes. This year approved taxpayers were given \$211 to offset their real estate taxes. In addition, all Districts are subject to voter referendum for tax increases that exceed an annual index as established by the Pennsylvania Department of Education. The Act provides for 10 limited exceptions to the referendum requirements and becomes effective for the District's 2007-2008 fiscal year. The district filed for these exceptions for the 12-13 school year and was awarded over two hundred thousand dollars in exceptions. The district did not need to use these exceptions however.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Business Office, One Panther Way, Lansford, PA 18232 or by calling 570-645-3176.

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2013

ASSETS AND DEFERRED OUTFLOWS	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and investments	\$ 5,977,955	\$ 26,529	\$ 6,004,484
Taxes receivable, net	2,234,948	0	2,234,948
Internal Balances	(42,472)	42,472	0
Intergovernmental receivables	360,706	11,470	372,176
Other receivables	62,694	84,672	147,366
Inventories	9,637	11,325	20,962
Prepaid expenses	1,054,637	0	1,054,637
TOTAL CURRENT ASSETS	9,658,105	176,468	9,834,573
NON-CURRENT ASSETS			
Bond issuance costs - net of accumulated amortization bond	1,552,959	0	1,552,959
Land and site improvements	108,945	0	108,945
Building and building improvements - net	27,840,016	0	27,840,016
Machinery and equipment - net	703,915	79,222	783,137
Vehicles - net	127,197	0	127,197
TOTAL NON-CURRENT ASSETS	30,333,032	79,222	30,412,254
TOTAL ASSETS	39,991,137	255,690	40,246,827
DEFERRED OUTFLOWS	0	0	0
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 39,991,137	\$ 255,690	\$ 40,246,827
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 240,996	\$ 1,111	\$ 242,107
Accrued salaries and benefits	1,378,778	4,349	1,383,127
Current portion of long-term debt	1,300,800	0	1,300,800
Intergovernmental Payable	42,965	0	42,965
Deferred revenues	0	1,743	1,743
Accrued interest	208,221	0	208,221
TOTAL CURRENT LIABILITIES	3,171,760	7,203	3,178,963
NON-CURRENT LIABILITIES			
Bonds payable	24,264,600	0	24,264,600
Long-term portion of compensated absences	174,776	0	174,776
TOTAL NON-CURRENT LIABILITIES	24,439,376	0	24,439,376
TOTAL LIABILITIES	27,611,136	7,203	27,618,339
NET POSITION			
Invested in capital assets, net of related debt	4,767,632	79,222	4,846,854
Unrestricted	7,612,369	169,265	7,781,634
TOTAL NET POSITION	12,380,001	248,487	12,628,488
TOTAL LIABILITIES AND NET POSITION	\$ 39,991,137	\$ 255,690	\$ 40,246,827

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

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 15,446,616	\$ 0	\$ 3,218,377	\$ (12,228,239)	\$ 0	\$ (12,228,239)
Instructional student support	984,623	0	54,239	(930,384)	0	(930,384)
Administrative and financial support services	1,956,825	0	90,045	(1,866,780)	0	(1,866,780)
Operation and maintenance of plant services	2,051,406	0	93,891	(1,957,515)	0	(1,957,515)
Pupil transportation	1,576,645	0	712,039	(864,606)	0	(864,606)
Student activities	409,231	0	18,444	(390,787)	0	(390,787)
Community services	28,898	0	0	(28,898)	0	(28,898)
Interest on long-term debt	993,754	0	302,260	(691,494)	0	(691,494)
TOTAL GOVERNMENTAL ACTIVITIES	23,447,998	0	4,489,295	(18,958,703)	0	(18,958,703)
BUSINESS-TYPE ACTIVITIES						
Food services	959,664	209,235	689,008	0	(61,421)	(61,421)
TOTAL PRIMARY GOVERNMENT	24,407,662	209,235	5,178,303	(18,958,703)	(61,421)	(19,020,124)
GENERAL REVENUES AND TRANSFERS						
Taxes:						
Property taxes, levied for general purposes, net				7,175,814	0	7,175,814
Public utility, realty, earned income and miscellaneous taxes levied for general purposes, net				2,161,643	0	2,161,643
Grants, subsidies, and contributions not restricted				8,268,982	0	8,268,982
Investment earnings				70,996	91	71,087
Miscellaneous				467,705	0	467,705
Transfers				0	0	0
TOTAL GENERAL REVENUES AND TRANSFERS				18,145,140	91	18,145,231
CHANGE IN NET POSITION						
				(813,563)	(61,330)	(874,893)
NET POSITION - BEGINNING				13,193,564	309,817	13,503,381
NET POSITION - ENDING				\$ 12,380,001	\$ 248,487	\$ 12,628,488

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

PANTHER VALLEY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and investments	\$ 5,629,706	\$ 347,475	\$ 773	\$ 5,977,954
Taxes receivable	2,234,948	0	0	2,234,948
Internal balances	0	518,126	110,682	628,808
Intergovernmental receivables	360,706	0	0	360,706
Other receivables	62,694	0	0	62,694
Inventories	9,637	0	0	9,637
TOTAL ASSETS	<u>8,297,691</u>	<u>865,601</u>	<u>111,455</u>	<u>9,274,747</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 8,297,691</u>	<u>\$ 865,601</u>	<u>\$ 111,455</u>	<u>\$ 9,274,747</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Internal balances	\$ 671,280	\$ 0	\$ 0	\$ 671,280
Intergovernmental payables	42,965	0	0	42,965
Accounts payable	156,448	84,549	0	240,997
Accrued salaries and benefits	1,378,778	0	0	1,378,778
Deferred revenue	1,867,141	0	0	1,867,141
TOTAL LIABILITIES	<u>4,116,612</u>	<u>84,549</u>	<u>0</u>	<u>4,201,161</u>
DEFERRED INFLOWS OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES				
Restricted	0	781,052	111,455	892,507
Assigned	2,478,543	0	0	2,478,543
Unassigned	1,702,536	0	0	1,702,536
TOTAL FUND BALANCES	<u>4,181,079</u>	<u>781,052</u>	<u>111,455</u>	<u>5,073,586</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,297,691</u>	<u>\$ 865,601</u>	<u>\$ 111,455</u>	<u>\$ 9,274,747</u>

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

PANTHER VALLEY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 5,073,586
Amounts reported for governmental activities in the statement of net assets are different because:	
Prepaid expenses	1,054,637
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	45,035,258
Less: accumulated depreciation	(16,255,185)
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.	
Bond principal payable	(25,565,400)
Compensated absences	(174,776)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.	
	1,867,141
Governmental funds report debt issuance costs and debt issuance premiums and discounts as an other financing source or use at the time of issuance. Premiums and discounts are reported as an unamortized asset or liability in the District-wide financial statements.	
	1,552,959
Governmental funds do not report a liability for accrued interest until due and payable.	
	<u>(208,219)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ <u>12,380,001</u>

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

PANTHER VALLEY SCHOOL DISTRICT

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

ALL GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources	\$ 10,127,967	\$ 110	\$ 0	\$ 10,128,077
State sources	11,438,608	0	0	11,438,608
Federal sources	1,319,669	0	0	1,319,669
TOTAL REVENUES	<u>22,886,244</u>	<u>110</u>	<u>0</u>	<u>22,886,354</u>
OTHER FINANCING SOURCES				
Refunds of Prior Year Expenditures	56,618	0	0	56,618
Proceeds of Long Term Debt	2,645,000	0	0	2,645,000
TOTAL OTHER FINANCING SOURCES	<u>2,701,618</u>	<u>0</u>	<u>0</u>	<u>2,701,618</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>25,587,862</u>	<u>110</u>	<u>0</u>	<u>25,587,972</u>
EXPENDITURES				
Instruction	15,325,695	0	0	15,325,695
Support services	6,169,744	0	0	6,169,744
Operation of non-instructional services	440,443	0	0	440,443
Facilities acquisition, construction, and improvement services	<u>0</u>	<u>207,280</u>	<u>0</u>	<u>207,280</u>
TOTAL EXPENDITURES	<u>21,935,882</u>	<u>207,280</u>	<u>0</u>	<u>22,143,162</u>
OTHER FINANCING (USES)				
Debt service	4,772,650	0	0	4,772,650
Refunds of Prior Year Revenues	3,590	0	0	3,590
Interfund transfers	0	0	0	0
TOTAL OTHER FINANCING (USES)	<u>4,776,240</u>	<u>0</u>	<u>0</u>	<u>4,776,240</u>
TOTAL EXPENDITURES AND OTHER FINANCING (USES)	<u>26,712,122</u>	<u>207,280</u>	<u>0</u>	<u>26,919,402</u>
NET CHANGE IN FUND BALANCES	<u>(1,124,260)</u>	<u>(207,170)</u>	<u>0</u>	<u>(1,331,430)</u>
FUND BALANCES - BEGINNING	<u>5,305,339</u>	<u>988,222</u>	<u>111,455</u>	<u>6,405,016</u>
FUND BALANCES - ENDING	<u>\$ 4,181,079</u>	<u>\$ 781,052</u>	<u>\$ 111,455</u>	<u>\$ 5,073,586</u>

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

PANTHER VALLEY SCHOOL DISTRICT

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

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

**TOTAL NET CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS**

\$ (1,331,430)

Because some property and personal taxes will not be collected for several months after the District's year end, they are not considered as available revenues in the government funds.

(308,537)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

3,755,800

Previous year bond issuance costs are expensed in the governmental funds when incurred but are amortized in the Statement of Activities.

(113,990)

Expenses reported in the Statement of Activities, such as compensated absences and health insurance, do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

371,464

Interest is recognized in governmental funds when paid but is accrued in the Statement of Activities.

26,686

Governmental funds report capital outlays as expenditures versus as capital assets in the Statement of Activities.

213,898

Depreciation expense is recognized in the Statement of Activities but is not recognized in governmental funds.

(892,234)

Issuance of debt is a revenue in governmental funds

(2,645,000)

Bond issuance costs are expensed in the governmental funds when incurred but are amortized in the Statement of Activities

109,780

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES

\$ (813,563)

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

PANTHER VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 9,615,466	\$ 9,615,466	\$ 10,127,967	\$ 512,501
State sources	11,141,206	11,141,206	11,438,608	297,402
Federal sources	1,310,255	1,310,255	1,319,669	9,414
TOTAL REVENUES	<u>22,066,927</u>	<u>22,066,927</u>	<u>22,886,244</u>	<u>819,317</u>
OTHER FINANCING SOURCES				
Refunds of Prior Year Expenditures	0	0	56,618	56,618
Proceeds of Long Term Debt	0	0	2,645,000	2,645,000
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>2,701,618</u>	<u>2,701,618</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>22,066,927</u>	<u>22,066,927</u>	<u>25,587,862</u>	<u>3,520,935</u>
EXPENDITURES				
Instruction	14,863,795	14,863,795	15,325,695	(461,900)
Support services	6,088,392	6,088,392	6,169,744	(81,352)
Operation of non-instructional services	269,200	269,200	440,443	(171,243)
Facilities acquisition, construction, and improvement services	20,000	20,000	0	20,000
TOTAL EXPENDITURES	<u>21,241,387</u>	<u>21,241,387</u>	<u>21,935,882</u>	<u>(694,495)</u>
OTHER FINANCING (USES)				
Debt Service	2,302,513	2,302,513	4,772,650	(2,470,137)
Refunds Prior Year Revenues	0	0	3,590	(3,590)
Interfund transfers	225,000	225,000	0	225,000
Budgetary reserve	100,000	100,000	0	100,000
TOTAL OTHER FINANCING (USES)	<u>2,627,513</u>	<u>2,627,513</u>	<u>4,776,240</u>	<u>(2,148,727)</u>
TOTAL EXPENDITURES AND OTHER FINANCING (USES)	<u>23,868,900</u>	<u>23,868,900</u>	<u>26,712,122</u>	<u>(2,843,222)</u>
NET CHANGE IN FUND BALANCES	<u>(1,801,973)</u>	<u>(1,801,973)</u>	<u>(1,124,260)</u>	<u>677,713</u>
FUND BALANCE - BEGINNING OF YEAR	<u>5,691,282</u>	<u>5,691,282</u>	<u>5,305,339</u>	<u>(385,943)</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,889,309</u>	<u>\$ 3,889,309</u>	<u>\$ 4,181,079</u>	<u>\$ 291,770</u>

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

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Food Service</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and investments	\$ 26,529
Internal balances	42,472
Intergovernmental receivables	11,470
Other receivables	84,672
Inventories	11,325
TOTAL CURRENT ASSETS	<u>176,468</u>
NON-CURRENT ASSETS	
Machinery and equipment	251,613
Less: accumulated depreciation	<u>(172,391)</u>
TOTAL NON-CURRENT ASSETS	<u>79,222</u>
DEFERRED OUTFLOWS OF RESOURCES	0
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 255,690</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES	
Accrued salaries and benefits	\$ 4,349
Account Payables	1,111
Deferred revenues	1,743
TOTAL CURRENT LIABILITIES	<u>7,203</u>
DEFERRED INFLOWS OF RESOURCES	0
NET POSITION	
Invested in capital assets - net of related debt	79,222
Unrestricted	169,265
TOTAL NET POSITION	<u>248,487</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 255,690</u></u>

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

PANTHER VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Food Service</u>
OPERATING REVENUES	
Food service revenues	\$ 209,235
TOTAL OPERATING REVENUES	<u>209,235</u>
OPERATING EXPENSES	
Personal services - salaries	282,187
Personal services - employee benefits	153,635
Other purchased services	102,113
Supplies	408,079
Depreciation	11,284
Dues & Fees	613
Expendable Equipment	<u>1,753</u>
TOTAL OPERATING EXPENSES	<u>959,664</u>
OPERATING (LOSS)	<u>(750,429)</u>
NON-OPERATING REVENUES (EXPENSES)	
Earnings on investments	91
State sources	60,867
Federal sources	628,141
Interfund transfer	<u>0</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>689,099</u>
CHANGE IN NET POSITION	<u>(61,330)</u>
NET POSITION - BEGINNING OF YEAR	<u>309,817</u>
NET POSITION - END OF YEAR	<u><u>\$ 248,487</u></u>

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

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and intergovernments	\$ 241,279
Cash paid to suppliers	(499,724)
Cash paid for selling and general expenses	(438,119)
NET CASH (USED FOR) OPERATING ACTIVITIES	<u>(696,564)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Grants and subsidies received from nonoperating activities:	
Local sources - interfund transfer	0
State sources	60,867
Federal sources	628,141
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>689,008</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(3,616)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>91</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,081)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>37,610</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u>26,529</u>
OPERATING (LOSS)	\$ (750,429)
ADJUSTMENTS TO RECONCILE OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:	
Depreciation	11,284
Changes in current assets and current liabilities	
(Increase) Decrease in accounts receivable	(16,536)
(Increase) Decrease in intergovernmental receivable	55,810
(Increase) Decrease in interfund receivable	0
Increase (Decrease) in accounts payable	(896)
(Increase) Decrease in inventories	11,364
Increase (Decrease) in accrued salaries and benefits	69
Increase (Decrease) in deferred revenue	(7,230)
TOTAL ADJUSTMENTS	<u>53,865</u>
TOTAL CASH (USED FOR) OPERATING ACTIVITIES	\$ <u>(696,564)</u>

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

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Private Purpose Trust</u>	<u>Activity</u>	<u>Total Fiduciary Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash and investments	\$ 191,781	\$ 80,884	\$ 272,665
TOTAL ASSETS	<u>191,781</u>	<u>80,884</u>	<u>272,665</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 191,781</u>	<u>\$ 80,884</u>	<u>\$ 272,665</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
LIABILITIES			
Internal balances	\$ 0	\$ 0	\$ 0
Other current liabilities	<u>0</u>	<u>80,884</u>	<u>80,884</u>
TOTAL LIABILITIES	<u>0</u>	<u>80,884</u>	<u>80,884</u>
DEFERRED INFLOWS OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>
NET POSITION			
Specific fund balance reserves	191,781	0	191,781
TOTAL NET POSITION	<u>191,781</u>	<u>0</u>	<u>191,781</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSTION	<u>\$ 191,781</u>	<u>\$ 80,884</u>	<u>\$ 272,665</u>

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

PANTHER VALLEY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Private Purpose Trust</u>
ADDITIONS	
Investment income	\$ 223
Contributions	1,725
TOTAL ADDITIONS	<u>1,948</u>
DEDUCTIONS	
Scholarships awarded	10,950
TOTAL DEDUCTIONS	<u>10,950</u>
CHANGE IN NET POSITION	<u>(9,002)</u>
NET POSITION - BEGINNING OF YEAR	<u>200,783</u>
NET POSITION - END OF YEAR	<u><u>\$ 191,781</u></u>

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

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

The financial statements of the Panther Valley School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis -for State and Local Governments.

The financial statements include:

- Management's Discussion and Analysis (MD&A), providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on major funds.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DEFINING THE REPORTING ENTITY

The reporting entity was defined by applying the following criteria which were established by the Governmental Accounting Standards Board Statement Number 14, "The Financial Reporting Entity".

- (A) Financial interdependency
- (B) Selection of governing authority
- (C) Designation of management
- (D) Ability to significantly influence operations
- (E) Accountability for fiscal matters.

In defining the reporting entity, all known federal program awards received by the entity have been included and have been subjected to the terms and requirements of the Single Audit Act.

In applying the above criteria, the District does not have any component units nor is the District a component unit of any other primary government.

BASIS OF PRESENTATION

District-wide statements - The statement of net assets and the statement of activities provide information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-Type activities are financed in whole or in part by fees charged to external parties.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION - continued

The statement of activities presents a comparison between direct expenses and program revenues for each business-type activity of the District and for each function of the District's governmental activities.

- Direct Expenses are those that are clearly identifiable with a specific program.
- Program revenues include 1) charges to students or recipients who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.
- Taxes and other items not properly included among program revenues are reported as general revenues.

Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. The effect of interfund activity has been removed from these statements.

Fund Financial Statements - The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary*-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION - continued

Proprietary fund operating revenues, such as charges for services result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Enterprise fund operating revenues are related to charges for food in the District's cafeteria. The primary non-operating revenues are federal nutrition program grants and commodities received from the U.S. Department of Agriculture.

The fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the District-wide statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary and trust funds.

The District reports the following major proprietary fund types:

Food Service Fund - The Food Service Fund is used to account for all financial transactions related to the food service operation.

Other fund types:

Agency Funds - These funds account for assets held by the District as an Agent for various student groups and clubs.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF ACCOUNTING

The district-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

All business-type activities and enterprise funds of the district follow FASB Statements and Interpretations on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

BUDGETING

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

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

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

DEPOSITS AND INVESTMENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments with a maturity of one year or less at the time of purchase are recorded at cost or amortized cost. Those with a maturity of greater than one year are reported at fair value. Changes in the fair value of investments are recorded as investment income.

INVENTORY

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

CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$1,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CAPITAL ASSETS - continued

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	Not Depreciated
Land Improvements	20 years
Buildings and Improvements	15-30 years
Furniture and Equipment	5-15 years
Vehicles	3-15 years

COMPENSATED ABSENCES

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates, which apply historical data to current factors. The District maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences. Sick leave is recorded using the termination payment method, which has no current maximum per employee. The District allows only restricted sabbatical leave and therefore, has no recorded liability in advance of the sabbatical.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In government-wide financial statements as well as proprietary fund financial statements, all accrued liabilities and long-term debt are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RESTRICTED ASSETS

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the District-wide financial statements.

FUND EQUITY

In the fund financial statements, governmental funds report fund balance in accordance with GASB Statement No. 54 (see Note 16).

NET ASSETS

Net assets represent the difference between assets and liabilities in the District-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

FOOD SERVICE FUND - UNALLOCATED COSTS

The District does not attempt to allocate "Building-Wide Costs" to the Food Service Fund. Thus, General Fund expenditures (utilities, janitorial services, insurance, etc.) which partially benefit the Food Service Fund are not proportionately recognized within the Food Service Fund. Similarly, the Food Service Fund does not recognize a cost for the building space it occupies (no facilities rental expense).

POST EMPLOYMENT HEALTH CARE BENEFITS - COBRA BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible employees and eligible dependents. Certain requirements are outlined by the federal government for the coverage. The premium plus 2% administration fee is paid in full by the insured on or before the tenth day of the month for the actual month covered. This program is offered for a duration of 18 months. There is no associated cost to the District under this program, and there was one participant in the program for medical coverage and two participants for dental/vision coverage as of June 30, 2013.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RETIREE BENEFITS

In addition to the pension benefits described in Note 7, the District makes health care benefits available to all eligible employees who retired from the District. The premium is paid on or before the tenth day of the month for the actual month covered. The cost associated to the District under this program was \$800,770. and there are currently 35 participants in the program as of June 30, 2013.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS:

DEPOSITS

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. The deposit policy of the school district adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at various financial institutions, a money market mutual fund investment in Pennsylvania Treasurer's Invest Program for Local Government, a money market fund and certificate of deposit, the Pennsylvania School District Liquid Asset Fund (PSDLAF), and cash on hand of \$1,940. The market values of deposits are equal to the cost of the deposits.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

DEPOSITS - continued

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to:

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

At June 30, 2013, the carrying amount of the District's deposits was \$4,033,732. and the bank balance was \$5,062,635. Of the bank balance, \$515,993. was covered by federal depository insurance coverage, and \$4,546,642. was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the District's name. It should be noted that the District's deposits are collateralized in accordance with Pennsylvania Act 72.

INVESTMENTS

The investment policy of the school district adheres to state statutes and prudent business practices. The investments of the school district consist of certificates of deposit and U.S. Agency Obligations as authorized by the Board. Investments are stated at cost including accrued interest which approximates market value.

The District invests in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Treasurer's Invest Program for Local Government as authorized by the Board. PSDLAF was established to enable school districts to pool funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. Pennsylvania Treasurer's Invest Program for Local Government insures that it will not place deposits with any single issuing institution if the largest participant's pro rata share of such deposits exceeds \$100,000., unless such deposits are secured by (1) Treasurer, federal agencies (collateralized at 102%) or (2) certificates of deposit (collateralized by 120%).

As of June 30, 2013, the District had the following investment.

Pennsylvania Local Government Investment Trust (PLGIT)	\$2,243,417. =====
---	-----------------------

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

INVESTMENTS - continued

Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the District to limit its interest rate risk by investing in securities with maturity dates under one year. At June 30, 2013, the District's investments in securities of U.S. agencies had maturity dates of less than one year.

Custodial Credit Risk

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

Credit Risk

Under Section 4440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

INVESTMENTS - continued

Concentration Risk

The District does not have a policy that would limit the amount it may invest in any one issuer. More than five percent of the District's investments are Pennsylvania Local Government Invest Trust (PLGIT). Those investments are 100 percent of the District's total investments.

RECONCILIATION OF CASH, CASH EQUIVALENTS, AND INVESTMENTS

The classification of cash, cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash & Cash Equivalents	Investments
Cash, Cash Equivalents, and Investments	\$ 4,033,732	\$ 2,243,417
GASB Statements No. 3	\$ <u>4,033,732</u>	\$ <u>2,243,417</u>

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES (DEFERRED REVENUE):

Intergovernmental receivables (deferred revenue) listed in the General Fund at June 30, 2013, are comprised of the following:

State Share of Social Security	\$ 53,315
State Share of Retirement	221,360
Federal Programs	86,031
Total	\$ <u>360,706</u>

PANTHER VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4 - GENERAL LONG-TERM DEBT:

A summary of general long-term debt is as follows:

	Accrued Compensated Absences	General Obligation Bond Series of 2008	General Obligation Bond Series of 2010	General Obligation Bond Series A of 2010	Federally Taxable Revenue Bonds Series A of 2010	General Obligation Bond Series of 2011	General Obligation Bond Series of 2012	General Obligation Bond Series A of 2012	General Obligation Bond Series of 2013	Total
BALANCE - JULY 1, 2012	\$ 178,286	\$ 2,480,000	\$ 1,245,000	\$ 3,930,000	\$ 2,111,200	\$ 9,485,000	\$ 4,395,000	\$ 3,030,000	\$ 0	\$ 26,854,486
ADDITIONS	0	0	0	0	0	0	0	0	0	2,645,000
REDUCTIONS - PAYMENTS	(3,510)	0	(75,000)	(450,000)	(150,800)	(590,000)	(5,000)	(5,000)	0	(1,279,310)
REDUCTIONS - REFINANCING	0	(2,480,000)	0	0	0	0	0	0	0	(2,480,000)
BALANCE - JUNE 30, 2013	\$ 174,776	\$ 0	\$ 1,170,000	\$ 3,480,000	\$ 1,960,400	\$ 8,895,000	\$ 4,390,000	\$ 3,025,000	\$ 2,645,000	\$ 25,740,176
DUE WITHIN ONE YEAR		\$ 0	\$ 75,000	\$ 465,000	\$ 150,800	\$ 595,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 1,300,800

A summary of general long-term debt, principal maturities, and interest requirements follows:

Year Ending June 30,	General Obligation Bond Series of 2008	General Obligation Bond Series of 2010	General Obligation Bond Series A of 2010	Federally Taxable Revenue Bonds Series A of 2010	General Obligation Bond Series of 2011	General Obligation Bond Series of 2012	General Obligation Bond Series A of 2012	General Obligation Bond Series of 2013	Total
2014	\$ 0	\$ 112,432	\$ 558,360	\$ 263,900	\$ 852,340	\$ 144,875	\$ 110,125	\$ 86,702	\$ 2,128,734
2015	0	110,933	559,060	263,900	855,290	144,725	109,975	84,202	2,128,085
2016	0	114,057	557,185	263,900	856,377	164,575	109,825	84,125	2,150,044
2017	0	112,177	550,788	263,900	850,628	183,825	109,675	84,047	2,155,040
2018	0	115,057	552,802	263,900	855,649	182,475	109,525	83,970	2,163,378
2019-2023	0	569,585	1,110,960	1,319,500	4,276,499	2,585,675	611,475	443,198	10,916,892
2024-2028	0	339,705	0	735,150	2,328,295	2,462,500	3,357,700	515,788	9,739,138
2029-2032	0	0	0	0	0	0	0	2,546,335	2,546,335
Total	0	1,473,946	3,889,155	3,374,150	10,875,078	5,868,650	4,518,300	3,928,367	33,927,546
Less: Interest	0	(303,946)	(409,155)	(1,413,750)	(1,980,078)	(1,478,650)	(1,493,300)	(1,283,367)	(8,362,246)
Outstanding Principal	\$ 0	\$ 1,170,000	\$ 3,480,000	\$ 1,960,400	\$ 8,895,000	\$ 4,390,000	\$ 3,025,000	\$ 2,645,000	\$ 25,565,400

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4 - GENERAL LONG-TERM DEBT - continued

GENERAL OBLIGATION BONDS - SERIES OF 2008

During the year ended June 30, 2008, the District issued \$2,500,000. of general obligation bonds dated April 15, 2008. Proceeds of the Issue will be used toward (1) currently refunding the School District's outstanding General Obligation Bonds, Series of 2003; (2) advance refunding a portion of the School District's outstanding General Obligation Bonds, Series of 2004; (3) currently refunding a portion of the School District's outstanding General Obligation Bonds, Series of 2006; and (4) paying the costs of issuing the Notes. The interest rates on the bonds vary from 3.05% to 4.15% and mature in various amounts beginning April 15, 2009 and ending April 15, 2030. This obligation was refinanced and satisfied with the General Obligation Bonds, Series of 2013.

GENERAL OBLIGATION BONDS - SERIES OF 2010

During the year ended June 30, 2011, the District issued \$1,315,000. of general obligation bonds dated August 17, 2010, which will be used for capital projects. The interest rates on the bonds vary from 2.00% to 3.00% and mature in various amounts beginning May 15, 2012 and ending May 15, 2026.

GENERAL OBLIGATION BONDS - SERIES A OF 2010

During the year ended June 30, 2011, the District issued \$4,620,000. of general obligations bonds dated August 17, 2010. The proceeds of the issue were used to refinance the General Obligation Bonds - Series of 2004. The interest rates on the bonds vary from 2.00% to 3.25% and mature in various amounts beginning May 15, 2011 and ending on May 15, 2020.

FEDERALLY TAXABLE REVENUE BONDS - SERIES A OF 2010

During the year ended June 30, 2011, the District issued \$2,262,000. of federally taxable revenue bonds dated September 1, 2010. The proceeds of the issue were used to finance capital projects and pay the costs of issuance of the bonds. The interest rate on the bonds is 5.00% and matures on September 15, 2027.

GENERAL OBLIGATION BONDS - SERIES OF 2011

During the year ended June 30, 2012, the District issued \$9,715,000. of general obligations bonds dated August 30, 2011. The proceeds of the issue were used to refinance the General Obligation Bonds - Series of 2006 and pay the costs and expenses of issuing the note. The interest rates on the bonds vary from 1.00% to 3.85% and mature in various amounts beginning November 15, 2011 and ending on May 15, 2026.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 4 - GENERAL LONG-TERM DEBT - continued

GENERAL OBLIGATION BONDS - SERIES OF 2012

During the year ended June 30, 2012, the District issued \$4,395,000. of general obligations bonds dated January 12, 2012. The proceeds of the issue were used to refinance the General Obligation Bonds - Series A of 2007 and pay the costs and expenses of issuing the note. The interest rates on the bonds vary from 3.00% to 3.50% and mature in various amounts beginning August 1, 2012 and ending on February 1, 2026.

GENERAL OBLIGATION BONDS - SERIES A OF 2012

During the year ended June 30, 2012, the District issued \$3,030,000. of general obligations bonds dated January 12, 2012. The proceeds of the issue were used to refinance the General Obligation Bonds - Series of 2007 and pay the costs and expenses of issuing the note. The interest rates on the bonds vary from 3.00% to 3.50% and mature in various amounts beginning August 1, 2012 and ending on February 1, 2026.

GENERAL OBLIGATION BONDS - SERIES OF 2013

During the year ended June 30, 2013, the District issued \$2,645,000. of general obligations bonds dated April 4, 2013. The proceeds of the issue were used to refinance the General Obligation Bonds - Series of 2008 and pay the costs and expenses of issuing the note. The interest rates on the bonds vary from 1.55% to 3.05% and mature in various amounts beginning October 15, 2013 and ending on April 15, 2030.

COMPENSATED ABSENCES

The General Long-Term Debt group of accounts includes liability of \$174,776., which represents the amount of compensated absences computed by using unused sick and vacation days at current compensation rates, not limited to a maximum payout at retirement. If an employee separates from service for reasons other than sickness or retirement, no payout is required. If an employee retires with unused compensated absences, the payout policy is as follows:

- Emergency and personal - no payout
- Vacation (administrative personnel) - limited accumulation of vacation days
- Sickness - payout is based on age and years of service in the District.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 5 - CAPITAL ASSETS:

A summary of capital asset activity during the fiscal year follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Net Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:			
Capital Assets, Not Being Depreciated			
Land	\$ 108,945	\$ 0	\$ 108,945
Capital Assets, Being Depreciated:			
Buildings and Improvements	42,526,426	198,721	42,725,147
Furniture and Equipment	2,009,363	53,741	2,063,104
Vehicles	132,694	5,368	138,062
Total Capital Assets, Being Depreciated	<u>44,668,483</u>	<u>257,830</u>	<u>44,926,313</u>
Accumulated Depreciation For:			
Buildings and Improvements	14,128,776	756,355	14,885,131
Furniture and Equipment	1,230,373	128,816	1,359,189
Vehicles	125,694	(114,829)	10,865
Total Accumulated Depreciation	<u>15,484,843</u>	<u>770,342</u>	<u>16,255,185</u>
Governmental Activities -			
Capital Assets, Net	<u>\$ 29,292,585</u>	<u>\$ (512,512)</u>	<u>\$ 28,780,073</u>
Business-type Activities:			
Furniture/Equipment	\$ 247,997	\$ 3,616	\$ 251,613
Less: Accumulated Deprecation	<u>161,107</u>	<u>11,284</u>	<u>172,391</u>
Business-type Activities -			
Capital Assets, Net	<u>\$ 86,890</u>	<u>\$ (7,668)</u>	<u>\$ 79,222</u>

Depreciation expense was charged to functions of the District as follows:

Instructional	\$ 356,894
Instructional Student Support	44,612
Administration	44,612
Operation and Maintenance of Plant Services	446,116
Total Depreciation Expense	<u><u>\$ 892,234</u></u>

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 6 - INTERFUND OPERATING BALANCES:

Individual fund operating balances for the year ended June 30, 2013 were as follows:

	Due From	Due To
Cafeteria Fund	\$ 42,472	\$ 0
General Fund	0	42,472
Total All Funds	\$ 42,472	\$ 42,472

All balances are current and are payable within one year. Balances exist due to operating transfers between individual funds.

NOTE 7 - PENSION PLAN:

PLAN DESCRIPTION

The Panther Valley School District contributes to the Pennsylvania Public School System Employees' Retirement System (the "System"), a multiple-employer public employee retirement system administered by the Pennsylvania Public School Employees' Retirement System Board. The System provides retirement and disability benefits, legislative mandated ad hoc cost-of-living adjustments, and has a health insurance premium assistance program to qualifying annuitants. The Pennsylvania Public School Employees Retirement Code (the "Code") assigns the Authority to establish and amend benefit provisions to the System by the Pennsylvania General Assembly. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Barbara D. Flurie, Office of Financial Management, Public School Employees Retirement System, P.O. Box 125, Harrisburg, Pa 17108-0125. The report is also available in the publications section of the system's site on the internet (www.psers.state.pa.us).

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 7 - PENSION PLAN - continued

FUNDING POLICY

The contribution policy is set by the Code and requires contributions by active members, employers, and the Commonwealth. The District's contributions (net of any reimbursement from the Commonwealth) to the System for the years ended June 30, 2013, 2012, and 2011, were \$597,707., \$256,997., and \$138,655., respectively, equal to the required contributions for each year.

MEMBER CONTRIBUTIONS

Active members who joined the System prior to July 22, 1983, contribute at 5.25 percent (Membership Class TC) or at 6.50 percent (Membership Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class TC) or at 7.50 percent (Membership Class TD) of the member's qualifying compensation. Members who joined the System after June 30, 2001 contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

EMPLOYER CONTRIBUTIONS

Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2013, the rate of employer's contribution was 12.36 percent of covered payroll. The 12.36 percent rate is composed of a pension contribution rate of 11.50 percent for pension benefits and .86 percent for health care insurance premium assistance.

NOTE 8 - TAXES ASSESSED AND DEFERRED REVENUE:

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

<u>Tax Type</u>	<u>Millage/Rate</u>	<u>Assessed Valuation</u>
Real Estate - Carbon County	55.69 mills	\$ 7,221,753
Real Estate - Schuylkill County	52.24 mills	962,440
Occupation Tax - Act 511	\$125.00/person	721,250
Per Capita Tax - Act 511	\$ 5.00/person	42,850
Per Capita Tax - Section 679	\$ 5.00/person	42,850
Total Assessed Valuation		\$ 8,991,143

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 8 - TAXES ASSESSED AND DEFERRED REVENUE - continued

The following is the tax calendar showing levy date, payment periods and delinquent dates for the above listed taxes:

Levy date	July 1
Discount (2%) payment period	July 1 to August 31
Face payment period	September 1 to October 31
Penalty (10%) payment period	November 1 to December 31
Delinquent date	January 1

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible was measurable and available within the 60 days, was recognized as revenue, and the balance deferred in the fund financial statements. All taxes, net of uncollectible amounts, are recognized in the period for which levied in the government-wide financial statements, regardless of when collected.

The balances at June 30, 2013, are as follows:

Tax	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Governmental Funds		
			Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Taxes
Real Estate	\$ 1,741,958	\$ 546,361	\$ 1,195,597	\$ 195,244	\$ 1,000,353
Per Capita/Occupation	1,735,579	867,205	868,374	1,585	866,789
Earned Income	160,612	0	160,612	160,612	0
Realty Transfer	7,650	0	7,650	7,650	0
Occupational Privilege Tax	2,715	0	2,715	2,715	0
Tax	\$ 3,648,514	\$ 1,413,566	\$ 2,234,948	\$ 367,806	\$ 1,867,142

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 9 - OPERATING LEASES:

The District leases copiers under operating leases. The District also has a lease obligation with Carbon County Technical Institute for a building project. The total monthly copier lease payment is \$5,372. for five years. The monthly cost for the building project is \$141,000. in 2012-2013. The District has the option to purchase the copiers and the tractor for fair market value, determined by the lessor, at the end of the lease, or the option to continue the lease on a month-to-month basis. The estimated future minimum rental payments are as follows:

Year Ending June 30,	Amount
2014	\$ 205,136
2015	205,327
2016	140,860
2017	140,860
2018	140,860
2019-2037	3,011,240
Total	\$ 3,844,283

Rental expense for all operating leases for the year ended June 30, 2013 was \$205,136.

NOTE 10 - RISK MANAGEMENT:

The District is a member of the I.U.21 Trust - a non-profit organization which is an association of four governmental entities established to serve as a depository for School District contributions to be used to make payments of premiums to carry into effect the provisions of the Plan established and maintained by the Trustee for the purchase of group health insurance, medical, surgical or hospital care benefits. Members of the Trust include, Jim Thorpe Area School District, Panther Valley School District, Weatherly Area School District and Carbon County Vocational Technical School.

The Plan is a self-funded health plan and the administration is provided through Blue Cross of Northeastern Pennsylvania and Pennsylvania Blue Shield, 70 North Main St., Wilkes Barre, PA 18711. The Plan is not insured.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

The District participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of non-compliance which would result in the disallowance of program expenditures.

As of January 15, 2013, the District entered into a tentative agreement with the teachers union for a four year contract.

During the normal course of business, the District is subject to numerous disputes and claims. At June 30, 2013, there were no items of pending or threatened litigation which management feels would have a material effect on the District's financial condition.

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

PLAN DESCRIPTION

The Panther Valley School District Retiree Health Care Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the School Board. The Plan provides postemployment healthcare benefits to eligible retirees of the District in accordance with the various labor contracts and personnel policies. At July 1, 2013, 31 retired employees were eligible to participate. Inasmuch as the Plan has no assets, reporting an other employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

FUNDING POLICY

The contribution requirements of plan members and the District are established and may be amended by the School Board, subject to applicable labor contracts. For retirees who meet the eligibility requirements, Panther Valley School District will pay the following toward coverage:

- Teachers: Full cost of individual medical coverage until medicare eligibility.
- Act 93 Employees: Full cost of individual medical, dental, and vision coverage until medicare eligibility.
- Teamster Local 773 Employees: Full cost of individual and spouse medical, dental and vision coverage until medicare eligibility.
- Confidential Employees: Full cost of individual and spouse medical, dental and vision coverage until medicare eligibility.
- Teamster Local 773 Café Employees: Full cost of individual medical coverage until medicare eligibility.

The District may contribute the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For 2013, the District made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$800,770. for 2013. These costs are recognized as an expense when claims or premiums are paid.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

ANNUAL OPEB COST AND NET OPEB OBLIGATION

For 2013, the components of the District's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan were as follows:

Annual Required Contribution	\$ 751,115
Adjustment to Annual Required Contribution	<u>12,440</u>
Annual OPEB Cost	763,555
Contributions or Payments Made	<u>(800,770)</u>
Increase in Net OPEB Obligation	(37,215)
Net OPEB Obligation, Beginning of Year	<u>(138,609)</u>
Net OPEB Obligation, End of Year	<u>\$ (175,824)</u>
Percentage of Annual OPEB Cost Contributed	<u>104.87%</u>

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of July 1, 2013, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 8,753,973
Actuarial Value of Assets	<u>0</u>
Unfunded AAL (UAAL)	<u>\$ 8,753,973</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll	<u>\$ 8,876,525</u>
UAAL as Percentage of Covered Payroll	<u>98.62%</u>

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are formed regarding the future. Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the District and the benefits are received by the eligible 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 District and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the Unit Credit under which the benefits (projected or unprojected) of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial present value of benefits allocated to a valuation year is called the normal cost. The actuarial present value of benefits allocated to all periods prior to a valuation year is called the actuarial accrued liability. The attribution period ends when a participant is eligible for benefits. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study, the assumed rate ranges from 10.0% in the short-term to 5% in the long-term for health care related costs. The UAAL is being amortized as a level percentage of active member payroll over a period of 20 years.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 13 - GASB STATEMENT NO. 54:

On June 15, 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 (Fund Balance Reporting and Governmental Fund Type Definitions). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB-54 establishes criteria for classifying fund balances into specifically defined classifications that should be based on hierarchy that reflects the extent to which the government is bound to honor constraints on how those funds can be spent. Established classifications are as follows:

Nonexpendable – Amounts that cannot be spend because they are either in a nonspendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts constrained to be used for a specific purpose stipulated by constitution, external resource providers or through enabling legislation.

Committed – Amounts constrained to be used for a specific purpose determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority).

Assigned – Amounts intended to be used for a specific purpose by the finance committee or an individual authorized by the governing body.

Unassigned – Residual amounts available for any purpose not contained in other classifications.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 13 - GASB STATEMENT NO. 54 - continued

ORDER OF FUND BALANCE SPENDING POLICY

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting entries.

First, nonspendable fund balances are determined. Then, restricted fund balances for the nongeneral funds are classified as restricted fund balance.

It is possible for the nongeneral funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balance for the nongeneral fund.

MINIMUM FUND BALANCE

The District's school board policy states:

- 1.) The school district will strive to maintain an unassigned general fund balance of not less than four percent (4%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

BALANCE SHEET - GOVERNMENTAL FUNDS				
JUNE 30, 2013				
	<u>General</u>	<u>Capital Projects</u>	<u>Capital Reserve</u>	<u>Total Governmental Funds</u>
EQUITY				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	781,052	111,455	892,507
Committed	0	0	0	0
Assigned for:				
Capital Projects	1,878,543	0	0	1,878,543
PSERS	600,000	0	0	600,000
Unassigned	1,702,536	0	0	1,702,536
TOTAL FUND BALANCE	<u>\$ 4,181,079</u>	<u>\$ 781,052</u>	<u>\$ 111,455</u>	<u>\$ 5,073,586</u>

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 14 - RELATED ORGANIZATIONS:

Not included in the School's District financial statements are any Parent-Teacher Associations (PTA), Parent-Teacher Organizations (PTO) and athletic and band booster clubs. These agencies provide services to students and employees of the School District, but are separate legal entities having sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the School District. The School District does not account for these entities as component units or joint ventures; it does not maintain an ongoing financial interest or have responsibility for these entities.

NOTE 15 - DEFEASED DEBT:

On April 4, 2013, the Panther Valley School District issued General Obligation Bonds – Series of 2013 in the amount of \$2,645,000. to advance refund the General Obligation Bonds – Series of 2008. As a result of the refunding, the District reduced its total debt service requirements by \$193,168.

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE:

Effective July 1, 2012, the District adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, to be in conformity with generally accepted accounting principles. The statement implemented Concepts Statement 4 defining the five elements of the statement of financial position as: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

SUPPLEMENTAL INFORMATION

PANTHER VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

A. SUMMARY OF AUDIT RESULTS

1. Auditor's report expresses an unqualified opinion on the general purpose financial statements of Panther Valley School District.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Panther Valley School District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Panther Valley School District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Panther Valley School District.
7. The programs tested as major programs included:

Program	CFDA #
E.S.E.A. Title I	84.010
ARRA Education Jobs Fund	84.410
IDEA	84.027

8. The threshold for distinguishing types A and B Programs was \$300,000.
9. Panther Valley School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT
None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT
None

PANTHER VALLEY AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Source Code	Federal CFDA Number	Pass Through Grants/ Number	Program or Award Amount	Grant Period Beginning/Ending Date	Total Received For Year	Accrued Or (Deferred) Revenue July 1, 2012	Revenue Recognized	Expenditures	Accrued Or (Deferred) Revenue June 30, 2013
U.S. DEPARTMENT OF EDUCATION										
Passed Through State Department of Education:										
E.S.E.A. Title I - 2011-2012	(I)	84.010	013-12-0319	\$ 559,263	7-1-11 / 9-30-12	\$ 105,688	\$ 105,688	\$ 0	\$ 0	\$ 0
E.S.E.A. Title I - 2012-2013	(I)	84.010	013-13-0319	648,483	7-1-12 / 9-30-13	562,452	0	648,483	648,483	86,031
Program Improvement Set Aside 2011-2012	(I)	84.010	042-12-0319	56,180	7-1-11 / 9-30-12	26,612	(29,568)	56,180	56,180	0
Program Improvement Set Aside 2012-2013	(I)	84.010	042-12-0319	38,436	7-1-12 / 9-30-13	38,436	0	38,436	38,436	0
E.S.E.A. Title II Improving Teacher Quality - 2011-2012	(I)	84.367	020-12-0319	97,036	7-1-11 / 9-30-12	6,261	6,261	0	0	0
E.S.E.A. Title II Improving Teacher Quality - 2012-2013	(I)	84.367	020-13-0319	98,456	7-1-12 / 9-30-13	98,456	0	98,456	98,456	0
ARRA Education Jobs Fund	(I)	84.410	140-12-9370	8,255	7-1-11 / 9-30-12	8,663	8,255	408	408	0
Passed Through Lehigh-Carbon Intermediate Unit:										
IDEA - 2012-2013	(I)	84.027	NONE	343,860	7-1-12 / 6-30-13	343,860	0	343,860	343,860	0
IDEA - Act 619 2012-2013	(I)	84.173	NONE	2,830	7-1-12 / 6-30-13	2,830	0	2,830	2,830	0
Race to the Top - Phase 3	(I)	84.413	NONE	39,023	7-1-12 / 9-30-15	0	0	0	0	0
TOTAL DEPARTMENT OF EDUCATION				1,891,824		1,193,258	90,636	1,188,653	1,188,653	86,031
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed Through State Department of Education:										
Medical Assistance Access - 2011-2012	(I)	93.778	044-00-7319	106,195	7-1-11 / 9-30-12	66,293	66,293	0	0	0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				106,195		66,293	66,293	0	0	0
U.S. DEPARTMENT OF AGRICULTURE										
Passed Through State Department of Education:										
National School Lunch - 2011-2012	(I)	10.555	121-13-660-3	442,832	7-1-11 / 6-30-12	48,742	48,742	0	0	0
National School Lunch - 2012-2013	(I)	10.555	121-13-660-3	418,385	7-1-12 / 6-30-13	409,354	0	418,385	418,385	9,031
National School Lunch - 2012-2013	(I)	10.582	121-13-660-3	48,268	7-1-12 / 6-30-13	48,268	0	48,268	48,268	0
National School Lunch - 2011-2012	(S)	N/A	121-13-660-3	37,485	7-1-11 / 6-30-12	4,526	4,526	0	0	0
National School Lunch - 2012-2013	(S)	N/A	121-13-660-3	33,159	7-1-12 / 6-30-13	32,513	0	33,159	33,159	646
Special Milk - 2011-2012	(I)	10.556	121-13-660-3	5,168	7-1-11 / 6-30-12	657	657	0	0	0
Special Milk - 2012-2013	(I)	10.556	121-13-660-3	3,799	7-1-12 / 6-30-13	3,760	0	3,799	3,799	39
Severe Needy Breakfast - 2011-2012	(I)	10.553	121-13-660-3	110,076	7-1-11 / 6-30-12	13,355	13,355	0	0	0
Severe Needy Breakfast - 2012-2013	(I)	10.553	121-13-660-3	133,604	7-1-12 / 6-30-13	131,850	0	133,604	133,604	1,754
Passed Through State Department of Agriculture:										
Value of USDA Commodities	(I)	10.555	2-03-13-660	16,854	7-1-12 / 6-30-13 (A)	16,854 (B)	(8,973)	24,084 (C)	24,084 (D)	(1,743)
TOTAL DEPARTMENT OF AGRICULTURE				1,249,630		709,879	58,307	661,299	661,299	9,727
SUB-TOTAL				3,247,649		1,969,430	215,236	1,849,952	1,849,952	95,756
STATE AWARD EXPENDITURES				(70,644)		(37,039)	(4,526)	(33,159)	(33,159)	(646)
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 3,177,005		\$ 1,932,391	\$ 210,710	\$ 1,816,793	\$ 1,816,793	\$ 95,112

Source Code Legend:

- (D) Indicates direct federal financial assistance funding.
- (I) Indicates indirect federal financial assistance funding.
- (S) Indicates State matching funding.

Other Code Legend:

- (A) Indicates value of USDA commodities received in current year.
- (B) Indicates beginning inventory value of USDA commodities.
- (C) Indicates value of USDA commodities used in current year.
- (D) Indicates ending inventory value of USDA commodities.

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

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

NOTE 2 - COMMODITIES:

The beginning and ending deferred income figures listed represent the beginning and ending commodities inventories in the Cafeteria Fund. These commodities are received through the State from the U.S. Department of Agriculture. The commodities are valued at amounts assigned to the various items by the U.S. Department of Agriculture when the commodities are offered.