

PANTHER VALLEY SCHOOL DISTRICT

SINGLE AUDIT REPORT

LANSFORD PENNSYLVANIA

FOR THE YEAR ENDED JUNE 30, 2012

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JONES & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

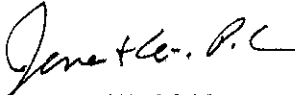
We have performed the OMB Circular A-133 Single Audit of the Panther Valley School District for the year ended June 30, 2012. OMB Circular A-133 indicates that the auditee is responsible for ensuring appropriate submission of the audit reports to appropriate government officials.

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, 2013).

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 not enclosed a management letter for the fiscal year ended June 30, 2012.

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.


January 15, 2013
Pottsville, Pennsylvania

PANTHER VALLEY SCHOOL DISTRICT

LIST OF REPORT DISTRIBUTION

JUNE 30, 2012

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

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Panther Valley School District, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Panther Valley School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

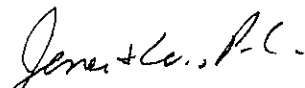
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 through 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Panther Valley School District's financial statements as a whole. The accompanying 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 financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



January 15, 2013
Pottsville, Pennsylvania

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**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 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, 2012, which collectively comprise the Panther Valley School District's basic financial statements and have issued our report thereon dated January 15, 2013. 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.

Internal Control Over Financial Reporting

Management of the Panther Valley School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Panther Valley School District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Panther Valley School District's internal control over financial reporting.

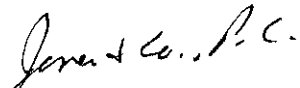
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the board of directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



January 15, 2013
Pottsville, Pennsylvania

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of School Directors
Panther Valley School District
Lansford, Pennsylvania

Compliance

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 programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Panther Valley School District's management. Our responsibility is to express an opinion on Panther Valley School District's compliance based on our audit.

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 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. Our audit does not provide a legal determination on Panther Valley School District's compliance with those requirements.

In our opinion, Panther Valley School District complied, in all material respects, with the 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, 2012.

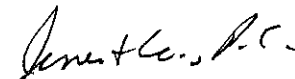
Internal Control Over Compliance

Management of Panther Valley School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Panther Valley School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of directors, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


January 15, 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, 2012. 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 Assets 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 Assets 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 Assets 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 Assets 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 Assets 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 Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>6-30-12</u>	<u>6-30-11</u>	<u>6-30-12</u>	<u>6-30-11</u>	<u>6-30-12</u>	<u>6-30-11</u>
Current and other assets	11,105,129	10,590,890	238,187	153,316	11,343,316	10,744,296
Capital assets	31,015,580	31,387,648	86,890	54,612	31,102,470	31,442,260
Total Assets	42,120,709	41,978,628	325,077	207,928	42,445,786	42,186,556
Current and Other liabilities	3,353,459	2,940,575	15,260	12,516	3,368,719	2,953,091
Long-term liabilities	25,573,686	25,926,155	0	0	25,573,686	25,926,155
Total Liabilities	28,927,145	28,866,730	15,260	12,516	28,942,405	26,126,369
Net Assets:						
Invested in capital assets, net of related debt	4,339,380	4,451,567	86,890	54,612	4,426,270	4,506,179
Restricted for Capital Projects	0	0	0	0	0	0
Unrestricted	8,854,184	8,660,331	222,927	140,800	9,077,111	8,801,131
Total net assets	13,193,564	13,111,898	309,817	195,412	13,503,381	13,307,310

Net assets of the District's governmental activities increased by less than 1% (\$13,111,898 compared to \$13,193,564). 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 \$8,854,184 at the end of this year.

This minimal increase is a result of the balanced budget of the General Fund.

The net assets of our business-type activities increased by 66%(\$325,077 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>6-30-12</u>	<u>6-30-11</u>
Revenues		
Local sources	9,553,556	10,183,326
State sources	11,402,447	10,995,170
Federal sources	1,435,478	3,184,951
Other financing sources	17,152,466	4,620,000
Total Revenues	<u>39,543,947</u>	<u>28,983,447</u>
Expenditures		
Instruction	14,713,702	14,436,799
Support services	6,037,817	5,578,738
Operation of non-instructional services	452,332	457,857
Debt service	18,579,152	6,832,426
Interfund transfers	147,000	46,000
Other	86,472	44,802
Total Expenditures	<u>40,016,475</u>	<u>27,396,622</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(472,528)	1,586,825
Fund Balance, July 1	<u>5,777,867</u>	<u>4,185,960</u>
Prior Period Adjustment		5,082
Fund Balance, June 30	<u>5,305,339</u>	<u>5,777,867</u>

General Fund

Revenues and Expenditures increased for the year because of bond refinancing.

Fund balance at June 30, 2012 is \$5,305,339 a \$472,528 decrease from the prior year. The budgeted shortfall was estimated at \$887,091 therefore the year end result was a positive variance of \$414,563.

	Capital Project Fund	
	<u>6-30-12</u>	<u>6-30-11</u>
Revenues		
Local sources	208,680	542
Other financing sources	0	3,577,000
Total Revenues	<u>208,680</u>	<u>3,577,542</u>
Expenditures		
Facilities Acquisition, construction, and improvement services	159,864	3,046,597
Interfund Transfers	0	30,396
Total Expenditures	<u>159,864</u>	<u>3,076,993</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	48,816	500,549
Fund Balance, July 1	<u>939,406</u>	<u>438,857</u>
Fund Balance, June 30	<u>988,222</u>	<u>939,406</u>

Capital Project Fund

The district has completed an energy conservation construction project.

	Food Service Fund	
	<u>6-30-12</u>	<u>6-30-11</u>
Revenues		
Food service revenues	244,125	281,169
Earnings on Investments	111	96
State sources	60,085	53,692
Federal sources	633,760	568,057
Total Revenues	<u>938,081</u>	<u>903,014</u>
Expenses		
Personal services-salaries	282,780	285,606
Personal services-employee benefits	125,857	108,005
Other purchased services	1,543	2,117
Supplies	456,272	391,414
Depreciation	9,037	4,894
Other operating expenses	<u>95,187</u>	<u>97,043</u>
Total Expenses	<u>970,676</u>	<u>889,079</u>
Transfer In	147,000	76,396
Change in Net Assets	114,405	90,331
Retained Earnings, July 1	<u>195,412</u>	<u>105,081</u>
Retained Earnings, June 30	<u><u>309,817</u></u>	<u><u>195,412</u></u>

Food Services Fund

Revenues for the year ended June 30, 2012 (excluding the value of commodities received) increased by \$35,067 or 4% due primarily to increased participation in free reimbursable meals.

Expenses for the year ended June 30, 2012 (excluding value of commodities used) increased by \$81,597 or 9% due to the purchase of equipment and an increase in food cost.

Retained earnings for the year ending June 30, 2012 increased by \$114,405 or 59%. The General Fund subsidizes the Food Service so this amount is irrelevant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the District had \$29,379,124 (net of depreciation) invested in various capital assets. This amount increased by approximately \$2,000,000 due primarily to the addition of an energy efficiency building project.

Capital Assets at Year-end						
	Governmental Activities		Business-type Activities		Totals	
	<u>6-30-12</u>	<u>6-30-11</u>	<u>6-30-12</u>	<u>6-30-11</u>	<u>6-30-12</u>	<u>6-30-11</u>
Land and land improvements	108,945	108,945	0	0	108,945	108,945
Buildings and improvements	28,397,649	25,851,911	0	0	28,397,649	25,851,911
Machinery and equipment	785,640	829,144	86,890	54,612	872,530	883,756
Totals (Net of Depreciation)	<u>29,292,234</u>	<u>26,790,000</u>	<u>86,890</u>	<u>54,612</u>	<u>29,379,124</u>	<u>26,844,612</u>

Debt Administration

As of June 30, 2012 and 2011 the District had the following bonds outstanding:

	Governmental Activities		Business-type Activities		Totals	
	<u>6-30-12</u>	<u>6-30-11</u>	<u>6-30-12</u>	<u>6-30-11</u>	<u>6-30-12</u>	<u>6-30-11</u>
General obligation bonds (backed by the District)/Lease obligations	<u>26,676,200</u>	<u>26,936,081</u>	<u>0</u>	<u>0</u>	<u>26,676,200</u>	<u>26,936,081</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's Board of Education considered many factors when setting the fiscal-year 2013-2014 budget, tax rates, and fees that will be charged for the business-type activities.

The general fund budget estimates revenue of \$22,366,926, an increase of 1% over the prior year amount of \$22,066,926. This modest increase is from a preliminary 2 mill real estate tax increase. The budget includes estimated expenditures of \$24,758,642, an increase of 4% over the prior year amount of \$23,868,899. This increase is due from the increase in the PSERS rate of 16.93% from 12.36% 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.

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2012

ASSETS	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and investments	\$ 7,388,513	\$ 37,610	\$ 7,426,123
Taxes receivable, net	2,476,255	0	2,476,255
Internal Balances	(33,472)	42,472	9,000
Intergovernmental receivables	566,431	67,280	633,711
Other receivables	12,470	68,136	80,606
Inventories	8,250	22,689	30,939
Prepaid expenses	686,682	0	686,682
TOTAL CURRENT ASSETS	11,105,129	238,187	11,343,316
NON-CURRENT ASSETS			
Bond issuance costs - net of accumulated amortization bond	1,557,169	0	1,557,169
Land and site improvements	108,945	0	108,945
Building and building improvements	42,526,426	0	42,526,426
Machinery and equipment	2,009,363	247,997	2,257,360
Construction in progress	165,826	0	165,826
Vehicles	132,694	0	132,694
Less: accumulated depreciation	(15,484,843)	(161,107)	(15,645,950)
TOTAL NON-CURRENT ASSETS	31,015,580	86,890	31,102,470
TOTAL ASSETS	\$ 42,120,709	\$ 325,077	\$ 42,445,786
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 575,803	\$ 2,007	\$ 577,810
Accrued salaries and benefits	1,183,602	4,280	1,187,882
Current portion of long-term debt	1,280,800	0	1,280,800
Intergovernmental Payable	78,348	0	78,348
Deferred revenues	0	8,973	8,973
Accrued interest	234,906	0	234,906
TOTAL CURRENT LIABILITIES	3,353,459	15,260	3,368,719
NON-CURRENT LIABILITIES			
Bonds payable	25,395,400	0	25,395,400
Long-term portion of compensated absences	178,286	0	178,286
TOTAL NON-CURRENT LIABILITIES	25,573,686	0	25,573,686
TOTAL LIABILITIES	28,927,145	15,260	28,942,405
NET ASSETS			
Invested in capital assets, net of related debt	4,339,380	86,890	4,426,270
Unrestricted	8,854,184	222,927	9,077,111
TOTAL NET ASSETS	13,193,564	309,817	13,503,381
TOTAL LIABILITIES AND NET ASSETS	\$ 42,120,709	\$ 325,077	\$ 42,445,786

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, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 14,818,074	\$ 0	\$ 3,312,506	\$ (11,505,568)	\$ 0	\$ (11,505,568)
Instructional student support	946,388	0	84,514	(861,874)	0	(861,874)
Administrative and financial support services	1,807,424	0	91,757	(1,715,667)	0	(1,715,667)
Operation and maintenance of plant services	2,182,740	0	63,493	(2,119,247)	0	(2,119,247)
Pupil transportation	1,319,466	0	714,681	(604,785)	0	(604,785)
Student activities	422,167	0	19,543	(402,624)	0	(402,624)
Community services	28,377	0	0	(28,377)	0	(28,377)
Interest on long-term debt	1,169,304	0	282,160	(887,144)	0	(887,144)
TOTAL GOVERNMENTAL ACTIVITIES	<u>22,693,940</u>	<u>0</u>	<u>4,568,654</u>	<u>(18,125,286)</u>	<u>0</u>	<u>(18,125,286)</u>
BUSINESS-TYPE ACTIVITIES						
Food services	970,676	244,125	693,845	0	(32,706)	(32,706)
TOTAL PRIMARY GOVERNMENT	<u>23,664,616</u>	<u>244,125</u>	<u>5,262,499</u>	<u>(18,125,286)</u>	<u>(32,706)</u>	<u>(18,157,992)</u>
GENERAL REVENUES AND TRANSFERS						
Taxes:						
Property taxes, levied for general purposes, net				7,394,572	0	7,394,572
Public utility, realty, earned income and miscellaneous taxes levied for general purposes, net				2,014,613	0	2,014,613
Grants, subsidies, and contributions not restricted				8,269,272	0	8,269,272
Investment earnings				55,636	111	55,747
Miscellaneous				619,859	0	619,859
Transfers				(147,000)	147,000	0
TOTAL GENERAL REVENUES AND TRANSFERS				<u>18,206,952</u>	<u>147,111</u>	<u>18,354,063</u>
CHANGE IN NET ASSETS				81,666	114,405	196,071
NET ASSETS - BEGINNING				<u>13,111,898</u>	<u>195,412</u>	<u>13,307,310</u>
NET ASSETS - ENDING				<u>\$ 13,193,564</u>	<u>\$ 309,817</u>	<u>\$ 13,503,381</u>

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

PANTHER VALLEY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2012

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 7,024,704	\$ 363,036	\$ 773	\$ 7,388,513
Taxes receivable	2,476,255	0	0	2,476,255
Internal balances	9,000	726,735	110,682	846,417
Intergovernmental receivables	566,431	0	0	566,431
Other receivables	12,470	0	0	12,470
Inventories	8,250	0	0	8,250
TOTAL ASSETS	<u>\$ 10,097,110</u>	<u>\$ 1,089,771</u>	<u>\$ 111,455</u>	<u>\$ 11,298,336</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Internal balances	\$ 879,889	\$ 0	\$ 0	\$ 879,889
Intergovernmental payables	78,348	0	0	78,348
Accounts payable	474,254	101,549	0	575,803
Accrued salaries and benefits	1,183,602	0	0	1,183,602
Deferred revenue	2,175,678	0	0	2,175,678
TOTAL LIABILITIES	<u>4,791,771</u>	<u>101,549</u>	<u>0</u>	<u>4,893,320</u>
FUND EQUITY				
Restricted	0	988,222	111,455	1,099,677
Assigned	2,724,022	0	0	2,724,022
Unassigned	2,581,317	0	0	2,581,317
TOTAL FUND EQUITY	<u>5,305,339</u>	<u>988,222</u>	<u>111,455</u>	<u>6,405,016</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 10,097,110</u>	<u>\$ 1,089,771</u>	<u>\$ 111,455</u>	<u>\$ 11,298,336</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 ASSETS

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2012

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 6,405,016

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

Prepaid expenses 686,682

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in
governmental funds.

Cost of capital assets 44,943,254
Less: accumulated depreciation (15,484,843)

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 (26,676,200)
Compensated absences (178,286)

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. 2,175,678

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. 1,557,169

Governmental funds do not report a liability for accrued interest
until due and payable. (234,906)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 13,193,564

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, 2012

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 9,553,556	\$ 208,680	\$ 0	\$ 9,762,236
State sources	11,402,447	0	0	11,402,447
Federal sources	1,435,478	0	0	1,435,478
TOTAL REVENUES	<u>22,391,481</u>	<u>208,680</u>	<u>0</u>	<u>22,600,161</u>
OTHER FINANCING SOURCES				
Refunds of Prior Year Expenditures	12,466	0	0	12,466
Proceeds of Long Term Debt	17,140,000	0	0	17,140,000
TOTAL OTHER FINANCING SOURCES	<u>17,152,466</u>	<u>0</u>	<u>0</u>	<u>17,152,466</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>39,543,947</u>	<u>208,680</u>	<u>0</u>	<u>39,752,627</u>
EXPENDITURES				
Instruction	14,713,702	0	0	14,713,702
Support services	6,037,817	0	0	6,037,817
Operation of non-instructional services	452,332	0	0	452,332
Facilities acquisition, construction, and improvement services	51,791	159,864	0	211,655
TOTAL EXPENDITURES	<u>21,255,642</u>	<u>159,864</u>	<u>0</u>	<u>21,415,506</u>
OTHER FINANCING (USES)				
Debt service	18,579,152	0	0	18,579,152
Refunds of Prior Year Revenues	34,681	0	0	34,681
Interfund transfers	147,000	0	0	147,000
TOTAL OTHER FINANCING (USES)	<u>18,760,833</u>	<u>0</u>	<u>0</u>	<u>18,760,833</u>
TOTAL EXPENDITURES AND OTHER FINANCING (USES)	<u>40,016,475</u>	<u>159,864</u>	<u>0</u>	<u>40,176,339</u>
NET CHANGE IN FUND BALANCES	<u>(472,528)</u>	<u>48,816</u>	<u>0</u>	<u>(423,712)</u>
FUND BALANCES - BEGINNING	<u>5,777,867</u>	<u>939,406</u>	<u>111,455</u>	<u>6,828,728</u>
FUND BALANCES - ENDING	<u>\$ 5,305,339</u>	<u>\$ 988,222</u>	<u>\$ 111,455</u>	<u>\$ 6,405,016</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, 2012

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

\$ (423,712)

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.

309,979

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

17,399,881

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

(101,054)

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.

297,619

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

9,967

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

261,906

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

(845,186)

Issuance of debt is a revenue in governmental funds

(17,140,000)

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

312,266

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES

\$ 81,666

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, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 9,741,449	\$ 9,741,449	\$ 9,553,556	\$ (187,893)
State sources	11,105,332	11,105,332	11,402,447	297,115
Federal sources	1,251,000	1,251,000	1,435,478	184,478
TOTAL REVENUES	<u>22,097,781</u>	<u>22,097,781</u>	<u>22,391,481</u>	<u>293,700</u>
OTHER FINANCING SOURCES				
Refunds of Prior Year Expenditures	0	0	12,466	12,466
Proceeds of Long Term Debt	0	0	17,140,000	17,140,000
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>17,152,466</u>	<u>17,152,466</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>22,097,781</u>	<u>22,097,781</u>	<u>39,543,947</u>	<u>17,446,166</u>
EXPENDITURES				
Instruction	14,214,579	14,214,579	14,713,702	(499,123)
Support services	5,855,123	5,855,123	6,037,817	(182,694)
Operation of non-instructional services	263,002	263,002	452,332	(189,330)
Facilities acquisition, construction, and improvement services	20,000	20,000	51,791	(31,791)
TOTAL EXPENDITURES	<u>20,352,704</u>	<u>20,352,704</u>	<u>21,255,642</u>	<u>(902,938)</u>
OTHER FINANCING (USES)				
Debt Service	2,257,169	2,257,169	18,579,152	(16,321,983)
Refunds Prior Year Revenues	0	0	34,681	(34,681)
Interfund transfers	275,000	275,000	147,000	128,000
Budgetary reserve	100,000	100,000	0	100,000
TOTAL OTHER FINANCING (USES)	<u>2,632,169</u>	<u>2,632,169</u>	<u>18,760,833</u>	<u>(16,128,664)</u>
TOTAL EXPENDITURES AND OTHER FINANCING (USES)	<u>22,984,873</u>	<u>22,984,873</u>	<u>40,016,475</u>	<u>(17,031,602)</u>
NET CHANGE IN FUND BALANCES	<u>(887,092)</u>	<u>(887,092)</u>	<u>(472,528)</u>	<u>414,564</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,614,040</u>	<u>3,614,040</u>	<u>5,777,867</u>	<u>2,163,827</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,726,948</u>	<u>\$ 2,726,948</u>	<u>\$ 5,305,339</u>	<u>\$ 2,578,391</u>

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

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Food Service</u>
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 37,610
Internal balances	42,472
Intergovernmental receivables	67,280
Other receivables	68,136
Inventories	22,689
TOTAL CURRENT ASSETS	<u>238,187</u>
NON-CURRENT ASSETS	
Machinery and equipment	247,997
Less: accumulated depreciation	<u>(161,107)</u>
TOTAL NON-CURRENT ASSETS	<u>86,890</u>
TOTAL ASSETS	<u><u>\$ 325,077</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accrued salaries and benefits	\$ 4,280
Account Payables	2,007
Deferred revenues	8,973
TOTAL CURRENT LIABILITIES	<u>15,260</u>
NET ASSETS	
Invested in capital assets - net of related debt	86,890
Unrestricted	222,927
TOTAL NET ASSETS	<u><u>309,817</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 325,077</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 ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Food Service</u>
OPERATING REVENUES	
Food service revenues	\$ 244,125
TOTAL OPERATING REVENUES	<u>244,125</u>
 OPERATING EXPENSES	
Personal services - salaries	282,780
Personal services - employee benefits	125,857
Other purchased services	1,543
Supplies	456,272
Depreciation	9,037
Dues & Fees	455
Expendable Equipment	<u>94,732</u>
TOTAL OPERATING EXPENSES	<u>970,676</u>
 OPERATING (LOSS)	 <u>(726,551)</u>
 NON-OPERATING REVENUES (EXPENSES)	
Earnings on investments	111
State sources	60,085
Federal sources	633,760
Interfund transfer	<u>147,000</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>840,956</u>
 CHANGE IN NET ASSETS	 114,405
 NET ASSETS - BEGINNING OF YEAR	 <u>195,412</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 309,817</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, 2012

	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and intergovernments	\$ 245,935
Cash paid to suppliers	(558,883)
Cash paid for selling and general expenses	(450,996)
NET CASH (USED FOR) OPERATING ACTIVITIES	<u>(763,944)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Grants and subsidies received from nonoperating activities:	
Local sources - interfund transfer	147,000
State sources	60,085
Federal sources	633,760
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>840,845</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(41,315)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>111</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,697
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,913</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 37,610</u>
OPERATING (LOSS)	\$ (726,551)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH (USED) BY OPERATING ACTIVITIES:	
Depreciation	9,037
Changes in current assets and current liabilities	
(Increase) Decrease in accounts receivable	(3,567)
(Increase) Decrease in intergovernmental receivable	5,377
(Increase) Decrease in interfund receivable	(42,472)
Increase (Decrease) in accounts payable	(835)
(Increase) Decrease in inventories	(8,512)
Increase (Decrease) in accrued salaries and benefits	568
Increase (Decrease) in deferred revenue	3,011
TOTAL ADJUSTMENTS	<u>(37,393)</u>
TOTAL CASH (USED FOR) OPERATING ACTIVITIES	<u>\$ (763,944)</u>

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

PANTHER VALLEY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	Private Purpose Trust	Activity	Total Fiduciary Funds
ASSETS			
Cash and investments	\$ 209,783	\$ 72,998	\$ 282,781
TOTAL ASSETS	<u>\$ 209,783</u>	<u>\$ 72,998</u>	<u>\$ 282,781</u>
 LIABILITIES AND NET ASSETS			
Internal balances	\$ 9,000	\$ 0	\$ 9,000
Other current liabilities	<u>0</u>	<u>72,998</u>	<u>72,998</u>
TOTAL LIABILITIES	9,000	72,998	81,998
 NET ASSETS			
Specific fund balance reserves	200,783	0	200,783
TOTAL NET ASSETS	<u>200,783</u>	<u>0</u>	<u>200,783</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 209,783</u>	<u>\$ 72,998</u>	<u>\$ 282,781</u>

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

PANTHER VALLEY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Private Purpose Trust</u>
ADDITIONS	
Investment income	\$ 292
Contributions	1,565
TOTAL ADDITIONS	<u>1,857</u>
DEDUCTIONS	
Scholarships awarded	9,785
TOTAL DEDUCTIONS	<u>9,785</u>
CHANGE IN NET ASSETS	<u>(7,928)</u>
NET ASSETS - BEGINNING OF YEAR	<u>208,711</u>
NET ASSETS - END OF YEAR	<u><u>\$ 200,783</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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

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 \$495,962. and there are currently 35 participants in the program as of June 30, 2012.

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, 2012

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, 2012, the carrying amount of the District's deposits was \$6,455,211. and the bank balance was \$7,628,386. Of the bank balance, \$769,836. was covered by federal depository insurance coverage, with \$2,740,264. having specific pledged collateral, and \$4,118,286. 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, 2012, the District had the following investment.

Pennsylvania Local Government Investment Trust (PLGIT)	\$1,251,753. =====
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PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012, 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, 2012

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	\$ 6,457,151	\$ 1,251,753
GASB Statements No. 3	\$ <u>6,457,151</u>	\$ <u>1,251,753</u>

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES (DEFERRED REVENUE):

Intergovernmental receivables (deferred revenue) listed in the General Fund at June 30, 2012, are comprised of the following:

State Share of Social Security	\$ 46,767
State Share of Retirement	221,360
State Grants	141,376
Federal Programs	156,928
Total	\$ <u>566,431</u>

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 4 - GENERAL LONG-TERM DEBT:

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

	Accrued Compensated Absences	Municipal Capital Corporation	General Obligation Bond Series of 2006	General Obligation Bond Series A of 2007	General Obligation Bond Series of 2007	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	Total
BALANCE - JULY 1, 2011	\$ 174,955	\$ 4,081	\$ 9,410,000	\$ 4,200,000	\$ 2,885,000	\$ 2,485,000	\$ 1,315,000	\$ 4,375,000	\$ 2,262,000	\$ 0	\$ 0	\$ 0	\$ 27,111,036
ADDITIONS	3,331	0	0	0	0	0	0	0	0	9,715,000	4,395,000	3,030,000	17,143,331
REDUCTIONS - PAYMENTS	0	(4,081)	(9,410,000)	0	0	(5,000)	(70,000)	(445,000)	(150,800)	(230,000)	0	0	(10,314,881)
REDUCTIONS - REFINANCING	0	0	0	(4,200,000)	(2,885,000)	0	0	0	0	0	0	0	(7,085,000)
BALANCE - JUNE 30, 2012	<u>\$ 178,286</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,480,000</u>	<u>\$ 1,245,000</u>	<u>\$ 3,930,000</u>	<u>\$ 2,111,200</u>	<u>\$ 9,485,000</u>	<u>\$ 4,395,000</u>	<u>\$ 3,030,000</u>	<u>\$ 26,854,486</u>
DUE WITHIN ONE YEAR		\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000	\$ 75,000	\$ 450,000	\$ 150,800	\$ 590,000	\$ 5,000	\$ 5,000	\$ 1,280,800

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

Year Ending June 30,	Municipal Capital Corporation	General Obligation Bond Series of 2006	General Obligation Bond Series A of 2007	General Obligation Bond Series of 2007	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	Total
2013	\$ 0	\$ 0	\$ 0	\$ 0	\$ 107,165	\$ 113,933	\$ 552,360	\$ 263,900	\$ 856,240	\$ 152,415	\$ 115,831	\$ 2,161,844
2014	0	0	0	0	107,012	112,432	558,360	263,900	852,340	144,875	110,125	2,149,044
2015	0	0	0	0	106,820	110,933	559,060	263,900	855,290	144,725	109,975	2,150,703
2016	0	0	0	0	106,628	114,057	557,185	263,900	856,377	164,575	109,825	2,172,547
2017	0	0	0	0	106,435	112,177	550,787	263,900	850,628	163,825	109,675	2,177,427
2018-2022	0	0	0	0	529,227	568,910	1,663,763	1,319,500	4,281,829	2,026,775	598,875	10,988,879
2023-2027	0	0	0	0	524,160	455,437	0	999,050	3,178,614	3,203,875	1,984,250	10,345,386
2028-2031	0	0	0	0	2,654,068	0	0	0	0	0	1,495,575	4,149,643
Total	0	0	0	0	4,241,515	1,587,879	4,441,515	3,638,050	11,731,318	6,021,065	4,634,131	36,295,473
Less: Interest	0	0	0	0	(1,761,515)	(342,879)	(511,515)	(1,526,850)	(2,246,318)	(1,626,065)	(1,604,131)	(9,619,273)
Outstanding Principal	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,480,000</u>	<u>\$ 1,245,000</u>	<u>\$ 3,930,000</u>	<u>\$ 2,111,200</u>	<u>\$ 9,485,000</u>	<u>\$ 4,395,000</u>	<u>\$ 3,030,000</u>	<u>\$ 26,676,200</u>

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 4 - GENERAL LONG-TERM DEBT - continued

MUNICIPAL CAPITAL CORPORATION

On November 22, 2000, the District entered into an additional lease agreement with the Municipal Capital Corporation for an Energy Management System. The lease is \$11,652. a month for 120 months with the first payment due on September 1, 2001. This obligation has been satisfied during the current year.

GENERAL OBLIGATION BONDS - SERIES OF 2006

During the year ended June 30, 2007, the District issued \$9,990,000. of general obligations bonds dated December 1, 2006. The proceeds of the issue were used to refinance the General Obligation Bonds - Series A of 2003, a portion of General Obligation Bonds - Series of 2004, and pay the costs and expenses of issuing the note. The interest rates on the bonds vary from 3.50% to 3.85% and mature in various amounts beginning May 15, 2007 and ending on May 15, 2026. This obligation was refinanced and satisfied with the General Obligation Bonds – Series of 2011.

GENERAL OBLIGATION BONDS - SERIES A OF 2007

During the year ended June 30, 2007, the District issued \$4,230,000. of general obligations bonds dated May 15, 2007. The proceeds of the issue were used to refinance the General Obligation Bonds - Series of 2004 and pay the costs and expenses of issuing the note. The interest rates on the bonds vary from 3.55% to 4.15% and mature in various amounts beginning February 1, 2008 and ending on February 1, 2026. This obligation was refinanced and satisfied with the General Obligation Bonds – Series of 2012.

GENERAL OBLIGATION BONDS - SERIES OF 2007

During the year ended June 30, 2007, the District issued \$2,900,000. of general obligations bonds dated May 15, 2007, which will be used to finance the construction and upgrade of the District's facilities and pay the costs of the issuance of the bonds. The interest rates on the bonds vary from 3.55% to 4.20% and mature in various amounts beginning February 1, 2008 and ending on February 1, 2028. This obligation was refinanced and satisfied with the General Obligation Bonds – Series A of 2012.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

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.

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.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 4 - GENERAL LONG-TERM DEBT - continued

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.

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.

COMPENSATED ABSENCES

The General Long-Term Debt group of accounts includes liability of \$178,286., 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, 2012

NOTE 5 - CAPITAL ASSETS:

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

	Balance June 30, 2011	Net Additions (Deductions)	Balance June 30, 2012
Governmental Activities:			
Capital Assets, Not Being Depreciated			
Land	\$ 108,945	\$ 0	\$ 108,945
Capital Assets, Being Depreciated:			
Buildings and Improvements	39,258,812	3,267,614	42,526,426
Furniture and Equipment	1,936,206	73,157	2,009,363
Vehicles	125,694	7,000	132,694
Total Capital Assets, Being Depreciated	41,320,712	3,347,771	44,668,483
Accumulated Depreciation For:			
Buildings and Improvements	13,406,901	721,875	14,128,776
Furniture and Equipment	1,107,062	123,311	1,230,373
Vehicles	125,694	0	125,694
Total Accumulated Depreciation	14,639,657	845,186	15,484,843
Governmental Activities - Capital Assets, Net	\$ 26,790,000	\$ 2,502,585	\$ 29,292,585
Business-type Activities:			
Furniture/Equipment	\$ 206,682	\$ 41,315	\$ 247,997
Less: Accumulated Deprecation	152,070	9,037	161,107
Business-type Activities - Capital Assets, Net	\$ 54,612	\$ 32,278	\$ 86,890

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

Instructional	\$ 338,075
Instructional Student Support	42,259
Administration	42,259
Operation and Maintenance of Plant Services	422,593
Total Depreciation Expense	\$ 845,186

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6 - INTERFUND OPERATING BALANCES:

Individual fund operating balances for the year ended June 30, 2012 were as follows:

	Due From	Due To
Cafeteria Fund	\$ 42,472	\$ 0
General Fund	9,000	42,472
Private Purpose Trust	0	9,000
Total All Funds	\$ 51,472	\$ 51,472

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

NOTE 7 - INTERFUND OPERATING TRANSFERS:

Individual fund operating transfers for the year ended June 30, 2012 were as follows:

	Transfer In	Transfer Out
General Fund	\$ 0	\$ 147,000
Cafeteria Fund	147,000	0
Total All Funds	\$ 147,000	\$ 147,000

NOTE 8 - 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, 2012

NOTE 8 - 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, 2012, 2011, and 2010, were \$256,997., \$138,655., and \$133,695., 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, 2012, the rate of employer's contribution was 8.65 percent of covered payroll. The 8.65 percent rate is composed of a pension contribution rate of 8.00 percent for pension benefits and .65 percent for health care insurance premium assistance.

NOTE 9 - 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	\$ 7,205,454
Real Estate - Schuylkill County	49.12 mills	929,922
Occupation Tax - Act 511	\$125.00/person	718,750
Per Capita Tax - Act 511	\$ 5.00/person	42,405
Per Capita Tax - Section 679	\$ 5.00/person	42,405
Total Assessed Valuation		\$ <u>8,938,936</u>

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 9 - 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, 2012, 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	\$ 1,810,554	\$ 556,024	\$ 1,254,530	\$ 132,892	\$ 1,121,638
Per Capita/Occupation	1,824,112	767,876	1,056,236	2,197	1,054,039
Earned Income	155,468	0	155,468	155,468	0
Realty Transfer	7,628	0	7,628	7,628	0
Occupational Privilege Tax	2,393	0	2,393	2,393	0
Tax	\$ 3,800,155	\$ 1,323,900	\$ 2,476,255	\$ 300,578	\$ 2,175,677

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 10 - 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
2013	\$ 205,136
2014	205,327
2015	140,860
2016	140,860
2017	140,860
2018-2037	3,011,240
Total	\$ 3,844,283

Rental expense for all operating leases for the year ended June 30, 2012 was \$205,467.

NOTE 11 - 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.

The collective bargaining agreement between the District and the teaching staff expires in August 2011.

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 12 - 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. Terms of the agreement included retroactive pay for the 2011-2012 school year payable in the 2012-2013 school year. The estimated cost of this retroactive pay is \$153,912.

During the normal course of business, the District is subject to numerous disputes and claims. At June 30, 2012, there were no items of pending or threatened litigation which management feels would have a material effect on the District's financial condition.

NOTE 13 - 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, 2011, 34 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, 2012

NOTE 13 - 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 2012, the District made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$838,680. for 2012. 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, 2012

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - continued

ANNUAL OPEB COST AND NET OPEB OBLIGATION

For 2011, 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	\$ 756,927
Adjustment to Annual Required Contribution	1,804
Annual OPEB Cost	<u>758,731</u>
Contributions or Payments Made	<u>(838,680)</u>
Increase in Net OPEB Obligation	<u>(79,949)</u>
Net OPEB Obligation, Beginning of Year	<u>(58,660)</u>
Net OPEB Obligation, End of Year	<u>\$ (138,609)</u>
 Percentage of Annual OPEB Cost Contributed	 <u>110.54%</u>

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the Plan as of July 1, 2010, the date of the most recent actuarial valuation is as follows:

Actuarial Accrued Liability (AAL)	\$ 6,859,917
Actuarial Value of Assets	<u>0</u>
Unfunded AAL (UAAL)	<u>\$ 6,859,917</u>
 Funded Ratio	 <u>0.00%</u>
 Covered Payroll	 <u>\$ 8,993,324</u>
 UAAL as Percentage of Covered Payroll	 <u>76.30%</u>

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 13 - 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, 2010, 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, 2012

NOTE 14 - 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, 2012

NOTE 14 - 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, 2012				
	<u>General</u>	<u>Capital Projects</u>	<u>Capital Reserve</u>	<u>Total Governmental Funds</u>
EQUITY				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	988,222	111,455	1,099,677
Committed	0	0	0	0
Assigned for:				
Capital Projects	2,000,000	0	0	2,000,000
PSERS	724,022	0	0	724,022
Unassigned	<u>2,581,317</u>	<u>0</u>	<u>0</u>	<u>2,581,317</u>
TOTAL FUND BALANCE	\$ <u>5,305,339</u>	\$ <u>988,222</u>	\$ <u>111,455</u>	\$ <u>6,405,016</u>

PANTHER VALLEY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 15 - 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 16 - DEFEASED DEBT:

On August 30, 2011, the Panther Valley School District issued General Obligation Bonds – Series of 2011 in the amount of \$9,715,000. to advance refund the General Obligation Bonds – Series of 2006. As a result of the refunding, the District reduced its total debt service requirements by \$362,858.

On January 12, 2012, the Panther Valley School District issued General Obligation Bonds – Series of 2012 in the amount of \$4,395,000. and General Obligation Bonds – Series A of 2012 in the amount of \$3,030,000. to advance refund the General Obligation Bonds – Series A of 2007 and General Obligation Bonds – Series of 2007. As a result of the refunding, the District reduced its total debt service requirements by \$351,159.

SUPPLEMENTAL INFORMATION

PANTHER VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

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 #
National School Lunch	10.555
Special Milk	10.556
Severe Needy Breakfast	10.553
USDA Commodities	10.555
FNS Equipment Grant	10.579

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, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Source Code	Federal CFDA Number	Pass Through Grantors' Number	Program or Award Amount	Grant Period Beginning/Ending Date	Total Received For Year	Accrued Or (Deferred) Revenue July 1, 2011	Revenue Recognized	Expenditures	Accrued Or (Deferred) Revenue June 30, 2012
U.S. DEPARTMENT OF EDUCATION										
Passed Through State Department of Education:										
E.S.E.A Title I - 2010-2011	(I)	84.010	013-11-0319	\$ 607,126	7-1-10 / 9-30-11	\$ 80,471	\$ 49,594	\$ 30,877	\$ 30,877	\$ 0
E.S.E.A Title I - 2011-2012	(I)	84.010	013-12-0319	559,263	7-1-11 / 9-30-12	453,575	0	559,263	559,263	105,688
Program Improvement Set Aside 2009-2010	(I)	84.010	042-10-0319	47,627	7-1-09 / 9-30-10	0	(4,553)	4,553	4,553	0
Program Improvement Set Aside 2010-2011	(I)	84.010	042-11-0319	56,180	7-1-10 / 9-30-11	29,568	0	0	0	(29,568)
E.S.E.A. Title II Improving Teacher Quality - 2010-2011	(I)	84.367	020-11-0319	118,621	7-1-10 / 9-30-11	7,418	7,908	(490)	(490)	0
E.S.E.A. Title II Improving Teacher Quality - 2011-2012	(I)	84.367	020-12-0319	97,038	7-1-11 / 9-30-12	90,777	0	97,038	97,038	6,261
ARRA Fiscal Stabilization	(I)	84.394	126-11-0319	942,896	7-1-10 / 9-30-11	392,873	392,873	0	0	0
ARRA Education Jobs Fund	(I)	84.410	140-12-9370	8,255	7-1-11 / 9-30-12	0	0	8,255	8,255	8,255
Books and Opening Opportunities Kids	(I)	84.364A	S364A100387	313,562	7-1-10 / 9-30-11	185,755	64,153	121,602	121,602	0
Passed Through Lehigh-Carbon Intermediate Unit:										
IDEA - 2010-2011	(I)	84.027	NONE	331,395	7-1-10 / 6-30-11	331,395	331,395	0	0	0
IDEA - 2010-2011	(I)	84.027	NONE	352,915	7-1-11 / 6-30-12	352,915	0	352,915	352,915	0
TOTAL DEPARTMENT OF EDUCATION				3,434,878		1,924,747	841,370	1,174,013	1,174,013	90,636
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed Through State Department of Education:										
Medical Assistance Access - 2010-2011	(I)	93.778	044-00-7319	134,295	7-1-10 / 9-30-11	49,257	49,257	0	0	0
Medical Assistance Access - 2011-2012	(I)	93.778	044-00-7319	106,195	7-1-11 / 9-30-12	39,902	0	106,195	106,195	66,293
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				240,490		89,159	49,257	106,195	106,195	66,293
U.S. DEPARTMENT OF AGRICULTURE										
Passed Through State Department of Education:										
National School Lunch - 2010-2011	(I)	10.555	121-13-660-3	420,447	7-1-10 / 6-30-11	53,525	53,525	0	0	0
National School Lunch - 2011-2012	(I)	10.555	121-13-660-3	442,832	7-1-11 / 6-30-12	394,090	0	442,832	442,832	48,742
National School Lunch - 2010-2011	(S)	N/A	121-13-660-3	35,123	7-1-10 / 6-30-11	5,046	5,046	0	0	0
National School Lunch - 2011-2012	(S)	N/A	121-13-660-3	37,485	7-1-11 / 6-30-12	32,959	0	37,485	37,485	4,526
Special Milk - 2010-2011	(I)	10.556	121-13-660-3	5,323	7-1-10 / 6-30-11	566	566	0	0	0
Special Milk - 2011-2012	(I)	10.556	121-13-660-3	5,168	7-1-11 / 6-30-12	4,511	0	5,168	5,168	657
Severe Needy Breakfast - 2010-2011	(I)	10.553	121-13-660-3	89,777	7-1-10 / 6-30-11	13,520	13,520	0	0	0
Severe Needy Breakfast - 2011-2012	(I)	10.553	121-13-660-3	110,076	7-1-11 / 6-30-12	96,721	0	110,076	110,076	13,355
FNS Equipment Grant - 2010-2011	(I)	10.579	146-00-0035	27,163	7-1-11 / 6-30-12	27,163	0	27,163	27,163	0
FNS Equipment Grant - 2011-2012	(I)	10.579	146-00-0036	14,754	7-1-11 / 6-30-12	14,754	0	14,754	14,754	0
Passed Through State Department of Agriculture:										
Value of USDA Commodities	(I)	10.555	2-03-13-660	36,778	7-1-11 / 6-30-12 (A)	36,778 (B)	(5,961)	33,766 (C)	33,766 (D)	(8,973)
TOTAL DEPARTMENT OF AGRICULTURE				1,224,926		679,833	66,696	671,244	671,244	58,307
SUB-TOTAL				4,900,294		2,693,539	957,323	1,951,452	1,951,452	215,236
STATE AWARD EXPENDITURES				(72,608)		(38,005)	(5,046)	(37,485)	(37,485)	(4,526)
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 4,827,686		\$ 2,655,534	\$ 952,277	\$ 1,913,967	\$ 1,913,967	\$ 210,710

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, 2012

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.