

**REPORT ON  
NORTHWESTERN LEHIGH SCHOOL DISTRICT  
SINGLE AUDIT REPORT  
FISCAL YEAR ENDED JUNE 30, 2015**

# NORTHWESTERN LEHIGH SCHOOL DISTRICT

## Single Audit Report

For the Fiscal Year Ended June 30, 2015

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**Single Audit Report**

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**NORTHWESTERN LEHIGH SCHOOL DISTRICT**

**Single Audit Report**

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## INTRODUCTORY SECTION



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Members of the Board  
Northwestern Lehigh School District  
6493 Route 309  
New Tripoli, PA 18066-9409

We have performed the Single Audit of the Northwestern Lehigh School District for the fiscal year ended June 30, 2015, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of OMB Circular A-133, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and on internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards, and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program and a review of internal control over compliance in accordance with OMB Circular A-133, and our report thereon.

As part of our report, we have enclosed our management letter.

Respectfully submitted,

*Gorman & Associates, P.C.*

December 3, 2015



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Board of School Directors  
Dr. Mary Anne Wright, Superintendent  
Northwestern Lehigh School District  
6493 Route 309  
New Tripoli, PA 18066-9409

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Northwestern Lehigh School District for the year ended June 30, 2015, and have issued our report thereon dated December 3, 2015.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether your financial statements are fairly presented, in all material respects, in conformity with the U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities, including having compensating controls in place to ensure our preparation of your financial statements and note disclosures are not materially misstated.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on June 15, 2015.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Northwestern Lehigh School District are described in the notes to the financial statements. No new accounting policies were adopted during this past year and the existing policies were properly applied. We did not discover any transactions entered into by the District that lacked authoritative guidance or consensus. In addition, there are no significant transactions affecting the financial statements that have been recognized incorrectly in the wrong year.

Accounting estimates, which are part of the significant accounting policies, are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation taken on capital assets based upon the estimated useful life of each asset and calculated on the straight-line basis of depreciation, and the Actuary's Reports on Other Post-Employment Benefits, and Net Pension Liability. We have evaluated the factors and assumptions used to develop these estimates and have determined the estimates to be reasonable in relation to the financial statements taken as a whole.

We wish to inform you that the disclosures in your financial statements are neutral, consistent, and clear. From time to time, certain disclosures are more sensitive than others due to their significance to financial statement users. The most sensitive disclosures involve capital assets and long-term debt.

We have requested certain information from management that are included in the management representation letter provided to us on December 3, 2015. We advise the governing body to request this letter from management for their review. In conjunction with their representations, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.

In addition, the representation letter provided to us, by management, confirmed there were no uncorrected misstatements. Management has recorded all of our adjusting journal entries, and has agreed to the conversion entries necessary to convert governmental funds and proprietary funds to governmental activities and business-type activities, respectively.

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the District and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2014-15 basic financial statements.

Our consideration of the District's internal control components was not designed for the purpose of making detailed recommendations and would not necessarily disclose all significant deficiencies within the components. Our audit procedures have been appropriately adjusted to compensate for any observed significant deficiencies. The following three paragraphs define the three different types of deficiencies that can occur:

**A control 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 significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.**

**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.**

As the primary purpose of our audit is to form an opinion on the basic financial statements, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against errors and fraud which audit procedures may not disclose. The objective of internal control over financial reporting is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and that financial records are reliable for preparing financial statements in accordance with generally accepted accounting principles and for maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the related benefits; to operationalize this concept, management is required to formulate estimates and judgments of the cost/benefit ratios of alternative controls.

There are inherent limitations that should be recognized in considering the potential effectiveness of internal control over financial reporting. Errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, fatigue, and other personnel factors. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented by collusion or by management. What's more, any projection of internal control evaluations to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or due to the deterioration of the degree of compliance with control procedures.

As an adjunct to our audit, we remained alert throughout for opportunities to enhance internal controls and operating efficiency. These matters were discussed with management as the audit progressed and have subsequently been reviewed in detail to formulate practical recommendations. We wish to thank your staff for their courtesies and cooperation, which facilitated the efficient performance of audit procedures. The remainder of this letter will explain any internal control deficiencies discovered during the audit, other auditor recommendations, and other information pertinent to the District.



## **Board of School Directors • Dr. Mary Anne Wright, Superintendent**

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A control deficiency is determined to be considered a material weakness or significant deficiency based upon the magnitude of the problem as it pertains to a particular opinion unit. In other words, what is considered a significant deficiency in one fund may only be a control deficiency in another fund of greater size.

**The following section in this governance/management letter is separated by categories based on importance, with any material weaknesses or significant deficiencies listed in the beginning:.**

### ***CONTROL DEFICIENCIES***

#### General Fund – Cash

During our review of the year end cash reconciliation, we discovered the reconciliation was performed, but the reconciled amount did not match the balance reflected in the computer system. As a reminder, bank reconciliations are performed to reconcile the bank balance to the book balance. The book balance relates to not only manual records, but computerized records as part of the general ledger.

It should also be noted that with the leave of absence of the business manager, some controls were lacking adding to the cash issue and the accounts payable issue reported below.

#### General Fund – Accounts Payable

During our testing of accounts payable-vendors, and intergovernmental payables- governments, we discovered inconsistencies in reporting the correct balance in each account. Some intergovernmental payables were included in accounts payable. In addition, the balance shown in the general ledger at year end was not correct, partially due to amounts that should have been posted to cash that were posted to accounts payable in error due to a vendor check with associated invoices in two different fiscal years.

In the future, we expect this problem to not occur again, now that the business manager has returned from her leave of absence and will utilize supervisory control procedures to ensure all balances are reconciled at year end.

### ***RECOMMENDATIONS***

#### Scholarship Funds

As reported in last year's report, during our review of the scholarship records, we discovered the District maintains the records on a calendar year basis versus a fiscal year basis. We suggest management keep the balances and records on a fiscal year basis ending on June 30, 2015, which is the reporting date required.

#### Interfund Receivables and Payables

As explained in last year's report, during our review of the General Fund, along with the Tiger Concession and Food Service Funds, we noticed large balances owed between the three funds that we suggest management remove by having the appropriate funds pay the corresponding funds the outstanding balances. In most cases, these balances have accumulated over many years without extinguishing the debt owed on a current basis. These receivables and payables exist for a variety of reasons, including the general fund not paying the food service and tiger concession funds their proportionate share of fica tax and retirement reimbursements from the state.

We have suggested to management to make a journal entry to correct the sweeping of cash occurring at the end of the year to fix this problem.

### ***OTHER INFORMATION***

We would be remiss if we didn't keep the management and the School Board informed of changes in accounting principles that will affect the District next year and future years. The Government Accounting Standards Board (GASB) has issued Statement Nos. 72, 73, 74, 75, 76, and 77 that will come into effect in years to come. The statements that could affect the District next year and future years are as follows:

#### **GASB Statement No. 72**

This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes, along with applying fair value to certain investments and disclosures related to all fair value measurements.

This Statement requires a government to use valuation techniques using the market approach, the cost approach, or the income approach. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This Statement distinguishes between three levels of inputs.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. Effective date is the 2015-16 fiscal year.

#### **GASB Statement No. 73**

This new accounting standard pertains to Pensions and related assets that are not within the Scope of GASB Statement 68, and amendments to certain provisions of GASB Statements 67 and 68. The amendments pertaining to Statement 68 will not affect cost-sharing employers. In addition, this Statement pertains to defined benefit pensions that do not relate to the District. Effective for the 2016-17 fiscal year.

#### **GASB Statement No. 74 & 75**

These new accounting standards, affects Other Post Employment Benefit Plans and replaces GASB Statement 43 and 45. Statement 74 pertains to the financial reporting of any Other Post Employment Benefit Trust Plans. Statement 75 pertains to the financial reporting of individual governments.

These two Statements in essence treats OPEB in future years similar to GASB Statements 67 and 68 pertained to defined benefit and contribution pension plans. Statement 75 requires all governments to report as a long-term liability the actuarial value of its Other Post-Employment Benefits, similar to the treatment of your PSERS defined benefit pension plan.

Instead of having a Net OPEB obligation amortizing 1/30<sup>th</sup> of the total actuarial liability each year, you will be recording the entire actuarial liability as a long-term Net OPEB Liability on the government-wide financial statements.

Effective date for Statement 74 is the 2016-17 fiscal year for OPEB Trusts, and 2017-18 fiscal year for governmental employers.

**GASB Statement No. 76**

This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The biggest change in this accounting principle is that all implementation guides issued by GASB staff is now considered authoritative literature. Effective date for this standard is the 2015-16 fiscal year.

**GASB Statement No. 77**

In an effort to improve financial reporting for the government's citizens, taxpayers, legislative and oversight bodies, municipal bond analysts, and others, this Statement requires governments involved in Tax Abatement agreements; commonly known as Tax Incentive Financing (TIF) arrangements to disclose certain information on all such agreements.

This Standard defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The following information about the agreements must be disclosed:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

**Board of School Directors • Dr. Mary Anne Wright, Superintendent**

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- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period

The effective date of the Statement is the 2016-17 fiscal year

This letter is required by our standards and has been combined with, what we previously referred to as the management letter. The intent of this letter is to communicate with those charged with governance on matters pertaining to the audit and includes information that we believe can help you correct or improve operating efficiency, under the limitations of staff availability, within the School District.

Respectively submitted,



December 3, 2015

***REPORT DISTRIBUTION LIST***

The Northwestern Lehigh School District has distributed copies of the Single Audit Act Package to the following:

**ONE COPY TO:**  
**(Electronically Submitted)**      BUREAU OF THE CENSUS  
DATA PREPARATION DIVISION

**ONE COPY TO:**  
**(Electronically Submitted)**      COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE BUDGET/BUREAU OF AUDITS

**ONE COPY TO :**                      CARBON-LEHIGH INTERMEDIATE UNIT #21  
4210 INDEPENDENCE DRIVE  
SCHNECKSVILLE, PA 18078

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
Northwestern Lehigh School District  
6493 Route 309  
New Tripoli, PA 18066-9409

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Northwestern Lehigh School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Northwestern Lehigh School District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2-G to the financial statements, the Northwestern Lehigh School District adopted new accounting guidance from GASB Statement No. 68 for the 2014-15 fiscal year. Our opinion is not modified with respect to this pronouncement.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 12-19, the Schedule of Funding Progress, Schedule on District's Proportionate Share of Net Pension Liability, and the Schedule on District Contributions-Pension on pages 74-76, 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.

***Supplementary Information***

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



## Northwestern Lehigh School District

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, on our consideration of the Northwestern Lehigh School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwestern Lehigh School District's internal control over financial reporting and compliance.

Respectfully submitted,



December 3, 2015

**NORTHWESTERN LEHIGH SCHOOL DISTRICT**  
**New Tripoli, Pennsylvania**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**(UNAUDITED)**  
**For the Year Ended June 30, 2015**

The Northwestern Lehigh School District's (the "District") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year's challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. Readers should also review the financial statements and notes to enhance their understanding of the District's financial performance.

***FINANCIAL HIGHLIGHTS***

- As of June 30, 2015, the District's net position equal (\$11,946,977), for a decrease of (\$49,111,952) primarily due to implementation of GASB 68.
- The governmental net position equal (\$11,304,637), for an decrease of (\$48,277,478) primarily due to implementation of GASB 68.
- The business-type net position equal (\$642,340), for a decrease of (\$834,474) primarily due to implementation of GASB 68.

***USING THIS ANNUAL REPORT***

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Northwestern Lehigh School District as a financial whole, an entire operating entity, and the major individual funds. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements: the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. For the District these are our Food Service Fund and Tiger Concessions Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

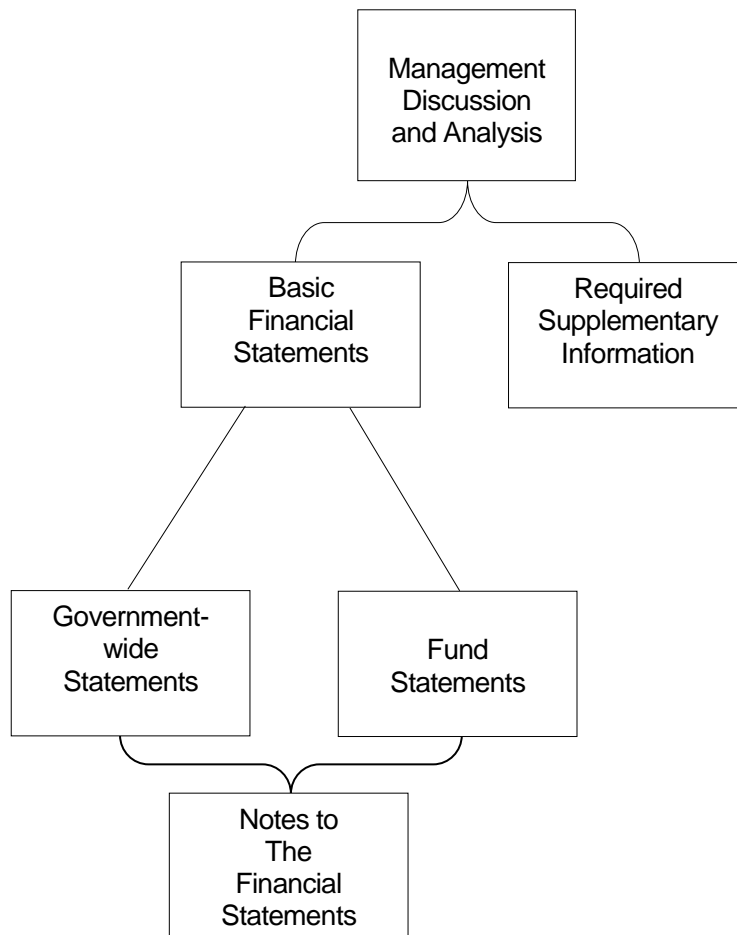
The financial statements also include notes that explain some of the information in the financial statements.

**NORTHWESTERN LEHIGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

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

**Figure A-1**  
**Required Components of**  
**Northwestern Lehigh School District's**  
**Financial Report**



**NORTHWESTERN LEHIGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's financial operations they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2**  
**Major Features of Northwestern Lehigh School District's**  
**Government-wide and Fund Financial Statements**

FUND STATEMENTS				
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business - Food Services and Tiger Concessions	Instances in which the District is the trustee or agent to someone else's resources- Scholarship Funds and Agency Funds
Required financial statements	Statement of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Position  Statement of Revenues, Expenses and Changes in Net Position  Statement of Cash Flows	Statement of Fiduciary Net Position  Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## **NORTHWESTERN LEHIGH SCHOOL DISTRICT Management's Discussion and Analysis**

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### **OVERVIEW OF FINANCIAL STATEMENTS**

#### *Government-wide Statements*

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The focus of the Statement of Net Position (the "unrestricted net position") is designed to be similar to a bottom line for the District and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net cost of various activities, which are provided by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidies to various business-type activities.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District are divided into two categories.

- Governmental activities - All of the District's basic services are included here, such as instruction, administration, and community services. Property taxes, state and federal subsidies, and grants finance most of these activities.
- Business-type activities - The District conducts food service and stadium concession (Tiger Concession) operations and charges fees to staff, students, and visitors to cover the costs.

#### *Fund Statements*

The District's fund statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required by state law and by bond requirements.

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

**Proprietary Funds** - These funds are used to account for the District's activities that are similar to business operations in the private sector, or where the reporting is on determining net income, financial position, or changes in financial position. These funds have a significant portion of funding through user charges. When the District charges customers for services, these services are generally reported in proprietary funds. The Food Service and Tiger Concession Funds are the

## **NORTHWESTERN LEHIGH SCHOOL DISTRICT Management's Discussion and Analysis**

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District's proprietary funds and are the same as the business-type activities reported in the government-wide statements, but provide additional detail and information, such as cash flows.

**Fiduciary Funds** - The District is the trustee, or fiduciary, for some scholarship funds. Agency funds are used to account for assets held by the District as an agent for individuals, private organizations, other governmental entities and/or other funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's other fund statements because the District cannot use these assets to finance its operations.

### **OVERALL FINANCIAL HIGHLIGHTS**

#### *Governmental Activities*

**General Fund** – The District received \$361,930 more in General Fund revenue and other financing sources than originally budgeted. This positive variance is primarily attributed to the local revenues. In total, there were net positive budget variances in total expenditures and other financing uses amounting to \$2,103,234. The District budgeted for a planned transfer to Capital Reserve for future anticipated capital projects. As of June 30, 2015, the District has committed and assigned \$10,772,245 and \$7,340,935, respectively for Other Post-Employment Benefits (OPEB), proposed future PSERS contributions, energy stabilization, variable rate debt increases, future textbook purchases, millage rate stabilization and increases in medical insurance. As of June 30, 2015, the district has an unassigned fund balance of \$1,388,384.

#### *Business-Type Activities*

**Food Service Fund** – The Food Service operations experienced net loss of 2,531 during the 2014-2015 fiscal year, with depreciation expense of \$27,093.

#### **Government-wide Statements**

Most of the District's net position is invested in capital assets (buildings, land and equipment). The District's restricted net position is for capital projects, retirement of long-term debt and other restrictions. The remaining unrestricted net position is a combination of committed, assigned and unassigned amounts. The categories of fund balances are amounts set-aside to fund the future year's appropriations, future PSERS and GASB #45 obligations, future medical rate increases, capital projects, millage rate stabilization and buses as planned by the District.

**NORTHWESTERN LEHIGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

*Statement of Net Position*

*The following table reflects the Condensed Statement of Net Position*

	<b>2015</b>			<b>2014</b>		
	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total (1)</b>	<b>Govern- mental Activities</b>	<b>Business- Type Activities</b>	<b>Total (1)</b>
Current & Other Assets	\$ 27,541,349	\$ 715,751	\$ 26,970,208	\$ 25,255,649	\$ 59,145	\$ 25,297,451
Non-Current Assets	62,825,431	173,291	62,998,722	63,948,935	172,894	64,121,829
Deferred Outflows of Resources	4,411,084	58,844	4,469,928	781,913	-	781,913
<b>Total Assets &amp; Deferred Outflows of Resources</b>	<b>\$ 94,777,864</b>	<b>\$ 947,886</b>	<b>\$ 94,438,858</b>	<b>\$ 89,986,497</b>	<b>\$ 232,039</b>	<b>\$ 90,201,193</b>
Current Liabilities	\$ 6,998,584	\$ 664,569	\$ 6,376,261	\$ 5,705,672	\$ 38,389	\$ 5,726,718
Non-Current Liabilities	95,413,691	863,091	96,276,782	47,296,175	1,516	47,297,691
Deferred Inflows of Resources	3,670,226	62,566	3,732,792	11,809	-	11,809
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>106,082,501</b>	<b>1,590,226</b>	<b>106,385,835</b>	<b>53,013,656</b>	<b>39,905</b>	<b>53,036,218</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	18,531,396	173,291	18,704,687	17,681,527	172,894	17,854,421
Restricted	771,517	-	771,517	950,110	-	950,110
Unrestricted	(30,607,550)	(815,631)	(31,423,181)	18,341,204	19,240	18,360,444
<b>Total Net Position</b>	<b>(11,304,637)</b>	<b>(642,340)</b>	<b>(11,946,977)</b>	<b>36,972,841</b>	<b>192,134</b>	<b>37,164,975</b>
<b>Total Liabilities, Deferred Inflows of Resources, &amp; Net Position</b>	<b>\$ 94,777,864</b>	<b>\$ 947,886</b>	<b>\$ 94,438,858</b>	<b>\$ 89,986,497</b>	<b>\$ 232,039</b>	<b>\$ 90,201,193</b>

- (1) Internal balances are eliminated in the total column as they do not represent assets or liabilities of the total district.

**NORTHWESTERN LEHIGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

*Statement of Activities*

*The following table reflects the Condensed Statement of Activities*

	2014-15			2013-14		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
<b>REVENUES</b>						
<b>Program revenues:</b>						
Charges for services	\$ 99,614	\$ 511,709	\$ 611,323	\$ 113,126	\$ 529,307	\$ 642,433
Operating grants & contributions	5,513,377	298,741	5,812,118	4,965,824	280,282	5,246,106
Capital grants & contributions	302,160	-	302,160	346,390	-	346,390
<b>General revenues:</b>						
Property taxes	22,894,628	-	22,894,628	22,523,103	-	22,523,103
Other taxes	3,000,919	-	3,000,919	3,193,682	-	3,193,682
Grants, subsidies & contributions, not restricted	6,090,584	-	6,090,584	6,084,983	-	6,084,983
Investment earnings	360,318	100	360,418	226,769	204	226,973
Other	216,401	-	216,401	223,440	-	223,440
Gain (Loss) on sale of capital assets	-	-	-	(224)	-	(224)
Extraordinary items	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>38,478,001</b>	<b>810,550</b>	<b>39,288,551</b>	<b>37,677,093</b>	<b>809,793</b>	<b>38,486,886</b>
<b>EXPENSES</b>						
Instruction	21,763,363	-	21,763,363	20,099,447	-	20,099,447
Instructional student support	2,548,615	-	2,548,615	2,395,603	-	2,395,603
Admin. & Fin'l support services	3,277,428	-	3,277,428	3,227,242	-	3,227,242
Oper. & Maint. of plant svcs.	3,851,502	-	3,851,502	3,587,543	-	3,587,543
Pupil Transportation	2,693,490	-	2,693,490	2,393,238	-	2,393,238
Student activities	879,947	-	879,947	749,438	-	749,438
Community services	8,851	-	8,851	3,851	-	3,851
Debt Service	1,146,030	-	1,146,030	1,092,152	-	1,092,152
Unallocated depreciation expense	1,439,881	-	1,439,881	1,430,589	-	1,430,589
Proprietary Funds	-	834,492	834,492	-	833,552	833,552
<b>TOTAL EXPENSES</b>	<b>37,609,107</b>	<b>834,492</b>	<b>38,443,599</b>	<b>34,979,103</b>	<b>833,552</b>	<b>35,812,655</b>
Income (Loss) Before Contributions	868,894	(23,942)	844,952	2,697,990	(23,759)	2,674,231
Transfers In (Out)	(30,250)	30,250	-	-	-	-
Changes in Net Position	838,644	6,308	844,952	2,697,990	(23,759)	2,674,231
Total Net Position - Beginning	36,972,841	192,134	37,164,975	34,274,851	215,893	34,490,744
Prior Period Adjustment	(49,116,122)	(840,782)	(49,956,904)	-	-	-
Total Net Position - Ending	<b>\$ (11,304,637)</b>	<b>\$ (642,340)</b>	<b>\$ (11,946,977)</b>	<b>\$ 36,972,841</b>	<b>\$ 192,134</b>	<b>\$ 37,164,975</b>



**NORTHWESTERN LEHIGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

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***THE DISTRICT FUNDS***

*Governmental Funds*

As of June 30, 2015, the governmental funds reported a combined fund balance of \$21,589,137, which increased from the prior year of \$1,099,965 (or 5.4%). The increase in the combined governmental fund balance is the net effect of the increase in the General Fund with a decrease in the Capital Projects Fund (construction and capital reserve funds). The fund balance of the Capital Projects Fund (construction and capital reserve funds) decreased to \$1,989,406, which decreased from prior year by \$186,999 (or 8.4%). The General Fund experienced a \$1,286,964 net increase in fund balance.

***CAPITAL ASSETS AND DEBT ADMINISTRATION***

*Capital assets*

As of June 30, 2015, the District had \$62,998,720 invested in a broad range of capital assets including land, buildings, furniture and equipment, which represents a net decrease (additions less retirements and depreciation) of \$1,122,908 or -1.8% from the end of last year. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 5).

*Debt outstanding*

As of June 30, 2015, the District had \$46,217,832 in debt (bonds and notes) outstanding compared to \$48,270,271 as of June 30, 2014. This represents a decrease of \$2,052,439 or -4.3%. Other obligations include accrued vacation pay and sick leave for specific employees of the District.

More detailed information regarding our long-term liabilities is included in the notes to the basic financial statements (Note 5).

***ECONOMIC CONSIDERATIONS***

The District expects minimal growth in real estate assessed value due to the economic conditions. The District expects earned income tax revenues to be consistent with prior year collections.

During 2014-2015 the District stayed within the adjusted ECI/SAWW and did not utilize any exceptions.

***CONTACTING THE DISTRICT FINANCIAL MANAGEMENT***

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money the District receives. If you have questions about this report or wish to request additional financial information, please contact Leslie Frisbie, Business Administrator, at Northwestern Lehigh School District, 6493 Route 309, New Tripoli, PA 18066, (610) 298-8661.

## **B A S I C   F I N A N C I A L   S T A T E M E N T S**

**Northwestern Lehigh School District  
Statement of Net Position  
As of June 30, 2015**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 6,779,411	\$ 55,965	\$ 6,835,376
Investments	17,700,000	-	17,700,000
Receivables, net	1,316,549	-	1,316,549
Internal Balances	640,194	646,698	- (1)
Due From Other Governments	767,111	-	767,111
Other Receivables	86,646	2,309	88,955
Inventories	171,225	10,779	182,004
Prepaid Expenses	80,213	-	80,213
Other Current Assets	-	-	-
<b>Total Current Assets</b>	<b>27,541,349</b>	<b>715,751</b>	<b>26,970,208</b>
<b>Non-Current Assets:</b>			
Restricted Cash and Cash Equivalents	2	-	2
Land	406,148	-	406,148
Site Improvements (net of depreciation)	650,732	-	650,732
Building and Bldg. Improvements (net of depreciation)	59,877,996	47,981	59,925,977
Furniture and Equipment (net of depreciation)	1,489,540	125,310	1,614,850
Construction in Progress	401,013	-	401,013
<b>Total Non-Current Assets</b>	<b>62,825,431</b>	<b>173,291</b>	<b>62,998,722</b>
<b>Total Assets</b>	<b>90,366,780</b>	<b>889,042</b>	<b>89,968,930</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources - Change in Proportion of NPL	324,446	5,554	330,000
Deferred Outflows of Resources - 2014-15 Contributions	3,380,728	53,290	3,434,018
Deferred Amount on Debt Refundings, net	705,910	-	705,910
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 94,777,864</b>	<b>\$ 947,886</b>	<b>\$ 94,438,858</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Internal Balances	\$ 646,675	\$ 640,217	\$ - (1)
Due to other governments	111,268	-	111,268
Accounts Payable	611,136	876	612,012
Warrants Payable	77,471	-	77,471
Current Portion of Long-Term Obligations	2,131,154	-	2,131,154
Accrued Salaries and Benefits	2,996,814	95	2,996,909
Payroll Deductions and Withholdings	137,177	-	137,177
Prepayments from Students	-	23,381	23,381
Other Current Liabilities	286,889	-	286,889
<b>Total Current Liabilities</b>	<b>6,998,584</b>	<b>664,569</b>	<b>6,376,261</b>
<b>Non-Current Liabilities:</b>			
Bonds and Notes Payable	44,142,832	-	44,142,832
Extended Term Financing Agreements Payable	-	-	-
Lease Purchase Obligations	-	-	-
Long-Term Portion of Compensated Absences	252,515	1,546	254,061
Other Retirement Benefits	11,422	-	11,422
Net Pension Liability	50,329,108	861,545	51,190,653
Net OPEB Obligation	677,814	-	677,814
<b>Total Liabilities</b>	<b>102,412,275</b>	<b>1,527,660</b>	<b>102,653,043</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources - Diff. in projected vs actual Invest. Earnings	3,602,334	61,666	3,664,000
Deferred Inflows of Resources - Diff. in projected vs actual Contributions	52,564	900	53,464
Deferred Inflows of Resources - Change in Proportion of NPL	-	-	-
Unearned Revenue from Grants	15,328	-	15,328
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>106,082,501</b>	<b>1,590,226</b>	<b>106,385,835</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	18,531,396	173,291	18,704,687
<b>Restricted For:</b>			
Retirement of Long-Term Debt	-	-	-
Capital Projects	771,517	-	771,517
Other Restrictions	-	-	-
Unrestricted (deficit)	(30,607,550)	(815,631)	(31,423,181)
<b>TOTAL NET POSITION</b>	<b>(11,304,637)</b>	<b>(642,340)</b>	<b>(11,946,977)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 94,777,864</b>	<b>\$ 947,886</b>	<b>\$ 94,438,858</b>

The Accompanying Notes are an integral part of these financial statements.

(1) Internal Balance represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total column" (GASB Statement No. 34, para. 58).

**Northwestern Lehigh School District  
Statement of Activities  
For the Year Ended June 30, 2015**

FUNCTION/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL BUSINESS-TYPE		TOTAL
					ACTIVITIES	ACTIVITIES	
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instruction	\$ 21,763,363	\$ 15,558	\$ 3,601,967	\$ -	\$ (18,145,838)	\$ -	\$ (18,145,838)
Instructional Student Support	2,548,615	-	285,556	-	(2,263,059)	-	(2,263,059)
Admin. & Fin'l Support Services	3,277,428	-	241,151	-	(3,036,277)	-	(3,036,277)
Oper. & Maint. Of Plant Svcs.	3,851,502	-	167,081	-	(3,684,421)	-	(3,684,421)
Pupil Transportation	2,693,490	8,076	1,160,653	-	(1,524,761)	-	(1,524,761)
Student activities	879,947	75,980	56,969	-	(746,998)	-	(746,998)
Community Services	8,851	-	-	-	(8,851)	-	(8,851)
Interest on Long-Term Debt	1,146,030	-	-	302,160	(843,870)	-	(843,870)
Unallocated Depreciation Expense	1,439,881	-	-	-	(1,439,881)	-	(1,439,881)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>37,609,107</b>	<b>99,614</b>	<b>5,513,377</b>	<b>302,160</b>	<b>(31,693,956)</b>	<b>-</b>	<b>(31,693,956)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food Services	814,029	482,847	298,401	-	-	(32,781)	(32,781)
Other Enterprise Funds	20,463	28,862	340	-	-	8,739	8,739
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 38,443,599</b>	<b>\$ 611,323</b>	<b>\$ 5,812,118</b>	<b>\$ 302,160</b>	<b>\$ (31,693,956)</b>	<b>\$ (24,042)</b>	<b>\$ (31,717,998)</b>
<b>GENERAL REVENUES:</b>							
Property taxes. Levied for general purposes, net					\$ 22,894,628	\$ -	\$ 22,894,628
Taxes levied for specific purposes					3,000,919	-	3,000,919
Grants, subsidies, & contributions not restricted					6,090,584	-	6,090,584
Investment Earnings					360,318	100	360,418
Miscellaneous Income					216,401	-	216,401
Special item - Gain (Loss) on sale of capital assets					-	-	-
Extraordinary Items					-	-	-
Transfers					(30,250)	30,250	-
<b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS</b>					<b>32,532,600</b>	<b>30,350</b>	<b>32,562,950</b>
<b>CHANGES IN NET POSITION</b>					<b>838,644</b>	<b>6,308</b>	<b>844,952</b>
<b>NET POSITION - BEGINNING</b>					<b>36,972,841</b>	<b>192,134</b>	<b>37,164,975</b>
<b>Prior Period Adjustment</b>					<b>(49,116,122)</b>	<b>(840,782)</b>	<b>(49,956,904)</b>
<b>NET POSITION - ENDING</b>					<b>\$ (11,304,637)</b>	<b>\$ (642,340)</b>	<b>\$ (11,946,977)</b>

The Accompanying Notes are an integral part of these financial statements.

**Northwestern Lehigh School District**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2015**

	<b>GENERAL</b>	<b>NON-MAJOR GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 5,891,991	\$ 887,420	\$ 6,779,411
Restricted Cash	2	-	2
Investments	16,000,000	1,700,000	17,700,000
Taxes Receivable, net	1,316,549	-	1,316,549
Due from other funds	928,298	-	928,298
Due from Other Governments	767,111	-	767,111
Other Receivables	7,362	259	7,621
Inventories	-	-	-
Prepaid Expenditures	80,213	-	80,213
Other Current Assets	-	-	-
<b>TOTAL ASSETS</b>	<b>24,991,526</b>	<b>2,587,679</b>	<b>27,579,205</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Charges on Refundings, net	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 24,991,526</b>	<b>\$ 2,587,679</b>	<b>\$ 27,579,205</b>
<b><u>LIABILITIES:</u></b>			
Due to Other Funds	\$ 335,322	\$ 598,273	\$ 933,595
Due to Other Governments	111,268	-	111,268
Accounts Payable	611,136	-	611,136
Warrants Payable	77,471	-	77,471
Current Portion of Long-Term Debt	56,154	-	56,154
Accrued Salaries and Benefits	2,996,814	-	2,996,814
Payroll Deductions and Withholdings	136,844	-	136,844
Prepayments	-	-	-
Other Current Liabilities	-	-	-
<b>TOTAL LIABILITIES</b>	<b>4,325,009</b>	<b>598,273</b>	<b>4,923,282</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unearned Revenue from Property Taxes/Grants	1,066,786	-	1,066,786
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>5,391,795</b>	<b>598,273</b>	<b>5,990,068</b>
<b><u>FUND BALANCES:</u></b>			
Nonspendable Fund Balance	80,213	-	80,213
Restricted Fund Balance	17,954	-	17,954
Committed Fund Balance	10,772,245	-	10,772,245
Assigned Fund Balance	7,340,935	1,989,406	9,330,341
Unassigned Fund Balance	1,388,384	-	1,388,384
<b>TOTAL FUND BALANCES</b>	<b>19,599,731</b>	<b>1,989,406</b>	<b>21,589,137</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 24,991,526</b>	<b>\$ 2,587,679</b>	<b>\$ 27,579,205</b>

The Accompanying Notes are an integral part of these financial statements.

**Northwestern Lehigh School District  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
As of June 30, 2015**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 21,589,137**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$83,757,124 and the accumulated depreciation is \$20,931,695. 62,825,429

Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting. 77,841

This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues. 705,910

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 1,051,458

The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory. 171,225

This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension Liability 50,276

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

Bonds payable	\$ (46,217,832)	
Accrued interest on the bonds	(287,222)	
Accounts Payable	-	
Compensated absences	(252,515)	
Net Pension Liability	(50,329,108)	
Other Retirement Benefits	(11,422)	
Net OPEB Obligation	(677,814)	<u>(97,775,913)</u>

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ (11,304,637)**

The Accompanying Notes are an integral part of these financial statements.

**Northwestern Lehigh School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>GENERAL</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>			
Local Sources	\$ 26,964,478	\$ 50,730	\$ 27,015,208
State Sources	11,340,881	-	11,340,881
Federal Sources	209,963	-	209,963
<b>TOTAL REVENUES</b>	<u>38,515,322</u>	<u>50,730</u>	<u>38,566,052</u>
	-----	-----	-----
<b>EXPENDITURES</b>			
Instruction	20,943,465	-	20,943,465
Support Services	11,898,085	140,197	12,038,282
Operation of Non-Instructional Services	861,929	-	861,929
Capital Outlay	23,607	420,388	443,995
Debt Service	3,143,022	5,144	3,148,166
<b>TOTAL EXPENDITURES</b>	<u>36,870,108</u>	<u>565,729</u>	<u>37,435,837</u>
	-----	-----	-----
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,645,214</u>	<u>(514,999)</u>	<u>1,130,215</u>
	-----	-----	-----
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond Proceeds	-	-	-
Refunding Bond Proceeds	-	-	-
Bond Premium	-	-	-
Interfund Transfers In	-	328,000	328,000
Sale/Compensation for Fixed Assets	-	-	-
Payment to bond refunding escrow agent	-	-	-
Bond Discount	-	-	-
Refunds of Prior Year Receipts	-	-	-
Operating Transfers Out	(358,250)	-	(358,250)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(358,250)</u>	<u>328,000</u>	<u>(30,250)</u>
	-----	-----	-----
<b>SPECIAL/EXTRAORDINARY ITEMS</b>			
Special Items	-	-	-
Extraordinary Items	-	-	-
	-----	-----	-----
<b>NET CHANGE IN FUND BALANCES</b>	1,286,964	(186,999)	1,099,965
<b>FUND BALANCES - BEGINNING</b>	<u>18,312,767</u>	<u>2,176,405</u>	<u>20,489,172</u>
	-----	-----	-----
<b>FUND BALANCES - ENDING</b>	<u>\$ 19,599,731</u>	<u>\$ 1,989,406</u>	<u>\$ 21,589,137</u>
	-----	-----	-----

The Accompanying Notes are an integral part of these financial statements.

**Northwestern Lehigh School District  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities  
For the Year Ended June 30, 2015**

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 1,099,965

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense	\$ 1,750,797	
less - capital outlays	<u>627,492</u>	(1,123,305)

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities.

-

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold.

-

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.

(82,822)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

2,045,000

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

129,152

**SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING**

**2,067,990**



**Northwestern Lehigh School District  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities  
For the Year Ended June 30, 2015**

**SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING  
(CONT'D)**

\$ 2,067,990

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here.

(42,864)

In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available.

(5,228)

Bond and Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Refunding bond issues becomes a use of current financial resources in governmental funds, but refundings represent the difference between bond proceeds and refunding payments made to paying agents.

-

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference.

(18,544)

The difference between current year pension expense reported on the governmental activities column of the government-wide financial statements and the pension contributions made this past year reported as expenditures in the governmental funds.

(1,162,710)

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

**\$ 838,644**

The Accompanying Notes are an integral part of these financial statements.

**Northwestern Lehigh School District**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**As of June 30, 2015**

	<b>FOOD SERVICE</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 1,789	\$ 54,176	\$ 55,965
Investments	-	-	-
Due from other funds	646,033	665	646,698
Due From Other Governments	-	-	-
Other Receivables	2,309	-	2,309
Inventories	10,779	-	10,779
Prepaid expenses	-	-	-
Other Current Assets	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>660,910</b>	<b>54,841</b>	<b>715,751</b>
<b>NON-CURRENT ASSETS:</b>			
Building & Bldg. Improvements (net)	47,981	-	47,981
Machinery & Equipment (net)	94,886	30,424	125,310
Other Long-Term Receivables	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>142,867</b>	<b>30,424</b>	<b>173,291</b>
<b>TOTAL ASSETS</b>	<b>803,777</b>	<b>85,265</b>	<b>889,042</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows of Resources - Change in Proportion of NPL	5,554	-	5,554
Deferred Outflows of Resources - 2014-15 Contributions	53,290	-	53,290
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 862,621</b>	<b>\$ 85,265</b>	<b>\$ 947,886</b>
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES:</b>			
Due to Other Funds	\$ 633,404	\$ 6,813	\$ 640,217
Due to Other Governments	-	-	-
Accounts Payable	876	-	876
Current Portion of Long-Term Debt	-	-	-
Accrued Salaries and Benefits	95	-	95
Payroll Deductions and Withholdings	-	-	-
Prepayments	21,551	1,830	23,381
<b>TOTAL CURRENT LIABILITIES</b>	<b>655,926</b>	<b>8,643</b>	<b>664,569</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-Term Portion of Compensated Absences	1,546	-	1,546
Net Pension Liability	861,545	-	861,545
Other Retirement Benefits	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>863,091</b>	<b>-</b>	<b>863,091</b>
<b>TOTAL LIABILITIES</b>	<b>1,519,017</b>	<b>8,643</b>	<b>1,527,660</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows of Resources - Diff. in projected vs actual Invest. Earnings	61,666	-	61,666
Deferred Inflows of Resources - Diff. in projected vs actual Contributions	900	-	900
Deferred Inflows of Resources - Change in Proportion of NPL	-	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>1,581,583</b>	<b>8,643</b>	<b>1,590,226</b>
<b><u>FUND NET POSITION</u></b>			
Net Investment in Capital Assets	142,867	30,424	173,291
Restricted for Legal Purposes	-	-	-
Unrestricted	(861,829)	46,198	(815,631)
<b>TOTAL FUND NET POSITION</b>	<b>(718,962)</b>	<b>76,622</b>	<b>(642,340)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION</b>	<b>\$ 862,621</b>	<b>\$ 85,265</b>	<b>\$ 947,886</b>

The Accompanying Notes are an integral part of these financial statements.

**Northwestern Lehigh School District**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<b>FOOD SERVICE</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL</b>
<b>OPERATING REVENUES:</b>			
Food Service Revenue	\$ 474,487	\$ 20,707	\$ 495,194
Charges for Services	-	-	-
Other Operating Revenues	8,360	8,155	16,515
<b>TOTAL OPERATING REVENUES</b>	<u>482,847</u>	<u>28,862</u>	<u>511,709</u>
	-----	-----	-----
<b>OPERATING EXPENSES:</b>			
Salaries	281,977	2,444	284,421
Employee benefits	124,777	710	125,487
Purchased Professional and Technical Services	13,452	-	13,452
Purchased Property Service	20,821	-	20,821
Other Purchased Services	876	-	876
Supplies	344,317	14,549	358,866
Depreciation	27,093	2,760	29,853
Dues and Fees	-	-	-
Claims and Judgments	-	-	-
Other Operating Expenses	716	-	716
<b>TOTAL OPERATING EXPENSES</b>	<u>814,029</u>	<u>20,463</u>	<u>834,492</u>
	-----	-----	-----
<b>OPERATING INCOME (LOSS)</b>	<u>(331,182)</u>	<u>8,399</u>	<u>(322,783)</u>
	-----	-----	-----
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Earnings on investments	-	100	100
Contributions and Donations	-	-	-
Gain/Loss on Sale of Fixed Assets	-	-	-
Revenue from Local Government Units	-	-	-
State Sources	57,390	340	57,730
Federal Sources	241,011	-	241,011
Interest Expenses	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>298,401</u>	<u>440</u>	<u>298,841</u>
	-----	-----	-----
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>(32,781)</u>	<u>8,839</u>	<u>(23,942)</u>
	-----	-----	-----
Capital contributions	-	-	-
Transfers in (out)	30,250	-	30,250
	-----	-----	-----
<b>CHANGES IN FUND NET POSITION</b>	<u>(2,531)</u>	<u>8,839</u>	<u>6,308</u>
	-----	-----	-----
<b>FUND NET POSITION - BEGINNING</b>	124,351	67,783	192,134
	-----	-----	-----
<b>Prior Period Adjustment</b>	<u>(840,782)</u>	<u>-</u>	<u>(840,782)</u>
	-----	-----	-----
<b>FUND NET POSITION - ENDING</b>	<u>\$ (718,962)</u>	<u>\$ 76,622</u>	<u>\$ (642,340)</u>

The Accompanying Notes are an integral part of these financial statements.

**Northwestern Lehigh School District  
Statement of Cash Flows  
Proprietary Funds  
As of June 30, 2015**

	<b>FOOD SERVICE</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Users	\$ 463,476	\$ 20,367	\$ 483,843
Cash Received from Assessments made to Other Funds	-	-	-
Cash Received from Earnings on Investments	-	-	-
Cash Received from Other Operating Revenue	17,695	8,155	25,850
Cash Payments to Employees for Services	(382,228)	(3,154)	(385,382)
Cash Payments for Insurance Claims	-	-	-
Cash Payments to Suppliers for Goods and Services	(362,076)	(11,200)	(373,276)
Cash Payments to Other Operating Expenses	(716)	-	(716)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	(263,849)	14,168	(249,681)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Local Sources	-	-	-
State Sources	57,390	340	57,730
Federal Sources	201,157	-	201,157
Notes and Loans Received	-	-	-
Interest Paid on Notes/Loans	-	-	-
Operating Transfers In (Out)	30,250	-	30,250
<b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>	288,797	340	289,137
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Facilities Acquisition/Const./Improvement Svcs.	(30,250)	-	(30,250)
Capital Contributions	-	-	-
Gain/Loss on Sale of Fixed Assets (Proceeds)	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(30,250)	-	(30,250)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Earnings on Investments	-	100	100
Purchase of Investment Securities/Deposits to Investment Pools	-	-	-
Withdrawals from Investment Pools	-	-	-
Proceeds from Sale and Maturity of Investment Securities	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	-	100	100
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(5,302)	14,608	9,306
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	7,091	39,568	46,659
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,789</b>	<b>\$ 54,176</b>	<b>\$ 55,965</b>

**Northwestern Lehigh School District  
Statement of Cash Flows  
Proprietary Funds  
As of June 30, 2015**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

	<b>FOOD SERVICE</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL</b>
<b>OPERATING INCOME (LOSS)</b>	\$ (331,182)	\$ 8,399	(322,783)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Depreciation and Net Amortization	27,093	2,760	29,853
Provision for Uncollectible Accounts	-	-	-
Donated Commodities Used	41,041	-	41,041
<b>CHANGE IN ASSETS AND LIABILITIES:</b>			
(Increase) Decrease in Accounts Receivable	(1,675)	-	(1,675)
(Increase) Decrease in Advances to Other Funds	(646,033)	(340)	(646,373)
(Increase) Decrease in Inventories	(438)	-	(438)
(Increase) Decrease in Prepaid Expenses	-	-	-
(Increase) Decrease in Deferred Inflows of Resources - Change in Proportion of NPL	(5,554)		(5,554)
(Increase) Decrease in Deferred Inflows of Resources - 2014-15 Contributions	(53,290)		(53,290)
(Increase) Decrease in Other Current Assets	-	-	-
Increase (Decrease) in Accounts Payable	876	-	876
Increase (Decrease) in Accrued Salaries and Benefits	41	-	41
Increase (Decrease) in Net Pension Liability	20,762		20,762
Increase (Decrease) in Deferred Inflows of Resources - Diff. in projected vs actual Invest. Earnings	61,666		61,666
Increase (Decrease) in Deferred Inflows of Resources - Diff. in projected vs actual Contributions	900		900
Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion of NPL	-		-
Increase (Decrease) in Advances from Other Funds	619,850	3,349	623,199
Increase (Decrease) in Prepayment from Students	2,094	-	2,094
<b>TOTAL ADJUSTMENTS</b>	<u>67,333</u>	<u>5,769</u>	<u>73,102</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (263,849)</u>	<u>\$ 14,168</u>	<u>\$ (249,681)</u>

The Accompanying Notes are an integral part of these financial statements.

**Northwestern Lehigh School District**  
**Statement of Net Position**  
**Fiduciary Funds**  
**As of June 30, 2015**

	<b>PRIVATE PURPOSE TRUST</b>	<b>PENSION AND OTHER EMPLOYEE BENEFIT TRUST</b>	<b>AGENCY FUNDS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 135,266	\$ -	\$ 126,645
Investments	-	-	-
Due from Other Funds	-	-	1
Other Receivables	-	-	-
Prepaid Expenses	-	-	-
Other Current Assets	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 135,266</b>	<b>\$ -</b>	<b>\$ 126,646</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges on Refundings, net	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 135,266</b>	<b>\$ -</b>	<b>\$ 126,646</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ -	\$ 8,576
Intergovernmental Payable			-
Due to Other Funds	-	-	1,185
Due to Student Clubs	-	-	101,581
Other Current Liabilities	-	-	15,304
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>126,646</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned Revenue	-	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>126,646</b>
<b>NET POSITION</b>			
Restricted	-	-	-
Unrestricted	135,266	-	-
<b>TOTAL NET POSITION</b>	<b>\$ 135,266</b>	<b>\$ -</b>	<b>\$ -</b>

The Accompanying Notes are an integral part of these financial statements.

**Northwestern Lehigh School District**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2015**

	<b>PRIVATE- PURPOSE TRUST FUND</b>	<b>PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS</b>
<b>ADDITIONS</b>		
Contributions	\$ 11,894	\$ -
Transfers from other funds	-	-
<b>Investment Earnings:</b>		
Interest and Dividends	549	-
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
<b>TOTAL ADDITIONS</b>	<u>12,443</u>	<u>-</u>
	-----	-----
 <b>DEDUCTIONS</b>		
Transfers to other funds	-	-
Administrative charges		-
Scholarships	<u>12,800</u>	<u>-</u>
<b>TOTAL DEDUCTIONS</b>	<u>12,800</u>	<u>-</u>
 <b>CHANGES IN NET POSITION</b>	 (357)	 -
 <b>NET POSITION - BEGINNING OF YEAR</b>	 <u>135,623</u>	 <u>-</u>
 <b>NET POSITION - END OF YEAR</b>	 <u><b>\$ 135,266</b></u>	 <u><b>\$ -</b></u>

The Accompanying Notes are an integral part of these financial statements.

**Northwestern Lehigh School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -**  
**General Fund**  
**For the Year Ended June 30, 2015**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL (BUDGETARY BASIS)</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>	<b>BUDGET TO GAAP DIFFERENCE</b>	<b>ACTUAL AMOUNTS GAAP BASIS</b>
	<b>ORIGINAL</b>	<b>FINAL</b>				
<b>REVENUES</b>						
Local Sources	\$ 26,524,708	\$ 26,524,708	\$ 26,964,478	\$ 439,770	\$ -	\$ 26,964,478
State Sources	11,414,887	11,414,887	11,340,881	(74,006)	-	11,340,881
Federal Sources	213,797	213,797	209,963	(3,834)	-	209,963
<b>TOTAL REVENUES</b>	<b>38,153,392</b>	<b>38,153,392</b>	<b>38,515,322</b>	<b>361,930</b>	<b>-</b>	<b>38,515,322</b>
<b>EXPENDITURES</b>						
Regular Instruction	15,212,994	15,394,709	14,921,563	473,146	-	14,921,563
Special Programs	5,069,468	5,011,308	4,700,550	310,758	-	4,700,550
Vocational Programs	1,065,063	1,065,063	1,059,876	5,187	-	1,059,876
Other Instructional Programs	5,106	5,106	1,909	3,197	-	1,909
Non-Public School Programs	-	-	-	-	-	-
Adult Education Programs	11,516	11,516	5,070	6,446	-	5,070
Community/Junior College Ed. Programs	254,497	254,497	254,497	-	-	254,497
Pupil Personnel Services	1,247,949	1,247,219	1,191,751	55,468	-	1,191,751
Instructional Staff Services	935,990	980,339	960,656	19,683	-	960,656
Administrative Services	2,153,446	2,167,822	1,944,429	223,393	-	1,944,429
Pupil Health	283,470	311,339	307,668	3,671	-	307,668
Business Services	680,878	682,110	648,264	33,846	-	648,264
Operation & Maintenance of Plant Services	3,727,601	3,802,516	3,771,301	31,215	-	3,771,301
Student Transportation Services	2,425,063	2,475,063	2,453,711	21,352	-	2,453,711
Central Support Services	541,511	597,465	582,943	14,522	-	582,943
Other Support Services	38,000	38,000	37,362	638	-	37,362
Student Activities	873,830	874,548	854,429	20,119	-	854,429
Community Services	5,000	7,500	7,500	-	-	7,500
Facilities, Acquisition and Construction	-	53,858	23,607	30,251	-	23,607
Debt Service	3,543,364	3,543,364	3,143,022	400,342	-	3,143,022
<b>TOTAL EXPENDITURES</b>	<b>38,074,746</b>	<b>38,523,342</b>	<b>36,870,108</b>	<b>1,653,234</b>	<b>-</b>	<b>36,870,108</b>
Excess (deficiency) of revenues over expenditures	78,646	(369,950)	1,645,214	2,015,164	-	1,645,214
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds From Extended Term Financing	-	-	-	-	-	-
Interfund Transfers In	-	-	-	-	-	-
Sale/Compensation for Fixed Assets	-	-	-	-	-	-
Fund Transfers Out	(856,846)	(808,250)	(358,250)	450,000	-	(358,250)
Budgetary Reserve	(400,000)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,256,846)</b>	<b>(808,250)</b>	<b>(358,250)</b>	<b>450,000</b>	<b>-</b>	<b>(358,250)</b>
Special Items	-	-	-	-	-	-
Extraordinary Items	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,178,200)</b>	<b>(1,178,200)</b>	<b>1,286,964</b>	<b>2,465,164</b>	<b>-</b>	<b>1,286,964</b>
<b>FUND BALANCE - JULY 1, 2014</b>	<b>16,605,221</b>	<b>16,605,221</b>	<b>18,312,767</b>	<b>1,707,546</b>	<b>-</b>	<b>18,312,767</b>
<b>FUND BALANCE - JUNE 30, 2015</b>	<b>\$ 15,427,021</b>	<b>\$ 15,427,021</b>	<b>\$ 19,599,731</b>	<b>\$ 4,172,710</b>	<b>\$ -</b>	<b>\$ 19,599,731</b>

The Accompanying Notes are an integral part of these financial statements.



**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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**Note 1 - Description of the School District and Reporting Entity**

***School District***

The Northwestern Lehigh School District is located in New Tripoli, Pennsylvania. The District tax base consists of the Townships of Heidelberg, Lowhill, Lynn, and Weisenberg.

The Northwestern Lehigh School District is a unit established, organized, and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as, bodies corporate, with all necessary powers to carry out the provisions of this act" (Article II, Section 211).

***Board of School Directors***

The public school system of the Commonwealth shall be administered by a board of school directors, to be elected or appointed, as hereinafter provided. At each election of school directors, each qualified voter shall be entitled to cast one vote for each school director to be elected.

The Northwestern Lehigh School District is governed by a board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of six and twenty-one years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any schools herein provided, or to pay any school indebtedness which the school district is required to pay, or to pay any indebtedness that may at any time hereafter be created by the school district, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual State appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

***Administration***

The Superintendent of Schools shall be the executive officer of the Board of School Directors and, in that capacity shall administer the School District in conformity with Board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Business Administrator, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to insure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Northwestern Lehigh School District. The Business Administrator is directly responsible to the Superintendent.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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***Reporting Entity***

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Northwestern Lehigh School District, this includes general operations, food service, and student related activities of the School District.

Northwestern Lehigh School District is a municipal Corporation governed by an elected nine-member board. As required by accounting principles, generally accepted in the United States of America, these financial statements are to present Northwestern Lehigh School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. Based upon the above criteria, the Northwestern Lehigh Education Foundation is not considered to be a component unit of the School District.

***Joint Ventures***

***Lehigh Career and Technical Institute***

The School District is a participating member of the Lehigh Career and Technical Institute (LCTI). The LCTI is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the LCTI's annual operating budget. Each participating district pays a pro-rata share of the LCTI's operating costs based on the number of students attending the LCTI for each district. The District's share of the LCTI's operating costs for 2014-15 was \$1,059,876.

On dissolution of the Lehigh Career and Technical Institute, the net position of LCTI will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in LCTI as defined by GASB Statement No. 14, except for a residual interest in the net position of LCTI upon dissolution that should not be reported on the basic financial statements. Complete financial statements for the LCTI can be obtained from the LCTI's administrative office at 2300 Main Street, Schnecksville, PA.

***Lehigh-Carbon Community College***

The District is a participating member of the Lehigh-Carbon Community College (LCCC). The LCCC is run by a Board of Trustees elected by the participating member districts' boards of directors. No participating district appoints a majority of the Board of Trustees. A vote of two-thirds of all member districts shall be required for approval of the LCCC's annual operating budget. The amount of the annual operating costs of the LCCC shall be apportioned among the member districts on the basis of the number of full-time equivalent students enrolled in LCCC and residing in the respective geographical areas of each of the member districts. The District's share of LCCC's operating costs for 2014-15 was \$254,497.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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On dissolution of the Lehigh-Carbon Community College, the net position of LCCC will be shared on a pro-rata basis of each member district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board.

However, the District does not have an equity interest in LCCC as defined by GASB Statement No. 14, except for a residual interest in the net position of LCCC upon dissolution that should not be reported on the basic financial statements. Complete financial statements for the LCCC can be obtained from the LCCC's administrative office at 2300 Main Street Schnecksville, PA.

***Jointly Governed Organizations***

The School District is a participating member of the Carbon-Lehigh Intermediate Unit (CLIU). The CLIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The boards of directors of the participating districts must approve the CLIU's annual operating budget. However, the CLIU is self-sustaining by providing services for fees to participating districts. The District has no on-going financial interest or responsibility in the CLIU. The CLIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

**Note 2 - Summary of significant accounting policies**

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

***A. Basis of Presentation***

The School District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for two business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular program. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources are recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred inflows of resources are recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

**General Fund**

The General Fund should be used to account for and report all financial resources not accounted for and reported in another fund.

**Special Revenue Funds**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Under this definition, the District does not have any special revenue funds.

**Capital Project Funds**

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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The District has the following Capital Project Funds:

*2008A Construction Fund – 33*

This fund received the proceeds of \$9,750,000 of General Obligation Bonds – Series A of 2008 to fund certain capital projects.

*2009 Construction Fund*

This fund received the proceeds of General Obligation Notes – Series of 2009 to fund certain capital projects.

*Capital Reserve Fund*

This fund was created in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent within this fund.

**Proprietary Funds** Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds.

***Enterprise Funds***

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's **major** enterprise fund is:

*Food Service Fund*

This fund accounts for the financial transactions related to the food service operations of the School District.

**Fiduciary Funds** Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

***E. Budgetary Process***

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the Board shall annually, but not later than the first business meeting of January, decide the budget option to be used for the following fiscal year. The Board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

**Accelerated Budget Process Option**

Under this option, a preliminary budget must be prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The Board shall annually adopt the final budget by a majority vote of all members of the Board prior to June 30.

**Board Resolution Option**

Under the Board Resolution Option, the Board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the Board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The Board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The Board shall annually adopt the final budget by a majority vote of all members of the Board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the School Board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2014-15 budget transfers.

***F. Use of Estimates***

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

***G. Changes in Accounting Principles***

During the 2014-15 fiscal year the District implemented the required GASB Statement No. 68 (*Accounting and Financial Reporting for Pensions*), which requires all governments to record the net pension liability on all defined benefit and defined contribution plans. Since this District is a cost-sharing participating member of the Public School Employees' Retirement System (PSERS), they must record their proportionate share of the Plan's Net Pension Liability as calculated by the Plan's actuary. In addition, GASB Statement No. 68 requires recording applicable deferred outflows of resources and deferred inflows of resources required under the guidance found in the accounting standard.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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***H. Pensions***

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

***I. Assets, Liabilities, and Net Position***

***Cash and Cash Equivalents***

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

***Restricted Cash***

There is a restricted debt service account with the PA Local Governmental Investment Trust that has a \$2 balance at year end.

***Investments***

In accordance with GASB Statement 31, investments are stated at fair value, except:

- a) Non-participating interest earning investment contracts are recorded at amortized cost;
- b) Money market investments and participating interest earning investment contracts that mature within one year of acquisition are recorded at amortized cost; and,
- c) Investments held in 2a7-like pools (Pennsylvania School District Liquid Asset Fund) are recorded at the pool's share price.

***Receivables and Payables***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

***Property Tax Levy***

Property taxes, which were levied during the fiscal year ended June 30, 2015, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

Property taxes that were levied during the current fiscal year, which are not estimated to be received within sixty (60) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.



**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

*Inventories*

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. A physical inventory taken at June 30, 2015, shows \$171,225 in the governmental activities column and \$10,779 in the business-type activities column of the government-wide statement of net position.

Inventory type items in governmental funds utilize the purchase method; that is, they are charged to expenditures when purchased. There is no inventory shown as of June 30, 2015; therefore, there is no nonspendable fund balance. Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The District has the following Proprietary Funds: (1) Food Service Fund and (2) Tiger Concession Fund. Inventory within these funds consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, supplies, and purchased food. Inventories on hand at June 30, 2015, consist of:

Purchased Food	\$ 6,180
Purchased Supplies	2,178
Donated Commodities	<u>2,421</u>
<b>TOTAL</b>	<b><u>\$ 10,779</u></b>

*Prepaid Expenses*

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

*Capital Assets*

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand (\$2,000) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, certain land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

<b>Description</b>	<b>Governmental Activities Estimated Lives</b>	<b>Business-Type Activities Estimated Lives</b>
Buildings and Improvements	25 - 50 years	25 - 50 years
Land Improvements	20 years	N/A
Furniture and Equipment	5 - 20 years	5 -20 years
Vehicles	8 years	N/A

*Compensated Absences*

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In Enterprise funds, the entire amount of compensated absences is reported as a fund liability.

*Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

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

*Reclassification*

Certain amounts have been reclassified to conform to the June 30, 2015, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements on the modified accrual basis. In the fiduciary scholarship accounts, all prior class accounts have been reclassified as one account called "Alumni Scholarship Fund".

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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#### Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

#### *Fund Balance Categories*

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 7 to the financial statements:

##### *Nonspendable Fund Balance*

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

##### *Restricted Fund Balance*

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

##### *Committed Fund Balance*

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action.

This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

##### *Assigned Fund Balance*

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the Superintendent and Business manager are responsible to make these assignments.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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*Unassigned Fund Balance*

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

*Contributions of Capital*

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds did not receive any capital contributions during the current year.

**Note 3 - Reconciliation of government-wide and fund financial statements**

*A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.*

The governmental fund balance sheet includes reconciliation between "fund balance -total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$97,775,913 difference are:

Bonds and Notes payable	\$ 46,225,000
Less: Issuance discount (to be amortized as interest expense)	(61,344)
Add: Issuance premium (to be amortized as a contra to interest expense)	54,176
Accrued interest payable	287,222
Other Retirement Benefits	11,422
Compensated absences	252,515
Net Pension Liability	50,329,108
Net OPEB Obligations	<u>677,814</u>
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	<u><b>\$ 97,775,913</b></u>

*B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities*

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

The amounts shown in the columns on the following page represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

**Northwestern Lehigh School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2015**

	<b>TOTAL GOVERN- MENTAL FUNDS</b>	<b>LONG- TERM REVENUES/ EXPENSES</b>	<b>CAPITAL RELATED ITEMS</b>	<b>LONG-TERM DEBT TRANS- ACTIONS</b>	<b>TOTAL FOR STATEMENT OF ACTIVITIES</b>
<b>REVENUES AND OTHER SOURCES</b>					
<b>LOCAL SOURCES:</b>					
Property Taxes	\$ 22,977,450	\$ (82,822)	\$ -	\$ -	\$ 22,894,628
Taxes levied for specific purposes	3,000,919	-	-	-	3,000,919
Interest and investment earnings	365,547	(5,229)	-	-	360,318
Miscellaneous	71,048	-	-	-	71,048
Contributions and Donations	145,353	-	-	-	145,353
Charges for Services	99,614	-	-	-	99,614
Grants, subsidies & contributions not restricted	6,090,584	-	-	-	6,090,584
Transfers In	-	-	-	-	-
<b>INTERMEDIATE SOURCES:</b>					
Charges for Services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
<b>STATE SOURCES:</b>					
Operating and Capital grants and contributions	5,250,297	-	-	-	5,250,297
<b>FEDERAL SOURCES:</b>					
Operating and Capital grants and contributions	565,240	-	-	-	565,240
<b>SPECIAL AND EXTRAORDINARY ITEMS:</b>					
Bond Premium	-	-	-	-	-
Proceeds from Bond/Note Issues	-	-	-	-	-
Gain or (Loss) on disposal of assets	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>38,566,052</u>	<u>(88,051)</u>	<u>-</u>	<u>-</u>	<u>38,478,001</u>
<b>EXPENDITURES/EXPENSES</b>					
Instruction	20,943,465	776,987	42,911	-	21,763,363
Instructional Student Support	2,460,075	87,269	1,271	-	2,548,615
Admin. & Fin'l Support Services	3,212,998	38,779	25,651	-	3,277,428
Oper. & Maint. of Plant Svcs.	3,814,283	35,645	1,574	-	3,851,502
Pupil Transportation	2,593,908	86,037	13,545	-	2,693,490
Student activities	854,429	27,382	(1,864)	-	879,947
Community Services	7,500	-	1,351	-	8,851
Capital Outlay	401,013	-	(401,013)	-	-
Debt Service	3,148,166	-	-	(2,002,136)	1,146,030
Transfers Out	30,250	-	-	-	30,250
Depreciation - unallocated	-	-	1,439,881	-	1,439,881
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>37,466,087</u>	<u>1,052,099</u>	<u>1,123,307</u>	<u>(2,002,136)</u>	<u>37,639,357</u>
<b>NET CHANGE FOR THE YEAR</b>	<u>\$ 1,099,965</u>	<u>\$ (1,140,150)</u>	<u>\$ (1,123,307)</u>	<u>\$ 2,002,136</u>	<u>\$ 838,644</u>

**Note 4 - Stewardship, Compliance, and Accountability**

*A. Compliance with finance related legal and contractual provisions*

The District has no material violations of finance related legal and contractual provisions.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
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**B. Deficit fund balance or net position of individual funds**

No individual fund contains a deficit fund balance or net position at June 30, 2015, except the governmental activities and the business-type activities had deficits of \$11,304,637, and \$642,340, respectively. The Food Service Fund has a \$718,962 deficit.

**C. Excess of expenditures over appropriations in individual funds**

No individual which had a legally adopted budget had an excess of expenditures over appropriations.

**D. Budgetary compliance**

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2015. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

**Note 5 - Detailed notes on all funds and activities**

**Assets**

*Cash*

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2015, \$24,579,153 of the District's bank balance of \$24,834,732 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the District's name	24,579,153
<b>TOTAL</b>	<b>\$ 24,579,153</b>

*Reconciliation to Financial Statements*

Uncollateralized Amount Above	\$ 24,579,153
Plus: Insured Amount	255,579
Less: Outstanding Checks	(38,251)
Carrying Amount - Bank balances	24,796,481
Plus: Petty Cash	775
Deposits in Investment Pool Considered Cash Equivalent	33
Less: Certificates of Deposit considered Investment by School Code	(17,700,000)
<b>TOTAL CASH PER FINANCIAL STATEMENTS</b>	<b>\$ 7,097,289</b>

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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*Investments*

Permitted investments for Pennsylvania School Districts are defined in the Public School Code of 1949 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.

As of June 30, 2015, the District had the following investments:

<u><b>Investment</b></u>	<u><b>Maturities</b></u>	<u><b>Fair Value</b></u>
Pa. Local Government Investment Trust		\$ 2
Certificates of Deposit		17,700,000
PA School District Liquid Asset Fund		31
<b>TOTAL</b>		<u><b>\$ 17,700,033</b></u>

*Interest Rate Risk*

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk*

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2015, the District's investments in the PA School District Liquid Asset Fund and PA Local Government Investment Trust were rated AAA by Standard & Poor's

*Concentration of Credit Risk*

The District places no limit on the amount the District may invest in any one issuer. Of the District's investments, 99.69% are in Certificates of Deposit with New Tripoli Bank. The General Fund has 99.16% in Certificates of Deposit at New Tripoli Bank. All of the Capital Project Funds investments are in Certificates of Deposit at New Tripoli Bank.

*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 investment subject to custodial credit risk.



**Northwestern Lehigh School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2015**

Reconciliation to Financial Statements

Total Investments Above	\$ 17,700,033
Less: Deposits in Investment Pool Considered Cash Equivalents	(33)
<b>Total Investments Per Financial Statements</b>	<b>\$ 17,700,000</b>

*Property Taxes*

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$1,508,679,800. In accordance with Act 1 of 2006, the District received \$672,236 in property tax reduction funds for the 2014-15 fiscal year. The tax rate for the year was \$15.963 per \$100 of assessed valuation or 15.963 mills.

The property tax calendar is:

July 1	-	Full year tax assessed for current year.
July 1 - August 31	-	Discount period during which a 2% discount is allowed.
September 1 - October 31	-	Face amount of tax is due
November 1 - January 15	-	A 10% penalty is added to all payments.
January 15	-	All unpaid taxes become delinquent and are turned over to the County Tax Claim Bureau for Collection.

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, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

*Receivables*

Receivables as of year end for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are:

	GENERAL FUND	CAPITAL PROJECT FUNDS	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
<b>RECEIVABLES:</b>						
Interest	\$ -	\$ 259	\$ -	\$ -	\$ -	\$ 259
Taxes	1,316,549	-	-	-	-	1,316,549
Accounts	7,362	-	2,309	-	-	9,671
Intergovernmental	767,111	-	-	-	-	767,111
<b>GROSS RECEIVABLES</b>	2,091,022	259	2,309	-	-	2,093,590
Less: Allowance for Uncollectibles	-	-	-	-	-	-
<b>NET RECEIVABLES</b>	<b>\$ 2,091,022</b>	<b>\$ 259</b>	<b>\$ 2,309</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,093,590</b>

**Northwestern Lehigh School District**  
**Notes To Basic Financial Statements**  
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Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were:

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Delinquent Property Taxes - General Fund	\$ 1,051,458	\$ -
Grants drawdowns prior to meeting eligibility requirements	-	15,328
<b>TOTAL</b>	<b>\$ 1,051,458</b>	<b>\$ 15,328</b>

*Capital Assets*

Capital asset balances and activity for the year ending June 30, 2015 were:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ 406,148	\$ -	\$ -	\$ 406,148
Construction in Progress	-	401,013	-	401,013
Total Capital Assets not being depreciated	406,148	401,013	-	807,161
Capital Assets being depreciated:				-
Site Improvements	1,508,007	-	-	1,508,007
Buildings and Bldg. Improvements	75,876,236	39,094	-	75,915,330
Furniture and Equipment	5,346,261	187,385	(7,020)	5,526,626
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>82,730,504</b>	<b>226,479</b>	<b>(7,020)</b>	<b>82,949,963</b>
Less accumulated depreciation for:				
Site Improvements	(806,121)	(51,154)		(857,275)
Buildings and Bldg. Improvements	(14,646,691)	(1,390,643)	-	(16,037,334)
Furniture and Equipment	(3,735,106)	(309,000)	7,020	(4,037,086)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>(19,187,918)</b>	<b>(1,750,797)</b>	<b>7,020</b>	<b>(20,931,695)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION</b>	<b>63,542,586</b>	<b>(1,524,318)</b>	<b>-</b>	<b>62,018,268</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b>\$ 63,948,734</b>	<b>\$ (1,123,305)</b>	<b>\$ -</b>	<b>\$ 62,825,429</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets being depreciated:				
Buildings and Bldg. Improvements	\$ 127,948	\$ -	\$ -	\$ 127,948
Furniture and Equipment	570,453	30,250	-	600,703
Less accumulated depreciation	(525,507)	(29,853)	-	(555,360)
<b>BUSINESS-TYPES ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b>\$ 172,894</b>	<b>\$ 397</b>	<b>\$ -</b>	<b>\$ 173,291</b>

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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**\* DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Regular Instruction	\$ 99,258
Special Instruction	862
Vocational Instruction	-
Other Instruction	-
Adult Instruction	-
Pupil Personnel Services	-
Instructional Support Svcs.	-
School Library Services	1,271
Administrative Services	-
Health Services	-
Business Services	105
Operation & Maintenance of Plant Svcs.	26,400
Pupil Transportation	153,742
Central Services	25,546
Other Support Services	-
School Sponsored Athletics	2,381
Community Services	1,351
Depreciation - unallocated	1,439,881
<b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,750,797</b>

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The District's governmental-type activities disposed of \$7,020 of equipment during the year with accumulated depreciation of \$7,020, resulting in a loss on disposal of \$-0-. The District's business-type activities did not dispose of any equipment during the year.

***Commitments***

***Encumbrances***

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's legally adopted budget.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
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*Long-term construction commitments*

The District has the following long-term commitments:

<b>VENDOR</b>	<b>CONTRACT AMOUNT</b>	<b>EXPENDED TO 6/30/15</b>	<b>OUTSTANDING COMMITMENTS</b>
<b>Energy Conservation Project:</b>			
McClure Company	<u>\$ 3,942,896</u>	<u>\$ 394,290</u>	<u>\$ 3,548,606</u>

**Short-term debt**

*Interfund receivables and payables*

The following interfund receivables and payables were in existence on June 30, 2015:

	<b>INTERFUND RECEIVABLES</b>	<b>INTERFUND PAYABLES</b>
General Fund	\$ 928,298	\$ 335,322
Capital Projects (Capital Reserve) Fund	-	598,273
Enterprise (Food Service) Fund	646,033	633,404
Enterprise (Tiger Conc.) Fund	665	6,813
Agency (Payroll) Fund	1	1,185
Agency (Activity) Fund	-	-
<b>TOTAL</b>	<b><u>\$ 1,574,997</u></b>	<b><u>\$ 1,574,997</u></b>

*Interfund Transfers*

The District did make the following transfers during the fiscal year ended June 30, 2015:

<b>Fund</b>	<b>TRANSFER IN</b>	<b>TRANSFER OUT</b>
General Fund	\$ -	\$ 358,250
Enterprise (Food Service) Fund	30,250	
Capital Project (Capital Reserve) Fund	328,000	
Debt Service (2014 Bond) Fund	-	-
<b>TOTAL</b>	<b><u>\$ 358,250</u></b>	<b><u>\$ 358,250</u></b>

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

**Long-term liabilities**

Long-term liability balances and activity for the year ended June 30, 2015, were:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>AMOUNTS DUE WITHIN ONE YEAR</b>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
<b><i>General Obligation Debt:</i></b>					
<i>Bonds and notes payable:</i>					
Capital Projects	\$ 48,270,271	\$ 5,764	\$ 2,058,203	\$ 46,217,832	\$ 2,075,000
Other than capital projects	-	-	-	-	-
Capital Leases	-	-	-	-	-
<b>Total general obligation debt</b>	<b>48,270,271</b>	<b>5,764</b>	<b>2,058,203</b>	<b>46,217,832</b>	<b>2,075,000</b>
<i>Other liabilities:</i>					
<i>Vested employee benefits:</i>					
Vacation pay	234,114	-	193,928	40,186	15,353
Sick pay	311,626	-	43,143	268,483	40,801
Retirement Severance - Yrs. of Service	17,652	-	6,230	11,422	-
Net Pension Liability	49,116,122	1,212,986	-	50,329,108	-
Net OPEB Obligation	574,369	103,445	-	677,814	-
<b>Total other liabilities</b>	<b>50,253,883</b>	<b>1,316,431</b>	<b>243,301</b>	<b>51,327,013</b>	<b>56,154</b>
<b>TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES</b>	<b>\$ 98,524,154</b>	<b>\$ 1,322,195</b>	<b>\$ 2,301,504</b>	<b>\$ 97,544,845</b>	<b>\$ 2,131,154</b>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
<i>Other liabilities:</i>					
<i>Vested employee benefits:</i>					
Vacation pay	\$ 1,516	\$ 30	\$ -	\$ 1,546	\$ -
Sick pay	-	-	-	-	-
Net Pension Liability	840,783	20,762	-	861,545	-
Retirement Severance - Yrs. of Service	-	-	-	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES</b>	<b>\$ 842,299</b>	<b>\$ 20,792</b>	<b>\$ -</b>	<b>\$ 863,091</b>	<b>\$ -</b>

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School District currently does not have any bonds or notes payable in business-type activities.

Total Interest paid and accrued during the year:

	<b>EXPENSE</b>	<b>PAID</b>
<b>GOVERNMENTAL ACTIVITIES:</b>		
General obligation debt	\$ 1,146,030	\$ 1,103,166
Capital leases	-	-
Short-term borrowings	-	-
<b>TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,146,030</b>	<b>\$ 1,103,166</b>

**Northwestern Lehigh School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2015**

*General Obligation Note – Series A of 2007*

On October 31, 2007, the District issued \$8,500,000 of General Obligation Note – Series A of 2007. The proceeds will be used to carry out the current refunding of the District's outstanding General Obligation Note – Series of 2006 and to pay the cost and expenses. In conjunction with this issue, the District issued a Series A of 2008 credit note held by U.S. Bank facility, acting as the loan credit facility. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The note matures from August 1, 2008 to August 1, 2023. Interest is calculated on a variable weekly rate plus fifty-five hundredths (.55%) per annum. The outstanding debt service requirements at June 30, 2015, using the variable rate of 1.25% are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2015-16	\$ 700,000	\$ 86,485
2016-17	800,000	84,511
2017-18	800,000	74,511
2018-19	800,000	43,851
2019-20	900,000	74,271
2020-24	4,000,000	92,330
	8,000,000	<u>\$ 455,959</u>
Unamortized Discount	-	
<b>TOTAL OUTSTANDING</b>	<b>\$ 8,000,000</b>	

*General Obligation Bonds – Series of 2009*

On December 15, 2009, the District issued \$8,770,000 of General Obligation Bonds – Series of 2009. The proceeds of the Bonds will be used to (1) provide funds for the refunding of the General Obligation Note - Series of 2009. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from October 1, 2010 to October 1, 2029. Interest rates are variable and estimated with a 1.62% rate at year end. The outstanding debt service requirements at June 30, 2015, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2015-16	\$ 80,000	\$ 127,340
2016-17	125,000	136,214
2017-18	125,000	134,189
2018-19	140,000	132,002
2019-20	140,000	130,088
2020-25	1,715,000	601,845
2025-30	6,160,000	247,076
<b>SUB-TOTAL</b>	8,485,000	<u>\$ 1,508,754</u>
Unamortized Discount	-	
<b>TOTAL OUTSTANDING</b>	<b>\$ 8,485,000</b>	

*General Obligation Bonds – Series of 2010*

On June 21, 2010, the District issued \$2,545,000 of General Obligation Bonds – Series of 2010. The proceeds of the Bonds will be to currently refund the District's General Obligation Bonds - Series of 2005 and to pay the issuance costs of the issue. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The Bonds

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
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mature from October 1, 2010 to October 1, 2029. Interest rates range from 1.5% to 3.0% with total indebtedness of \$317,913. The outstanding debt service requirements at June 30, 2015, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2015-16	\$ 1,045,000	\$ 31,350
<b>SUB-TOTAL</b>	<b>1,045,000</b>	<b>\$ 31,350</b>
Unamortized Premium	4,992	
<b>TOTAL OUTSTANDING</b>	<b>\$ 1,049,992</b>	

*General Obligation Bonds – Series of 2012*

On May 18, 2012, the District issued \$9,995,000 of General Obligation Bonds – Series of 2012. The proceeds of the Bonds will be used to (1) provide funds for the partial refunding of the GOB Series of 2007, and (2) to pay costs of issuance. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The Bonds mature from February 15, 2013 to February 15, 2031. Interest rates range from 2.0% to 3.40% with a total indebtedness of \$3,690,362. The outstanding debt service requirements at June 30, 2015, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2015-16	\$ 5,000	\$ 275,618
2016-17	5,000	275,518
2017-18	530,000	275,417
2018-19	625,000	264,817
2019-20	635,000	252,318
2020-25	3,410,000	1,034,090
2025-30	3,915,000	527,340
2030-31	855,000	29,070
<b>SUB-TOTAL</b>	<b>9,980,000</b>	<b>\$ 2,934,188</b>
Unamortized Discount	(61,344)	
<b>TOTAL OUTSTANDING</b>	<b>\$ 9,918,656</b>	

**General Obligation Bonds – Series of 2013**

On February 20, 2013, the District issued \$9,405,000 of General Obligation Bonds – Series of 2013. The proceeds of the Bonds will be used to (1) provide funds for the refunding of the GOB Series of 2008 and (2) to pay the issuance costs of the issue. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The Bonds mature from March 15, 2014 to March 15, 2031. Interest rates are variable and estimated with a total indebtedness of \$2,591,179. The outstanding debt service requirements at June 30, 2015, are:

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
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<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2015-16	\$ 5,000	\$ 213,695
2016-17	725,000	213,595
2017-18	515,000	199,095
2018-19	540,000	188,795
2019-20	490,000	177,995
2020-25	2,740,000	735,970
2025-30	3,525,000	395,550
2030-31	855,000	23,940
<b>SUB-TOTAL</b>	9,395,000	<b>\$ 2,148,635</b>
Unamortized Premium	10,778	
<b>TOTAL OUTSTANDING</b>	<b>\$ 9,405,778</b>	

***General Obligation Bonds – Series of 2014***

On February 4, 2014, the District issued \$9,325,000 of General Obligation Bonds – Series of 2014. The proceeds of the Bonds will be used to (1) provide funds for the refunding of the GOB Series of 2008, and to (2) provide funds for the refunding of the GOB A Series of 2008, and (3) to pay the issuance costs of the issue. In accordance with the Local Governmental Debt Act, a sinking fund has been established with the paying agent. The Bonds mature from February 15, 2015 to February 15, 2033. Interest rates are variable and estimated with a total indebtedness of \$3,832,140. The outstanding debt service requirements at June 30, 2015, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2015-16	\$ 240,000	\$ 297,006
2016-17	345,000	292,206
2017-18	440,000	285,307
2018-19	440,000	276,506
2019-20	455,000	267,706
2020-25	2,425,000	1,169,950
2025-30	2,845,000	764,550
2030-33	2,130,000	172,800
<b>SUB-TOTAL</b>	9,320,000	<b>\$ 3,526,031</b>
Unamortized Premium	38,406	
<b>TOTAL OUTSTANDING</b>	<b>\$ 9,358,406</b>	

***Lease Rental Debt***

The Lehigh Career and Technical Institute (LCTI), with authority of the nine participating school districts, has agreed to borrow up to \$53,715,000 to improve the Institute's facilities. The participating districts, such as Northwestern Lehigh School District, will be required to pay their proportionate shares of the incurred debt under the Articles of Agreement in subsequent years as "Capital Costs" under Section 4.2 of the Articles. The district's proportionate share is based on each district's percentage of their respective market value to the total market value of all participating districts.



**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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Specifically, Lehigh Career and Technical Institute issued \$32,000,000 of revenue bonds - Series of 2003 dated March 15, 2003, and \$21,715,000 of revenue bonds - Series of 2001 dated September 15, 2001, through the State Public School Building Authority (SPSBA). The bonds are special limited obligations of the SPSBA. During the 2005-2006 fiscal year, these issues have been refunded with new issues.

The LCTI financing translates into an ongoing obligation of the participating districts for credit purposes; however, for purposes of the Local Governmental Unit Debt Act, this borrowing is not considered general obligation debt of the school districts; therefore, the future obligations of debt service are not recorded as a liability on Northwestern Lehigh's financial statements.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
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**Combined Long-Term Debt**

The combined general long-term debt obligations for subsequent years, except for compensated absences, are:

<b>FISCAL YEAR</b>	<b>G.O.N. SERIES A OF 2007</b>	<b>G.O.B. SERIES OF 2009</b>	<b>G.O.B. SERIES OF 2010</b>	<b>G.O.B. SERIES OF 2012</b>	<b>G.O.B. SERIES OF 2013</b>	<b>G.O.B. SERIES OF 2014</b>	<b>TOTAL PRINCIPAL PAYMENTS</b>
2015-16	\$ 700,000	\$ 80,000	\$ 1,045,000	\$ 5,000	\$ 5,000	\$ 240,000	\$ 2,075,000
2016-17	800,000	125,000	-	5,000	725,000	345,000	2,000,000
2017-18	800,000	125,000	-	530,000	515,000	440,000	2,410,000
2018-19	800,000	140,000	-	625,000	540,000	440,000	2,545,000
2019-20	900,000	140,000	-	635,000	490,000	455,000	2,620,000
2020-25	4,000,000	1,715,000	-	3,410,000	2,740,000	2,425,000	14,290,000
2025-30	-	6,160,000	-	3,915,000	3,525,000	2,845,000	16,445,000
2030-33	-	-	-	855,000	855,000	2,130,000	3,840,000
<b>TOTAL PRINCIPAL LESS-PAYABLE WITHIN ONE YEAR</b>	<u>8,000,000</u>	<u>8,485,000</u>	<u>1,045,000</u>	<u>9,980,000</u>	<u>9,395,000</u>	<u>9,320,000</u>	<u>46,225,000</u>
	<u>700,000</u>	<u>80,000</u>	<u>1,045,000</u>	<u>5,000</u>	<u>5,000</u>	<u>240,000</u>	<u>2,075,000</u>
<b>LONG-TERM PRINCIPAL AFTER ONE YEAR</b>	<b><u>\$ 7,300,000</u></b>	<b><u>\$ 8,405,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,975,000</u></b>	<b><u>\$ 9,390,000</u></b>	<b><u>\$ 9,080,000</u></b>	<b><u>\$ 44,150,000</u></b>

<b>FISCAL YEAR</b>	<b>G.O.N. SERIES A OF 2007</b>	<b>G.O.B. SERIES OF 2009</b>	<b>G.O.B. SERIES OF 2010</b>	<b>G.O.B. SERIES OF 2012</b>	<b>G.O.B. SERIES OF 2013</b>	<b>G.O.B. SERIES OF 2014</b>	<b>TOTAL DEBT SERVICE PAYMENTS</b>
2015-16	\$ 786,485	\$ 207,340	\$ 1,076,350	\$ 280,618	\$ 218,695	\$ 537,006	\$ 3,106,494
2016-17	884,511	261,214	-	280,518	938,595	637,206	3,002,044
2017-18	874,511	259,189	-	805,417	714,095	725,307	3,378,519
2018-19	843,851	272,002	-	889,817	728,795	716,506	3,450,971
2019-20	974,271	270,088	-	887,318	667,995	722,706	3,522,378
2020-25	4,092,330	2,316,845	-	4,444,090	3,475,970	3,594,950	17,924,185
2025-30	-	6,407,076	-	4,442,340	3,920,550	3,609,550	18,379,516
2030-33	-	-	-	884,070	878,940	2,302,800	4,065,810
<b>TOTAL</b>	<b><u>\$ 8,455,959</u></b>	<b><u>\$ 9,993,754</u></b>	<b><u>\$ 1,076,350</u></b>	<b><u>\$ 12,914,188</u></b>	<b><u>\$ 11,543,635</u></b>	<b><u>\$ 12,846,031</u></b>	<b><u>\$ 56,829,917</u></b>

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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***Compensated Absences***

*Sick-Pay*

Any member of the Bargaining Unit with twenty-five (25) years or more of credited teaching service with PSERS and fifteen (15) or more years of service in the Northwestern Lehigh School District; and upon written notice to the Superintendent no later than March 15 indicating his/her intention to retire, shall be eligible for the following retirement severance benefits relevant to the employee's years of service with PSERS.

*Unused Sick Day Conversion*

Unused sick days will be converted to a severance payment according to the following chart:

<b>Number of Unused Sick Days</b>	<b>Rate per Day</b>
0-50.5	\$ 35.00
51-100.5	50.00
101-150.5	57.50
151-225.5	65.00
226+	70.00

Unused sick day severance payment shall be made in the last pay in June. If an employee's effective retirement date is prior to the end of school in any year of this Agreement, said employee shall receive his/her severance in his/her last paycheck but in no event later than June 30 of the contract year.

The District maintains records of accumulated sick days that are earned by each employee who is eligible to retire. The portion of the severance benefit recorded in the General Fund that will use currently available financial resources is \$40,801. This amount is also recorded as a current liability in the governmental activities column of the government-wide statement of net position. The remaining potential liability of \$227,682 has been established as a long-term liability in the governmental activities column of the government-wide statement of net position. The Food Service Fund shows \$-0- as a long-term liability for sick pay. This amount is also recorded as a long-term liability in the business-type activities column of the government-wide statement of net position.

No FICA tax has been recorded due to the fact that payment will be made in the form of a 401(a) retirement plan contribution for which the employee does not have constructive receipt.

*Vacation Leave*

Unused vacation leave is paid upon an employee's termination, with the exception of mid-management employees; vacation pay is not cumulative and must be used within one year. Payment will only be made for unused vacation days in the current year. Mid-management employees with 5 years or more of service can carry over a maximum of 5 days to be credited to an "end of year employment bank" which will be paid at retirement. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No. 16, the portion of vacation pay earned at June 30, 2015, that will use currently available financial resources is \$15,353, including FICA tax and retirement contributions (net of reimbursement), which has been recorded in the General Fund and as a current liability in the governmental activities column of the government-wide statement of net position. The remaining vacation pay earned at June 30, 2015, of \$24,833, including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position. The Food Service Fund shows \$1,546 as a long-term liability

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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for vacation pay. This amount is also recorded as a long-term liability in the business-type activities column of the government-wide statement of net position.

### **Defined Benefit Pension Plan**

The Government Accounting Standards Board (GASB) requires that state and local governmental employers disclose in their notes to financial statements, certain information about the public employee retirement systems to which they contribute.

### ***General Information about the Pension Plan***

#### **Plan Description**

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

#### **Benefits provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

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

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

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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Contributions

Member Contributions:

Active members, who joined the System prior to July 22, 1983, contributed at 5.25 percent (Membership Class T-C) or at 6.50 percent (Membership Class T-D) 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 T-C) or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, 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.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contributes at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2015 was 20.50% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$3,434,018 for the year ended June 30, 2015.

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

At June 30, 2015, the District reported a liability of \$51,190,653 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, with rolling forward the System's total pension liability as of June 30, 2014. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2014, the District's proportion was 0.1295 percent, which was an increase of 0.0010 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$4,621,213. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

<b>Sources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience.	\$ -	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,664,000
Changes in proportion of the Net Pension Liability	330,000	-
Net difference between projected and actual contributions made		53,464
District contributions subsequent to the measurement date	<u>3,434,018</u>	<u>-</u>
Total	<u>\$ 3,764,018</u>	<u>\$ 3,717,464</u>

\$3,434,018 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	<b><u>Amount</u></b>
2015	\$ (849,883)
2016	(849,883)
2017	(849,883)
2018	(849,883)
2019	(883)
Thereafter	<u>(1,932)</u>
Total	\$ (3,402,347)

**Actuarial assumptions**

The total pension liability as of June 30, 2014 was determined by rolling forward the System's total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method - Entry Age Normal – level % of pay
- Investment return - 7.50%, includes inflation at 3.00%
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disable Tables (male and female) with age set back 7 years for males and 3 years for females.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Public markets global equity	19%	5.0%
Private markets (equity)	21%	6.5%
Private real estate	13%	4.7%
Global fixed income	8%	2.0%
U.S. long treasuries	3%	1.4%
TIPS	12%	1.2%
High yield bonds	6%	1.7%
Cash	3%	0.9%
Absolute return	10%	4.8%
Risk parity	5%	3.9%
MLPs/Infrastructure	3%	5.3%
Commodities	6%	3.3%
Financing (LIBOR)	-9%	1.1%
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2014.

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.98%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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Discount Rate

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate, using the net pension liability reported by PSERS before adjusting for differences on projected vs actual contributions made.

	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
Net Pension Liability	\$ 63,936,000	\$ 51,257,000	\$ 40,433,000

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Public School Employees' Retirement System's *Comprehensive Annual Financial Report* (CAFR) that includes financial statements and required supplementary information for the plan, which can be found at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**Defined Pension Contribution Plan**

Retirement Severance

Any teacher with fifteen (15) years or more of service with Northwestern Lehigh School District and twenty-five (25) years or more of credited service with PSERS, shall be eligible, upon retirement from the District, for a retirement severance payment as follows:

<b>YEARS OF CREDITED PSERS SERVICE</b>	<b>Amount</b>
Less than 31 years	\$ 17,000
31 years to less than 36 years	\$ 13,000
36 or more years	\$ 8,000



**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
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Upon retirement from the District, employees in the following categories shall receive retirement severance payment for each year of service, depending on the employee's years of service and age at retirement from the District.

	<b>YEARS OF CREDITED PSERS SERVICE</b>			
	<b>15 Years of Svc. and 55 or Younger</b>	<b>15 Years of Svc. and 56 - 61</b>	<b>15 Years of of Svc. and 62 - 65</b>	<b>15 Years of Svc. and 65 or Older</b>
Teacher Aides	\$ -	\$ -	\$ -	\$ 500
Business Office	3,000	3,000	1,500	-
Custodians	-	-	-	500
Food Services	-	-	-	500
Bus Mechanics	-	-	-	500
Bus Drivers	-	-	-	750
Mid-Management	3,000	3,000	1,500	-

In accordance with GASB Statement 68, the portion of this severance for service liability that will use currently available financial resources is \$-0-, including FICA tax (net of reimbursement), which has been recorded in the general fund and as a current liability of long-term debt in the governmental activities column of the government-wide statement of net position. The remaining portion of the retirement severance earned at June 30, 2015 of \$11,422, including FICA tax (net of reimbursement) is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position. There is no actuary report for this defined contribution pension plan.

***Other Post Employment Benefits***

The following table represents Northwestern Lehigh School District's other post employment benefit plan provisions:

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
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Summary of Plan Provisions											
Group	Eligibility	Coverage And Premium Sharing	Duration								
I. <u>TEACHERS</u>	<p>Must meet one of the following conditions to be eligible:</p> <p>i) Must be 25 years of PSERS service and at least 15 years with NWLSD</p> <p>ii) Act 110/43</p>	<ul style="list-style-type: none"><li>● Coverage: Medical, Prescription Drug, and Dental.</li><li>● Premium Sharing: If the member reaches 25 years of PSERS service and 15 years of service with NWLSD, NWLSD will provide an account to the member that may be used to purchase medical, prescription drug, and dental benefits for the member. The spouse may elect coverage by paying the difference in premium between 2-party and single coverage. The initial account balance is determined by total PSERS service at retirement and follows the schedule below. (Note that past retirees may have followed a different schedule).</li></ul> <p>If the member does not reach eligibility for the above coverage, but does reach eligibility through Act 110/43, the member and spouse may continue benefits by paying the full premium as determined for the purpose of Cobra.</p> <p><b><u>Retired between July 1, 2014, and June 30, 2015</u></b></p> <table><tr><th><b><u>Years of PSERS Service</u></b></th><th><b><u>Initial Account Balance</u></b></th></tr><tr><td>Less than 31 years</td><td>\$ 11,000</td></tr><tr><td>31 years up to 36 years</td><td>\$ 8,000</td></tr><tr><td>More than 36 years</td><td>\$ 5,000</td></tr></table> <p>The account will be drawn down each month at a rate equal to the premium for the coverage that is elected less the PSERS Supplement (this must be supplied to NWLSD by the member). If the account balance exhausts, the member and spouse may continue coverage by paying the full premium as determined for the purpose of Cobra.</p> <p>If the member does not reach eligibility for the account above, however, the member reaches eligibility through Act 110/43, the member and spouse may continue benefits by paying the full premium as determined for the purpose of Cobra.</p> <ul style="list-style-type: none"><li>● Dependents: Spouses included.</li></ul>	<b><u>Years of PSERS Service</u></b>	<b><u>Initial Account Balance</u></b>	Less than 31 years	\$ 11,000	31 years up to 36 years	\$ 8,000	More than 36 years	\$ 5,000	<p>Member may continue benefits until Medicare age.</p> <p>Benefits for the spouse will cease at the earlier of Medicare age, member Medicare age, or member death, however, the spouse can continue coverage until the account is exhausted as long as the member is also currently electing coverage.</p>
<b><u>Years of PSERS Service</u></b>	<b><u>Initial Account Balance</u></b>										
Less than 31 years	\$ 11,000										
31 years up to 36 years	\$ 8,000										
More than 36 years	\$ 5,000										

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

Summary of Plan Provisions											
Group	Eligibility	Coverage And Premium Sharing	Duration								
II. ADMINISTRATORS											
A) Current Superintendent and Assistant Superintendent	<p>Must meet one of the following conditions to be eligible.</p> <p>i) Must have at least 25 years of PSERS service and at least 15 years of service with NWLSD.</p> <p>ii) ACT 110/43</p>	<ul style="list-style-type: none"><li>Coverage: Medical, Prescription Drug, and Dental.</li></ul> <p>Premium Sharing: If the member reaches 25 years of PSERS service and 15 years of service with NWLSD, NWLSD will provide an account to the member that may be used to purchase medical, prescription drug, and dental benefits for the member. The spouse may elect coverage by paying the difference in premium between 2-party and single coverage. The initial account balance is determined by total PSERS service at retirement and follows the schedule below. (Note that past retirees may have followed a different schedule).</p> <p>If the member does not reach eligibility for the above coverage but does reach eligibility through Act 110/43, the member and spouse may continue benefits by paying the full premium as determined for the purpose of Cobra.</p> <ul style="list-style-type: none"><li>Dependents: Family included.</li></ul>	<p>Member may continue benefits until Medicare age.</p> <p>Benefits for the spouse will cease at the earlier of Medicare age, member Medicare age or member death.</p>								
B) Current Business Administrator and Act 93 Administrators who retired prior to June 30, 2011	<p>Must meet one of the following conditions to be eligible.</p> <p>i) Must have at least 25 years of PSERS service and at least 15 years of service with NWLSD.</p> <p>ii) ACT 110/43</p>	<ul style="list-style-type: none"><li>Coverage: Medical, Prescription Drug, and Dental.</li><li>Premium Sharing: If the member reaches 25 years of PSERS service and 15 years of service with NWLSD, the member will be allowed to convert unused sick leave into medical, prescription drug and dental coverage for the member's entire family. The member is responsible for providing NWLSD with the PSERS Supplement while receiving the paid benefit. The conversion rates for the different tiers of coverage are listed below. When the remaining sick leave reaches a level where a full year of coverage cannot be purchased, the monthly conversion will be used.</li><li><table><tr><td><u>Tier of Coverage</u></td><td><u>Sick Leave Conversion Rate</u></td></tr><tr><td>Single</td><td>25 days/year or 2 days/month</td></tr><tr><td>Husband/Wife</td><td>45 days/year or 4 days/month</td></tr><tr><td>Family</td><td>50 days/year or 4 days/month</td></tr></table></li></ul> <p>If coverage for either the member or spouse extends beyond age 65, the participant will be required to switch to a Medicare Supplemental plan.</p> <p>If the member does not reach eligibility for the sick leave conversion benefit but does reach eligibility through Act 110/43 or the member exhausts the sick leave benefit prior to age 65, the member and spouse may continue benefits by paying the full premium as determined for the purpose of COBRA.</p> <p>Dependents: Families Included</p>	<u>Tier of Coverage</u>	<u>Sick Leave Conversion Rate</u>	Single	25 days/year or 2 days/month	Husband/Wife	45 days/year or 4 days/month	Family	50 days/year or 4 days/month	<p>Member may continue benefits until the later of Medicare age or the exhaustion of the sick leave conversion benefit.</p> <p>Benefits for the spouse will cease at the earlier of Medicare age, member Medicare age or member death, however, the spouse can continue coverage until the exhaustion of the sick leave conversion benefit as long as the member is also currently electing coverage.</p>
<u>Tier of Coverage</u>	<u>Sick Leave Conversion Rate</u>										
Single	25 days/year or 2 days/month										
Husband/Wife	45 days/year or 4 days/month										
Family	50 days/year or 4 days/month										

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

<b>Summary of Plan Provisions</b>			
<b>Group</b>	<b>Eligibility</b>	<b>Coverage and Premium Sharing</b>	<b>Duration</b>
C) Current Director of Human Resources and Act 93 Administrators who retire after July 1, 2011	<p>Must meet one of the following conditions to be eligible.</p> <p>i) Must have at least 25 years of PSERS service and at least 15 years of service with NWLSD</p> <p>ii) ACT 110/43</p>	<ul style="list-style-type: none"> <li>Coverage: Medical, Prescription Drug, and Dental.</li> <li>Premium Sharing: If the member reaches 25 years of PSERS service and 15 years of service with NWLSD, NWLSD the member will be allowed to convert unused sick leave into insurance dollars to be used to pay the single coverage premium for medical, prescription drug and dental coverage until Medicare age. The conversion rate will be 75% of employee's per diem rate at a retirement date for each unused sick day. The member is responsible for providing NWLSD with the active employee contributions to health care premiums. The current employee contribution rate for 2012-2013 is 14% of premium for PPO A, 7% of premium for PPO B and 3% of premium for PPO C. The spouse and/or dependent children may elect coverage by paying the additional premium due to the coverage of the spouse and/or dependent children.</li> </ul> <p>If the member exhausts their available insurance dollars prior to reaching Medicare age, the member may continue coverage by paying the full premium as determined for the purpose of COBRA.</p> <p>If the member does not reach eligibility for the sick leave conversion benefit but does reach eligibility through Act 110/43 or the member exhausts the sick leave benefit prior to age 65, , the member and spouse may continue benefits by paying the full premium as determined for the purpose of COBRA.</p> <ul style="list-style-type: none"> <li>Dependents: Families Included</li> </ul>	<p>Member may continue benefits until Medicare age.</p> <p>Benefits for the spouse will cease at the earlier of Medicare age, member Medicare age or member death.</p>
<b>III. SUPPORT STAFF</b>	Act 110/43	Act 110/43	Act 110/43

**Notes:** Act 110/43 Benefit: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement

Act 110/43 Coverage and Premium Sharing: Retire employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Supplement: A retiree may receive a \$100 monthly medical reimbursement from PSERS if he (or she) meets one of the following qualifications at retirement:

1. 24.5 years of PSERS service
2. Termination of employment on or after age 62 with at least 15 years of PSERS service.

PSERS Superannuation Retirement:

1. For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age.
2. For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.

**Benefits not included in the Calculation**

The unused sick leave payment for Teachers that converts each sick day into dollars to be placed into the retiree's 403(b) is assumed to be valued under GASB Statement 16.

The retirement severance for Administrators that provides the retiree with a lump sum payment into NWLSD's 403(b) Postretirement Plan based on the retiree's final salary and years of service in PSERS is assumed to be valued under GASB Statement 68.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

**Funding Policy and Annual OPEB Cost.** The District's annual other post-employment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost, each year, and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's annual OPEB cost for the current year and the related information is as follows:

<b>Contribution Rates:</b>	
	<b>OPEB Benefit Actuarially Determined</b>
Interest Rate	4.5%
Plan Members	269
Annual Required Contribution	\$ 357,997
Interest on net OPEB obligation	25,847
Adjustment to annual required contributions	(35,261)
Annual OPEB cost	348,583
Contributions made	(245,138)
Increase in net OPEB obligation	103,445
Net OPEB obligation - beginning of year	574,369
Net OPEB obligation - end of year	<u>\$ 677,814</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the five fiscal years ending June 30<sup>th</sup>, for the benefits were as follows:

<b><u>Year Ended</u></b>	<b><u>Annual OPEB Cost</u></b>	<b><u>Percentage of OPEB Cost Contributed</u></b>	<b><u>Net OPEB Obligation</u></b>
6/30/2015	\$ 348,583	70.3%	\$ 677,814
6/30/2014	315,556	94.3%	574,369
6/30/2013	315,301	104.9%	556,312
6/30/2012	345,945	80.5%	571,888
6/30/2011	347,095	79.8%	504,581

**Funding status and Funding Progress.** The funded status of the benefits as of June 30, 2015, was as follows:

	<b>Healthcare Benefit <u>Governmental Activity</u></b>
Actuarial accrued liability (a)	\$ 3,133,370
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 3,133,370</u>
Funded Ratio (b) / (a)	0.0%
Covered payroll	\$ 13,868,065
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll.	22.6%

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations, and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan net position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	<b>Healthcare Benefit</b>
Actuarial Valuation Date	7/1/2014
Actuarial Cost Method	Entry Age Normal
	Level dollar method over a 30 year period
Amortization Method	30 years
Remaining amortization period	pay as you go basis
Asset Valuation Method	
Actuarial Assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.75% to 6.25%
Healthcare inflation rate	
	2015                      6.0%
	2016 +                5.5% to 4.2%

## **Note 6 - Risk Management**

The District is subject to risk of loss from employee risks, property damage, personal injury, auto accidents, etc. The District reduces these risks through the purchase of commercial insurance. The District's workers compensation policy is a retrospectively rated policy. The final premium is based on actual payroll for the policy year and is determined by the insurance company. Any settlements received by the District or its employees did not exceed insurance coverage in the last three years.

## **Note 7 - Fund Balance Allocations**

### *Nonspendable Fund Balance*

The General Fund had \$80,213, in nonspendable fund balance at June 30, 2015, comprised of prepaid expenditures.

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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*Restricted Fund Balance*

The two Capital Project Funds have restrictions on the use of the resources at year end. The Capital Reserve Fund's \$771,517 fund balance at year end is restricted because of enabling legislation under the Municipal Code in Pennsylvania. Section 1432 of this Code restricts the use of resources for limited purposes.

In addition, the debt covenant on Bond issues restricts the proceeds shown in the Construction Funds for the purposes outlined in the bond resolutions. As such, the \$1,217,889, in fund balance at year end within this fund is considered restricted.

The General Fund has \$17,954 restricted for unspent grants and continues from various sources.

*Committed Fund Balance*

The governing body (Board of School Directors) has committed \$10,772,245, of the General Fund's year end fund balance for the following purposes:

Future Retirement Rate increases	\$2,533,626
Other Post-Employment Benefits	\$3,230,619
Future Debt Service Rate increases	\$ 500,000
Millage Rate Stabilization	\$2,013,000
Increases in Healthcare	\$1,920,000
Energy Rate increases	\$ 575,000

*Assigned Fund Balance*

The General Fund has (\$720,000), assigned for future technology purchases (\$1,373,000), for purchases of textbooks, (\$575,000) for purchases of buses, (\$820,517) for capital projects and (\$3,852.418) to balance the 2015-16 budget.

**Note 8 – Prior Period Adjustments**

During the 2014-15 fiscal year, the District implemented GASB Statement No. 68 associated with Pensions. As such, the beginning Net Position for governmental activities and business-type activities has been modified below to reflect the prior period adjustment to record the Net Pension Liability at June 30, 2015:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Net Position - June 30, 2014 (as reported)	\$ 36,972,841	\$ 192,134	\$ 37,164,975
Prior Period Adjustment	<u>(49,116,122)</u>	<u>(840,782)</u>	<u>(49,956,904)</u>
Net Position - June 30, 2014 (as restated)	<u>\$ (12,143,281)</u>	<u>\$ (648,648)</u>	<u>\$ (12,791,929)</u>

**Northwestern Lehigh School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2015**

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**Note 9 - Restricted Net Position**

*Net Investment in Capital Assets*

The components of this restriction in the governmental activities column is total capital assets of \$62,825,429, unspent proceeds of \$1,217,889 with related debt of \$45,511,922, which includes unamortized bonds discounts, premiums, and deferred refunding charges. In addition, the governmental activities column has \$771,517 restricted for capital projects. The business-type activities column reflects \$173,291 invested in capital assets with no related debt.

**Note 10 – Contingencies**

*Grants*

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2015.

*Litigation*

In accordance with the solicitor's legal letter, there is no pending litigation involving contingent liabilities, as of June 30, 2015, that would materially affect the financial position of the District.



**REQUIRED  
SUPPLEMENTAL INFORMATION**

**Northwestern Lehigh School District  
Schedule of Funding Progress  
Fiscal Year Ended June 30, 2015**

<b>Healthcare Benefit</b>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a / b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2014	\$ -	\$ 3,133,370	\$ 3,133,370	0.0%	\$ 13,868,065	22.59%
7/1/2012	-	2,973,312	2,973,312	0.0%	13,757,081	21.61%
7/1/2010	-	3,087,885	3,087,885	0.0%	14,352,166	21.52%

**NORTHWESTERN LEHIGH SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b><u>2014-15</u></b>
District's proportion of the net pension liability (asset)	0.1295%
District's proportionate share of the net pension liability (asset)	\$ 51,257,000
District's covered employee payroll	\$ 16,751,309
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	32.68%
Plan fiduciary net position as a percentage of the total pension liability	57.24%

NORTHWESTERN LEHIGH SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Contractually required contribution	\$ 3,434,018	2,694,402	1,855,090	1,266,388	799,251	648,501	633,453	1,053,750	887,208	592,360
Contributions in relation to the contractually required contribution	<u>3,434,018</u>	<u>2,694,402</u>	<u>1,855,090</u>	<u>1,266,388</u>	<u>799,251</u>	<u>648,501</u>	<u>633,453</u>	<u>1,053,750</u>	<u>887,208</u>	<u>592,360</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 16,751,309	\$ 16,840,014	\$ 16,131,219	\$ 15,829,855	\$ 15,985,015	\$ 16,212,532	\$ 15,836,313	\$ 16,362,580	\$ 15,510,628	\$ 14,809,010
Contributions as a percentage of covered employee payroll	20.50%	16.00%	11.50%	8.00%	5.00%	4.00%	4.00%	6.44%	5.72%	4.00%

**Northwestern Lehigh School District  
Notes to Required Supplementary Information  
Fiscal Year Ended June 30, 2015**

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**Public School Employees' Retirement System**

*Changes of benefit terms*

None

*Changes in assumptions*

None

*Methods and assumptions used in calculations of actuarially determined contributions*

The actuarially determined contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 7.50%, includes inflation at 3.00%.
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real growth rate of 1%, and merit or seniority increases of 1.50%.
- Benefit payments – no postretirement benefit increases assumed in the future.
- Multiple decrement tables – mortality, vesting, retirement age, and withdrawal estimates are based upon tables provided by the actuary.

*Proportionate Share of the Net Pension Liability*

The amount reported as the District's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made.

## **S U P P L E M E N T A L   I N F O R M A T I O N   S E C T I O N**

Northwestern Lehigh School District  
Combining Statement of Fiduciary Net Position  
Private Purpose Trust Funds  
For the Year Ended June 30, 2015

	CARL BETZ SCHOLAR. FUND	STUDENT COUNCIL SCHOLAR. FUND	LAURETTA LEAR SCHOLAR. FUND	DAVID FALLINGER SCHOLAR. FUND	ROTH MARZ SCHOLAR. FUND	MORTON GENERAL SCHOLAR. FUND	STEPHEN KOHLER MEMORIAL SCHOLAR. FUND	WEISEN- BERG SCHOLAR. FUND	KEY CLUB SCHOLAR. FUND
<b>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>									
Cash	\$ 6,762	\$ 270	\$ 3,573	\$ 5,884	\$ 10,610	\$ 52,934	\$ 7,426	\$ 1,717	\$ 33
Investments	-	-	-	-	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
Deferred Charges on Rfdgs.	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 6,762</b>	<b>\$ 270</b>	<b>\$ 3,573</b>	<b>\$ 5,884</b>	<b>\$ 10,610</b>	<b>\$ 52,934</b>	<b>\$ 7,426</b>	<b>\$ 1,717</b>	<b>\$ 33</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payables	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>NET POSITION</b>									
Held in Trust for future recipients	<u>\$ 6,762</u>	<u>\$ 270</u>	<u>\$ 3,573</u>	<u>\$ 5,884</u>	<u>\$ 10,610</u>	<u>\$ 52,934</u>	<u>\$ 7,426</u>	<u>\$ 1,717</u>	<u>\$ 33</u>

Northwestern Lehigh School District  
Combining Statement of Changes in Fiduciary Net Position  
Private Purpose Trust Funds  
For the Year Ended June 30, 2015

	CARL BETZ SCHOLAR. FUND	STUDENT COUNCIL SCHOLAR. FUND	LAURETTA LEAR SCHOLAR. FUND	DAVID FALLINGER SCHOLAR. FUND	ROTH MARZ SCHOLAR. FUND	MORTON GENERAL SCHOLAR. FUND	STEPHEN KOHLER MEMORIAL SCHOLAR. FUND	WEISEN- BERG SCHOLAR. FUND	KEY CLUB SCHOLAR. FUND
<b>ADDITIONS:</b>									
Contributions	\$ -	\$ 400	\$ -	\$ -	\$ -	\$ 4,610	\$ -	\$ 2,584	\$ 150
Interfund Transfers In	-	-	-	-	-	-	-	-	-
<b>INVESTMENT EARNINGS:</b>									
Interest and dividends	27	1	15	24	43	220	30	6	-
<b>TOTAL ADDITIONS</b>	<b>27</b>	<b>401</b>	<b>15</b>	<b>24</b>	<b>43</b>	<b>4,830</b>	<b>30</b>	<b>2,590</b>	<b>150</b>
<b>DEDUCTIONS:</b>									
Interfund Transfers Out	-	-	-	-	-	-	-	-	-
Awards	50	400	25	50	200	6,350	50	1,350	150
<b>TOTAL DEDUCTIONS</b>	<b>50</b>	<b>400</b>	<b>25</b>	<b>50</b>	<b>200</b>	<b>6,350</b>	<b>50</b>	<b>1,350</b>	<b>150</b>
<b>CHANGES IN NET POSITION</b>	<b>(23)</b>	<b>1</b>	<b>(10)</b>	<b>(26)</b>	<b>(157)</b>	<b>(1,520)</b>	<b>(20)</b>	<b>1,240</b>	<b>-</b>
<b>NET POSITION - BEG. OF YR</b>	<b>6,785</b>	<b>269</b>	<b>3,583</b>	<b>5,910</b>	<b>10,767</b>	<b>54,454</b>	<b>7,446</b>	<b>477</b>	<b>33</b>
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>NET POSITION - END OF YR</b>	<b>\$ 6,762</b>	<b>\$ 270</b>	<b>\$ 3,573</b>	<b>\$ 5,884</b>	<b>\$ 10,610</b>	<b>\$ 52,934</b>	<b>\$ 7,426</b>	<b>\$ 1,717</b>	<b>\$ 33</b>

JUSTIN HUMMEL SCHOLAR. FUND	LYNDSAY BLOSE SCHOLAR. FUND	NWLSD SCHOLAR. FUND	FISHER SCHOLAR. FUND	RESH SCHOLAR. FUND	KISTLER SCHOLAR. FUND	NEMES FISHER SCHOLAR. FUND	NICK GUSTAFSON SCHOLAR. FUND	ALUMNI SCHOLAR. FUND	SCIENCE CLUB SCHOLAR. FUND	TOTAL
\$ 4,652	\$ 8,579	\$ 2	\$ 41	\$ 15,393	\$ 3	\$ 4,382	\$ 2,283	\$ 10,719	\$ 3	\$ 135,266
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
\$ 4,652	\$ 8,579	\$ 2	\$ 41	\$ 15,393	\$ 3	\$ 4,382	\$ 2,283	\$ 10,719	\$ 3	\$ 135,266
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
\$ 4,652	\$ 8,579	\$ 2	\$ 41	\$ 15,393	\$ 3	\$ 4,382	\$ 2,283	\$ 10,719	\$ 3	\$ 135,266

JUSTIN HUMMEL SCHOLAR. FUND	LYNDSAY BLOSE SCHOLAR. FUND	NWLSD SCHOLAR. FUND	FISHER SCHOLAR. FUND	RESH SCHOLAR. FUND	KISTLER SCHOLAR. FUND	NEMES FISHER SCHOLAR. FUND	NICK GUSTAFSON SCHOLAR. FUND	ALUMNI SCHOLAR. FUND	SCIENCE CLUB SCHOLAR. FUND	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ 950	\$ -	\$ -	\$ -	\$ -	\$ 3,200	\$ 11,894
-	-	-	-	-	-	-	-	-	-	-
19	34	-	-	60	-	17	9	44	-	549
19	34	-	-	1,010	-	17	9	44	3,200	12,443
-	-	-	-	-	-	-	-	-	-	-
25	50	-	50	500	-	50	100	200	3,200	12,800
25	50	-	50	500	-	50	100	200	3,200	12,800
(6)	(16)	-	(50)	510	-	(33)	(91)	(156)	-	(357)
4,658	8,595	2	91	14,883	3	4,415	2,374	10,875	3	135,623
\$ 4,652	\$ 8,579	\$ 2	\$ 41	\$ 15,393	\$ 3	\$ 4,382	\$ 2,283	\$ 10,719	\$ 3	\$ 135,266



**Northwestern Lehigh School District**  
**Combining Statement of Fund Net Position - All Enterprise Funds**  
**As of June 30, 2015**

	<b>(NON-MAJOR) TIGER CONCESSION FUND</b>	<b>(MAJOR) FOOD SERVICE FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash	\$ 54,176	\$ 1,789	\$ 55,965
Investments	-	-	-
Due From Other Funds	665	646,033	646,698
Due From Other Governments	-	-	-
Other Receivables	-	2,309	2,309
Inventory	-	10,779	10,779
Prepaid Expenses	-	-	-
Building Improvements, net of Accum. depreciation	-	47,981	47,981
Equipment, net of Accum. Depreciation	30,424	94,886	125,310
<b>TOTAL ASSETS</b>	<b>\$ 85,265</b>	<b>\$ 803,777</b>	<b>\$ 889,042</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources - Change in Proportion of NPL	-	5,554	5,554
Deferred Outflows of Resources - 2014-15 Contributions	-	53,290	53,290
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 85,265</b>	<b>\$ 862,621</b>	<b>\$ 947,886</b>
<b>LIABILITIES</b>			
Due To Other Funds	\$ 6,813	\$ 633,404	\$ 640,217
Accounts Payable	-	876	876
Intergovernmental Payables	-	-	-
Accrued Salaries and Benefits	-	95	95
Accrued Compensated Absences	-	1,546	1,546
Net Pension Liability	-	861,545	-
Other Retirement Benefits	-	-	-
Prepayments	1,830	21,551	23,381
<b>TOTAL LIABILITIES</b>	<b>8,643</b>	<b>1,519,017</b>	<b>1,527,660</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources - Diff. in projected vs actual invest. Earnings	-	61,666	61,666
Deferred Inflows of Resources - Diff. in projected vs actual Contributions	-	900	900
Deferred Inflows of Resources - Change in Proportion of NPL	-	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>8,643</b>	<b>1,581,583</b>	<b>1,590,226</b>
<b>FUND NET POSITION</b>			
Net Investment in Capital Assets	30,424	142,867	173,291
Unrestricted	46,198	(861,829)	(815,631)
<b>TOTAL FUND NET POSITION</b>	<b>76,622</b>	<b>(718,962)</b>	<b>(642,340)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION</b>	<b>\$ 85,265</b>	<b>\$ 862,621</b>	<b>\$ 947,886</b>

**Northwestern Lehigh School District**  
**Combining Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - All Enterprise Funds**  
**For the Year Ended June 30, 2015**

	<b>(NON-MAJOR) TIGER CONCESSION FUND</b>	<b>(MAJOR) FOOD SERVICE FUND</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Food Service Revenue	\$ 20,707	\$ 474,487	\$ 495,194
Other Operating Revenue	<u>8,155</u>	<u>8,360</u>	<u>16,515</u>
<b>TOTAL OPERATING REVENUES</b>	<u>28,862</u>	<u>482,847</u>	<u>511,709</u>
	-----	-----	-----
<b>OPERATING EXPENSES</b>			
Salaries	2,444	281,977	284,421
Employee Benefits	710	124,777	125,487
Professional Services	-	13,452	13,452
Purchased Property Services	-	20,821	20,821
Other Purchased Services	-	876	876
Supplies	14,549	344,317	358,866
Depreciation	2,760	27,093	29,853
Other Operating Expenses	<u>-</u>	<u>716</u>	<u>716</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>20,463</u>	<u>814,029</u>	<u>834,492</u>
	-----	-----	-----
<b>OPERATING PROFIT (LOSS)</b>	8,399	(331,182)	(322,783)
	-----	-----	-----
<b>NON-OPERATING REVENUES</b>			
Earnings on Investments	100	-	100
Contributions/Donations	-	-	-
Revenue from Local Government Units	-	-	-
State Sources	340	57,390	57,730
Federal Sources	<u>-</u>	<u>241,011</u>	<u>241,011</u>
<b>TOTAL NON-OPERATING REVENUES</b>	<u>440</u>	<u>298,401</u>	<u>298,841</u>
	-----	-----	-----
<b>INCOME (LOSS) BEFORE INTERFUND TRANSFERS</b>	8,839	(32,781)	(23,942)
<b>Interfund Transfers</b>	<u>-</u>	<u>30,250</u>	<u>30,250</u>
	-----	-----	-----
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	8,839	(2,531)	6,308
Capital Contributions	-	-	-
Gain or Loss on Sale of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
	-----	-----	-----
<b>CHANGES IN FUND NET POSITION</b>	8,839	(2,531)	6,308
<b>FUND NET POSITION - JULY 1, 2014</b>	67,783	124,351	192,134
<b>Prior Period Ajustment</b>	<u>-</u>	<u>(840,782)</u>	<u>(840,782)</u>
	-----	-----	-----
<b>FUND NET POSITION - JUNE 30, 2015</b>	<u>\$ 76,622</u>	<u>\$ (718,962)</u>	<u>\$ (642,340)</u>

**Northwestern Lehigh School District**  
**Combining Statement of Cash Flows - All Enterprise Funds**  
**For the Year Ended June 30, 2015**

	(NON-MAJOR) TIGER CONCESSION FUND	(MAJOR) FOOD SERVICE FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from users	\$ 20,367	\$ 463,476	\$ 483,843
Cash received from assessments to other funds	-	-	-
Cash received from earnings on investments	-	-	-
Cash received from other operating revenue	8,155	17,695	25,850
Cash paid to employees	(3,154)	(382,228)	(385,382)
Cash payments to insurance claims	-	-	-
Cash paid to suppliers	(11,200)	(362,076)	(373,276)
Cash payments for other operating expenses	-	(716)	(716)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>14,168</u>	<u>(263,849)</u>	<u>(249,681)</u>
	-----	-----	-----
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Contributions	-	-	-
Local Sources	-	-	-
State Sources	340	57,390	57,730
Federal Sources	-	201,157	201,157
Interfund Transfers	-	30,250	30,250
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>340</u>	<u>288,797</u>	<u>289,137</u>
	-----	-----	-----
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Equipment	-	(30,250)	(30,250)
Capital Contributions	-	-	-
<b>NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>(30,250)</u>	<u>(30,250)</u>
	-----	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Earnings on Investments	<u>100</u>	<u>-</u>	<u>100</u>
	-----	-----	-----
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	14,608	(5,302)	9,306
<b>CASH AND CASH EQUIVALENTS - JULY 1, 2014</b>	<u>39,568</u>	<u>7,091</u>	<u>46,659</u>
	-----	-----	-----
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2015</b>	<u>\$ 54,176</u>	<u>\$ 1,789</u>	<u>\$ 55,965</u>

Northwestern Lehigh School District  
Combining Statement of Cash Flows - All Enterprise Funds  
For the Year Ended June 30, 2015

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	(NON-MAJOR) TIGER CONCESSION FUND	(MAJOR) FOOD SERVICE FUND	TOTAL
<b>OPERATING INCOME (LOSS)</b>	\$ 8,399	\$ (331,182)	\$ (322,783)
	-----	-----	-----
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Depreciation	2,760	27,093	29,853
Donated Commodities used	-	41,041	41,041
<b>NET CHANGES IN ASSETS AND LIABILITIES:</b>			
(Increase) Decrease in Accounts Receivable	-	(1,675)	(1,675)
(Increase) Decrease in Interfund Receivable	(340)	(646,033)	(646,373)
(Increase) Decrease in Inventories	-	(438)	(438)
(Increase) Decrease in Prepaid Expenses	-	-	-
(Increase) Decrease in Deferred Inflows of Resources - Change in Proportion of NPL	-	(5,554)	(5,554)
(Increase) Decrease in Deferred Inflows of Resources - 2014-15 Contributions	-	(53,290)	(53,290)
Increase (Decrease) in Interfund Payable	3,349	619,850	623,199
Increase (Decrease) in Accounts Payable	-	876	876
Increase (Decrease) in Accrued Salaries and Benefits	-	41	41
Increase (Decrease) in Net Pension Liability		20,762	20,762
Increase (Decrease) in Deferred Inflows of Resources - Diff. in projected vs actual invest. Earnings		61,666	61,666
Increase (Decrease) in Deferred Inflows of Resources - Diff. in projected vs actual Contributions		900	900
Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion of NPL		-	-
Increase (Decrease) in Prepayments	-	2,094	2,094
<b>TOTAL ADJUSTMENTS</b>	<u>5,769</u>	<u>67,333</u>	<u>73,102</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 14,168</u>	<u>\$ (263,849)</u>	<u>\$ (249,681)</u>

**Northwestern Lehigh School District  
Combining Balance Sheet  
All Agency Funds  
As of June 30, 2015**

	<b>ACTIVITY FUND</b>	<b>PAYROLL FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash	\$ 110,157	\$ 16,488	\$ 126,645
Due from Other Funds	-	1	1
Accounts Receivable	-	-	-
Prepaid Expenses	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 110,157</u></b>	<b><u>\$ 16,489</u></b>	<b><u>\$ 126,646</u></b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 8,576	\$ -	\$ 8,576
Intergovernmental Payable	-		-
Due Student Organizations	101,581	-	101,581
Payroll Deductions	-	15,304	15,304
Interfund Payable	-	1,185	1,185
<b>TOTAL LIABILITIES</b>	<b><u>\$ 110,157</u></b>	<b><u>\$ 16,489</u></b>	<b><u>\$ 126,646</u></b>

**Northwestern Lehigh School District**  
**Combining Statement of Changes in Assets and**  
**Liabilities - All Agency Funds**  
**For the Year Ended June 30, 2015**

<u>ACTIVITY FUND</u>	<u>BALANCE 7/1/14</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 6/30/15</u>
<b>ASSETS:</b>				
Cash	\$ 98,460	\$ 268,325	\$ 256,628	\$ 110,157
Interfund Receivable	-	-	-	-
Accounts Receivable	-	-	-	-
Prepaid Expenses	1,290	-	1,290	-
<b>TOTAL ASSETS</b>	<b>\$ 99,750</b>	<b>\$ 268,325</b>	<b>\$ 257,918</b>	<b>\$ 110,157</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 3,857	\$ 8,576	\$ 3,857	\$ 8,576
Intergovernmental Payable	-	-	-	-
Interfund Payables	1,323	-	1,323	-
Due to Student Organizations	94,570	259,749	252,738	101,581
<b>TOTAL LIABILITIES</b>	<b>\$ 99,750</b>	<b>\$ 268,325</b>	<b>\$ 257,918</b>	<b>\$ 110,157</b>
 <b><u>PAYROLL FUND</u></b>				
<b>ASSETS:</b>				
Cash	\$ 16,194	\$ 16,715,691	\$ 16,715,397	\$ 16,488
Other Accounts Receivable	-	-	-	-
Interfund Receivable	1	1	1	1
<b>TOTAL ASSETS</b>	<b>\$ 16,195</b>	<b>\$ 16,715,692</b>	<b>\$ 16,715,398</b>	<b>\$ 16,489</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Interfund Payable	919	1,185	919	1,185
Accrued Payroll Deductions	15,276	16,714,507	16,714,479	15,304
<b>TOTAL LIABILITIES</b>	<b>\$ 16,195</b>	<b>\$ 16,715,692</b>	<b>\$ 16,715,398</b>	<b>\$ 16,489</b>
 <b><u>ALL AGENCY FUNDS</u></b>				
<b>ASSETS:</b>				
Cash	\$ 114,654	\$ 16,984,016	\$ 16,972,025	\$ 126,645
Interfund Receivables	1	1	1	1
Accounts Receivable	-	-	-	-
Prepaid Expenses	1,290	-	1,290	-
<b>TOTAL ASSETS</b>	<b>\$ 115,945</b>	<b>\$ 16,984,017</b>	<b>\$ 16,973,316</b>	<b>\$ 126,646</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 3,857	\$ 8,576	\$ 3,857	\$ 8,576
Intergovernmental Payable	-	-	-	-
Due to Student Organizations	94,570	259,749	252,738	101,581
Accrued Payroll Deductions	15,276	16,714,507	16,714,479	15,304
Interfund Payable	2,242	1,185	2,242	1,185
<b>TOTAL LIABILITIES</b>	<b>\$ 115,945</b>	<b>\$ 16,984,017</b>	<b>\$ 16,973,316</b>	<b>\$ 126,646</b>

**Northwestern Lehigh School District**  
**Combining Balance Sheet - All Non-Major Governmental Funds**  
**As of June 30, 2015**

	CAPITAL RESERVE FUND	2008A - 33 CONSTRUCTION FUND	2009 CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS	DEBT SERVICE FUND 2014 BOND FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 369,790	\$ 415,146	\$ 102,484	\$ 887,420	\$ -	\$ 887,420
Investments	1,000,000	300,000	400,000	1,700,000	-	1,700,000
Due from other funds	-	-	-	-	-	-
Accrued Interest Receivables	-	111	148	259	-	259
Prepaid Expenditures	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,369,790</b>	<b>\$ 715,257</b>	<b>\$ 502,632</b>	<b>\$ 2,587,679</b>	<b>\$ -</b>	<b>\$ 2,587,679</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
Deferred Charges on Refundings, net	-	-	-	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,369,790</b>	<b>\$ 715,257</b>	<b>\$ 502,632</b>	<b>\$ 2,587,679</b>	<b>\$ -</b>	<b>\$ 2,587,679</b>
<b><u>LIABILITIES</u></b>						
Due to Other Funds	\$ 598,273	\$ -	\$ -	\$ 598,273	\$ -	\$ 598,273
Accounts Payable	-	-	-	-	-	-
Intergovernmental Payables	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>598,273</b>	<b>-</b>	<b>-</b>	<b>598,273</b>	<b>-</b>	<b>598,273</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Unearned/Unavailable Revenue	-	-	-	-	-	-
	598,273	-	-	598,273	-	598,273
<b>FUND BALANCES:</b>						
Restricted Fund Balance	771,517	715,257	502,632	1,989,406	-	1,989,406
Assigned Fund Balance	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>771,517</b>	<b>715,257</b>	<b>502,632</b>	<b>1,989,406</b>	<b>-</b>	<b>1,989,406</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,369,790</b>	<b>\$ 715,257</b>	<b>\$ 502,632</b>	<b>\$ 2,587,679</b>	<b>\$ -</b>	<b>\$ 2,587,679</b>

**Northwestern Lehigh School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Non-Major Governmental Funds**  
**For the Year Ended June 30, 2015**

	<b>CAPITAL RESERVE FUND</b>	<b>2008A - 33 CONSTRUCTION FUND</b>	<b>2009 CONSTRUCTION FUND</b>	<b>TOTAL CAPITAL PROJECT FUNDS</b>	<b>DEBT SERVICE FUND 2014 BOND FUND</b>	<b>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>						
Local Sources	\$ 29,234	\$ 10,042	\$ 11,454	\$ 50,730	\$ -	\$ 50,730
State Sources	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>29,234</u>	<u>10,042</u>	<u>11,454</u>	<u>50,730</u>	<u>-</u>	<u>50,730</u>
	-----	-----	-----	-----	-----	-----
<b>EXPENDITURES</b>						
Instruction	-	-	-	-	-	-
Support Services	140,197	-	-	140,197	-	140,197
Operation of Non-Instructional Services	-	-	-	-	-	-
Capital Outlay	395,630	24,758	-	420,388	-	420,388
Debt Service	-	-	-	-	5,144	5,144
<b>TOTAL EXPENDITURES</b>	<u>535,827</u>	<u>24,758</u>	<u>-</u>	<u>560,585</u>	<u>5,144</u>	<u>565,729</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(506,593)</u>	<u>(14,716)</u>	<u>11,454</u>	<u>(509,855)</u>	<u>(5,144)</u>	<u>(514,999)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond Proceeds	-	-	-	-	-	-
Refunding Bond Proceeds	-	-	-	-	-	-
Bond Discount	-	-	-	-	-	-
Interfund Transfers In	328,000	-	-	328,000	-	328,000
Sale/Compensation for Fixed Assets	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-
Refunds of Prior Year Receipts	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>328,000</u>	<u>-</u>	<u>-</u>	<u>328,000</u>	<u>-</u>	<u>328,000</u>
<b>SPECIAL/EXTRAORDINARY ITEMS</b>						
Special Items	-	-	-	-	-	-
Extraordinary Items	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>(178,593)</u>	<u>(14,716)</u>	<u>11,454</u>	<u>(181,855)</u>	<u>(5,144)</u>	<u>(186,999)</u>
<b>FUND BALANCES - BEGINNING</b>	<u>950,110</u>	<u>729,973</u>	<u>491,178</u>	<u>2,171,261</u>	<u>5,144</u>	<u>2,176,405</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 771,517</u>	<u>\$ 715,257</u>	<u>\$ 502,632</u>	<u>\$ 1,989,406</u>	<u>\$ -</u>	<u>\$ 1,989,406</u>



**Northwestern Lehigh School District  
General Fund  
Schedule on Tax Collectors' Receipts  
For the Year Ended June 30, 2015**

<b><u>CURRENT REAL ESTATE TAXES</u></b>	<b><u>HEIDELBERG TOWNSHIP</u></b>	<b><u>LOWHILL TOWNSHIP</u></b>	<b><u>LYNN TOWNSHIP</u></b>	<b><u>WEISENBERG TOWNSHIP</u></b>	<b><u>TOTALS</u></b>
Original Assessment	\$ 267,269,300	\$ 248,599,200	\$ 347,382,500	\$ 645,428,800	\$ 1,508,679,800
Millage Rate	0.015963	0.015963	0.015963	0.015963	0.015963
Total Assessed Tax Amount	4,266,420	3,968,389	5,545,303	10,302,980	24,083,092
Less: Act 1 Reduction	151,728	102,157	187,452	230,810	672,147
<b>TAX PER DUPLICATE</b>	4,114,692	3,866,232	5,357,851	10,072,170	23,410,945
PLUS - Additions	-	-	-	-	-
- Penalties	12,296	9,437	14,403	22,524	58,660
<b>TAXES TO BE COLLECTED</b>	4,126,988	3,875,669	5,372,254	10,094,694	23,469,605
LESS - Discounts	63,778	59,191	85,152	173,167	381,288
- Reductions	-	-	-	473,490	473,490
- Refunds	295	5,481	5,427	31,561	42,764
- Returned to County	202,410	91,173	207,425	203,663	704,671
- Exonerations	-	-	-	3,424	3,424
<b>NET CURRENT R. E. TAXES COLLECTED</b>	<u>\$ 3,860,505</u>	<u>\$ 3,719,824</u>	<u>\$ 5,074,250</u>	<u>\$ 9,209,389</u>	<u>\$ 21,863,968</u>
 <b>INTERIM R. E. TAXES COLLECTED</b>	 <u>\$ 8,594</u>	 <u>\$ 27,893</u>	 <u>\$ 21,056</u>	 <u>\$ 212,117</u>	 <u>\$ 269,660</u>

**Northwestern Lehigh School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2015**

**REVENUES**

**LOCAL SOURCES:**

Current Real Estate Taxes	\$ 21,863,968	
Interim Real Estate Taxes	269,660	
Public Utility	31,173	
Payment in Lieu of Taxes	5,732	
Current Per Capita Taxes - 511	-	
Current Per Capita Taxes - 679	-	
Occupational Privilege Tax	49,069	
Earned Income Tax	2,481,351	
Real Estate Transfer Tax	433,594	
Amusement Taxes	-	
Delinquent Real Estate Taxes	834,354	
Delinquent Interim Real Estate Taxes	9,468	
Delinquent Per Capita Taxes - 511	-	
Delinquent Per Capita Taxes - 679	-	
Delinquent Amusement Taxes	-	
Interest	314,817	
Admissions	60,492	
Fees	14,033	
Other Student Activity Income	1,455	
Revenue Received from I.S. - State	-	
I/U Services - Federal	355,277	
Other Revenue I.U. Sources	-	
Rentals	25,749	
Contributions	145,353	
Regular Day School Tuition	-	
Summer School	-	
Adult School	6,428	
Receipts from Other LEA's - Education	7,090	
Other Tuition From Patrons	2,040	
Transportaion Services Provided Other PA LEAs	8,076	
Miscellaneous	31,071	
Refunds of Prior Yr. Expenditures	14,228	
<b>TOTAL LOCAL SOURCE REVENUE</b>	\$ 26,964,478	

**STATE SOURCES:**

Basic Subsidy - ESBE	5,418,348	
Read to Succeed	-	
Charter Schools	-	
School Performance	-	
Orphan Tuition	39,807	
Homebound	-	
Vocational Education	-	
Special Education	1,296,951	
<b>SUB-TOTAL</b>	<b>6,755,106</b>	

**Northwestern Lehigh School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2015**

**REVENUE (CONT'D)**

<b>SUB-TOTAL (CARRIED FORWARD)</b>	\$ 6,755,106	
Transportation	1,001,372	
Rentals	302,160	
Health Services	41,167	
State Property Tax Reduction Allocation	672,236	
Dual Enrollment	-	
Sewage	-	
PA Accountability Grant	-	
Ready to Learn Grant	179,523	
DCED Pavilion	-	
FICA Revenue	625,422	
Retirement Revenue	1,763,895	
Classrooms for the Future	-	
<b>TOTAL STATE SOURCE REVENUE</b>	\$ 11,340,881	

**FEDERAL SOURCES:**

Title I	167,526	
Title II A	38,984	
Title I - ARRA	-	
State Fiscal Stabilization Fund - ARRA	-	
Education Jobs Grant	-	
Drug Free	-	
Medical Assistance Reimbursement	3,453	
<b>TOTAL FEDERAL SOURCE REVENUE</b>	209,963	
<b>TOTAL REVENUE</b>		38,515,322

**EXPENDITURES**

Regular Programs - Elem./Secondary	14,387,023
Federally Funded Regular Programs	534,540
Special Education	-
Life Skills Support - Public	77,956
Deaf or Hearing Impaired Support	-
Blind or Visually Impaired Support	-
Speech & Language Impaired	189,377
Emotional Support - Public	410,703
Academic Support	-
Learning Support - Public	2,230,490
Gifted Support	168,797
Physical Support	-
Multi-Handicapped Support	-
Early Intervention Support	-
Other Support	1,623,227
<b>SUB-TOTAL</b>	<b>19,622,113</b>

**Northwestern Lehigh School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2015**

<b>SUB-TOTAL (CARRIED FORWARD)</b>	\$ 19,622,113
Home Economics	-
Business Education	-
Other Vocational Education Programs	1,059,876
Drivers Education	-
Homebound Instruction	1,909
Adjudicated/Court Placed Programs	-
Alternative Education Program	-
Additional Other Instructional Program	-
Non-Public School Programs	-
Adult Education	5,070
Community College Programs	254,497
Supervision of Pupil Personnel Services- Head	363,534
Guidance Services	-
Counseling Services	659,124
Attendance Services	-
Psychological Services	169,093
Other Pupil Personnel Services	-
Support Services - Instructional Staff	-
Technology Support Services	-
Educational Television Services	3,901
Computer Assisted Instruction Services	99,479
School Library Services	514,807
Instructional & Curriculum Dev. Service	305,596
Instructional Staff Development Services	-
Instructional Staff Development	36,143
Instructional Staff Development - Non-certified	730
Other Instructional Staff Services	-
Board Services	60,884
Board Treasurer Services	-
Tax Assessment & Collection Service	87,978
Staff Relations	32,290
Legal Services	71,334
Office of the Superintendent Services	345,603
Community Relations Services	-
Office of the Principal Services	1,344,260
Other Administration Services	2,080
Medical Services	307,668
Dental Services	-
Nursing Services	-
Non-Public Health Services	-
Supervision of Fiscal Services	347,829
<b>SUB-TOTAL</b>	<b>25,695,798</b>

**Northwestern Lehigh School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2015**

<b>SUB-TOTAL (CARRIED FORWARD)</b>	\$ 25,695,798	
Other Fiscal Services	300,435	
Operation and Maintenance of Plant Services	202,868	
Operation of Building Services	3,199,370	
Care and Upkeep of Grounds Services	349,838	
Security Services	19,225	
Student Transportation Services	212,069	
Vehicle Operation Services	1,468,470	
Vehicle Servicing and Maintenance Services	773,172	
Support Services - Central	-	
System-Wide Technology Services	311,879	
Recruitment and Placement Services	249,737	
Staff Development Services	10,972	
Non-Instructional Dev - Non Cert	10,355	
Other Support Services	37,362	
School Sponsored Student Activities	220,575	
Food Service Bad Debts	680	
School Sponsored Athletics	633,174	
Community Services	7,500	
Architecture and Engineering Services	23,607	
Existing Building Improvement Services	-	
Debt Service	3,140,876	
Refund of Prior Yr. Receipts	2,146	
<b>TOTAL EXPENDITURES</b>	<u>36,870,108</u>	<b>\$ 36,870,108</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<b>1,645,214</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>		
Proceeds from Extended Term Financing	-	
Debt Service Fund Transfers	-	
Sale of Fixed Assets	-	
Capital Projects Funds Transfers	(328,000)	
Debt Service Fund Transfers	-	
Food Service Fund Transfers	(30,250)	
Tiger Concession Fund Transfers	-	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(358,250)</u>	
<b>Special Items</b>	-	
<b>Extraordinary Items</b>	<u>-(358,250)</u>	
<b>NET CHANGE IN FUND BALANCE</b>		<b>1,286,964</b>
<b>FUND BALANCE - JULY 1, 2014</b>		<u><b>18,312,767</b></u>
<b>FUND BALANCE - JUNE 30, 2015</b>		<u><b>\$ 19,599,731</b></u>

**Northwestern Lehigh School District**  
**Food Service Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2015**

**REVENUES**

Student Payments	\$ 460,543	
Adult Payments	4,609	
Kitchen Sales	9,335	
Miscellaneous	-	
Revenue from Local Government Units	-	
Federal Donated Commodities	39,854	
Federal Subsidies	201,157	
Other Unrestricted Federal Grant	-	
State Subsidies	57,390	
Other State Revenue	-	
Transfer from General Fund	30,250	
Interest	-	
Special Events	<u>8,360</u>	\$ 811,498

**COST OF SALES**

Beginning Inventory - July 1, 2014	11,528	
Purchases - Food and Milk	274,923	
- Donated Commodities	39,854	
- Supplies	28,791	
LESS: Ending Inventory - June 30, 2015	<u>(10,779)</u>	<u>344,317</u>

**GROSS PROFIT**

467,181

**EXPENSES**

Payroll	281,977	
Taxes and Benefits	124,777	
Professional Services	13,452	
Purchased Property Services	20,821	
Travel	801	
Advertising	-	
Tech Communications	-	
Printing & Binding	75	
Depreciation	27,093	
Equipment	394	
Dues & Fees	<u>322</u>	<u>469,712</u>

**INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS**

(2,531)

Gain or Loss on Sale of Fixed Assets

-

Capital Contributions

-

**CHANGES IN FUND NET POSITION**

(2,531)

**FUND NET POSITION - JULY 1, 2014**

124,351

**Prior Period Adjustment**

(840,782)

**FUND NET POSITION - JUNE 30, 2015**

**\$ (718,962)**

**Northwestern Lehigh School District  
Food Service Fund  
Statement of Fund Net Position  
As of June 30, 2015**

**ASSETS & DEFERRED OUTFLOWS OF RESOURCES**

Cash	\$ 1,789
Interfund Receivables	646,033
Subsidies Receivable	-
Other Receivable	2,309
Inventories	10,779
Prepaid Expenses	-
Building Improvements, net of Accum. Depreciation	47,981
Equipment, net of Accum. Depreciation	94,886
Deferred Outflows of Resources - Change in Proportion of NPL	5,554
Deferred Outflows of Resources - 2014-15 Contributions	<u>53,290</u>

**TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES**

**\$ 862,621**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION**

Accounts Payable	876
Interfund Accounts Payable	633,404
Accrued Salaries and Benefits	95
Accrued Compensated Absences	1,546
Net Pension Liability	861,545
Other Retirement Benefits	-
Prepayments	21,551
Deferred Inflows of Resources - Diff. in projected vs actual invest. Earnings	61,666
Deferred Inflows of Resources - Diff. in projected vs actual Contributions	900
Deferred Inflows of Resources - Change in Proportion of NPL	-
<b>FUND NET POSITION - JUNE 30, 2015</b>	<b><u>(718,962)</u></b>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND  
FUND NET POSITION**

**\$ 862,621**

**Northwestern Lehigh School District  
Tiger Concession Fund  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended June 30, 2015**

**REVENUES**

Concession Stand Revenues	\$	20,707	
Other Revenue		8,155	
Interest		100	
Contributions/Donations		-	
State Sources		340	
Transfer from the General Fund		<u>-</u>	\$ 29,302

**COST OF SALES**

Beginning Inventory - July 1, 2014		-	
Food		11,331	
Supplies		3,218	
Less: Ending Inventory - June 30, 2015		<u>-</u>	<u>14,549</u>

**GROSS PROFIT**

14,753

**EXPENSES**

Payroll		2,444	
Taxes and Benefits		710	
Other Professional Services		-	
Repairs and Maintenance		-	
Small Tools & Equipment		-	
Depreciation		<u>2,760</u>	<u>5,914</u>

**CHANGES IN FUND NET POSITION**

8,839

**FUND NET POSITION - JULY 1, 2014**

67,783

**FUND NET POSITION - JUNE 30, 2015**

**\$ 76,622**



**Northwestern Lehigh School District  
Payroll Fund  
Statement of Additions and Deletions  
For the Year Ended June 30, 2015**

**CASH BALANCE - JULY 1, 2014** \$ 16,194

**ADDITIONS**

Transfers From Other Funds	\$ 16,715,613	
Interest	78	16,715,691
<b>TOTAL FUNDS AVAILABLE</b>		16,731,885

**DELETIONS**

16,715,397

**CASH BALANCE - JUNE 30, 2015** **\$ 16,488**

**RECONCILIATION**

Interfund Receivable	\$ 1	
Accounts Payable	-	
Misc. deductions	(5)	
Retro Retirement	-	
Occupational Tax	-	
Due to General Fund	1,185	
Fica	-	
Flex Spending	9,007	
Dependent Care	6,302	
<b>TOTAL LIABILITIES</b>		<b><u>\$ (16,488)</u></b>

**Northwestern Lehigh School District  
Capital Reserve Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2015**

**FUND BALANCE - JULY 1, 2014** \$ 950,110

**REVENUES AND OTHER FINANCING SOURCES**

Interest	\$ 29,234	
Transfer from General Fund	328,000	357,234
<b>TOTAL FUNDS AVAILABLE</b>		1,307,344

**EXPENDITURES**

**INSTRUCTIONAL:**

Equipment	-	
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**SUPPORT SERVICES:**

Equipment	140,197	
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**CAPITAL OUTLAY:**

Rentals	-	
Professional Services	1,340	
Construction	394,290	
Land Improvements	-	
Fees	-	
		535,827

**FUND BALANCE - JUNE 30, 2015** **\$ 771,517**

**Northwestern Lehigh School District  
2008 A Construction Fund - 33  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2015**

<b>FUND BALANCE - JULY 1, 2014</b>	\$	729,973
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**REVENUES AND OTHER FINANCING SOURCES**

Proceeds from Bond Issues	\$ -	
Interest	10,042	10,042
<b>TOTAL FUNDS AVAILABLE</b>		<b>740,015</b>

**EXPENDITURES AND OTHER FINANCING USES**

**SUPPORT SERVICES:**

Professional Services	-	
Insurance	-	
Printing	-	

**CAPITAL OUTLAY:**

Professional Services	10,908	
Advertising	-	
Construction	13,850	
Land Improvements	-	
Equipment	-	
Dues and Fees	-	

**OTHER FINANCING USES:**

Transfer to 2009 Construction Fund	-	24,758

<b>FUND BALANCE - JUNE 30, 2015</b>	<b>\$</b>	<b><u>715,257</u></b>
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**Northwestern Lehigh School District  
2009 Construction Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2015**

<b>FUND BALANCE - JULY 1, 2014</b>	\$	491,178
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**REVENUES AND OTHER FINANCING SOURCES**

Proceeds from Bond Issues	\$ -	
Refund of Prior Year Expenditures	-	
Interest	11,454	11,454
<b>TOTAL FUNDS AVAILABLE</b>	11,454	502,632

**EXPENDITURES AND OTHER FINANCING USES**

**INSTRUCTIONAL SERVICES:**

Equipment	-	
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**SUPPORT SERVICES:**

Professional Services	-	
Advertising	-	
Equipment	-	

**CAPITAL OUTLAY:**

Professional Services	-	
Advertising	-	
Construction	-	
Insurance	-	
Land Improvements	-	
Equipment	-	
Dues and Fees	-	

**OTHER FINANCING USES:**

Bond Discount	-	-
	-	-

<b>FUND BALANCE - JUNE 30, 2015</b>	<b>\$</b>	<b><u>502,632</u></b>
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**Northwestern Lehigh School District  
2014 Bond Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2015**

<b>FUND BALANCE - JULY 1, 2014</b>	\$	5,144
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**REVENUES AND OTHER FINANCING SOURCES**

Proceeds from Refunding Bond Issues	\$	-	
Bond Premium		-	
Transfer from General Fund		-	
Interest		-	
		-	
<b>TOTAL FUNDS AVAILABLE</b>		-	5,144

**EXPENDITURES AND OTHER FINANCING USES**

**SUPPORT SERVICES:**

Professional Services		-	
Insurance		-	
Printing		-	

**OTHER FINANCING USES:**

Payment to Refunded Bonds Escrow Agent		-	
Bond Discount		-	
Debt Service - Interest		5,144	5,144

<b>FUND BALANCE - JUNE 30, 2015</b>	\$	-
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**Northwestern Lehigh School District**  
**Schedule on General Obligation Notes - Series A of 2007**  
**For the Year Ended June 30, 2015**

<u>MATURITY DATE</u>	<u>VARIABLE INTEREST RATE PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2015-16	1.250%	\$ 86,485	\$ 700,000
2016-17	1.250%	84,511	800,000
2017-18	1.250%	74,511	800,000
2018-19	1.250%	43,851	800,000
2019-20	1.250%	74,271	900,000
2020-21	1.250%	42,220	900,000
2021-22	1.250%	29,929	1,000,000
2022-23	1.250%	17,429	1,000,000
2023-24	1.250%	2,752	1,100,000
<b>TOTAL OUTSTANDING</b>		<b>\$ 455,959</b>	<b>\$ 8,000,000</b>

**Northwestern Lehigh School District**  
**Schedule on General Obligation Bonds - Series of 2009**  
**For the Year Ended June 30, 2015**

<u>MATURITY DATE</u>	<u>VARIABLE INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2015-16	1.620%	\$ 127,340	80,000
2016-17	1.620%	136,214	125,000
2017-18	1.620%	134,189	125,000
2018-19	1.620%	132,002	140,000
2019-20	1.620%	130,088	140,000
2020-21	1.620%	127,359	150,000
2021-22	1.620%	124,929	150,000
2022-23	1.620%	122,391	160,000
2023-24	1.620%	120,070	165,000
2024-25	1.620%	107,096	1,090,000
2025-26	1.620%	88,898	1,140,000
2026-27	1.620%	69,999	1,180,000
2027-28	1.620%	50,463	1,230,000
2028-29	1.620%	29,878	1,280,000
2029-30	1.620%	7,838	1,330,000
<b>TOTAL OUTSTANDING</b>		<b>\$ 1,508,754</b>	<b>\$ 8,485,000</b>

**Northwestern Lehigh School District**  
**Schedule on General Obligation Bonds - Series of 2010**  
**For the Year Ended June 30, 2015**

<u>MATURITY DATE</u>	<u>INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2015-16	3.000%	\$ 31,350	\$ 1,045,000
<b>TOTAL OUTSTANDING</b>		<b>\$ 31,350</b>	<b>\$ 1,045,000</b>

**Northwestern Lehigh School District**  
**Schedule on General Obligation Bonds - Series of 2012**  
**For the Year Ended June 30, 2015**

<u>MATURITY DATE</u>	<u>INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2015-16	2.000%	\$ 275,618	\$ 5,000
2016-17	2.000%	275,518	5,000
2017-18	2.000%	275,417	530,000
2018-19	2.000%	264,817	625,000
2019-20	2.100%	252,318	635,000
2020-21	2.250%	238,982	650,000
2021-22	2.450%	224,358	665,000
2022-23	2.550%	208,065	680,000
2023-24	2.700%	190,725	695,000
2024-25	2.800%	171,960	720,000
2025-26	3.000%	151,800	735,000
2026-27	3.000%	129,750	760,000
2027-28	3.150%	106,950	780,000
2028-29	3.200%	82,380	810,000
2029-30	3.300%	56,460	830,000
2030-31	3.400%	29,070	855,000
<b>TOTAL OUTSTANDING</b>		<b>\$ 2,934,188</b>	<b>\$ 9,980,000</b>

**Northwestern Lehigh School District**  
**Schedule on General Obligation Bonds - Series of 2013**  
**For the Year Ended June 30, 2015**

<b><u>MATURITY DATE</u></b>	<b><u>INTEREST PER ANNUM</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2015-16	2.00%	\$ 213,695	\$ 5,000
2016-17	2.00%	213,595	725,000
2017-18	2.00%	199,095	515,000
2018-19	2.00%	188,795	540,000
2019-20	2.00%	177,995	490,000
2020-21	2.00%	168,195	535,000
2021-22	2.00%	157,495	500,000
2022-23	2.00%	147,495	540,000
2023-24	2.10%	136,695	505,000
2024-25	2.15%	126,090	660,000
2025-26	2.25%	111,900	670,000
2026-27	2.40%	96,825	690,000
2027-28	2.50%	80,265	705,000
2028-29	2.60%	62,640	720,000
2029-30	2.70%	43,920	740,000
2030-31	2.80%	23,940	855,000
<b>TOTAL OUTSTANDING</b>		<b><u>\$ 2,148,635</u></b>	<b><u>\$ 9,395,000</u></b>

**Northwestern Lehigh School District**  
**Schedule on General Obligation Bonds - Series of 2014**  
**For the Year Ended June 30, 2015**

<b><u>MATURITY DATE</u></b>	<b><u>INTEREST PER ANNUM</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2015-16	0.54%	\$ 297,006	\$ 240,000
2016-17	0.73%	292,206	345,000
2017-18	1.08%	285,307	440,000
2018-19	1.52%	276,506	440,000
2019-20	2.00%	267,706	455,000
2020-21	2.37%	258,606	460,000
2021-22	2.67%	248,026	470,000
2022-23	2.87%	235,806	485,000
2023-24	3.01%	221,256	500,000
2024-25	3.11%	206,256	510,000
2025-26	3.26%	190,956	530,000
2026-27	3.45%	174,394	545,000
2027-28	3.71%	156,000	565,000
2028-29	3.75%	133,400	590,000
2029-30	3.85%	109,800	615,000
2030-31	3.95%	85,200	680,000
2031-32	4.00%	58,000	710,000
2032-33	4.00%	29,600	740,000
<b>TOTAL OUTSTANDING</b>		<b><u>\$ 3,526,031</u></b>	<b><u>\$ 9,320,000</u></b>

# **S I N G L E   A U D I T   S E C T I O N**



NORTHWESTERN LEHIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NO.	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/14	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/2015	FOOTNOTES
<b><u>U.S. DEPT. OF EDUCATION</u></b>											
<b><u>PASSED THROUGH THE PDE</u></b>											
ESEA - TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-140305A	7/1/13 - 9/30/14	\$ 176,152	\$ 34,761	\$ 34,761	\$ -	\$ -	\$ -	2
ESEA - TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-150305A	7/1/14 - 9/30/15	\$ 167,526	157,495	-	167,526	167,526	10,031	
<b>TOTAL TITLE IA PROGRAM</b>						192,256	34,761	167,526	167,526	10,031	
<b><u>PASSED THROUGH THE PDE</u></b>											
ESEA - TITLE IIA - IMPROVING TEACHER QUALITY	I	84.367	020-140305A	7/1/13 - 9/30/14	\$ 35,011	20,988	16,864	4,124	4,124	-	2
ESEA - TITLE IIA - IMPROVING TEACHER QUALITY	I	84.367	020-150305A	7/1/14 - 9/30/15	\$ 34,860	25,598	-	34,860	34,860	9,262	
<b>TOTAL TITLE IIA PROGRAM</b>						46,586	16,864	38,984	38,984	9,262	
<b><u>PASSED THROUGH THE</u></b>											
<b><u>CARBON LEHIGH I.U.</u></b>											
IDEA - B	I	84.027	N/A	7/1/13 - 6/30/14	\$ 332,578	332,578	332,578	-	-	-	2
IDEA - B	I	84.027	N/A	7/1/14 - 6/30/15	\$ 352,396	352,396	-	352,396	352,396	-	1
IDEA - SECTION 619	I	84.173	N/A	7/1/13 - 6/30/14	\$ 2,881	4,589	1,708	2,881	2,881	-	1
<b>TOTAL IDEA CLUSTER</b>						689,563	334,286	355,277	355,277	-	
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>						928,405	385,911	561,787	561,787	19,293	
<b><u>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u></b>											
<b><u>PASSED THROUGH THE PA</u></b>											
<b><u>DEPARTMENT OF PUBLIC WELFARE</u></b>											
TITLE 19 - MEDICAL REIMBURSEMENT	I	93.778	N/A	7/1/14 - 6/30/15	N/A	3,453	-	3,453	3,453	-	2
<b>TOTAL U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>						3,453	-	3,453	3,453	-	
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>											
<b><u>PASSED THROUGH THE PA</u></b>											
<b><u>DEPARTMENT OF EDUCATION:</u></b>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/14 - 6/30/15	N/A	187,752	-	187,752	187,752	-	2
NATIONAL SCHOOL BREAKFAST	I	10.553	N/A	7/1/14 - 6/30/15	N/A	7,843	-	7,843	7,843	-	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	7/1/14 - 6/30/15	N/A	5,561	-	5,561	5,561	-	
<b><u>PASSED THROUGH THE PA DEPT.</u></b>											
<b><u>OF AGRICULTURE:</u></b>											
U.S.D.A. COMMODITIES	I	10.555	N/A	7/1/14 - 6/30/15	N/A	39,854	(3,608)	41,041	41,041	(2,421)	2
<b>TOTAL CHILD NUTRITION CLUSTER</b>						241,010	(3,608)	242,197	242,197	(2,421)	3,4
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						241,010	(3,608)	242,197	242,197	(2,421)	
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>						\$ 1,172,868	\$ 382,303	\$ 807,437	\$ 807,437	\$ 16,872	

SOURCE: D -DIRECT; I -INDIRECT

**Northwestern Lehigh School District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

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**Note 1 - Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by accounting principles, generally accepted in the United States of America.

**Note 2 - Organization and Scope**

The District recognized 1.5% of its total general fund revenue in federal awards, and 29.8% of its total enterprise fund revenue.

**Note 3 - Program Disclosure – Footnotes**

1. The federal awards passed through the Carbon-Lehigh Intermediate Unit, under the U.S. Department of Education heading, is part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 413,549	\$ 407,666
Carbon-Lehigh I.U.	687,855	355,277
PA Department of Public Welfare	N/A	3,453
PA Department of Agriculture	N/A	41,041
<b>Totals</b>	<b>\$ 1,101,404</b>	<b>\$ 807,437</b>

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$39,854, in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2014-15 fiscal year, the District used \$41,041 in commodities and established a year-end inventory of \$2,421 at June 30, 2015.
4. The amount recognized as revenue in the Schedule of Expenditures of Federal Awards, under the U.S. Department of Agriculture heading, represents the commodities used, versus the commodities received, which are recognized as revenue in the basic financial statements.

**FINANCIAL STATEMENT RECONCILIATION**

General Fund Federal Source Revenues	\$ 209,963
Federal Grants in Local Sources	355,277
Food Service Fund Federal Revenue	<u>241,010</u>
<b>Total Federal Revenue, per financial statements</b>	806,250
Less: Medical Access Reimbursement	-
Change in Donated Commodities	<u>1,187</u>
<b>Total Federal Revenue Reported on SEFA</b>	<b><u>\$ 807,437</u></b>



**GORMAN & ASSOCIATES, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT  
UNDER GOVERNMENT AUDITING STANDARDS**

Board of School Directors  
Northwestern Lehigh School District  
6493 Route 309  
New Tripoli, PA 18066-9409

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Northwestern Lehigh School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Northwestern Lehigh School District's basic financial statements, and have issued our report thereon dated December 3, 2015.

**Internal Control over Financial Reporting**

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

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

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

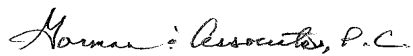
### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,



December 3, 2015



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of  
American Institute of Certified Public Accountants  
Pennsylvania Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT  
UNDER OMB CIRCULAR A-133**

Board of School Directors  
Northwestern Lehigh School District  
6493 Route 309  
New Tripoli, PA 18066-9409

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

We have audited Northwestern Lehigh 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 Northwestern Lehigh School District's major federal programs for the year ended June 30, 2015*. Northwestern Lehigh School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, Northwestern Lehigh School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,



December 3, 2015

**Northwestern Lehigh School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015**

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**Section I - Summary of Auditor Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? ☐ yes ☒ no
- Significant Deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) Identified? ☐ yes ☒ no
- Significant Deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of **OMB** Circular A-133? ☐ yes ☒ no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	IDEA - Cluster

Percentage of programs tested to total awards 44.0%

Dollar threshold used to distinguish between type A and type B program: \$ 300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**Northwestern Lehigh School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015**

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**Section II - Financial Statement Findings**

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We did not discover any findings relating to the basic financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

**Section III - Findings and Questioned Costs for Federal Awards**

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We did not discover any findings or questioned costs on federal awards, in accordance with the criteria established in OMB Circular A-133, Section 510 (a).

***Audit Follow-up Procedures***

We did not perform any follow-up procedures, since there were no findings from the previous year.