



Radnor Township School District Wayne, Pennsylvania Delaware County

Financial Statements
Year Ended June 30, 2016



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RADNOR TOWNSHIP SCHOOL DISTRICT

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
<i>Statement of Net Position (Deficit)</i>	16
<i>Statement of Activities</i>	17
Fund Financial Statements	
<i>Balance Sheet – Governmental Funds</i>	18
<i>Reconciliation of Governmental Funds Balance Sheet to Net Position (Deficit) of Governmental Activities on the Statement of Net Position (Deficit)</i>	19
<i>Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds</i>	20
<i>Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Change in Net Position (Deficit) of Governmental Activities on the Statement of Activities</i>	21
<i>Statement of Net Position (Deficit) – Proprietary Funds</i>	22
<i>Statement of Revenues, Expenses and Changes in Net Position (Deficit) – Proprietary Funds</i>	23
<i>Statement of Cash Flows – Proprietary Funds</i>	24
<i>Statement of Net Position – Fiduciary Funds</i>	25
<i>Statement of Changes in Net Position – Fiduciary Fund</i>	26
Notes to Financial Statements	27
REQUIRED SUPPLEMENTARY INFORMATION	
<i>Budgetary Comparison Schedule – General Fund</i>	47
<i>Other Post-Employment Benefits Schedule of Funding Progress</i>	48
<i>Schedule of the District's Proportionate Share of the Net Pension Liability</i>	49
<i>Schedule of the District's Pension Plan Contributions</i>	50
SUPPLEMENTARY INFORMATION	
<i>Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to Change in Net Position (Deficit) of Governmental Activities on the Statement of Activities by Fund</i>	51

RADNOR TOWNSHIP SCHOOL DISTRICT

CONTENTS

SINGLE AUDIT

Schedule of Expenditures of Federal Awards and Certain State Grants 52

Notes to Schedule of Expenditures of Federal Awards and Certain State Grants 54

Summary Schedule of Prior Audit Findings 55

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS 56

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE 58

Schedule of Findings and Questioned Costs 60



INDEPENDENT AUDITOR'S REPORT

**Board of School Directors
Radnor Township School District
Wayne, Pennsylvania**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Radnor Township School District, Wayne, Pennsylvania as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Radnor Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Radnor Township School District, Wayne, Pennsylvania as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Radnor Township School District's 2015 financial statements, and our report dated January 12, 2016, expressed unmodified audit opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the other post-employment benefits schedule of funding progress and the schedules of the District's proportionate share of the pension liability and pension plan contributions on pages 3 through 15 and 47 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Radnor Township School District's basic financial statements. The reconciliation of statement of revenues, expenditures and changes in fund balance of governmental funds to change in net position of governmental activities on the statement of activities by fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and certain state grants is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The reconciliation of statement of revenues, expenditures, and changes in fund balance of governmental funds to change in net position of governmental activities on the statement of activities by fund and the schedule of expenditures of federal awards and certain state grants are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the reconciliation of statement of revenues, expenditures, and changes in fund balance of governmental funds to change in net position of governmental activities on the statement of activities by fund and the schedule of expenditures of federal awards and certain state grants 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 13, 2016, on our consideration of the Radnor Township 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 Radnor Township School District's internal control over financial reporting and compliance.

BBD, LLP

**Philadelphia, Pennsylvania
December 13, 2016**

RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

Management's discussion and analysis ("**MD&A**") of the financial performance of the Radnor Township School District (the "**District**") provides an overview of the District's financial performance for fiscal year ended June 30, 2016. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

The MD&A of the District was prepared in connection with the audit of the District's June 30, 2016 financial statements. A financial audit is the verification of the financial statements of a legal entity, with a view to express an audit opinion. The audit opinion is intended to provide reasonable assurance that the financial statements are presented fairly, in all material respects. The purpose of an audit is to enhance the degree of confidence of intended users of the financial statements. An audit is not designed to provide assurance of 100% accuracy; rather it is designed to increase the possibility that a material misstatement is detected by audit procedures. A misstatement is defined as false or missing information, whether caused by fraud (including deliberate misstatement) or error.

DISTRICT PROFILE

The District consists of five schools – three elementary schools, a middle school and a high school consisting of approximately 3,690 students. The District is located in the northern section of Delaware County approximately 15 miles northwest of Philadelphia, Pennsylvania. The District's 13.8 square mile area is coterminous with that of Radnor Township and is bordered by Lower Merion, Upper Merion, Tredyffrin, Newtown and Haverford Townships. There are a number of well-known unincorporated communities located within the District including Rosemont, St. Davids, Villanova and Wayne. The District employs 582 full-time and 77 part-time employees, including 353 professionals and 306 support personnel.

The District has become synonymous with excellence in education. The area receives both tangible and intangible benefits from the nearby presence of literally dozens of public and private educational institutions. The District has been given numerous awards for education excellence and has been recognized by several other local, state and national groups and publications for its outstanding educational quality.

The mission of the Radnor Township School District is to inspire in all students the love of learning and creating, and to empower them to discover and pursue their individual passions with knowledge, confidence and caring to shape the future.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows resulting in a deficit in total net position at the close of the 2015-2016 fiscal year of \$92,141,439. During the 2015-2016 fiscal year, the District had an increase in deficit in total net position of \$2,288,577. The deficit in net position of governmental activities increased by \$2,074,889 and the deficit in net position of business-type activities increased by \$213,688.
- On General Fund reported a decrease in fund balance of \$3,417,122, bringing the cumulative balance to \$17,943,511 at the conclusion of the 2015-2016 fiscal year.
- At June 30, 2016, the General Fund fund balance includes \$10,483,269 committed by the School Board for the following purposes:
 - ◆ \$6,070,547 committed for future capital projects in accordance with the District's long-term capital improvement program.
 - ◆ \$78,720 committed to fund District-wide technology and curriculum initiatives. This commitment represents a \$11,481 decrease from the 2014-2015 committed fund balance in these categories due to budgeted spending patterns that occurred during the course of the 2015-2016 fiscal year.
 - ◆ \$3,389,588 committed for anticipated increases in the District's required share of retirement contributions. This commitment represents a \$112,276 decrease from the 2014-2015 committed fund balance in this category related to the use of this committed fund balance during the 2015-2016 budget process.

RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

- ◆ \$944,414 committed for the payment of the long-term portion of early retirement incentive plan benefits and compensated absences. This commitment represents a \$386,611 increase over the 2014-2015 committed fund balance in this category as the liability related to these commitments fluctuates from year to year based on the change of the eligibility status of District employees for these benefits.
- At June 30, 2016, the General Fund fund balance includes unassigned amounts of \$7,460,242 or 8% of the \$93,253,034 2016-2017 General Fund expenditure budget. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a district to maintain an unassigned maximum General Fund fund balance of 8% of the following year's expenditures budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position (Deficit)* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

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

Governmental Activities

Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation and administration.

Business-Type Activities

The District charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on Pages 16 and 17 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

Governmental Funds

Most of the District's activities are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the *Balance Sheet – Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds* for each of the three major funds and the one non-major fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on Pages 18 through 21 of this report.

Proprietary Funds

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses its internal service fund to account for its participation in a consortium with other participating school districts and education agencies to provide self-insurance programs for health and prescription coverage. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate financial information for the Food Service and Internal Service Funds.

The proprietary fund financial statements can be found on Pages 22 through 24 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on Pages 25 and 26 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on Pages 27 through 46 of this report.

RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the General Fund, a schedule of the District's progress in funding its obligation to provide other post-employment benefits and the schedules of the District's proportionate share of the pension liability and pension plan contributions as well as additional analysis consisting of a reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to change in net assets of governmental activities of the statement of activities by fund.

The required supplementary information and additional analysis can be found on Pages 47 through 51 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2015-2016 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$92,141,439. The following table presents condensed information for the *Statement of Net Position (Deficit)* of the District at June 30, 2016 and 2015.

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current assets	\$ 37,059,219	\$ 40,570,011	\$ 805,945	\$ 714,502	\$ 37,865,164	\$ 41,284,513
Noncurrent assets	99,802,156	96,997,057	222,938	232,667	100,025,094	97,229,724
Total assets	136,861,375	137,567,068	1,028,883	947,169	137,890,258	138,514,237
DEFERRED OUTFLOWS						
Deferred amounts on debt refunding	3,046,291	3,242,221	-	-	3,046,291	3,242,221
Deferred charges - pensions	17,306,470	14,059,451	174,216	109,915	17,480,686	14,169,366
Total deferred outflows	20,352,761	17,301,672	174,216	109,915	20,526,977	17,411,587
LIABILITIES						
Current liabilities	12,815,571	13,837,473	95,463	99,759	12,911,034	13,937,232
Noncurrent liabilities	235,424,929	222,225,079	1,372,668	941,375	236,797,597	223,166,454
Total liabilities	248,240,500	236,062,552	1,468,131	1,041,134	249,708,631	237,103,686
DEFERRED INFLOWS						
Deferred credits - pensions	850,043	8,607,706	-	67,294	850,043	8,675,000
NET POSITION (DEFICIT)						
Net investment in capital assets (deficit)	2,783,250	(686,885)	222,938	232,667	3,006,188	(454,218)
Restricted	4,862,337	3,640,484	-	-	4,862,337	3,640,484
Unrestricted (deficit)	(99,521,994)	(92,755,117)	(487,970)	(284,011)	(100,009,964)	(93,039,128)
Total net position (deficit)	\$ (91,876,407)	\$ (89,801,518)	\$ (265,032)	\$ (51,344)	\$ (92,141,439)	\$ (89,852,862)

The District's total assets as of June 30, 2016 were \$137,890,258 of which \$29,965,261 or 21.73% consisted of unrestricted cash and investments and \$98,636,673 or 71.53% consisted of the District's investment in capital assets.

The District's total liabilities as of June 30, 2016 were \$249,708,631 of which \$98,676,776 or 39.52% consisted of general obligation debt used to acquire and construct capital assets and \$136,313,000 or 54.59% consisted of the actuarially determined net pension liability.

RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

The District had a deficit in unrestricted net position of \$100,009,964 at June 30, 2016. The District's deficit in unrestricted net position increased by \$6,970,836 during 2015-2016 primarily due to the results of current year operations and the change in the District's actuarially determined net pension liability and related pension items.

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2016, the District's net investment in capital assets increased by \$3,460,406 because the debt used to acquire the capital assets was being repaid faster than the capital assets were being depreciated and capital assets were acquired with funding sources other than long-term debt.

The following table presents condensed information for the *Statement of Activities* of the District for 2016 and 2015:

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues						
Charges for services	\$ 2,936,365	\$ 2,196,852	\$ 1,421,130	\$ 1,423,466	\$ 4,357,495	\$ 3,620,318
Operating grants and contributions	11,731,039	9,935,511	375,067	342,334	12,106,106	10,277,845
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes levied for general purposes	68,800,033	67,608,291	-	-	68,800,033	67,608,291
Other taxes levied for general purposes	1,750,733	1,968,676	-	-	1,750,733	1,968,676
Grants and entitlements not restricted to specific programs	3,387,806	3,298,641	-	-	3,387,806	3,298,641
Investment earnings	370,918	214,817	2,110	5,187	373,028	220,004
Insurance recoveries	194,808	-	-	-	194,808	-
Gain on sale of capital assets	1,034	-	-	-	1,034	-
Total revenues	<u>89,172,736</u>	<u>85,222,788</u>	<u>1,798,307</u>	<u>1,770,987</u>	<u>90,971,043</u>	<u>86,993,775</u>
EXPENSES						
Instruction	55,282,952	54,052,992	-	-	55,282,952	54,052,992
Instructional student support services	9,482,006	8,996,427	-	-	9,482,006	8,996,427
Administrative and financial support services	8,351,224	9,416,281	-	-	8,351,224	9,416,281
Operation and maintenance of plant services	9,149,404	8,284,944	-	-	9,149,404	8,284,944
Pupil transportation	4,337,005	4,641,803	-	-	4,337,005	4,641,803
Student activities	1,329,543	1,466,786	-	-	1,329,543	1,466,786
Community services	62,765	37,441	-	-	62,765	37,441
Interest and amortization expense related to noncurrent liabilities	3,252,726	3,825,814	-	-	3,252,726	3,825,814
Food service	-	-	2,011,995	1,607,275	2,011,995	1,607,275
Total expenses	<u>91,247,625</u>	<u>90,722,488</u>	<u>2,011,995</u>	<u>1,607,275</u>	<u>93,259,620</u>	<u>92,329,763</u>
CHANGE IN NET POSITION (DEFICIT)	<u>\$ (2,074,889)</u>	<u>\$ (5,499,700)</u>	<u>\$ (213,688)</u>	<u>\$ 163,712</u>	<u>\$ (2,288,577)</u>	<u>\$ (5,335,988)</u>

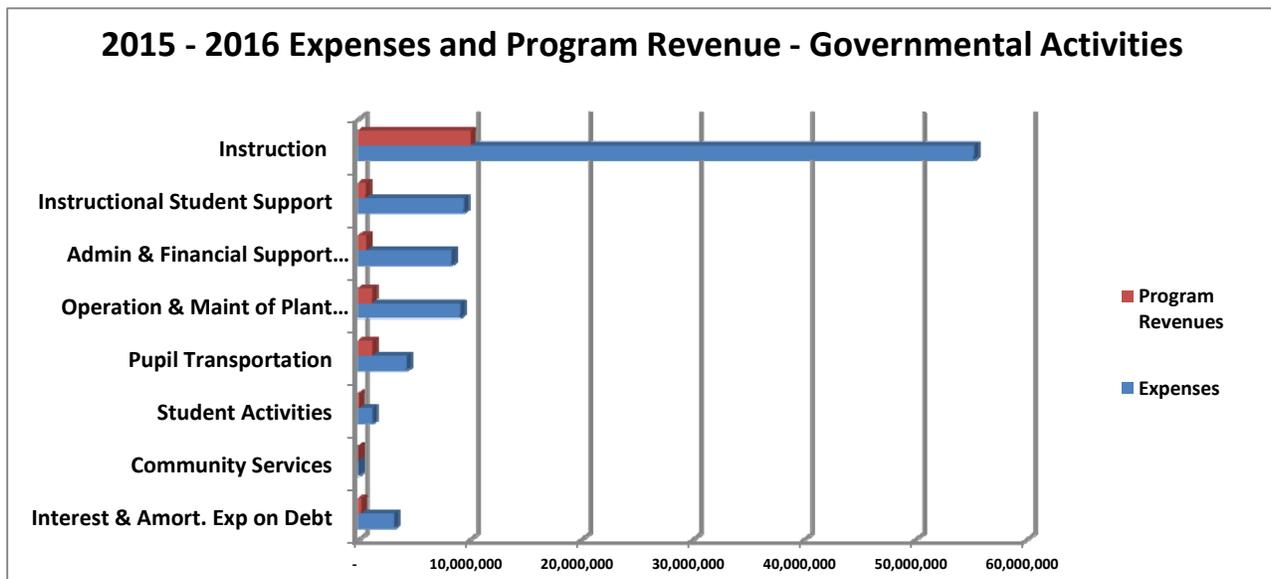
RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

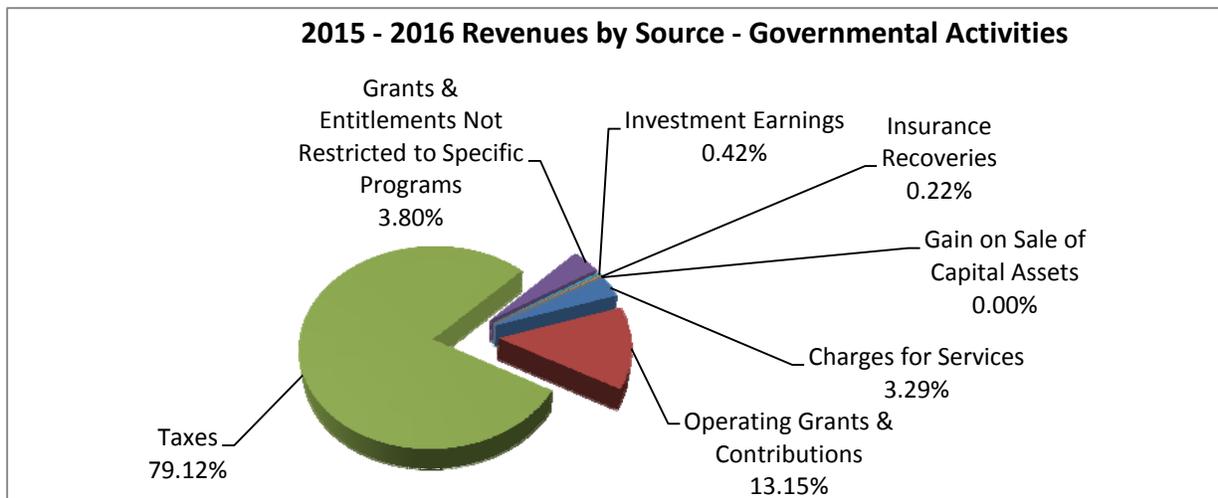
June 30, 2016

During 2015-2016, the District's deficit in net position increased by \$2,288,577 in part due to increased medical costs, pension contributions, state-mandated programs and negotiated contracts. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A majority of the District's property tax base is in the form of residential housing whose growth has slowed in recent years. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities.

The *Statement of Activities* provides detail that focuses on how the District finances its services. The *Statement of Activities* compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, all of the District's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



To the degree that the District's functions or programs cost more than they raise, the *Statement of Activities* shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues to finance its governmental activities.



RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

GOVERNMENTAL FUNDS

The governmental fund financial statements provide detailed information on the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2016, the District's governmental funds reported a combined fund balance of \$22,815,616 which is a decrease of \$2,971,665 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2016 and 2015 and the total 2016 change in governmental fund balances.

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>
General Fund	\$17,943,511	\$21,360,633	\$(3,417,122)
Capital Projects Fund	3,473,916	3,462,449	11,467
Debt Sinking Fund	1,388,421	946,613	441,808
Nonmajor Governmental Fund	<u>9,768</u>	<u>17,586</u>	<u>(7,818)</u>
	<u>\$22,815,616</u>	<u>\$25,787,281</u>	<u>\$(2,971,665)</u>

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2015-2016 fiscal year, the General Fund fund balance was \$17,943,511 representing a decrease of \$3,417,122 in relation to the prior year. The decrease in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2015-2016 fiscal year.

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>
Committed to			
Capital projects	\$ 6,070,547	\$ 5,021,679	\$ 1,048,868
Facility initiatives	-	4,488,139	(4,488,139)
Curriculum tech initiatives	78,720	90,201	(11,481)
Employer retirement rate stabilization	3,389,588	3,501,864	(112,276)
Early retirement incentive and compensated absences	944,414	557,803	386,611
Unassigned	<u>7,460,242</u>	<u>7,700,947</u>	<u>(240,705)</u>
	<u>\$17,943,511</u>	<u>\$21,360,633</u>	<u>\$(3,417,122)</u>

The School Board has committed \$6,070,547 of General Fund fund balance for capital projects as of June 30, 2016 in accordance with its long-term capital improvement plan and facility needs to be determined. Amounts committed for employer retirement stabilization will be used in future years to offset the significant increases anticipated in the District's required share of retirement contributions.

At June 30, 2016, the General Fund fund balance had an unassigned balance of \$7,460,242 or 8% of the \$93,253,034 2016-2017 General Fund expenditure budget. The School Board, per District fund balance policy #620, has set a General Fund maximum unassigned fund balance of not less than 5% and not more than 8% of the following year's expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

At June 30, 2016, the total General Fund fund balance was \$17,943,511 or 19.24% of the \$93,253,034 2016-2017 General Fund expenditure budget. The following is an analysis of General Fund fund balances as of June 30, 2016 and 2016-2017 General Fund expenditures budgets for similar school districts in southeastern Pennsylvania.

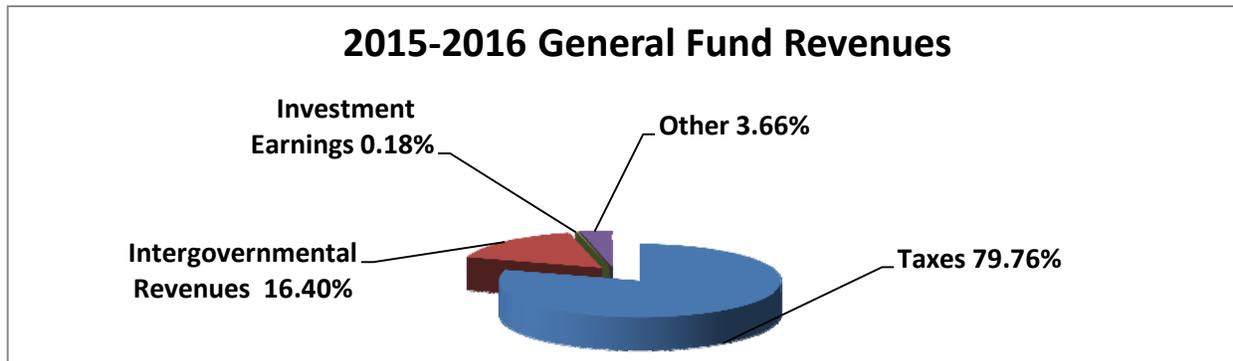
RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

<u>School District</u>	<u>County</u>	<u>General Fund Fund Balance June 30, 2016</u>	<u>2016-2017 General Fund Expenditure Budget</u>	<u>% of Fund Balance to Expenditure Budget</u>
Garnet Valley	Delaware	\$ 9,351,344	\$100,771,559	9.28%
Great Valley	Chester	\$19,388,228	\$ 95,650,000	20.27%
Radnor Township	Delaware	\$17,943,511	\$ 93,253,034	19.24%
Rose Tree Media	Delaware	\$ 9,186,390	\$ 93,003,357	9.88%
Springfield	Delaware	\$10,668,302	\$ 70,472,465	15.14%
Tredyffrin Easttown	Chester	\$32,886,803	\$131,270,392	25.05%
Unionville-Chadds Ford	Chester	\$ 8,687,976	\$ 82,493,427	10.53%
Upper Merion	Montgomery	\$15,132,228	\$ 93,360,131	16.21%
Wallingford Swarthmore	Delaware	\$ 9,148,186	\$ 76,439,336	11.97%

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 79.76% of General Fund revenues are derived from local taxes.



General Fund Revenues

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Tax revenues	\$70,494,100	\$69,892,043	\$ 602,057	0.86
Intergovernmental revenues	14,492,862	13,225,111	1,267,751	9.59
Investment earnings	161,315	174,510	(13,195)	(7.56)
Other	<u>3,232,264</u>	<u>2,357,558</u>	<u>874,706</u>	<u>37.10</u>
	<u>\$88,380,541</u>	<u>\$85,649,222</u>	<u>\$2,731,319</u>	<u>3.19</u>

Net tax revenues increased by \$602,057 or 0.86% primarily due to an increase in real estate, interim, transfer and delinquent taxes received in 2015-2016 compared to 2014-2015. The following table summarizes changes in the District's tax revenues for 2015-2016 compared to 2014-2015:

RADNOR TOWNSHIP SCHOOL DISTRICT

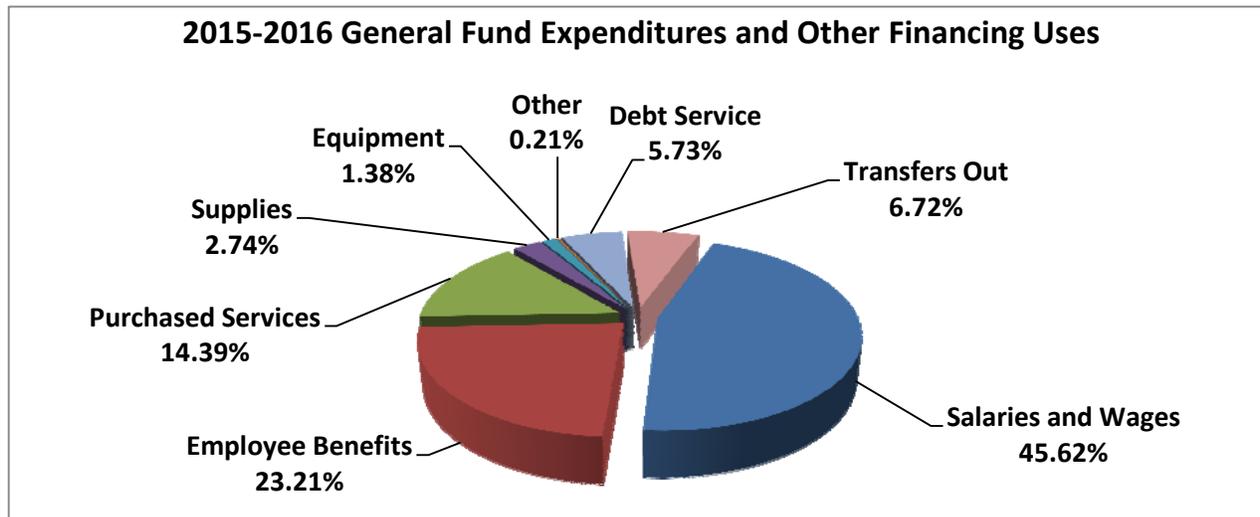
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Real estate tax	\$66,631,095	\$65,852,849	\$ 778,246	1.18
Interim tax	531,566	418,210	113,356	27.11
PURTA tax	79,579	85,711	(6,132)	(7.15)
Payment in lieu of tax	324,957	341,677	(16,720)	(4.89)
Local services tax	132,402	71,388	61,014	85.47
Transfer tax	1,538,752	1,811,577	(272,825)	(15.06)
Delinquent real estate tax	<u>1,255,749</u>	<u>1,310,631</u>	<u>(54,882)</u>	<u>(4.19)</u>
	<u>\$70,494,100</u>	<u>\$69,892,043</u>	<u>\$ 602,057</u>	<u>0.86</u>

Intergovernmental revenues increased primarily due to additional funding received for state retirement subsidy which increased commensurate with the employer annual contribution percentage.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



General Fund Expenditures and Other Financing Uses

	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries and wages	\$41,879,250	\$40,822,280	\$1,056,970	2.59
Employee benefits	21,306,740	21,540,712	(233,972)	(1.09)
Purchased services	13,206,396	12,974,114	232,282	1.79
Supplies	2,512,466	2,530,948	(18,482)	(0.73)
Equipment	1,268,699	1,425,416	(156,717)	(10.99)
Other	192,195	241,824	(49,629)	(20.52)
Debt service	5,259,303	5,188,053	71,250	1.37
Transfers out	<u>6,172,614</u>	<u>306,389</u>	<u>5,866,225</u>	<u>1,914.63</u>
	<u>\$91,797,663</u>	<u>\$85,029,736</u>	<u>\$6,767,927</u>	<u>7.96</u>

RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

Salaries and wages increased by \$1,056,970 or 2.59% in 2015-2016 compared to 2014-2015 as a result of contractually obligated pay increases for the various District unions along with salary increases for non-union employees. In addition, the District added additional administrators and instructional staffing during 2015-2016.

Employee benefit expenditures decreased in spite of a 20.75% increase in the PSERS employer contribution rate of 25.84% for the 2015-2016 school year. The decrease is due to a beneficial change in medical benefits which had a positive effect for the District in an amount of \$1,653,637 or 25.88% decrease from the prior year.

Expenditures for purchased services increased in 2015-2016 compared to 2014-2015 primarily due to increases in expenditures for special education services.

Expenditures for equipment decreased when compared to 2014-2015. This change was due to a \$373,899 decrease in technology spending over the prior year. The technology department has been putting new District-wide initiatives in place over the past several years and as those tasks are completed the related expense is expected to decrease.

Transfers out increased in 2015-2016 compared to 2014-2015 due to an increase of authorized transfers to the Capital Projects Fund in accordance with the District's long-term capital improvement plan.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2015-2016, the fund balance in the Capital Projects Fund increased by \$11,467 primarily due to current year general fund transfers in excess of current year capital expenditures. The remaining fund balance of \$3,473,916 as of June 30, 2016 is restricted for future capital expenditures.

DEBT SINKING FUND

Pursuant to loan agreements with the State Public School Building Authority under its Qualified School Construction Bonds program, the District established a Debt Sinking Fund. The District is required to make deposits annually into the Debt Sinking Fund. The deposits and investment earnings on the deposits are available for payment of maturities under the loan agreement. As of June 30, 2016, the fund balance in the Debt Sinking Fund was \$1,388,421 and is restricted for future debt service expenditures.

GENERAL FUND BUDGET INFORMATION

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

Actual revenues and other financing services were \$1,038,831 or 1.16% less than budgeted amounts and actual expenditures and other financing uses were \$4,464,179 or 4.64% less than budgeted amounts resulting in a net positive variance of \$3,425,348.

Budgeted amounts in the General Fund used \$6,842,470 of fund balance as of June 30, 2015 to balance the 2015-2016 General Fund budget which was not fully used primarily as a result of less than anticipated expenditures during the year.

RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2015-2016, the deficit in net position of the business-type activities and Food Service Fund increased by \$213,688. As of June 30, 2016, the business-type activities and Food Service Fund had a deficit in net position of \$265,032.

CAPITAL ASSETS

The District's net investment in capital asset for its governmental and business-type activities as of June 30, 2016 amounted to \$98,636,673 net of accumulated depreciation. This investment in capital assets includes land, land improvements, buildings and improvements and furniture and equipment. The total increase in the District's investment in capital assets for the current fiscal year was \$2,353,562 or 2.39%. The increase was the result of current year capital additions in excess of current year depreciation expense and disposals.

Current year capital additions were \$7,331,650 and depreciation expense and disposals were \$4,978,088.

Major capital additions for the current fiscal year included the following:

- Construction in progress – Radnor High School Resurfacing \$1,223,049
- Construction in progress – Wayne Elementary School Renovations \$2,582,167
- Construction in progress – Ithan Elementary School Renovations \$1,332,348
- Site Improvements – Turf Field Expansion / Replacement \$637,038
- 72 Passenger School Buses (4) – \$335,180
- District-wide IT Equipment – \$868,730

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of \$98,676,776 consisting of \$75,560,000 in bonds payable, \$15,000,000 note payable and \$5,065,000 in Qualified School Construction Bonds, net of deferred credits of \$3,051,776. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt decreased by \$2,071,352 or 2.10% during the current fiscal year.

The District maintains an Aa2 rating from Moody's for its general obligation debt.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is \$193,536,669 which exceeds the District's outstanding general obligation debt as of June 30, 2016.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled \$136,313,000 as of June 30, 2016. The District's net pension liability increased by \$14,958,000 or 12.33% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for compensated absences, early retirement incentive plans and its net obligation for post-employment benefits, which totaled \$1,807,821 as of June 30, 2016. These liabilities increased by \$744,495 or 70.02% during the fiscal year.

RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District's current student enrollment for 2016-2017 is approximately 3,695.
- Additional tax and enrollment information is available on the District's website: (<http://www.rtsd.org>).
- The District adopted a balanced 2016-2017 budget totaling \$93,253,034 which used \$1,476,996 of General Fund fund balance as of June 30, 2016 to balance the 2016-2017 budget and the real estate tax millage rate increased by .791 mills to 22.4587 mills.
- The District expects the historical trend for greater local tax effort to fund instructional programs and services to continue as state and federal funding for public education is expected to remain stagnant, as was seen during the 2016-2017 Commonwealth of Pennsylvania budget process. The Commonwealth of Pennsylvania only accounted for approximately 15.39% of total revenue sources to fund costs supporting the District's educational programs during fiscal 2015-2016. Local sources of revenue, primarily property taxes, now support approximately 83.45% of the costs of educational programs and services in the District.
- In 2006, Act 1 was passed which repealed Act 72, which provides taxpayer relief through gambling revenues generated at the State level. The intent of this legislation is to provide a mechanism to relieve the burden of funding public education from property owners. This new legislation has put a "ceiling" on the percentage increase of local real estate taxes that can be levied year-to-year in order to balance the school district budget. Pennsylvania school districts are now required to either change their taxing strategies to make up for the shortfall of increases in real estate tax refunds or seek the taxpayers' approval through back-end referendum to increase taxes higher than the approved index. This law puts an already increased burden on the District's revenue stream in future years. This legislation introduced certain new requirements on school districts which include the following:
 - ◆ That in the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state (2.4% for Radnor Township School District for 2016-2017), the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.
 - ◆ Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to emergencies and cost increases in excess of the Act 1 index (e.g., retirement system contributions) over which the school district has no control.
 - ◆ Gaming revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homesteaders and farmsteaders. (Act 1 permitted gambling in Pennsylvania.)
- On November 23, 2010, Governor Edward Rendell signed Pension Reform Legislation ("**House Bill 2497**") into law. The legislation is now known as Act 120 of 2010. House Bill 2497 includes a series of actuarial and funding changes to the public school employee's retirement system ("**PSERS**") and benefit reductions for individuals who become new members of PSERS on or after July 1, 2011. House Bill 2497 will not impact the pension benefits of current or retired PSERS members. Currently, the employer contribution rate for 2016-2017 is 30.03% which is an increase of 16.22% from the 2015-2016 employer contribution rate of 25.84%.

RADNOR TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2016

The following table presents the projected employer contribution rates published by PSERS and the District's projected share of retirement contribution for the next five years:

<u>Fiscal Year Ending</u>	<u>Projected Employer Contribution Rate %</u>	<u>District's Projected Employer Retirement Contribution \$</u>	<u>Share of Employer Retirement Contribution \$</u>	<u>Increase / (Decrease) Over Prior Year \$</u>
2016 – 2017	30.03%	\$12,355,000	\$6,177,500	\$781,500
2017 – 2018	32.04%	\$13,446,000	\$6,723,000	\$545,500
2018 – 2019	33.27%	\$14,241,000	\$7,120,500	\$397,500
2019 – 2020	34.20%	\$14,932,000	\$7,466,000	\$345,500
2020 – 2021	33.51%	\$14,923,000	\$7,461,500	\$ (4,500)

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Business Administrator, Radnor Township School District, 135 South Wayne Avenue, Wayne, Pennsylvania 19087-4194.

RADNOR TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2016 with summarized comparative totals for 2015

	Governmental	Business-type	Totals	
	Activities	Activities	2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 24,956,157	\$ 660,008	\$ 25,616,165	\$ 25,102,004
Investments	4,199,822	149,274	4,349,096	10,219,618
Taxes receivable	1,075,907	-	1,075,907	1,178,170
Due from other governments	2,587,335	14,680	2,602,015	1,850,395
Internal balances	54,770	(54,770)	-	-
Other receivables	1,622,018	5,192	1,627,210	898,260
Prepaid expenses	2,563,210	-	2,563,210	1,989,001
Inventories	-	31,561	31,561	47,065
Total current assets	<u>37,059,219</u>	<u>805,945</u>	<u>37,865,164</u>	<u>41,284,513</u>
NONCURRENT ASSETS				
Restricted assets				
Cash held by fiscal agent	769	-	769	1,084
Investments held by fiscal agent	1,387,652	-	1,387,652	945,529
Capital assets, net	<u>98,413,735</u>	<u>222,938</u>	<u>98,636,673</u>	<u>96,283,111</u>
Total noncurrent assets	<u>99,802,156</u>	<u>222,938</u>	<u>100,025,094</u>	<u>97,229,724</u>
Total assets	<u>136,861,375</u>	<u>1,028,883</u>	<u>137,890,258</u>	<u>138,514,237</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amounts on debt refunding	3,046,291	-	3,046,291	3,242,221
Deferred charges proportionate share pension	<u>17,306,470</u>	<u>174,216</u>	<u>17,480,686</u>	<u>14,169,366</u>
Total deferred outflows	<u>20,352,761</u>	<u>174,216</u>	<u>20,526,977</u>	<u>17,411,587</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)				
CURRENT LIABILITIES				
Accounts payable	2,034,542	14,234	2,048,776	2,126,892
Accrued salaries, payroll withholdings and benefits	9,810,705	-	9,810,705	10,644,284
Accrued interest payable	738,500	-	738,500	869,655
Unearned revenue	-	81,229	81,229	79,046
Other liabilities	<u>231,824</u>	<u>-</u>	<u>231,824</u>	<u>217,355</u>
Total current liabilities	<u>12,815,571</u>	<u>95,463</u>	<u>12,911,034</u>	<u>13,937,232</u>
NONCURRENT LIABILITIES				
Due within one year	3,872,039	-	3,872,039	2,194,486
Due in more than one year	<u>231,552,890</u>	<u>1,372,668</u>	<u>232,925,558</u>	<u>220,971,968</u>
Total noncurrent liabilities	<u>235,424,929</u>	<u>1,372,668</u>	<u>236,797,597</u>	<u>223,166,454</u>
Total liabilities	<u>248,240,500</u>	<u>1,468,131</u>	<u>249,708,631</u>	<u>237,103,686</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred credits proportionate share pension	<u>850,043</u>	<u>-</u>	<u>850,043</u>	<u>8,675,000</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	2,783,250	222,938	3,006,188	(454,218)
Restricted	4,862,337	-	4,862,337	3,640,484
Unrestricted (deficit)	<u>(99,521,994)</u>	<u>(487,970)</u>	<u>(100,009,964)</u>	<u>(93,039,128)</u>
Total net position (deficit)	<u>\$ (91,876,407)</u>	<u>\$ (265,032)</u>	<u>\$ (92,141,439)</u>	<u>\$ (89,852,862)</u>

See accompanying notes

RADNOR TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2016 with summarized comparative totals for 2015

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position (Deficit)</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>	
							<u>2016</u>	<u>2015</u>
GOVERNMENTAL ACTIVITIES								
Instruction	\$55,282,952	\$2,589,825	\$ 7,562,222	\$ -	\$(45,130,905)	\$ -	\$(45,130,905)	\$(45,556,818)
Instructional student support	9,482,006	-	686,346	-	(8,795,660)	-	(8,795,660)	(8,412,027)
Administrative and financial support services	8,351,224	44,405	734,880	-	(7,571,939)	-	(7,571,939)	(8,783,094)
Operation and maintenance of plant services	9,149,404	170,840	1,106,799	-	(7,871,765)	-	(7,871,765)	(7,555,934)
Pupil transportation	4,337,005	67,778	1,215,488	-	(3,053,739)	-	(3,053,739)	(3,431,736)
Student activities	1,329,543	34,537	94,580	-	(1,200,426)	-	(1,200,426)	(1,342,006)
Community services	62,765	28,980	-	-	(33,785)	-	(33,785)	(10,934)
Interest and amortization expense related to noncurrent liabilities	3,252,726	-	330,724	-	(2,922,002)	-	(2,922,002)	(3,497,576)
Total governmental activities	<u>91,247,625</u>	<u>2,936,365</u>	<u>11,731,039</u>	<u>-</u>	<u>(76,580,221)</u>	<u>-</u>	<u>(76,580,221)</u>	<u>(78,590,125)</u>
BUSINESS-TYPE ACTIVITIES								
Food service	2,011,995	1,421,130	375,067	-	-	(215,798)	(215,798)	158,525
Total primary government	<u>\$93,259,620</u>	<u>\$4,357,495</u>	<u>\$12,106,106</u>	<u>\$ -</u>	<u>(76,580,221)</u>	<u>(215,798)</u>	<u>(76,796,019)</u>	<u>(78,431,600)</u>
GENERAL REVENUES								
Property taxes levied for general purposes					68,800,033	-	68,800,033	67,608,291
Other taxes					1,750,733	-	1,750,733	1,968,676
Grants and entitlements not restricted to specific programs					3,387,806	-	3,387,806	3,298,641
Investment earnings					370,918	2,110	373,028	220,004
Insurance recoveries					194,808	-	194,808	-
Gain on sale of capital assets					1,034	-	1,034	-
Total general revenues					<u>74,505,332</u>	<u>2,110</u>	<u>74,507,442</u>	<u>73,095,612</u>
CHANGE IN NET POSITION (DEFICIT)					(2,074,889)	(213,688)	(2,288,577)	(5,335,988)
NET POSITION (DEFICIT)								
Beginning of year					(89,801,518)	(51,344)	(89,852,862)	(84,516,874)
End of year					<u>\$(91,876,407)</u>	<u>\$(265,032)</u>	<u>\$(92,141,439)</u>	<u>\$(89,852,862)</u>

See accompanying notes

RADNOR TOWNSHIP SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016 with summarized comparative totals for 2015

	Major Funds			Non-Major Governmental Fund	Totals	
	General Fund	Capital Projects Fund	Debt Sinking Fund		2016	2015
ASSETS						
Cash	\$ 21,420,788	\$ 3,528,526	\$ -	\$ 6,843	\$ 24,956,157	\$ 24,569,458
Investments	4,199,822	-	-	-	4,199,822	10,070,344
Restricted assets:						
Cash held by fiscal agent	-	-	769	-	769	1,084
Investments held by fiscal agent	-	-	1,387,652	-	1,387,652	945,529
Taxes receivable	1,075,907	-	-	-	1,075,907	1,178,170
Due from other funds	54,770	-	-	-	54,770	568,181
Due from other governments	2,587,335	-	-	-	2,587,335	1,837,311
Other receivables	1,619,093	-	-	2,925	1,622,018	891,574
Total assets	\$ 30,957,715	\$ 3,528,526	\$ 1,388,421	\$ 9,768	\$ 35,884,430	\$ 40,061,651
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,979,932	\$ 54,610	\$ -	\$ -	\$ 2,034,542	\$ 2,106,179
Due to other funds	-	-	-	-	-	534,028
Accrued salaries, payroll withholdings and benefits	9,996,392	-	-	-	9,996,392	10,667,418
Other liabilities	231,824	-	-	-	231,824	217,355
Total liabilities	12,208,148	54,610	-	-	12,262,758	13,524,980
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	806,056	-	-	-	806,056	749,390
FUND BALANCES						
Restricted for						
Capital projects	-	3,473,916	-	-	3,473,916	3,462,449
Debt service	-	-	1,388,421	-	1,388,421	946,613
Committed to						
Capital projects	6,070,547	-	-	-	6,070,547	5,021,679
Facility initiatives	-	-	-	-	-	4,488,139
Curriculum tech initiatives	78,720	-	-	-	78,720	90,201
Employer retirement rate stabilization	3,389,588	-	-	-	3,389,588	3,501,864
Long-term early retirement incentive and compensated absences	944,414	-	-	-	944,414	557,803
Community pool	-	-	-	9,768	9,768	17,586
Unassigned	7,460,242	-	-	-	7,460,242	7,700,947
Total fund balances	17,943,511	3,473,916	1,388,421	9,768	22,815,616	25,787,281
Total liabilities, deferred inflows of resources and fund balances	\$ 30,957,715	\$ 3,528,526	\$ 1,388,421	\$ 9,768	\$ 35,884,430	\$ 40,061,651

See accompanying notes

RADNOR TOWNSHIP SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2016

TOTAL GOVERNMENTAL FUND BALANCES	\$ 22,815,616
<p>Amounts reported for governmental activities in the statement of net position (deficit) are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	98,413,735
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	3,046,291
Deferred outflows of resources and deferred inflows of resources related to pensions are not reported as assets and liabilities in the governmental funds balance sheet.	16,456,427
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds balance sheet.	806,056
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(235,239,242)
The Internal Service Fund is used by management to charge the cost of health insurance premiums and claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	2,563,210
Accrued interest payable on long-term liabilities is included in the government-wide statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	<u>(738,500)</u>
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (91,876,407)</u>

RADNOR TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2016 with summarized comparative totals for 2015

	Major Funds				Totals	
	General Fund	Capital Projects Fund	Debt Sinking Fund	Non-Major Governmental Fund	2016	2015
REVENUES						
Local sources	\$73,678,184	\$ 417,121	\$ 192,417	\$ 29,045	\$74,316,767	\$72,433,740
State sources	13,585,999	-	-	-	13,585,999	12,137,005
Federal sources	1,025,324	-	-	-	1,025,324	1,134,090
Total revenues	<u>88,289,507</u>	<u>417,121</u>	<u>192,417</u>	<u>29,045</u>	<u>88,928,090</u>	<u>85,704,835</u>
EXPENDITURES						
Current						
Instruction	50,982,186	-	-	-	50,982,186	50,576,374
Support services	28,169,574	-	-	-	28,169,574	28,274,023
Operation of noninstructional services	1,213,986	-	-	61,863	1,275,849	1,368,069
Facilities acquisition, construction and improvement services	-	6,408,685	-	-	6,408,685	1,744,765
Debt service	5,259,303	-	-	-	5,259,303	6,548,152
Total expenditures	<u>85,625,049</u>	<u>6,408,685</u>	<u>-</u>	<u>61,863</u>	<u>92,095,597</u>	<u>88,511,383</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,664,458</u>	<u>(5,991,564)</u>	<u>192,417</u>	<u>(32,818)</u>	<u>(3,167,507)</u>	<u>(2,806,548)</u>
OTHER FINANCING SOURCES (USES)						
Sale of/compensation for capital assets	1,034	-	-	-	1,034	-
Refund of prior year receipts	-	-	-	-	-	(38,805)
Insurance recoveries	90,000	104,808	-	-	194,808	11,200
Issuance of debt - refunding	-	-	-	-	-	59,080,000
Payment of debt - refunding	-	-	-	-	-	(60,210,000)
Bond discounts	-	-	-	-	-	(267,414)
Bond premiums	-	-	-	-	-	3,559,615
Transfers in	-	5,898,223	249,391	25,000	6,172,614	306,389
Transfers out	(6,172,614)	-	-	-	(6,172,614)	(306,389)
Total other financing sources (uses)	<u>(6,081,580)</u>	<u>6,003,031</u>	<u>249,391</u>	<u>25,000</u>	<u>195,842</u>	<u>2,134,596</u>
NET CHANGE IN FUND BALANCES	<u>(3,417,122)</u>	<u>11,467</u>	<u>441,808</u>	<u>(7,818)</u>	<u>(2,971,665)</u>	<u>(671,952)</u>
FUND BALANCES						
Beginning of year	<u>21,360,633</u>	<u>3,462,449</u>	<u>946,613</u>	<u>17,586</u>	<u>25,787,281</u>	<u>26,459,233</u>
End of year	<u>\$17,943,511</u>	<u>\$3,473,916</u>	<u>\$1,388,421</u>	<u>\$ 9,768</u>	<u>\$22,815,616</u>	<u>\$25,787,281</u>

See accompanying notes

RADNOR TOWNSHIP SCHOOL DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES

Year ended June 30, 2016

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (2,971,665)

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

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

Capital outlay expenditures	\$ 7,321,392	
Depreciation expense	<u>(4,958,101)</u>	2,363,291

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 in the current period.

Deferred inflows of resources June 30, 2015	(749,390)	
Deferred inflows of resources June 30, 2016	<u>806,056</u>	56,666

The Internal Service Fund is used by management to charge the cost of health insurance premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.

574,209

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bonds payable	1,830,000	
Amortization of discounts, premiums and deferred amounts on refunding	<u>45,422</u>	1,875,422

Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.

Change in net pension liability and related deferred inflows and outflows	(3,522,025)	
Current year change in accrued interest payable	131,155	
Current year change in long-term early retirement incentive	(233,125)	
Current year change in compensated absences	(162,986)	
Current year change in net post-employment benefit (OPEB) obligation	<u>(185,831)</u>	<u>(3,972,812)</u>

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES \$ (2,074,889)

See accompanying notes

RADNOR TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) - PROPRIETARY FUNDS

June 30, 2016 with summarized comparative totals for 2015

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2016</u>	<u>2015</u>
	<u>Fund</u>	<u>Fund</u>		
ASSETS AND DEFERRED OUTFLOW OF RESOURCES				
CURRENT ASSETS				
Cash	\$ 660,008	\$ -	\$ 660,008	\$ 532,546
Investments	149,274	-	149,274	149,274
Accounts receivable	5,192	-	5,192	6,686
Due from other governments	14,680	-	14,680	13,084
Inventories	31,561	-	31,561	47,065
Prepaid expenses	-	2,563,210	2,563,210	1,989,001
Total current assets	<u>860,715</u>	<u>2,563,210</u>	<u>3,423,925</u>	<u>2,737,656</u>
NONCURRENT ASSETS				
Capital assets, net	222,938	-	222,938	232,667
Total assets	<u>1,083,653</u>	<u>2,563,210</u>	<u>3,646,863</u>	<u>2,970,323</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred charges proportionate share pension	174,216	-	174,216	109,915
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	14,234	-	14,234	20,713
Due to other funds	54,770	-	54,770	34,153
Unearned revenue	81,229	-	81,229	79,046
Total current liabilities	<u>150,233</u>	<u>-</u>	<u>150,233</u>	<u>133,912</u>
NONCURRENT LIABILITIES				
Net pension liability	1,372,668	-	1,372,668	941,375
Total liabilities	<u>1,522,901</u>	<u>-</u>	<u>1,522,901</u>	<u>1,075,287</u>
DEFERRED INFLOW OF RESOURCES				
Deferred credits proportionate share pension	-	-	-	67,294
NET POSITION (DEFICIT)				
Net investment in capital assets	222,938	-	222,938	232,667
Unrestricted (deficit)	(487,970)	2,563,210	2,075,240	1,704,990
Total net position (deficit)	<u>\$ (265,032)</u>	<u>\$ 2,563,210</u>	<u>\$ 2,298,178</u>	<u>\$ 1,937,657</u>

See accompanying notes

RADNOR TOWNSHIP SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT) - PROPRIETARY FUNDS

Year ended June 30, 2016 with summarized comparative totals for 2015

	<u>Major Fund</u>	<u>Internal</u>	<u>Totals</u>	
	<u>Food Service</u>	<u>Service</u>	<u>2016</u>	<u>2015</u>
	<u>Fund</u>	<u>Fund</u>		
OPERATING REVENUES				
Charges for services	\$ 1,421,130	\$ 7,161,769	\$ 8,582,899	\$ 8,757,207
OPERATING EXPENSES				
Salaries	427,371	-	427,371	398,328
Employee benefits	564,143	5,970,850	6,534,993	6,248,773
Purchased professional and technical services	49,854	628,006	677,860	715,442
Purchased property services	48,876	-	48,876	21,565
Other purchased services	49,632	-	49,632	50,880
Supplies	851,553	-	851,553	814,373
Depreciation	20,566	-	20,566	22,285
Total operating expenses	<u>2,011,995</u>	<u>6,598,856</u>	<u>8,610,851</u>	<u>8,271,646</u>
Operating income (loss)	<u>(590,865)</u>	<u>562,913</u>	<u>(27,952)</u>	<u>485,561</u>
NONOPERATING REVENUES				
Earnings on investments	2,110	11,296	13,406	10,965
Other revenues	-	-	-	220
State sources	97,200	-	97,200	83,577
Federal sources	277,867	-	277,867	258,537
Total nonoperating revenues	<u>377,177</u>	<u>11,296</u>	<u>388,473</u>	<u>353,299</u>
CHANGE IN NET POSITION (DEFICIT)	<u>(213,688)</u>	<u>574,209</u>	<u>360,521</u>	<u>838,860</u>
NET POSITION (DEFICIT)				
Beginning of year	<u>(51,344)</u>	<u>1,989,001</u>	<u>1,937,657</u>	<u>1,098,797</u>
End of year	<u>\$ (265,032)</u>	<u>\$ 2,563,210</u>	<u>\$ 2,298,178</u>	<u>\$ 1,937,657</u>

See accompanying notes

RADNOR TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended June 30, 2016 with summarized comparative totals for 2015

	Major Fund	Internal	Totals	
	Food Service Fund	Service Fund	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from charges for services	\$ 1,424,807	\$ -	\$ 1,424,807	\$ 1,438,255
Cash received for assessments made to other fund	-	7,161,769	7,161,769	7,333,741
Cash payments to suppliers for goods and services	(930,064)	-	(930,064)	(978,868)
Cash payments to employees for services	(671,199)	-	(671,199)	(557,083)
Cash payments for insurance claims	-	(6,545,059)	(6,545,059)	(6,685,152)
Cash payments for other operating expenses	-	(628,006)	(628,006)	(654,367)
Net cash used for operating activities	<u>(176,456)</u>	<u>(11,296)</u>	<u>(187,752)</u>	<u>(103,474)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State sources	97,109	-	97,109	83,391
Federal sources	215,536	-	215,536	202,897
Other sources	-	-	-	220
Net cash provided by noncapital financing activities	<u>312,645</u>	<u>-</u>	<u>312,645</u>	<u>286,508</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(10,837)	-	(10,837)	(13,880)
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on investments	2,110	11,296	13,406	10,965
Proceeds from sale of investments	-	-	-	96,214
Net cash provided by investing activities	<u>2,110</u>	<u>11,296</u>	<u>13,406</u>	<u>107,179</u>
Net increase in cash	127,462	-	127,462	276,333
CASH				
Beginning of year	532,546	-	532,546	256,213
End of year	<u>\$ 660,008</u>	<u>\$ -</u>	<u>\$ 660,008</u>	<u>\$ 532,546</u>
Reconciliation of operating loss to net cash used for operating activities:				
Operating income (loss)	\$ (590,865)	\$ 562,913	\$ (27,952)	\$ 485,561
Adjustments to reconcile operating loss to net cash used for operating activities				
Depreciation	20,566	-	20,566	22,285
Donated commodities used	60,826	-	60,826	53,931
(Increase) decrease in				
Accounts receivable	1,494	-	1,494	2,900
Due from other funds	-	-	-	17,906
Inventories	15,504	-	15,504	(2,269)
Prepaid expenses	-	(574,209)	(574,209)	(675,148)
Deferred outflows - pension	(64,301)	-	(64,301)	(61,090)
Increase (decrease) in				
Accounts payable	(6,479)	-	(6,479)	(82,637)
Due to other funds	20,617	-	20,617	34,153
Unearned revenue	2,183	-	2,183	11,889
Net pension liability	431,293	-	431,293	21,751
Deferred inflows - pension	(67,294)	-	(67,294)	67,294
Net cash used for operating activities	<u>\$ (176,456)</u>	<u>\$ (11,296)</u>	<u>\$ (187,752)</u>	<u>\$ (103,474)</u>
SUPPLEMENTAL DISCLOSURE				
Noncash noncapital financing activity				
USDA donated commodities	\$ 60,826	\$ -	\$ 60,826	\$ 53,931

See accompanying notes

RADNOR TOWNSHIP SCHOOL DISTRICT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

June 30, 2016

	<u>Private- Purpose Trust</u>	<u>Agency</u>
ASSETS		
Cash	\$ 109,013	\$ 37,576
Investments	<u>255,000</u>	<u>-</u>
Total assets	<u>364,013</u>	<u>37,576</u>
LIABILITIES		
Accounts payable	1,000	-
Due to student groups	<u>-</u>	<u>37,576</u>
Total liabilities	<u>1,000</u>	<u>\$ 37,576</u>
NET POSITION		
Net position held in trust for scholarships	<u>\$ 363,013</u>	

RADNOR TOWNSHIP SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND

Year ended June 30, 2016 with summarized comparative totals for 2015

	Private-Purpose Trust Fund	
	<u>2016</u>	<u>2015</u>
ADDITIONS		
Local contributions	\$ 1,791	\$ 493
DEDUCTIONS		
Scholarships awarded and fees paid	<u>13,800</u>	<u>10,579</u>
CHANGE IN NET POSITION	(12,009)	(10,086)
NET POSITION		
Beginning of year	<u>375,022</u>	<u>385,108</u>
End of year	<u>\$363,013</u>	<u>\$375,022</u>

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Radnor Township School District (the "**District**") operates three elementary schools, a middle school and a high school to provide education and related services to the residents of Radnor Township. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the "**School Board**").

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 authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements include the financial activities of the primary government except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide statement of net position presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

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

The Capital Projects Fund accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

The Debt Sinking Fund is used to account for the accumulation of resources for, and the payment of, long-term principal, interest and other related costs.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources is reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following proprietary funds:

The Food Service Fund accounts for the revenues and costs of providing meals to students during the school year.

The Internal Service Fund is used to account for the District's participation in a consortium with other participating school districts and educational agencies to provide a self-insurance program for health and prescription coverage.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in a private-purpose trust and agency fund. The private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. The agency fund accounts for funds held on behalf of the students of the District. The measurement focus and basis of accounting for the private-purpose trust is the same as for proprietary funds, while the agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value based upon quoted market prices.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as 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. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes

Taxes are levied on July 1 and are payable in the following periods:

July 1 – August 31	- Discount period, 2% of gross levy
September 1 – October 31	- Face period
November 1 – February 15	- Penalty period, 10% of gross levy
February 28	- Lien date

The County Board of Assessments determines assessed valuations of property, and the taxes are billed and collected by the District. The tax on real estate for public school purposes for fiscal 2015-2016 was 22.1247 mills (\$22.12 for \$1,000 of assessed valuation), which includes an additional levy for the District's sponsorship of the Delaware County Community College of 0.45 mills (\$0.45 for \$1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Taxpayers who have a primary residence within the District have the option of paying in three installments. These installments have the following due dates:

Installment One	- August 31
Installment Two	- October 31
Installment Three	- December 31

The discount (two percent) is not applicable to installment payments; however, the penalty (10 percent) will be added if second and third installments are paid subsequent to the due dates.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

All inventories are valued at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: buildings and improvements – 15-40 years, land improvements – 15-20 years and furniture and equipment – 5-20 years.

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2016.

Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal and sick days. The liability for these compensated absences is recorded as a noncurrent liability in the government-wide financial statements. A liability for these amounts is recorded in the governmental funds financial statements only to the extent they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

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 and uses. Premiums received and discounts paid on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures except for refundings paid from proceeds which are reported as other financing costs.

Fund Equity

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

Nonspendable

Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted

Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Committed

Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

Assigned

Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Business Administrator or (b) an appointed body (e.g., finance committee) or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned

Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources—committed, assigned or unassigned—in order as needed.

Per District policy #620, the School Board has set a General Fund maximum unassigned fund balance of not less than 5% and not more than 8% of the following year's expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

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.

Implementation of New Accounting Pronouncements

Effective July 1, 2015, the District adopted the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*". GASB Statement No. 72 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. GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

New Accounting Pronouncements

GASB Statement No. 76, *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"* will be effective for the District for the year ended June 30, 2017. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of GAAP. The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 77, *"Tax Abatement Disclosures"* will be effective for the District for the year ended June 30, 2017. GASB Statement No. 77 is intended to improve financial reporting by requiring governments that enter into tax abatement agreements to disclose certain information about the agreements.

GASB Statement No. 78, *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans"* will be effective for the District for the year ended June 30, 2017. GASB Statement No. 78 amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting certain criteria.

GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants"* will be effective for the District for the year ended June 30, 2017. The objective of GASB Statement No. 79 is to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects fund.

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the Housing Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the School Board. 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.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

(3) DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2016, the carrying amount of the District's deposits was \$25,763,523 and the bank balance was \$26,570,317. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$306,549 was covered by federal depository insurance, and \$26,260,750 was collateralized by the District's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("**PSDLAF**"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to independent annual audit. As of June 30, 2016, PSDLAF was rated as AAA by a nationally recognized statistical rating agency.

Investments

State statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

As of June 30, 2016, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>11 – 15</u>
Certificates of deposit	\$4,604,096	\$3,124,603	\$1,479,493	\$ -	\$ -
U.S. Treasury strips	<u>1,387,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,387,652</u>
	<u>\$5,991,748</u>	<u>\$3,124,603</u>	<u>\$1,479,493</u>	<u>\$ -</u>	<u>\$1,387,652</u>

U.S. Treasury strips were valued using Level 2 inputs.

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 that is in the possession of an outside party. The collateral for all of the District's investments are held by the pledging bank's agent in the District's name. The District had no investments subject to custodial credit risk as of June 30, 2016.

Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investment policy limits its investments that are not backed by the "full faith and credit" of the federal or state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Restricted Deposits and Investments

The District maintains restricted cash and investment balances held by fiscal agents, which are restricted for the repayment of Qualified School Construction Bonds (**See Note 6**). The total carrying amounts and related bank balances of these cash and investment accounts are \$1,388,421 as of June 30, 2016, which are invested in U.S. Treasury securities.

(4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,952,500	\$ -	\$ -	\$ 2,952,500
Construction in progress	<u>1,259,379</u>	<u>5,137,564</u>	<u>-</u>	<u>6,396,943</u>
Total capital assets not being depreciated	<u>4,211,879</u>	<u>5,137,564</u>	<u>-</u>	<u>9,349,443</u>
Capital assets being depreciated				
Land improvements	7,251,332	716,052	-	7,967,384
Buildings and improvements	130,696,849	153,543	-	130,850,392
Furniture and equipment	<u>21,722,134</u>	<u>1,313,654</u>	<u>487,601</u>	<u>22,548,187</u>
Total capital assets being depreciated	<u>159,670,315</u>	<u>2,183,249</u>	<u>487,601</u>	<u>161,365,963</u>
Less accumulated depreciation for				
Land improvements	(4,391,815)	(288,747)	-	(4,680,562)
Buildings and improvements	(46,323,149)	(3,166,863)	-	(49,490,012)
Furniture and equipment	<u>(17,116,786)</u>	<u>(1,502,491)</u>	<u>(488,180)</u>	<u>(18,131,097)</u>
Total accumulated depreciation	<u>(67,831,750)</u>	<u>(4,958,101)</u>	<u>(488,180)</u>	<u>(72,301,671)</u>
Total capital assets being depreciated, net	<u>91,838,565</u>	<u>(2,774,852)</u>	<u>(579)</u>	<u>89,064,292</u>
Governmental activities, net	<u>\$ 96,050,444</u>	<u>\$ 2,362,712</u>	<u>\$ (579)</u>	<u>\$ 98,413,735</u>
Business-type activities				
Machinery and equipment	\$ 1,170,580	\$ 10,837	\$ -	\$ 1,181,417
Less accumulated depreciation	<u>(937,913)</u>	<u>(20,566)</u>	<u>-</u>	<u>(958,479)</u>
Business-type activities, net	<u>\$ 232,667</u>	<u>\$ (9,729)</u>	<u>\$ -</u>	<u>\$ 222,938</u>

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

Governmental activities	
Instruction	\$2,913,799
Instructional student support	493,644
Administrative and financial support services	443,350
Operation and maintenance of plant services	796,049
Pupil transportation	243,233
Student activities	<u>68,026</u>
Total depreciation expense – governmental activities	<u>\$4,958,101</u>
Business-type activities	
Food service	<u>\$ 20,566</u>

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Construction in progress as of June 30, 2015 and 2016 was \$1,259,379 and \$6,396,943 respectively. Construction in progress represents the Wayne Elementary School and the Ithan Elementary School projects along with the Radnor High School parking, paving and traffic project and the turf replacement plan. These projects were substantially completed as of June 30, 2016 and will be placed into service and capitalized as of July 1, 2016.

(5) INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	<u>\$ 54,770</u>	Food Service Fund	<u>\$ 54,770</u>

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of expenses.

A summary of interfund transfers for the year ended June 30, 2016 is as follows:

<u>Transfers In</u>	<u>Amount</u>	<u>Transfers Out</u>	<u>Amount</u>
Debt Sinking Fund	\$ 249,391	General Fund	\$ 249,391
Capital Projects Fund	5,898,223	General Fund	5,898,223
Non-Major Governmental Fund	<u>25,000</u>	General Fund	<u>25,000</u>
	<u>\$6,172,614</u>		<u>\$6,172,614</u>

Transfers from General Fund to Capital Projects Fund represents transfers to subsidize costs associated with the acquisition of capital assets, while the other transfers represent monies to subsidize costs associated with debt service expenditures and the community pool program.

(6) NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2016:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>	<u>Amount Due Within One Year</u>
Governmental activities					
General obligation debt					
Bonds payable	\$ 77,390,000	\$ -	\$1,830,000	\$ 75,560,000	\$3,445,000
Note payable	15,000,000	-	-	15,000,000	-
Qualified school construction bonds	5,065,000	-	-	5,065,000	-
Bond premiums	4,077,198	-	289,130	3,788,068	289,130
Bond discounts	<u>(784,070)</u>	<u>-</u>	<u>(47,778)</u>	<u>(736,292)</u>	<u>(47,778)</u>
Total general obligation debt	<u>100,748,128</u>	<u>-</u>	<u>2,071,352</u>	<u>98,676,776</u>	<u>3,686,352</u>
Other noncurrent liabilities					
Early retirement incentive	97,932	256,040	-	353,972	46,049
Compensated absences	483,005	302,624	-	785,629	139,638
OPEB obligation	482,389	331,919	146,088	668,220	-
Net pension liability (See Note 7)	<u>120,413,625</u>	<u>14,526,707</u>	<u>-</u>	<u>134,940,332</u>	<u>-</u>
Total other noncurrent liabilities	<u>121,476,951</u>	<u>15,417,290</u>	<u>146,088</u>	<u>136,748,153</u>	<u>185,687</u>
Business-type activities					
Net pension liability (See Note 7)	<u>941,375</u>	<u>431,293</u>	<u>-</u>	<u>1,372,668</u>	<u>-</u>
Total noncurrent liabilities	<u>\$223,166,454</u>	<u>\$15,848,583</u>	<u>\$2,217,440</u>	<u>\$236,797,597</u>	<u>\$3,872,039</u>

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Noncurrent liabilities of governmental activities are generally liquidated by the General Fund, while noncurrent liabilities of the business-type activities are liquidated by the Food Service Fund.

General Obligation Debt

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is payable from unrestricted resources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

Qualified School Construction Bonds

The District participates in the Qualified School Construction Bonds ("**QSCB**") program sponsored by the State Public School Building Authority ("**SPSBA**"). The SPSBA was formed by the Commonwealth of Pennsylvania for the purpose of financing the construction and improvement of public school facilities under the jurisdiction of the Pennsylvania Department of Education. The QSCB program was created by the American Recovery and Reinvestment Act ("**ARRA**") and allows schools to borrow at nominal or zero percent to fund new construction, renovation and rehabilitation of schools as well as the purchase of land and equipment. The SPSBA issues the bonds through the QSCB program and provides loans to schools for qualified projects. Under the QSCB program the SPSBA receives direct interest subsidy payments from the United States Treasury which are then transferred to the borrowers as a reimbursement of the interest portion of their loan repayments. On December 1, 2010, the District borrowed \$1,500,000 from the SPSBA under the QSCB program. The District is required to deposit \$83,333 annually into a sinking fund through the maturity date of September 1, 2028. On November 1, 2011, the District borrowed \$3,565,000 from the SPSBA under the QSCB program. The District is required to deposit \$198,056 annually into a sinking fund through the maturity date of September 1, 2029. Sinking fund deposits are included as restricted assets held by fiscal agent in the accompanying financial statements.

General obligation debt outstanding as of June 30, 2016 consisted of the following:

<u>Description</u>	<u>Interest Rate(s)</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
General obligation bonds				
Series of 2012	0.55% - 3.20%	\$9,995,000	02/15/2035	\$ 9,865,000
Series of 2013	0.55% - 3.25%	\$9,995,000	02/15/2034	9,935,000
Series of 2014	1.00% - 5.00%	\$15,395,000	10/01/2032	14,025,000
Series of 2014A	2.00% - 3.50%	\$9,100,000	02/15/2032	9,095,000
Series of 2014B	0.18% - 3.20%	\$6,005,000	02/15/2035	5,855,000
Series of 2015	2.00% - 3.25%	\$8,880,000	02/15/2030	8,875,000
Series of 2015A	1.00% - 5.00%	\$15,575,000	11/15/2028	13,785,000
Series of 2015B	2.00% - 3.00%	\$4,125,000	02/15/2026	<u>4,125,000</u>
Total general obligation bonds				<u>75,560,000</u>
General obligation note				
Series of 2002	Variable	\$24,625,000	07/25/2028	<u>15,000,000</u>
Qualified school construction bonds				
Series of 2010B	6.495%	\$1,500,000	09/01/2028	1,500,000
Series of 2011A	5.088%	\$3,565,000	09/01/2029	<u>3,565,000</u>
Total qualified school construction bonds				<u>5,065,000</u>
Total general obligation debt				<u>\$95,625,000</u>

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

The general obligation note bears interest at a variable rate that is adjusted weekly based upon rates published by the Securities Industry and Financial Markets Association.

Annual debt service requirements to maturity on these obligations are as follows:

<u>Year ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Debt Sinking Fund</u>	<u>Total</u>
2017	\$ 3,445,000	\$ 2,909,415	\$ 281,389	\$ 6,635,804
2018	3,540,000	2,836,979	281,388	6,658,367
2019	3,660,000	2,744,509	281,390	6,685,899
2020	3,785,000	2,651,472	281,388	6,717,860
2021	3,910,000	2,558,025	281,389	6,749,414
2022-2026	22,000,000	10,818,887	1,406,944	34,225,831
2027-2031	32,580,000	6,882,807	(4,022,776)	35,440,031
2032-2035	<u>22,705,000</u>	<u>1,627,342</u>	<u>-</u>	<u>24,332,342</u>
	<u>\$95,625,000</u>	<u>\$33,029,437</u>	<u>\$(1,208,888)</u>	<u>\$127,445,549</u>

Interest Rate Management Plan

The 2000 General Obligation Note (the "**Series 2000 Note**") of the District has been issued to the Delaware Valley Regional Finance Authority ("**DVRFA**"). The DVRFA was formed by certain counties in Southeastern Pennsylvania to provide financing to local government units ("**participants**") for various projects. DVRFA obtained the funds used to finance these projects by issuing its Local Government Revenue Bonds. In order to reduce the interest costs of participants in its loan program and to enhance their ability to manage their interest rate risks, DVRFA and the participants in its loan program, including the District, have entered into an Interest Rate Management Plan, the provisions of which allow the participants to select fixed or variable rates of interest on their loans. In order to provide this option to participants, DVRFA has entered into interest rate swap agreements with financial institutions. In the event that the swap agreements between DVRFA and the financial institutions are terminated and the value of the swaps to DVRFA at the time of termination is a liability, the participants are required to pay their proportionate share of the liability. The value of the swap agreements relative to the Series 2000 Note at June 30, 2016 was an asset of \$3,096,692. The value of the swap agreements relative to the District's Series 2000 Note is not reflected on the District's statement of net position.

Early Retirement Incentive

The District from time to time offers additional retirement incentives known as early retirement incentive plans ("**ERIP**") to senior professional staff and administrators contemplating retirement. There is no contractual requirement for the District to offer ERIP incentives. An ERIP is formally approved by School Board action in the year an ERIP plan is implemented.

In order for an employee to retire and participate in a District sponsored ERIP, the District must first decide whether or not to offer an ERIP in the year the employee is retiring and a specified minimum number of employees must opt into the ERIP. The District's various ERIP plans provide for the payment of specific annuity amounts to the participating retiree or the payments of a specified dollar amount to be applied toward participating retiree healthcare premiums through Medicare eligible age.

The District's liability for its ERIP plans has been reported at the discounted present value of expected future benefit payments in the government-wide financial statements. For the year ended June 30, 2016, 2 retirees received benefits under the District's ERIP plans and the District paid \$23,134 in ERIP benefits to retirees.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

As of June 30, 2016, the District had three ERIP plans in effect. The number of participants and the present value of those benefits as of June 30, 2016 are summarized below:

<u>ERIP Began</u>	<u>Participants</u>	<u>Amount</u>
July 1, 2008	1	\$ 9,931
July 1, 2016	1	65,708
July 1, 2017	2	<u>278,333</u>
		<u>\$353,972</u>

Other Post-Employment Benefits

The District's other post-employment benefits include a single-employer defined benefit plan that provides medical insurance to certain eligible retirees and their spouses. The School Board has the authority to establish and amend benefit provisions. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

Funding Policy

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer ("**ARC**"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016, 2015 and 2014 were as follows:

<u>Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$331,919	44.01%	\$668,220
2015	\$335,631	32.52%	\$482,389
2014	\$369,651	64.92%	\$255,915

The following table shows the components of the District's OPEB cost for the year, the amount actually contributed by the District and changes in the District's net OPEB obligation:

Annual required contribution	\$ 339,826
Interest on net OPEB obligation	21,708
Adjustment to annual required contribution	<u>(29,615)</u>
Annual OPEB cost (expense)	331,919
Contributions made	<u>(146,088)</u>
Increase in net OPEB obligation	185,831
Net OPEB obligation – beginning of year	<u>482,389</u>
Net OPEB obligation – end of year	<u>\$ 668,220</u>

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation, the actuarial accrued liability for benefits was \$2,338,061 all of which was unfunded. The covered payroll (annual payroll of active employees was \$34,894,206 and the ratio of the unfunded actuarial accrued liability ("**UAAL**") to the covered payroll was 6.70%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and benefit cost trends. Amounts determined regarding the funded status and the annual required contribution of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on substantive benefits (the benefits as understood by the District and employees) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and retirees to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the most recent actuarial valuation, the entry age normal method was used. The actuarial assumptions include a 4.50% discount rate and an annual healthcare cost trend rate of 6.50%, decreasing 0.50% per year to a rate of 5.50% in 2016. The UAAL is being amortized based on the level dollar, 30-year open period.

(7) PENSION PLAN

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 ("**PSERS**") and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Plan Description

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 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.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 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 membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 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 Class T-F members, the right to benefits is vested after ten years of service.

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

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

Contributions

Member Contributions

Active members who joined the system prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (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% (Membership Class T-C) or at 7.50% (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% (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 T-F membership, contribute 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 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%.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2016 was 25.00% 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 \$10,122,168 for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$136,313,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2014 to June 30, 2015. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2015, the District's proportion was 0.3147 percent, which was an increase of 0.0081 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$3,821,723. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ -	\$562,526
Net difference between projected and actual investment earnings	-	275,897
Changes in proportions	7,004,750	-
Difference between employer contributions and proportionate share of total contributions	342,148	-
Contributions subsequent to the measurement date	<u>10,122,168</u>	<u>-</u>
	<u>\$17,469,066</u>	<u>\$838,423</u>

\$10,122,168 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:

Year ended June 30:

2017	\$1,365,319
2018	1,365,319
2019	1,365,319
2020	<u>2,412,518</u>
	<u>\$6,508,475</u>

Actuarial Assumptions

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

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

- 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 growth wage 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 Disabled Tables (male and female) with age set back 7 years for males and 3 years for females.

The actuarial assumptions used in the June 30, 2014 valuation were based on the experience study that was performed for the five-year period ended 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public markets global equity	22.5 %	4.8%
Private markets (equity)	15.0 %	6.6%
Private real estate	12.0 %	4.5%
Global fixed income	7.5 %	2.4%
U.S. long treasuries	3.0 %	1.4%
TIPS	12.0 %	1.1%
High yield bonds	6.0 %	3.3%
Cash	3.0 %	0.7%
Absolute return	10.0 %	4.9%
Risk parity	10.0 %	3.7%
MLPs/Infrastructure	5.0 %	5.2%
Commodities	8.0 %	3.1%
Financing (LIBOR)	<u>(14.0)%</u>	1.1%
	<u>100.0 %</u>	

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

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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

	<u>1% Decrease</u> <u>6.50%</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>7.50%</u>	<u>1% Increase</u> <u>8.50%</u>
District's proportionate share of the net pension liability	\$168,019,000	\$136,313,000	\$109,664,000

Pension Plan Fiduciary Net Position

Detailed information about the PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the system's website at www.psers.state.pa.us.

(8) JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Delaware County Vocational Technical School and Delaware Vocational Technical School Authority

The District and the other fourteen Delaware County school districts participate in the Delaware County Vocational Technical School (the "DCVTS"). The DCVTS provides vocational-technical training and education to students of the participating school districts. The DCVTS is controlled by a joint Board comprised of representative school board members of the participating school districts. District oversight of the DCVTS operations is the responsibility of the joint board. The District's share of operating costs for the DCVTS fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2015-2016 was \$152,951.

The District and the other fourteen Delaware County school districts also participate in a joint venture for the operation of the Delaware County Vocational-Technical School Authority (the "DCVTSA"). The DCVTSA oversees acquiring holding, constructing, improving and maintaining the DCVTSA school buildings. The DCVTSA is controlled by a joint board comprised of representative school board members of the participating school districts in the DCVTS. During 2015-2016, the District did not have any financial transactions with the DCVTS.

Both the DCVTS and the DCVTSA prepare financial statements that are available to the public from their administrative offices located at 200 Yale Avenue, Morton, Pennsylvania 19070.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Delaware County Community College

The District and twelve other Delaware County schools sponsor the Delaware County Community College (the "DCCC"). The DCCC provides higher education programs to the residents of southeastern Pennsylvania. Sponsoring school districts pay a share of the DCCC's operating and debt service costs which fluctuate based on each District's certified market values and in return residents of each of the sponsoring school districts pay a reduced cost to participate in DCCC higher education programs. The sponsoring school districts have also entered into a long-term lease agreement with the DCCC to provide rental payments sufficient to retire the DCCC's outstanding debt obligations. The lease agreement expires in 2032-2033 unless the debt is retired earlier. The District's share of operating costs and rent expense for 2015-2016 was \$1,082,323.

The DCCC prepares financial statements that are available to the public from their administrative offices located at 901 South Media Line Road, Media, Pennsylvania 19063.

The District's future annual lease payments to DCCC are as follows:

Year ending June 30,

2017	\$ 301,269
2018	300,776
2019	300,642
2020	300,241
2021	299,770
2022-2026	1,341,140
2027-2031	1,287,990
2032-2033	<u>646,489</u>
	<u>\$4,778,317</u>

Delaware County Intermediate Unit

The District and the other Delaware County school districts are participating members of the Delaware County Intermediate Unit (the "DCIU"). The DCIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating district. The School Board of each participating district must approve the annual operating budget of the DCIU, but the participating districts have no ongoing fiduciary interest or responsibility to the DCIU. The DCIU is a self-sustaining organization that provides a broad array of services to participating districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and state and federal liaison services. During 2015-2016, the District contracted with the DCIU for special education services which totaled \$2,110,510.

(9) CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The District receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

(10) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs, including workers compensation and employee health accident insurance. For insured programs, there were no significant reductions in insurance coverages during the 2015-2016 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The District participates in a consortium with other participating school districts and educational agencies from Delaware County to provide self-insurance programs for health and prescription insurance coverage and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third party administrator, who approves and processes all claims. Since the District has not transferred its risk to the other participants in the consortium, GASB requires that it recognize and measure its claims, liabilities and related expenses. The District accounts for its participation in the consortium in the Internal Service Fund in the accompanying financial statements.

The following table presents the components of the self-insurance claims surplus (liability) and the related changes in the claims surplus (liability) for the year ended June 30, 2016:

Insurance claims surplus (liability) – beginning of year	\$ 1,989,001
Current year insurance claims, fees and changes in estimates	(6,598,856)
Insurance claims and fees paid	<u>7,173,065</u>
Insurance claims surplus (liability) – end of year	<u>\$ 2,563,210</u>

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 13, 2016, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2016 that required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

RADNOR TOWNSHIP SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Local sources	\$73,569,250	\$73,569,250	\$73,678,184	\$ 108,934
State sources	14,702,983	14,702,983	13,585,999	(1,116,984)
Federal sources	1,147,139	1,147,139	1,025,324	(121,815)
Total revenues	<u>89,419,372</u>	<u>89,419,372</u>	<u>88,289,507</u>	<u>(1,129,865)</u>
EXPENDITURES				
Instruction				
Regular programs	36,042,273	36,400,332	35,470,034	930,298
Special programs	14,630,416	14,917,156	14,262,161	654,995
Vocational programs	122,454	152,952	152,951	1
Other instructional programs	62,935	57,528	14,717	42,811
Higher education programs	1,082,323	1,082,323	1,082,323	-
Total instruction	<u>51,940,401</u>	<u>52,610,291</u>	<u>50,982,186</u>	<u>1,628,105</u>
Support services				
Pupil personnel services	2,939,833	3,179,090	3,172,859	6,231
Instructional staff services	5,016,720	5,059,200	4,395,755	663,445
Administrative services	5,490,239	5,559,481	5,239,686	319,795
Pupil health	1,183,010	1,369,203	1,068,514	300,689
Business services	978,061	992,218	952,140	40,078
Operation and maintenance of plant services	7,857,673	7,920,517	7,854,700	65,817
Student transportation services	4,119,438	4,137,531	3,920,594	216,937
Support services - central	1,132,599	1,758,346	1,493,003	265,343
Other support services	74,668	74,668	72,323	2,345
Total support services	<u>28,792,241</u>	<u>30,050,254</u>	<u>28,169,574</u>	<u>1,880,680</u>
Operation of non-instructional services				
Student activities	1,280,919	1,242,190	1,213,084	29,106
Community services	-	902	902	-
Total operation of non-instructional services	<u>1,280,919</u>	<u>1,243,092</u>	<u>1,213,986</u>	<u>29,106</u>
Debt service				
	<u>5,663,371</u>	<u>5,616,371</u>	<u>5,259,303</u>	<u>357,068</u>
Total expenditures	<u>87,676,932</u>	<u>89,520,008</u>	<u>85,625,049</u>	<u>3,894,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,742,440</u>	<u>(100,636)</u>	<u>2,664,458</u>	<u>2,765,094</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	1,034	1,034
Insurance recoveries	-	-	90,000	90,000
Refund of prior year receipts	-	(47,000)	-	47,000
Transfers out	(7,813,299)	(5,923,223)	(6,172,614)	(249,391)
Budgetary reserve	(771,611)	(771,611)	-	771,611
Total other financing sources (uses)	<u>(8,584,910)</u>	<u>(6,741,834)</u>	<u>(6,081,580)</u>	<u>660,254</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,842,470)</u>	<u>\$ (6,842,470)</u>	<u>(3,417,122)</u>	<u>\$ 3,425,348</u>
FUND BALANCE				
Beginning of year			<u>21,360,633</u>	
End of year			<u>\$17,943,511</u>	

RADNOR TOWNSHIP SCHOOL DISTRICT

OTHER POST-EMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS

Year ended June 30, 2016

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
07/01/2014	\$ -	\$2,338,061	\$2,338,061	0.00%	\$34,894,206	6.70%
07/01/2012	\$ -	\$2,557,593	\$2,557,593	0.00%	\$35,155,400	7.28%
07/01/2010	\$ -	\$3,949,720	\$3,949,720	0.00%	\$38,192,162	10.34%
07/01/2008	\$ -	\$4,606,259	\$4,606,259	0.00%	\$34,029,506	13.54%

RADNOR TOWNSHIP SCHOOL DISTRICT

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

Year ended June 30

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.3147%	0.3066%
District's proportionate share of the net pension liability (asset)	\$136,313,000	\$121,355,000
District's covered-employee payroll	\$ 40,491,077	\$ 39,126,733
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	337%	310%
Plan fiduciary net position as a percentage of the total pension liability	54%	57%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding year is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

RADNOR TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS

Year ended June 30

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,126,000	\$ 6,108,000
Contributions in relation to the contractually required contribution	<u>8,411,374</u>	<u>6,294,135</u>
Contribution deficiency (excess)	(285,374)	(186,135)
District's covered-employee payroll	\$40,491,077	\$39,126,733
Contributions as a percentage of covered-employee payroll	20%	16%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding year is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SUPPLEMENTARY INFORMATION

RADNOR TOWNSHIP SCHOOL DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES BY FUND

Year ended June 30, 2016

	Major Funds			Non-Major Governmental Fund	Total
	General Fund	Capital Projects Fund	Debt Sinking Fund		
NET CHANGE IN FUND BALANCES					
GOVERNMENTAL FUNDS	<u>\$ (3,417,122)</u>	<u>\$ 11,467</u>	<u>\$441,808</u>	<u>\$ (7,818)</u>	<u>\$ (2,971,665)</u>
Amounts reported for governmental activities in the statement of activities are different because:					
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.					
Capital outlay expenditures	912,707	6,408,685	-	-	7,321,392
Depreciation expense	<u>(4,958,101)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,958,101)</u>
	<u>(4,045,394)</u>	<u>6,408,685</u>	<u>-</u>	<u>-</u>	<u>2,363,291</u>
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 increased by this amount in the current period.					
Deferred inflows of resources June 30, 2015	(749,390)	-	-	-	(749,390)
Deferred inflows of resources June 30, 2016	<u>806,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>806,056</u>
	<u>56,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,666</u>
The Internal Service Fund is used by management to charge the cost of health insurance premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.					
	<u>574,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>574,209</u>
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.					
Repayment of bonds payable	1,830,000	-	-	-	1,830,000
Amortization of discounts, premiums and deferred amounts on refunding	<u>-</u>	<u>45,422</u>	<u>-</u>	<u>-</u>	<u>45,422</u>
	<u>1,830,000</u>	<u>45,422</u>	<u>-</u>	<u>-</u>	<u>1,875,422</u>
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures in governmental funds.					
Change in net pension liability and related pension items	(3,522,025)	-	-	-	(3,522,025)
Current year change in accrued interest payable	131,155	-	-	-	131,155
Current year change in early retirement incentive	(233,125)	-	-	-	(233,125)
Current year change in compensated absences	(162,986)	-	-	-	(162,986)
Current year change in net post-employment benefit (OPEB) obligation	<u>(185,831)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(185,831)</u>
	<u>(3,972,812)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,972,812)</u>
CHANGE IN NET POSITION (DEFICIT) OF					
GOVERNMENTAL ACTIVITIES	<u>\$ (8,974,453)</u>	<u>\$ 6,465,574</u>	<u>\$441,808</u>	<u>\$ (7,818)</u>	<u>\$ (2,074,889)</u>

SINGLE AUDIT

RADNOR TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

Year ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grand Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2015</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2016</u>
U.S. Department of Education										
Passed-Through the Pennsylvania Department of Education										
Title I - Improving Basic Programs	I	84.010	013-150354	07/01/14 - 09/30/15	\$ 238,013	\$ 51,752	\$ 54,368	\$ 14,635	\$ 14,635	\$ 17,251
Title I - Improving Basic Programs	I	84.010	013-160354	07/01/15 - 09/30/16	202,311	134,874	-	175,717	175,717	40,843
Total CFDA #84.010						186,626	54,368	190,352	190,352	58,094
Title II - Improving Teacher Quality	I	84.367	020-140354	07/01/13 - 09/30/14	87,540	(80)	(80)	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-150354	07/01/14 - 09/30/15	87,349	26,808	26,808	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-160354	07/01/15 - 09/30/16	86,865	65,149	-	82,151	82,151	17,002
Total CFDA #84.367						91,877	26,728	82,151	82,151	17,002
Title III - Language Instruction LEP/ Immigrant Students	I	84.365	010-150354	07/01/14 - 09/30/15	27,089	20,838	5,926	14,912	14,912	-
Title III - Language Instruction LEP/ Immigrant Students	I	84.365	010-160354	07/01/15 - 09/30/16	24,605	8,202	-	10,971	10,971	2,769
Total CFDA #84.365						29,040	5,926	25,883	25,883	2,769
Passed Through the Delaware County I.U.										
I.D.E.A. - Part B, Section 611	I	84.027	N/A	07/01/14 - 06/30/15	465,750	107,139	107,139	-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	N/A	07/01/15 - 09/30/16	477,997	308,186	-	477,997	477,997	169,811
Total CFDA #84.027						415,325	107,139	477,997	477,997	169,811
I.D.E.A. - Part B, Section 619	I	84.173	N/A	07/01/15 - 09/30/16	2,264	2,264	-	2,264	2,264	-
Total U.S. Department of Education						725,132	194,161	778,647	778,647	247,676

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grand Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2015</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2016</u>
<u>U.S. Department of Agriculture</u>										
<u>Passed-Through the Pennsylvania Department of Education</u>										
State Matching Share	S	N/A	N/A	07/01/14 - 06/30/15	N/A	1,649	1,649	-	-	-
State Matching Share	S	N/A	N/A	07/01/15 - 06/30/16	N/A	26,432	-	28,171	28,171	1,739
Total State Matching						28,081	1,649	28,171	28,171	1,739
Breakfast Program	I	10.553	N/A	07/01/14 - 06/30/15	N/A	1,349	1,349	-	-	-
Breakfast Program	I	10.553	N/A	07/01/15 - 06/30/16	N/A	21,162	-	22,716	22,716	1,554
Total CFDA #10.553						22,511	1,349	22,716	22,716	1,554
National School Lunch Program	I	10.555	N/A	07/01/14 - 06/30/15	N/A	10,087	10,087	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/15 - 06/30/16	N/A	182,938	-	194,325	194,325	11,387
<u>Passed-Through the Pennsylvania Department of Agriculture</u>										
National School Lunch Program	I	10.555	N/A	07/01/15 - 06/30/16	N/A	60,826	-	60,826	60,826	-
Total CFDA #10.555						253,851	10,087	255,151	255,151	11,387
Total U.S. Department of Agriculture						304,443	13,085	306,038	306,038	14,680
Total Federal Awards and Certain State Grants						\$1,029,575	\$207,246	\$1,084,685	\$1,084,685	\$262,356
Total Federal Awards						\$1,001,494	\$205,597	\$1,056,514	\$1,056,514	\$260,617
Total State Awards						28,081	1,649	28,171	28,171	1,739
Total Federal Awards and Certain State Grants						\$1,029,575	\$207,246	\$1,084,685	\$1,084,685	\$262,356
Special Education Cluster (IDEA) (CFDA's #84.027 and #84.173)						\$ 417,589	\$107,139	\$ 480,261	\$ 480,261	\$169,811
Child Nutrition Cluster (CFDA's #10.553 and #10.555)						\$ 276,362	\$ 11,436	\$ 277,867	\$ 277,867	\$ 12,941

Source Codes

- D - Direct Funding
- I - Indirect Funding
- S - State Share

RADNOR TOWNSHIP SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

June 30, 2016

(1) FEDERAL EXPENDITURES

The Schedule of Expenditures of Federal Awards and Certain State Grants reflects federal expenditures for all individual grants which were active during the fiscal year. Additionally, the Schedule reflects expenditures for certain state grants.

(2) BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

(3) NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards and Certain State Grants under CFDA #10.555 National School Lunch Program and passed through the Pennsylvania Department of Agriculture represent federal surplus food consumed by the District during the 2015-2016 fiscal year.

(4) ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2016 was \$0.

(5) QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM

The District participates in the Qualified School Construction Bonds ("**QSCB**") program sponsored by the State Public School Building Authority ("**SPSBA**"). In conjunction with the QSCB Program, the District receives subsidy reimbursements for a portion of the interest payments made under its loan agreements with the SPSBA. Reimbursements are federal source revenues but are not considered federal financial assistance. The amount of QSCB subsidy payments recognized for the year ended June 30, 2016 was \$246,677.

(6) INDIRECT COSTS

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. No indirect costs were charged to the District's Federal awards for the year ended June 30, 2016.

RADNOR TOWNSHIP SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2016

There were no audit findings for the year ended June 30, 2015.



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

**Board of School Directors
Radnor Township School District
Wayne, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Radnor Township School District, Wayne, Pennsylvania, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Radnor Township School District's basic financial statements, and have issued our report thereon dated December 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Radnor Township 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 Radnor Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Radnor Township 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 Radnor Township 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.

BBD, LLP

**Philadelphia, Pennsylvania
December 13, 2016**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

**Board of School Directors
Radnor Township School District
Wayne, Pennsylvania**

Report on Compliance for Each Major Federal Program

We have audited Radnor Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Radnor Township School District's major federal programs for the year ended June 30, 2016. Radnor Township 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 Radnor Township 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")*. Those standards and the Uniform Guidance 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 Radnor Township 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 Radnor Township School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Radnor Township 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, 2016.

Report on Internal Control over Compliance

Management of Radnor Township 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 Radnor Township 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 the Uniform Guidance, 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 Radnor Township 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BBD, LLP

**Philadelphia, Pennsylvania
December 13, 2016**

RADNOR TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2016

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Radnor Township School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of the Radnor Township School District are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Radnor Township School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Radnor Township School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:
 - Special Education Cluster:
 - I.D.E.A. – Part B, Section 611 – CFDA Number 84.027
 - I.D.E.A. – Part B, Section 619 – CFDA Number 84.173
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Radnor Township School District did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None