

WYOMING AREA SCHOOL DISTRICT

SINGLE AUDIT REPORT

JUNE 30, 2009

Bonita & Rainey
Certified Public Accountants

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WYOMING AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of the Wyoming Area School District (the "District") for the year ended June 30, 2009. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the District's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Total net assets of the District decreased \$723,356 in 2009. Net assets of governmental activities decreased \$762,518. Net assets of the business-type activity increased \$39,162.

The District had \$27,157,630 of expenses related to governmental activities in 2009; only \$5,438,538 of these expenses was offset by program-specific charges for services, grants or contributions. General revenues (primarily taxes and state subsidies) of \$20,956,574 were adequate to provide for these programs.

In the District's business-type activity, net assets increased by \$39,162 due to increased volume in meals served by Food Service that resulted in increased Federal Subsidy to the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis 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 financial statements.

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. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon 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 compensated absences).

Both of the governmental-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities include all of the District's instructional programs and support services except for its food service operation, which is considered a business-type activity.

The government-wide financial statements can be found on pages 15-16 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. Fund financial statements are prepared using the modified accrual basis of accounting. The District uses several different types of funds but the two most significant types are the governmental and proprietary fund types.

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 near-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.

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances 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 governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the District's major funds (General Fund and Capital Project Fund). The District's nonmajor funds (Debt Service Fund and Athletic Fund) are reported under the caption "Nonmajor Fund".

The basic governmental fund financial statements can be found on pages 19-21 of this report.

The District adopts an annual budget for its General Fund. A budgetary comparison statement for the General Fund has been provided on page 21 of this report to demonstrate compliance with this budget.

PROPRIETARY FUNDS

The District accounts for its food service operation in a proprietary fund, which report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-37 of this report.

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

GENERAL FUND BUDGETARY HIGHLIGHTS

The District prepares a budget each year for its General Fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the School Board of Directors.

The General Fund's approved budget for 2009 included \$25,438,789 of revenues and \$25,898,220 of expenditures. There were no amendments made to the budget during 2009.

Actual revenues received for 2009 were \$26,363,912 or 3.5% over budget. The favorable variances were attributable primarily to increased Delinquent Tax Revenue, an unanticipated health care reimbursement from Northeast Pennsylvania School Districts Health Trust and unexpected Grant Revenue, specifically a Classrooms For The Future Grant and an Emergency Generator Grant from the Commonwealth of Pennsylvania Department of Community and Economic Development.

Actual expenditures and other uses were \$25,954,404 or 100.2% of budget. The unfavorable variances relative to expenditures were related to increased transportation costs and additional Capital Expenditures funded through Grant Revenue.

WYOMING AREA SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's condensed government-wide financial statements are presented comparatively as follows:

CONDENSED STATEMENT OF NET ASSETS (IN 000'S)

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITY		TOTALS	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 7,883	\$ 8,926	\$ 265	\$ 196	\$ 8,148	\$ 9,122
Capital assets	<u>29,818</u>	<u>30,296</u>	<u>50</u>	<u>41</u>	<u>29,868</u>	<u>30,337</u>
TOTAL	<u>\$ 37,701</u>	<u>\$ 39,222</u>	<u>\$ 315</u>	<u>\$ 237</u>	<u>\$ 38,016</u>	<u>\$ 39,459</u>
Current liabilities	\$ 6,737	\$ 6,588	\$ 45	\$ 7	\$ 6,782	\$ 6,595
Long-term liabilities:						
Due after one year	<u>25,255</u>	<u>26,162</u>	<u>-</u>	<u>-</u>	<u>25,255</u>	<u>26,162</u>
Total liabilities	<u>31,992</u>	<u>32,750</u>	<u>45</u>	<u>7</u>	<u>32,037</u>	<u>32,757</u>
Net assets:						
Invested in capital assets, net of related debt	3,566	3,266	50	41	3,616	3,307
Restricted	0	0	0	0	0	0
Unrestricted	<u>2,143</u>	<u>3,206</u>	<u>220</u>	<u>189</u>	<u>2,363</u>	<u>3,395</u>
Total net assets	<u>5,709</u>	<u>6,472</u>	<u>270</u>	<u>230</u>	<u>5,979</u>	<u>6,702</u>
TOTAL	<u>\$ 37,701</u>	<u>\$ 39,222</u>	<u>\$ 315</u>	<u>\$ 237</u>	<u>\$ 38,016</u>	<u>\$ 39,459</u>

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

CONDENSED STATEMENT OF ACTIVITIES (IN 000'S)

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITY		TOTALS	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Program revenues:						
Charges for services	\$ 126	\$ 174	\$ 489	\$ 465	\$ 615	\$ 639
Operating grants and contributions	5,312	4,402	394	368	5,706	4,770
General revenues:						
Taxes levied for general purposes, net and other taxes levied	13,522	13,250	-	-	10,364	13,250
Grants, subsidies and contributions not restricted	7,314	6,830	-	-	7,314	6,830
Transfers	(22)	(28)	22	28	0	0
Other	<u>143</u>	<u>566</u>	<u>2</u>	<u>7</u>	<u>3,303</u>	<u>573</u>
Total revenues	<u>26,395</u>	<u>25,194</u>	<u>907</u>	<u>868</u>	<u>27,302</u>	<u>26,062</u>
Program expenses:						
Instruction	15,865	15,799	-	-	15,865	15,799
Instructional student support	1,731	1,601	-	-	1,731	1,601
Administration and financial support services	2,085	1,984	-	-	2,085	1,984
Operation and maintenance of plant services	2,780	2,437	-	-	2,780	2,437
Pupil transportation	1,728	1,578	-	-	1,728	1,578
Student activities	555	518	-	-	555	518
Community services	119	133	-	-	119	133
Interest on long-term debt	1,461	1,385	-	-	1,461	1,385
Unallocated depreciation	834	825	-	-	834	825
Food service	<u>-</u>	<u>-</u>	<u>868</u>	<u>848</u>	<u>868</u>	<u>848</u>
Total expenses	<u>27,158</u>	<u>26,260</u>	<u>868</u>	<u>848</u>	<u>28,026</u>	<u>27,108</u>
Change in net assets	(763)	(1,066)	39	20	(724)	(1,046)
Net assets, beginning	<u>6,472</u>	<u>7,538</u>	<u>230</u>	<u>210</u>	<u>6,702</u>	<u>7,748</u>
Net assets, ending	<u>\$ 5,709</u>	<u>\$ 6,472</u>	<u>\$ 269</u>	<u>\$ 230</u>	<u>\$ 5,978</u>	<u>\$ 6,702</u>

WYOMING AREA SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (UNAUDITED)

GOVERNMENTAL ACTIVITIES

The net assets of the governmental activities decreased by \$763,000 in 2009. Revenues increased 4.8%, attributable primarily to an increase in General Revenues. Expenditures increased 3.4% in 2009 due to increases in Operation and Maintenance of Plant Services Costs.

BUSINESS-TYPE ACTIVITY

Net assets of the District's food service operation increased by approximately \$39,000 in 2009 due to increased volume in meals served by Food Service that resulted in increased Federal Subsidy to the District.

FINANCIAL ANALYSIS OF THE FUNDS

GENERAL FUND (MAJOR)

The following represents a summary of General Fund revenue, by source, along with changes from 2008.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
Local sources	\$14,308,416	\$14,085,827	\$222,589	1.6%
State sources	11,481,053	10,279,477	1,201,576	11.7%
Federal sources	<u>574,443</u>	<u>640,821</u>	<u>(66,378)</u>	<u>(10.4%)</u>
Total	<u>\$26,363,912</u>	<u>\$25,006,125</u>	<u>\$1,357,787</u>	<u>5.4%</u>

LOCAL SOURCES

The majority of the local source revenue is derived from the real estate tax. The real estate tax levy increased due to a millage increase of 12 mills for Luzerne County and a millage increase of 1.13 for Wyoming County. The total current real estate collections approximated \$10,364,000 for the year ended June 30, 2009.

WYOMING AREA SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (UNAUDITED)

STATE SOURCES

The Basic Instructional Subsidy, increased funding for the Rental and Sinking Fund Reimbursement and Classrooms for the Future Grant accounted for the majority of the increase in state source revenues from the prior year.

FEDERAL SOURCES

In 2009, the District recognized a decrease of approximately \$66,378 from Federal sources. The decrease in federal sources is due to decreased funding for ACCESS reimbursement.

The following represents a summary of General Fund expenditures by function for the years June 30, 2009 and 2008.

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Increase (Decrease)</u>
Instruction	\$15,826,264	\$16,253,134	\$ (426,870)
Support services	8,256,462	7,557,783	698,679
Non-instructional services	634,091	591,911	42,180
Capital Outlay	0	0	0
Refund of Pr Yr Receipts	5,679	2,146	3,533
Debt Service and Other financing uses	<u>1,231,909</u>	<u>793,081</u>	<u>438,828</u>
Total	<u>\$25,954,405</u>	<u>\$25,198,055</u>	<u>\$ 756,350</u>

INSTRUCTION

The amount of instructional expenses reported at June 30, 2009 decreased by approximately \$426,870 from the prior year. The amount was due to District control of Salary, Benefits and Other Costs.

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

SUPPORT SERVICES

The increase in support services was substantially due to increases in salary and benefits, purchase of technology equipment and increased transportation costs as compared to the prior year.

NONINSTRUCTIONAL SERVICES, CAPITAL OUTLAY, AND REFUND OF PRIOR YEAR RECEIPTS

The amount of expenditures recognized in these categories did not vary materially as compared to the prior year.

DEBT SERVICE AND OTHER FINANCING USES

The net increase in Debt Service and Other Financing Uses is the result of the District electing to transfer funds from the Capital Projects Fund to offset the interest expense of the 2006 Bond Issues.

CAPITAL PROJECTS FUND (MAJOR)

The Capital Project Fund accounts for major construction projects in the District, in addition to other Capital Improvements. The fund balance at June 30, 2009 of the Capital Projects Fund was \$2,539,570.

DEBT SERVICE FUND (NONMAJOR)

The Debt Service Fund is used to account for resources accumulated for the payment of long-term obligations. It is normally used to account for refunding of bond issues and the payment of the annual debt service on existing bonds. The District periodically reviews its existing debt and refunds such debt when economically feasible. The District in March of 2006 issued \$24,955,000 of bonds and notes for the purpose of providing funds to (1) advance refund the School District's GOB, Series of 2004, (2) advance refund the School District's GOB, Series A of 2004; (3) currently refund the School District's Federally Taxable GON, Series of 2004; (4) currently refund the School District's Federally Taxable GON, Series A of 2005; and (5) paying the costs and expenses of issuance of the Bonds. The Debt Service Fund received \$1,512,320 from the General Fund to pay the annual debt service on its outstanding bonds. The District paid \$326,000 in principal and \$1,186,320 in interest on its outstanding bonds.

WYOMING AREA SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (UNAUDITED)

ATHLETIC FUND (NONMAJOR)

The Athletic Fund accounts for school athletics. It had \$37,739 of gate receipts, \$51,748 of expenditures and received a \$15,000 transfer from the General Fund. It ended 2009 with a fund balance of \$5,348.

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2009 is summarized below.

	<u>GOVERN- MENTAL ACTIVITIES</u>	<u>BUSINESS- TYPE ACTIVITY</u>	<u>TOTALS</u>
Land	\$ 1,329,844		\$ 1,329,844
Buildings	44,250,507		44,250,507
Improvements	1,839,850		1,839,850
Equipment & Fixtures	1,432,962	\$ 681,676	2,114,638
Infrastructure	<u>378,507</u>	<u>-</u>	<u>378,507</u>
Total	49,231,670	681,676	49,913,346
Less accumulated depreciation	<u>19,413,300</u>	<u>631,978</u>	<u>20,045,278</u>
Net	<u>\$ 29,818,370</u>	<u>\$ 49,698</u>	<u>\$29,868,068</u>

LONG-TERM DEBT

At June 30, 2009, the District's general obligation debt was approximately \$26.2 million. This amount is approximately 48% of its legal limit of \$54.5 million. The District is scheduled to remit principal payments of \$816,900 and interest payments in the amount of \$1,224,971 for the 2009-2010 school year. The District's bonds have a favorable "AAA" rating from Standard and Poor's Rating Group as of March 2006.

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

NONCURRENT LIABILITIES

Noncurrent liabilities will be paid one year or later from the date of the Statement of Net Assets. The School District's noncurrent liabilities include compensated absences, notes and bonds payable, capital lease obligations and other long term obligations, net of current portions. The Governmental Accounting Standards Board (GASB) Statement 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions became effective for the School District this year. The Postemployment Benefits obligation approximated \$933,733 as of June 30, 2009 and is reflected on the statement of net assets.

ECONOMIC CONDITION AND OUTLOOK

The District does not expect significant growth in the near future given the residential nature of the local economy and a lack of developable land within the District. The District's assessed values over the last three years have averaged minimal growth and the District does not anticipate any material change.

The District is also complying with the newly enacted law as passed within the Commonwealth of Pennsylvania entitled Act I of Special Session of 2006. The goal of the Act I legislation seeks to reduce property taxes but in doing so also ensures that the District does not suffer any loss of revenue attributable to the shifting of local revenue sources. During June 30, 2009, the District has complied with all aspects of Act I.

Retirement Costs associated with District Personnel decreased during the fiscal year due to a decrease in the rate charged by PSERS on covered payroll. The table below illustrates the rates charged to the District.

Year	District Rate On Covered Payroll	
2006	4.68%	
2007	6.46%	
2008	7.13%	
2009	4.76%	
2010	4.78%	
2011	8.22%	
2012	10.59%	Est.
2013	29.22%	Est.

WYOMING AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Over the next several years, it is projected that the contribution rates for the Public School Employees' Retirement System of Pennsylvania will rise significantly. Based on actuarial projections, it is anticipated that by the school year 2012-2013 the total employer contribution rate can approximate 29.22%.

EMPLOYEE RELATIONS

The following represents the Collective Bargaining Agreements in effect at June 30, 2009:

Wyoming Area School District and the Wyoming Area Education Association for a term commencing September 1, 2004 and ending August 31, 2010

Wyoming Area School District and the Wyoming Area Educational Support Personnel Association for a term commencing July 1, 2004 and ending June 30, 2009

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Manager, Wyoming Area School District, 20 Memorial Street, Exeter, PA 18643.

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Independent Auditor's Report

To the Board of Directors
Wyoming Area School District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wyoming Area School District, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Wyoming Area School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

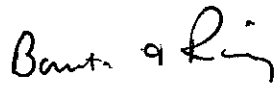
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wyoming Area School District, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009, on our consideration of the Wyoming Area School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis, and the required supplementary schedule of funding progress for other postemployment healthcare benefits, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Scranton, Pennsylvania
December 14, 2009

WYOMING AREA SCHOOL DISTRICT
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business Type	Primary Government Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,363,543	\$ 238,019	\$ 3,601,562
Investments	2,451,581	-	2,451,581
Taxes Receivable - Net	634,119	-	634,119
Internal Balances	5,781	(5,781)	-
Due From Other Governments	1,212,520	-	1,212,520
Receivables - Other	-	24,174	24,174
Inventories	15,500	8,901	24,401
Other Current Assets	199,431	-	199,431
Fixed Assets - Net of Accumulated Depreciation	29,818,370	49,698	29,868,068
TOTAL ASSETS	\$ 37,700,845	\$ 315,011	\$ 38,015,856
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 748,506	\$ -	\$ 748,506
Due to Other Governments	122,251	-	122,251
Salaries & Benefits Payable	2,095,082	45,494	2,140,576
Payroll Deductions and Withholdings	100,146	-	100,146
Deferred Revenues	46,587	-	46,587
Accrued Interest	411,321	-	411,321
Bond Premium	698,309	-	698,309
Current Portion of Long-Term Debt	907,334	-	907,334
Bonds, Notes and Leases Payable	25,254,636	-	25,254,636
Lease Purchase Obligations	90,434	-	90,434
Other Post Employment Benefits	933,733	-	933,733
Compensated Absences	583,460	-	583,460
TOTAL LIABILITIES	\$ 31,991,799	\$ 45,494	\$ 32,037,293
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 3,565,966	\$ 49,698	\$ 3,615,664
Unrestricted Net Assets	2,143,080	219,819	2,362,899
TOTAL NET ASSETS	\$ 5,709,046	\$ 269,517	\$ 5,978,563
TOTAL LIABILITIES AND NET ASSETS	\$ 37,700,845	\$ 315,011	\$ 38,015,856

WYOMING AREA SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2009

	Program Revenues		Net (Expense) Revenue and Change in Net Assets			
	Expenditures	Charge For Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Depreciation	\$ 834,109	\$ -	\$ -	(834,109)	\$ -	(834,109)
Instruction	15,864,609	87,120	3,791,420	(11,986,069)	-	(11,986,069)
Instructional Student Support	1,730,878	-	110,072	(1,620,806)	-	(1,620,806)
Administrative	2,085,238	-	74,200	(2,011,038)	-	(2,011,038)
Operation of Plant	2,779,715	1,500	66,292	(2,711,923)	-	(2,711,923)
Pupil Transportation	1,728,086	-	1,014,678	(713,408)	-	(713,408)
Student Activities	554,789	37,866	15,736	(501,187)	-	(501,187)
Community Services	119,091	-	2,527	(116,564)	-	(116,564)
Interest - Long Term Debt	1,461,115	-	237,127	(1,223,988)	-	(1,223,988)
Total Government	\$ 27,157,630	\$ 126,486	\$ 5,312,052	(21,719,092)	\$ -	(21,719,092)
Business Type Activities						
Food Service	\$ 868,454	\$ 489,349	\$ 394,156	-	\$ 15,051	\$ 15,051
Total Primary Government	\$ 28,026,084	\$ 615,835	\$ 5,706,208	(21,719,092)	\$ 15,051	(21,704,041)
General Revenues:						
Taxes Levied for General Purposes				\$ 10,363,869	\$ -	\$ 10,363,869
Other Taxes Levied				3,158,099	-	3,158,099
Grants, Subsidies, Contributions Not Restricted				7,314,126	-	7,314,126
Investment Earnings				121,046	1,646	122,692
Special Item				21,899	-	21,899
Transfers Between Governmental and Business Type Activities				(22,465)	22,465	-
Total General Revenues				\$ 20,956,574	\$ 24,111	\$ 20,980,685
Change In Net Assets				\$ (762,518)	\$ 39,162	\$ (723,356)
Net Assets - July 1, 2008				6,471,564	230,355	6,701,919
Net Assets - June 30, 2009				\$ 5,709,046	\$ 269,517	\$ 5,978,563

WYOMING AREA SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2009

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Fund Types</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,327,036	\$ 31,159	\$ 5,348	\$ 3,363,543
Investments	-	2,451,581	-	2,451,581
Taxes Receivable	46,587	-	-	46,587
Due To Other Funds	5,781	137,854	-	143,635
State Revenue Receivable	247,243	-	-	247,243
Federal Revenue Receivable	441,415	-	-	441,415
Due From Other Governments	401,611	-	-	401,611
Inventory	15,500	-	-	15,500
Other Current Assets	75,051	-	-	75,051
TOTAL ASSETS	\$ 4,560,224	\$ 2,620,594	\$ 5,348	\$ 7,186,166
<u>LIABILITIES AND FUND BALANCE</u>				
Accounts Payable	\$ 667,482	\$ 81,024	\$ -	\$ 748,506
Accrued Salaries and Benefits	2,095,082	-	-	2,095,082
Payroll Deductions and Withholdings	100,146	-	-	100,146
Due to Other Funds	137,854	-	-	137,854
Deferred Revenues	46,587	-	-	46,587
TOTAL LIABILITIES	\$ 3,047,151	\$ 81,024	\$ -	\$ 3,128,175
<u>FUND BALANCE</u>				
Undesignated Fund Balance	\$ 1,513,073	\$ 2,539,570	\$ 5,348	\$ 4,057,991
TOTAL FUND BALANCE	\$ 1,513,073	\$ 2,539,570	\$ 5,348	\$ 4,057,991
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,560,224	\$ 2,620,594	\$ 5,348	\$ 7,186,166

WYOMING AREA SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2009

Total fund balance – total governmental funds	\$ 4,057,991
Capital assets(net) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	29,818,370
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(411,321)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(27,769,597)
Prepaid bond issuance and discount costs net of amortization and deferred bond premiums are not reported in the governmental balance sheet.	(573,929)
Property and earned income taxes receivable along with an amount established for an allowance for doubtful accounts are not a current financial resource, therefore they are not reported in the governmental funds balance sheet.	<u>587,532</u>
Net assets governmental activities	<u>\$ 5,709,046</u>

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2009

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Fund Types</u>
<u>REVENUES & OTHER FINANCING SOURCES</u>				
<u>REVENUES</u>				
Local Sources	\$ 14,308,416	\$ 26,211	\$ 37,866	\$ 14,372,493
State Sources	11,481,053	-	-	11,481,053
Federal Sources	574,443	-	-	574,443
<u>OTHER FINANCING SOURCES</u>				
Fund Transfers	-	-	-	-
TOTAL REVENUES & OTHER FINANCING SOURCES	\$ 26,363,912	\$ 26,211	\$ 37,866	\$ 26,427,989
<u>EXPENDITURES AND OTHER FINANCING USES</u>				
<u>EXPENDITURES</u>				
Instruction	\$ 15,826,264	\$ -	\$ -	\$ 15,826,264
Support Services	8,256,462	21,527	-	8,277,989
Non-Instructional Services	634,091	-	51,788	685,879
Fac Acq, Const, and Imp	-	184,604	-	184,604
Refunds of Prior Year Receipts	5,679	-	-	5,679
Debt Service (Principal & Interest)	2,380,764	-	-	2,380,764
<u>OTHER FINANCING USES</u>				
Interfund Transfers (From Other Funds)	\$ (1,186,320)	\$ -	\$ (1,527,320)	\$ (2,713,640)
Transfers out (To other funds)	37,465	1,186,320	1,512,320	2,736,105
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 25,954,405	\$ 1,392,451	\$ 36,788	\$ 27,383,644
EXCESS (DEFICIT) REVENUE OVER EXPENDITURES	\$ 409,507	\$ (1,366,240)	\$ 1,078	\$ (955,655)
FUND BALANCE -July 1, 2008	\$ 1,103,566	\$ 3,905,810	\$ 4,270	\$ 5,013,646
FUND BALANCE -June 30, 2009	\$ 1,513,073	\$ 2,539,570	\$ 5,348	\$ 4,057,991

WYOMING AREA SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
June 30, 2009

Net change in fund balances – total governmental funds \$ (955,655)

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

Depreciation expense	(834,109)	
Capital outlays	<u>355,839</u>	(478,270)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:

Earned Income Taxes	(10,245)
---------------------	----------

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

825,720

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 the governmental funds:

Amortization Expense	(6,219)	
Accretion Income	34,915	
Bad Debt Expense	(165)	
Other Post Employment	(257,825)	
Accrued Interest	15,087	
Comp Absences	<u>70,139</u>	<u>(144,068)</u>

Change in net assets of governmental activities

\$ (762,518)

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund
Budget and Actual
Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE & OTHER FINANCING SOURCES				
Local Sources	\$ 13,627,971	\$ 13,627,971	\$ 14,308,416	\$ 680,445
State Sources	11,172,130	11,172,130	11,481,053	308,923
Federal Sources	638,688	638,688	574,443	(64,245)
TOTAL REVENUE & OTHER FINANCING SOURCES	\$ 25,438,789	\$ 25,438,789	\$ 26,363,912	\$ 925,123
EXPENDITURES				
INSTRUCTION				
Regular Programs - Elementary / Secondary	\$ 11,630,016	\$ 11,630,016	\$ 11,438,728	\$ 191,288
Special Programs - Elementary / Secondary	3,124,076	3,124,076	2,669,839	454,237
Vocational Education Programs	1,030,424	1,030,424	1,032,589	(2,165)
Other Instructional Programs - Elementary / Secondary	559,505	559,505	680,365	(120,860)
Adult Education Programs	5,789	5,789	4,742	1,047
TOTAL INSTRUCTION	\$ 16,349,810	\$ 16,349,810	\$ 15,826,263	\$ 523,547
SUPPORT SERVICES				
Pupil Personnel	\$ 637,959	\$ 637,959	\$ 568,060	\$ 69,899
Instructional Staff	632,089	632,089	716,070	(83,981)
Administration	1,527,690	1,527,690	1,580,138	(52,448)
Pupil Health	475,598	475,598	446,748	28,850
Business	289,022	289,022	286,967	2,055
Operation and Maintenance of Plant Services	2,523,070	2,523,070	2,731,245	(208,175)
Student Transportation Services	1,474,082	1,474,082	1,728,086	(254,004)
Central	114,815	114,815	146,339	(31,524)
Other Support Services	23,573	23,573	52,808	(29,235)
TOTAL SUPPORT SERVICES	\$ 7,697,898	\$ 7,697,898	\$ 8,256,461	\$ (558,563)
NON-INSTRUCTIONAL SERVICES				
Student Activities	\$ 521,827	\$ 521,827	\$ 503,001	\$ 18,826
Community Services	129,617	129,617	131,091	(1,474)
TOTAL NON-INSTRUCTIONAL SERVICES	\$ 651,444	\$ 651,444	\$ 634,092	\$ 17,352
FACILITIES ACQUISITION, CONSTRUCTION				
Capital Outlay	\$ 17,500	\$ 17,500	\$ -	\$ 17,500
TOTAL FACILITIES ACQUISITION, CONSTRUCTION	\$ 17,500	\$ 17,500	\$ -	\$ 17,500
OTHER FINANCING USES				
Refund of Prior Years Receipts	\$ 24,359	\$ 24,359	\$ 5,679	\$ 18,680
Debt Service	2,295,779	2,295,779	2,380,764	(84,985)
Fund Transfers	(1,138,570)	(1,138,570)	(1,148,855)	10,285
TOTAL OTHER FINANCING USES	\$ 1,181,568	\$ 1,181,568	\$ 1,237,588	\$ (56,020)
TOTAL EXPENDITURES & OTHER USES	\$ 25,898,220	\$ 25,898,220	\$ 25,954,404	\$ (56,184)
EXCESS EXPENDITURES OVER REVENUES	\$ (459,431)	\$ (459,431)	\$ 409,508	\$ 868,939
FUND BALANCE - July 1, 2008			\$ 1,103,566	
FUND BALANCE - June 30, 2009			\$ 1,513,074	

WYOMING AREA SCHOOL DISTRICT
Statement of Net Assets
Proprietary Fund
June 30, 2009

		<u>Food Service Fund</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$	238,019
Other Receivables		24,174
Inventories		<u>8,901</u>
Total Current Assets	\$	271,094
<u>Noncurrent Assets</u>		
Fixed Assets	\$	681,676
Less: Accumulated Depreciation		<u>(631,978)</u>
Total Noncurrent Assets	\$	<u>49,698</u>
TOTAL ASSETS	\$	<u>320,792</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accrued Salaries and Benefits	\$	45,494
Due to Other Funds		<u>5,781</u>
TOTAL LIABILITIES	\$	51,275
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$	49,698
Unrestricted		<u>219,819</u>
TOTAL NET ASSETS	\$	<u>269,517</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>320,792</u>

See Notes to Financial Statements and Independent Auditor's Report

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
Year Ended June 30, 2009

OPERATING REVENUES

Food Service Revenue	\$	469,628
Other Operating Revenues		<u>19,721</u>

TOTAL OPERATING REVENUES \$ 489,349

OPERATING EXPENSES

Salaries	\$	358,383
Employee Benefits		102,233
Supplies		346,011
Purchased Services		44,166
Depreciation		12,602
Dues & Fees		223
Other Operating Expenses		<u>4,836</u>

TOTAL OPERATING EXPENSES \$ 868,454

NET OPERATING LOSS \$ (379,105)

NON-OPERATING REVENUES

Earnings on Investments	\$	1,646
Federal and State Subsidies		394,156
Advances - General Fund		<u>22,465</u>

TOTAL NON-OPERATING REVENUE \$ 418,267

Change in Net Assets \$ 39,162

Net Assets - July 1, 2008 230,355

Net Assets - June 30, 2009 \$ 269,517

WYOMING AREA SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Users	\$	461,100
Cash Payments To Employees For Services		(415,122)
Cash Received From Other Operating Revenue		19,721
Cash Payments To Suppliers for Goods and Services		<u>(396,816)</u>
Net Cash Used For Operating Activities	\$	(331,117)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Cash Received From Federal & State Subsidies	\$	394,156
Operating Transfers In (Out) Primary Government		<u>22,465</u>
Net Cash From Non-Capital Financing Activities	\$	416,621

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Outlay	\$	<u>(21,057)</u>
Net Cash Used By Capital And Related Financing Activities		(21,057)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received From Investment Earnings	\$	<u>1,646</u>
Net Cash Used By Investing Activities	\$	1,646

NET INCREASE IN CASH AND CASH FLOW **\$ 66,093**

CASH AND CASH EQUIVALENT - JULY 1, 2008 **\$ 171,926**

CASH AND CASH EQUIVALENT - JUNE 30, 2009 **\$ 238,019**

**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH
USED FOR OPERATING ACTIVITIES**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income (Loss)	\$	(379,105)
Adjustments to Reconcile Operating Loss to Net Cash Used For:		
Depreciation and Net Amortization	\$	12,602
Increase in Accounts Receivable		(8,528)
Increase in Inventories		(196)
Decrease in Prepaid Expenses		-
Decrease in Accounts Payable		(1,174)
Increase in Accrued Salaries and Benefits		45,493
Decrease in Advances from Other Funds		<u>(209)</u>
Total Adjustments	\$	<u>47,988</u>
NET CASH USED FOR OPERATING ACTIVITIES	\$	<u><u>(331,117)</u></u>

See Notes to Financial Statements and Independent Auditor's Report

WYOMING AREA SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Private Purpose Trust</u>	<u>Student Activity Fund</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 31,092	\$ 90,107
Investments	47,616	-
TOTAL ASSETS	\$ 78,708	\$ 90,107
<u>LIABILITIES</u>		
Other Liabilities	-	90,107
TOTAL LIABILITIES	\$ -	\$ 90,107
<u>NET ASSETS</u>		
Held in trust for scholarships	\$ 78,708	\$ -
TOTAL LIABILITIES AND NET ASSETS	\$ 78,708	\$ 90,107

Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2009

	<u>Private Purpose Trust</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 690
Other Additions	2,699
TOTAL ADDITIONS	\$ 3,389
<u>DEDUCTIONS</u>	
Scholarships Awarded	\$ 5,250
Other Deductions	20
TOTAL DEDUCTIONS	\$ 5,270
Change in Net Assets	\$ (1,881)
Net Assets - July 1, 2008	\$ 80,589
Net Assets - June 30, 2009	\$ 78,708

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

NOTE # 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Pursuant to Act 299 of the General Assembly of the Commonwealth of Pennsylvania, approved August 8, 1963, P. L. 564, which is an amendment to the school code with regards to school district reorganizations, Wyoming Area School District (the District) commenced operation in 1966, as the successor by reason of reorganization to the school districts of the Boroughs of Exeter, Wyoming, West Wyoming, West Pittston and the Township of Exeter. The District, which is situated in Luzerne County, operates a public school system. A nine-member Board of Directors, which are elected positions, administers the District. Federal, state and local resources provide funding for the District.

The accounting policies of the Wyoming Area School District (the District) which are fully explained in the following notes, conform to the generally accepted accounting principles for local government units, and the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems issued by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The most significant accounting policies are summarized below.

Reporting Entity

The District is the basic level of government, which has oversight responsibility, and is not included as a component unit of any other governmental agencies. Government Accounting Standards Board Statement Number 14, "The Financial Reporting Entity" establishes the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In accordance with Statement Number 14, the District has determined that it has no other component unit, which should be included in its financial statements. The following potential component unit was considered for inclusion:

West Side Area Vocational-Technical School

West Side Area Vocational-Technical School commenced operations in 1968. The West Side Area Vocational-Technical School operates under the laws of the Commonwealth and is administered by the Joint Operating Committee, which is the decision-making body and comprises three elected board members from each of its five member districts. The five member districts are: Dallas School District, Lake Lehman School District, Northwest Area School District, Wyoming Area School District, and Wyoming Valley West School District. The School operates a Vocational-Technical School located in Pringle, Luzerne County, Pennsylvania.

Funding for the school is received from federal, state and local sources. Each of the Districts may enroll students in the school and their portion of total support is calculated based on the formula provided in the Bylaws of West Side Area Vocational-Technical School's agreement with its member districts.

The member School Districts' approve the yearly operating budget of the School. The School District exercises no other oversight responsibility; accordingly, the West Side Area Vocational-

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

Technical School is not included herein. The District is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board Statement #14 entitled, "The Financial Reporting Entity".

Basis of Presentation – Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent.

There are three fund types presented in this report. A brief description of each is presented below.

A. Governmental Fund Types

General Fund - The general operating fund used to account for all District resources and expenditures except for those required to be accounted for in another fund.

Special Revenue Fund - Restricted Fund used to account for specific projects or activities. An example is the Athletic Fund, which was formed under the Public School Code of 1949, Sec. 511.

Capital Project Fund - The Capital Project Fund is used to account for receipt and disbursement of monies for major acquisitions or construction of capital facilities.

Debt Service Fund – The debt service fund is used to account for receipt and disbursement of monies for payment of principal and interest of debt.

B. Proprietary Fund Types

Enterprise Fund - The fund used to account for the operations of school food services. The Food Service Department is financed and operated in a manner similar to private business enterprise, whereby the costs of providing goods and services to the general public on a continuing basis are recovered primarily through user charges. The District does not attempt to allocate indirect cost to the Food Service Fund. General Fund expenditures which benefit the Food Service Fund (utilities, janitorial, insurance, etc.) are not proportionately recognized within the Food Service Fund.

C. Fiduciary Fund Types

Agency Funds - Used to account for funds placed with the School District acting as agent or custodian. These funds are only custodial (assets equal liabilities) and do not require measurement of results of operations. An example is the:

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

Student Activities Fund - This fund accounts for programs operated and sponsored by various student clubs and organizations. This fund was formed under the Public School Code of 1949, Sec. 511.

Private Purpose Trust – This fund accounts for scholarships awarded to students of the district.

Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) are prepared using the economic measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between expenses and program revenues for the District. Program revenues include tuition charged by the District and grants and contributions that are restricted to meeting the operational or capital requirements of the District. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which the District is self-financing.

Fund Financial Statements

All governmental funds are accounted for using the current financial resources method and the modified accrual basis of accounting. Under this method of accounting, revenues are recognized when received, except for revenues subject to accrual, which are recorded as a receivable when measurable and available to finance current period expenditures. Such revenue items include federal and state subsidies. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The proprietary fund utilizes the accrual basis of accounting in which revenues are recognized in the accounting period in which they are earned; expenses are recognized at the time they are incurred.

Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. The Pennsylvania School Code dictates specific procedures relative to the adoption of the School District's budget and reporting of its financial statements.

The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year. The School District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action that the proposed budget has been

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

prepared and is available for public inspection at the administrative office of the School 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 ten days prior to when final action on adoption is taken by the Board of Directors.

The Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the board is required. Fund balances in Budgetary Funds may be appropriated based on resolutions passed by the Board of Directors, which authorizes the District to make expenditures. Appropriations lapse at the end of the fiscal period.

Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program-by-program basis by the state or federal funding agency.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks and investments with original maturities of three months or less.

Fixed Assets and Depreciation

The accounting treatment over property, plant and equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line method over the following useful lives:

	<u>Years</u>
Buildings & Improvements	50
Furniture & Fixtures	20
Equipment	5-10

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Property Tax Calendar

The District property taxes are levied as of August 1 with a collection period extending 150 days through December 31. At this time, uncollected property tax bills are released to the County for collection. The County governs both the process of collecting the delinquent taxes and administering liens.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

The tax rate for the year ended June 30, 2009 was 273.67 mills for Exeter Township (Luzerne County), and the Boroughs of Exeter, West Wyoming, Wyoming and West Pittston and 61.33 mills for Exeter Township (Wyoming County) on a present assessed valuation of \$ 50,833,853. During the year ended June 30, 2009, Wyoming Area School District collected \$10,357,300 after various adjustments for discounts, penalties and credits on a total tax levied in the amount of \$11,565,456. The District's rate of collection approximated 90 % on total taxes due during the June 30, 2009 fiscal year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE # 2 - FEDERAL FUNDS:

Wyoming Area School District administers several federally funded projects. All funds received under these programs are restricted for the conduct of the Federal Programs and are not available for general school business.

NOTE # 3 - CASH AND TEMPORARY INVESTMENTS:

The District's investment policy is in accordance with the Public School Code of 1949, Section 440.1, which permits funds to be temporarily invested in: (1) United States Treasury bills, (2) short-term obligations of the United States government or its agencies or instrumentalities, (3) deposits in savings or time accounts, or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund to the extent such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository, (4) obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision, and (5) shares of certain investment companies registered under the Investment Companies Act of 1940 and the Securities Act of 1933 which invest only in instruments listed in (1) – (4) listed above, maintain a constant per share net asset value and are rated in the highest category by a nationally recognized rating agency.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2009, \$2,833,979 of the District's bank balance of \$3,652,794 was exposed to custodial credit risk. The amount exposed to credit risk was uninsured but was collateralized by securities pledged by the financial institutions for such funds but not in the District's name in accordance with the collateralization provisions of Commonwealth of Pennsylvania Act 72 of 1971, as amended.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

NOTE # 4 - INVENTORIES:

Central Receiving compiles inventories of unexpended supplies available for consumption. At June 30, 2009 the value of the Central Receiving Inventory shown in the General Fund is \$15,500.

Inventories as reflected in the proprietary fund relative to the operation of the District's cafeteria are stated at values assigned by the School Administration. The value of inventory as reflected on the June 30, 2009 financial statements was \$ 8,901. In addition to the inventories described above, the District is the recipient of donated commodities from the Federal Government. Since title to the donated commodities does not pass to the District until the commodities are processed for serving, no value for such commodities on hand is included in inventories of the Food Service Fund.

NOTE # 5 FIXED ASSETS AND DEPRECIATION:

Fixed asset activity for the year ended June 30, 2009, was as follows:

	<u>Balance at</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>June 30, 2009</u>
Governmental Activities:				
Land	\$ 1,329,844	\$ 0	\$ 0	\$ 1,329,844
Buildings	44,250,507	0	0	44,250,507
Improvements	1,780,091	59,759	0	1,839,850
Equipment & Fixtures	1,136,883	296,079	0	1,432,962
Infrastructure	<u>378,507</u>	<u>0</u>	<u>0</u>	<u>378,507</u>
Totals at Historical Cost	\$ 48,875,832	\$ 355,838	\$ 0	\$ 49,231,670
Less Accumulated Depreciation				
Buildings	\$ (16,530,694)	\$ (695,198)	\$ 0	\$ (17,225,892)
Improvements	(1,065,021)	(81,481)	0	(1,146,502)
Equipment & Fixtures	(604,969)	(57,430)	0	(662,399)
Infrastructure	<u>(378,507)</u>	<u>0</u>	<u>0</u>	<u>(378,507)</u>
Total Accum. Depreciation	\$ (18,579,191)	\$ (834,109)	\$ 0	\$ (19,413,300)
Net Governmental Fixed Assets	<u>\$ 30,296,641</u>	<u>\$ (478,271)</u>	<u>\$ 0</u>	<u>\$ 29,818,370</u>
Business-type Activities:				
Food Service Equipment	\$ 660,619	\$ 21,057	\$ 0	\$ 681,676
Totals at Historical Cost	660,619	21,057	0	681,676
Less Accumulated Depreciation				
Food Service Equipment	\$ (619,376)	\$ (12,602)	\$ 0	\$ (631,978)
Net Business-type Fixed Assets	<u>\$ 41,243</u>	<u>\$ 8,455</u>	<u>\$ 0</u>	<u>\$ 49,698</u>

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

NOTE # 6 - LONG TERM DEBT:

Equipment Lease Purchase Agreements

The District has entered into various capital leases for equipment, which are used in the administrative offices as well as at the various schools.

2006 General Obligation Series A, B, C

In March 2006, the District issued \$24,955,000 in General Obligation Bonds and Notes, Series of 2006, with stated interest rates of 3.375% to 5.280%. The proceeds from the bond issue were used to refinance various bonds and notes of the district. The bonds mature in varying annual amounts commencing September 1, 2006 and annually thereafter on September 1, of the years 2007 to 2029. Interest at the stated rate of 3.375% to 5.280% is payable semi-annually on September 1 and March 1. The Bonds were issued as fully registered bonds in denominations of \$5,000. The Bonds are also fully insured by the MBIA Insurance Corporation. In addition the bonds are general obligations of the District and the full faith, credit and taxing power of the District have been irrevocable pledged for the payment of the principal and interest on the 2006 bonds when due.

The net present value of the cash flow to the school district under this refunding is a loss of \$724,860 to be realized over the term of the bond. However the cash flow relief for the year 2007 and 2008 will be \$ 1,196,700 and \$ 1,131,396 respectively. Additionally the average cash flow relief for the years 2009 to 2021 will approximate \$393,600.

2005 General Obligation Note

In August 2005, the District entered into and executed a General Obligation Note in the amount of \$2,300,000. The note bears interest at 3.94% per annum. The note matures ratably over the 14 year life of the note. Interest and principal are payable semi-annually on August 15th and February 15th of each year. The District has the option to prepay principal or any payment of interest at any time prior to the respective maturity date thereof, without notice or penalty.

A summary of the outstanding liabilities at June 30, 2009 is as follows:

Type of Debt	Balance			Balance June 30, 2009	Amount Due Within One Year
	July 1, 2008	Additions	Deductions		
Equipment Leases	\$ 91,232	\$ 58,365	\$ 59,163	\$ 90,434	\$ 90,434
2005 Note	2,003,796	0	126,826	1,876,970	131,900
2006 A Note	19,995,000	0	70,000	19,925,000	70,000
2006 B Note	2,955,000	0	360,000	2,595,000	380,000
2006 C Bond	1,985,000	0	220,000	1,765,000	235,000
Other:					
Compensated Absences	604,855	0	21,395	583,460	
Total Long-Term Debt	\$ 27,634,883	\$ 58,365	\$ 857,384	\$ 26,835,864	

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

The annual debt service requirements to maturity, including principal and interest for long term debt as of June 30, 2009 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 816,901	\$ 1,224,961	\$ 2,041,862
2011	857,149	1,183,891	2,041,040
2012	902,625	1,140,652	2,043,277
2013	943,257	1,095,268	2,038,525
2014-2018	5,709,708	4,748,509	10,458,217
2019-2023	6,267,330	3,421,680	9,689,010
2024-2028	7,085,000	1,832,625	8,917,625
2029-2030	<u>3,580,000</u>	<u>177,250</u>	<u>3,757,250</u>
Total	<u>\$ 26,161,970</u>	<u>\$ 14,824,836</u>	<u>\$ 40,986,806</u>

NOTE # 7 - COMPENSATED ABSENCES:

Effective July 1, 1993, the Wyoming Area School District has elected to timely implement Governmental Accounting Standards Board Statement #16 entitled, "Accounting for Compensated Absences." The District's policy is designed to separately address vacation, sick time and sabbatical policies relative to administrators, teachers and various support staff to the District. In calculating the liability for the amount of compensation and related benefit costs for the sick pay portion relative to compensated absences, the District has elected to utilize the vesting method as allowed by Government Accounting Board Statement #16. The total amount of compensation and benefits accrued in the Statement of Net Assets amounted to \$ 583,460 at June 30, 2009.

NOTE # 8 - PENSION PLAN:

All full-time and certain part-time employees of the District participate in the Commonwealth of Pennsylvania Public School Employees' Retirement System ("PSERS"), a governmental cost sharing multiple-employer defined benefit pension plan.

PSERS provides retirement and disability, legislatively mandated ad hoc cost of living adjustments and healthcare premium insurance assistance benefits to qualifying annuitants. The District's and its employees' obligation to contribute to PSERS are established by authority Act 96 of the Public School Employees' Retirement Code. Benefit provisions are established and amended by the PSERS board of trustees. PSERS issues a comprehensive annual financial report that includes stand-alone financial statements and required supplementary information for the plan. A copy may be obtained from PSERS' office in Harrisburg, Pennsylvania by requesting via e-mail or calling 1-888-773-7748.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

The District's contribution rate was 4.76% in 2009, 7.13% in 2008, and 6.46% in 2007 of covered payroll.

The employees' contribution rates range from 5.25% to 7.5% depending on date of hire and whether they elected to participate in the TD membership class.

As reported by the PSERS as of June 30, 2008, the most recent actuarial valuation of the plan, the plan was 86.0% funded. The actuarial accrued liability for benefits was \$70.9 billion and the actuarial value of assets was \$61.0 billion, resulting in an unfunded accrued liability of \$9.9 billion. For purposes of determining pension contributions under the PSERS Code, the entry-age normal actuarial cost method of valuation is used in determining benefit liabilities and normal cost. Assets are valued using a five-year moving market average value. The covered payroll of active members for fiscal year 2009 was \$11.9 billion and the ratio of the unfunded actuarial accrued liability to the covered payroll was 82.7%. Employer contributions for fiscal year June 30, 2009 were \$503.2 million which was 29% of the calculated Annual Required Contribution rate of \$1.76 billion.

Other significant actuarial assumptions used include:

- Investment returns of 8.25% with inflation of 3.25%;
- Salary increases of 6.00%;
- Amortization method is level dollar funding;
- No postretirement benefit increases assumed in the future; and
- Mortality, vesting, retirement age, and with-drawal estimates are based upon tables provided by the actuary.

NOTE # 9 - POST EMPLOYMENT BENEFITS:

The Wyoming Area School District follows the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." In addition to the relevant disclosures within this note related to GASB Statement No. 45, the financial statements reflect a long-term liability and related expenses of \$257,825, in governmental activities.

The Wyoming Area School District, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain postretirement healthcare benefits to all former full-time employees who were members of the Employee Retirement Plan for a minimum of ten years and a member of the professional staff and met definition of a qualifying PSERS retirement at the time of termination. A qualifying retirement is any superannuation retirement (age 62 and 1, 60 and 30 or 35 years or, at age 55 and 25 early retirement withdrawal 1 retirement). Such benefits are not available to members' spouses or dependents; rather, only to former employees as previously described. Specific details of the Plan include the provision of certain hospitalization, major medical insurance, and prescription drug coverage. These benefits are provided through insurance companies. The Wyoming Area School District is under no statutory or contractual obligation to provide these post retirement healthcare benefits. Because the Plan consists solely of the Unit's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

Funding Policy

The Wyoming Area School District pays the full cost of coverage for the healthcare benefits paid to a qualified retiree. The Unit has chosen to fund the healthcare benefits on a pay as you go basis.

Annual OPEB Cost and Net OPEB Obligation

The Wyoming Area School District annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and Changes in the District's net OPEB obligation:

Annual required on contribution	\$ 736,353
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	<u>736,353</u>
Contributions made	(478,528)
Increase in net OPEB obligation	<u>257,825</u>
Net OPEB obligation-beginning of year	<u>6,506,562</u>
Net OPEB obligation-end of year	<u>\$ 6,764,387</u>

The Wyoming Area School District's annual OPEB cost, the percentage of annual OPEB cost was contributed to the Plan, and the net OPEB obligation for June 30, 2009 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation-End of Year
6/30/09	\$ 736,353	65.0%	\$ 6,764,387

Because June 30, 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the above illustration does not reflect similar information respective of years preceding June 30, 2009.

Funding Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$6,506,562, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,506,562. The covered payroll (annual payroll of active employees covered by the plan) equaled \$12,432,745 and the ratio of the UAAL to the covered payroll equaled 52.33%. Actuarial valuations of an ongoing plan involve estimates of the value

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

of reported amounts and assumptions about the probability of occurrence of events far into the

future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer 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 RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the Wyoming Area School District maintains no Plan assets, information relative Plan asset required disclosures is not applicable. Additionally, because June 30, 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the RSI does not reflect similar information respective of years preceding June 30, 2009.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the District and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Wyoming Area School District and Plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the actuarial valuation dated July 1, 2008, the projected unit credit cost actuarial method was used. Because the Unit funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) used specifically for paying the post-retirement medical benefits; therefore, the actuarial assumptions included a 4.5% discount rate, which approximates the expected rate of return on non-pension investments held by the Wyoming Area School District. Actuarial assumptions also included annual healthcare and prescription drug cost trend rates of 5%, initially, reduced by decrements to an ultimate rate of 5% for both healthcare and prescription drug costs after five and ten years, respectively. The UAAL is being amortized as a level dollar amount over thirty years on an open basis.

NOTE # 10 – INCENTIVE RETIREMENT AGREEMENTS

The teachers' collective bargaining agreement provides an incentive provision for early retirement. The incentive program will pay the teacher a percentage of their salary based on their number of years of credited service. Teachers electing the incentive payments are paid over a four year period following their final year of service. At June 30, 2009 the liability for the retirement incentives was \$ 675,908.

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

NOTE # 11 - COMMITMENTS AND CONTINGENCIES:

The District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The District is required to make contractual service payments to the Luzerne County Intermediate Unit Number 18, as well as contributions to finance the Unit's operations. The District's responsibilities for these payments are anticipated to continue into the future.

From time to time, the District is named as a defendant in lawsuits. No provision has been provided for in these financial statements for any future losses that may result from these lawsuits. It is the opinion of management and supported by legal council, that the impact of these lawsuits will not have a material adverse effect on the financial position of the District.

In September of 1999 an agreement was reached with thirteen school districts and their respective bargaining units to form a consortium to make contracts of insurance to insure that their employees, their employees' spouses and dependents and retired employees would be covered under a policy or policies of group insurance covering life, health, hospitalization, medical service or accident insurance. Member Districts make contributions to the Trust under a self funded plan whereby the Districts participating of the Trust are liable in the event claims paid by the trust to health care providers exceed the premiums paid by the participants of the Trust.

Bonita & Rainey
Certified Public Accountants

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Members of Pennsylvania Institute of Certified Public Accountants

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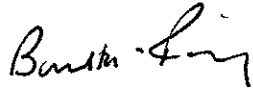
Thomas P. Rainey, CPA
Richard P. Rainey, CPA
Kevin P. Noone, CPA

**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

Board of Directors
Wyoming Area School District

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 Wyoming Area School District, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report dated December 14, 2009 thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information for the District taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information for the District taken as a whole.



Scranton, Pennsylvania
December 14, 2009

WYOMING AREA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
June 30, 2009

Grantor/Project Title		CFDA Number	Grant Period	Grant Award	Receipts July 1, 2008 to June 30, 2009	Accrued (Deferred) July 1, 2008	Revenue Recognized	Expenditures	Accrued (Deferred) June 30, 2009																																																												
U.S. DEPARTMENT OF EDUCATION																																																																					
Passed through the PA Dept of Education																																																																					
ESEA Title I		84.010	9/30/2008	\$ 424,864	\$ 84,946	\$ (80,161)	\$ 4,785	\$ 4,785	\$ -																																																												
ESEA Title I		84.010	9/30/2009	463,703	341,205	-	428,859	428,859	87,654																																																												
Title I, Academic Achievement		84.010	9/30/2008	8,304	4,982	(4,802)	180	180	-																																																												
Title I, Academic Achievement		84.010	9/30/2009	4,000	1,714	-	3,869	3,869	2,155																																																												
Title II, Improving Teacher Quality		84.367	9/30/2008	126,423	16,856	(16,856)	-	-	-																																																												
Title II, Improving Teacher Quality		84.367	9/30/2009	128,227	109,909	-	127,910	127,910	18,001																																																												
Drug Free Schools		84.186A	9/30/2009	8,511	8,511	-	8,511	8,511	-																																																												
Title V, Innovative Education		84.298	9/30/2009	2,579	1,719	(1,719)	-	-	-																																																												
Title XIX, Medical Assistance		93.778	6/30/2009	70,000	70,000	(70,000)	-	-	-																																																												
Title XIX, Medical Assistance Reimbursement for Administration		93.778	6/30/2008	1,294	1,294	-	1,294	1,294	-																																																												
Passed through Intermediate Units																																																																					
Title XIX		93.778	6/30/2008	88,370	87,076	(1,294)	-	88,370	-																																																												
Title XIX		93.778	6/30/2009	95,729	-	(87,076)	95,729	95,729	95,729																																																												
IDEA - B		84.027	6/30/2008	224,993	224,993	(224,993)	-	224,993	-																																																												
IDEA - B		84.027	6/30/2009	237,876	224,993	(224,993)	237,876	237,876	237,876																																																												
TOTAL U.S. DEPARTMENT OF EDUCATION				\$ 1,884,873	\$ 1,178,198	\$ (711,894)	\$ 909,013	\$ 1,222,376	\$ 441,415																																																												
U.S. DEPARTMENT OF AGRICULTURE																																																																					
Passed through the Penna. Dept of Education																																																																					
NATIONAL SCHOOL LUNCH PROGRAM		10.555	6/30/2009	N/A	\$ 281,125	\$ 9,856	\$ 281,125	\$ 281,125	\$ 9,856																																																												
SPECIAL BREAKFAST		10.553	6/30/2009	N/A	60,644	2,196	62,323	62,323	3,875																																																												
DONATED COMMODITIES		10.550	6/30/2009	N/A	59,682	-	59,682	59,682	-																																																												
TOTAL U.S. DEPARTMENT OF AGRICULTURE					\$ 401,451	\$ 12,052	\$ 403,130	\$ 403,130	\$ 13,731																																																												
TOTAL FEDERAL ASSISTANCE					\$ 1,579,649	\$ (699,842)	\$ 1,312,143	\$ 1,623,506	\$ 455,146																																																												
Testing requirement -50% Rule																																																																					
Total Expenditures (Listed Above)																																																																					
50% - Testing Requirement																																																																					
<table border="0"> <tr> <td colspan="10">Programs Tested</td> </tr> <tr> <td>ESEA TITLE I</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NATIONAL SCHOOL LUNCH PROGRAM</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>SPECIAL BREAKFAST</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>TOTAL TESTED</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>PERCENT TESTED</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>										Programs Tested										ESEA TITLE I										NATIONAL SCHOOL LUNCH PROGRAM										SPECIAL BREAKFAST										TOTAL TESTED										PERCENT TESTED									
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								\$ 812,753																																																													
								\$ 437,693																																																													
								281,125																																																													
								60,644																																																													
								\$ 779,462																																																													
								48%																																																													

WYOMING AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2009

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Wyoming Area School District. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

Scope of the audit pursuant to the Single Audit Act (OMB Circular A-133):

- a) All major and non-major federal grant activity of the Wyoming Area School District is included in the accompanying Schedule of Expenditures of Federal Awards.
- b) The District is a sub-recipient of Federal Funds from the Commonwealth of Pennsylvania. The federal cognizant agency is the United States Department of Education.
- c) The District is a sub-recipient of Federal Funds from the Luzerne Intermediate Unit. The federal cognizant agency is the United States Department of Education.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in the notes to the District's financial statements.

WYOMING AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
June 30, 2009

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Reportable condition(s) identified not considered to be material weaknesses?	_____ Yes <u> X </u> No
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards Section

Dollar threshold used to determine Type A programs:	\$ 300,000
Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No
Type of auditor's report on compliance for major programs:	Unqualified
Internal Control over compliance:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Were reportable condition(s) identified not considered to be material weakness(es)?	_____ Yes <u> X </u> No
Any audit findings disclosed that are required to be reported in accordance with Circular A-133?	_____ Yes <u> X </u> No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	ESEA Title I
10.555	National School Lunch Program
10.553	Special Breakfast

WYOMING AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
June 30, 2009

Part II - Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 to Government Auditing Standards.

None

Part III - Schedule of Federal Award Findings and Questioned Costs

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by Circular A-133 Section 510.

None

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

Board of Directors
Wyoming Area School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wyoming Area School District (the "District") as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits containing in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wyoming Area School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the Wyoming Area School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control

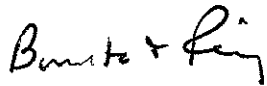
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters involving the internal control over financial reporting that we have reported to the management of the District, in a separate letter dated December 14, 2009.

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



Scranton, Pennsylvania
December 14, 2009

Bonita & Rainey
Certified Public Accountants

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OM CIRCULAR A-133**

Board of Directors
Wyoming Area School District

Compliance

We have audited the compliance of the Wyoming Area School District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 required that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination on the District's compliance with those requirements.

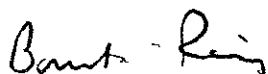
In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of School Directors, management and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Brent King".

Scranton, Pennsylvania
December 14, 2009

**WYOMING AREA SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

2008

NO AUDIT FINDINGS EXISTED

REQUIRED SUPPLEMENTARY INFORMATION

WYOMING AREA SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT HEALTHCARE
BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (ALL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2008	\$ -	\$6,506,562	\$6,506,562	0%	\$12,432,745	52.33%

Because June 30, 2009 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the above illustration does not reflect similar information respective of years preceding June 30, 2009.