

WYOMING AREA SCHOOL DISTRICT

SINGLE AUDIT REPORT

JUNE 30, 2010

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, 2010. 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 \$1,428,765 in 2010. Net assets of governmental activities decreased \$1,461,250. Net assets of the business-type activity increased \$32,485.

The District had \$29,357,301 of expenses related to governmental activities in 2010; only \$5,702,399 of these expenses was offset by program-specific charges for services, grants or contributions. General revenues (primarily taxes and state subsidies) of \$22,193,652 were adequate to provide for these programs.

In the District's business-type activity, net assets increased by \$32,485 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.

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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 22-25 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 2010 included \$26,473,768 of revenues and \$26,732,991 of expenditures. There were no amendments made to the budget during 2010.

Actual revenues received for 2010 were \$27,778,845 or 4.9% over budget. The favorable variances were attributable primarily to increased Delinquent Tax Revenue, increased Local Income Tax Revenue, an unanticipated health care reimbursement from Northeast Pennsylvania School Districts Health Trust and unbudgeted Federal Stimulus Revenue.

Actual expenditures and other uses were \$27,311,213 or 102.2% of budget. The unfavorable variances relative to expenditures were related to increased Instructional and Operational costs and additional Capital Expenditures funded through Federal Stimulus 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 7,183	\$ 7,883	\$ 203	\$ 265	\$ 7,386	\$ 8,148
Capital assets	<u>28,770</u>	<u>29,818</u>	<u>101</u>	<u>50</u>	<u>28,871</u>	<u>29,868</u>
TOTAL	<u>\$ 35,953</u>	<u>\$ 37,701</u>	<u>\$ 304</u>	<u>\$ 315</u>	<u>\$ 36,257</u>	<u>\$ 38,016</u>
Current liabilities	\$ 7,217	\$ 6,737	\$ 2	\$ 45	\$ 7,219	\$ 6,782
Long-term liabilities:						
Due after one year	<u>24,488</u>	<u>25,255</u>	<u>-</u>	<u>-</u>	<u>24,488</u>	<u>25,255</u>
Total liabilities	<u>31,705</u>	<u>31,992</u>	<u>2</u>	<u>45</u>	<u>31,707</u>	<u>32,037</u>
Net assets:						
Invested in capital assets, net of related debt	3,287	3,566	101	50	3,388	3,616
Restricted	0	0	0	0	0	0
Unrestricted	<u>961</u>	<u>2,143</u>	<u>201</u>	<u>220</u>	<u>1,162</u>	<u>2,363</u>
Total net assets	<u>4,248</u>	<u>5,709</u>	<u>302</u>	<u>270</u>	<u>4,550</u>	<u>5,979</u>
TOTAL	<u>\$ 35,953</u>	<u>\$ 37,701</u>	<u>\$ 304</u>	<u>\$ 315</u>	<u>\$ 36,257</u>	<u>\$ 38,016</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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Program revenues:						
Charges for services	\$ 66	\$ 126	\$ 460	\$ 489	\$ 526	\$ 615
Operating grants and contributions	5,636	5,312	438	394	6,074	5,706
General revenues:						
Taxes levied for general purposes, net and other taxes levied	14,700	13,522	-	-	14,700	13,522
Grants, subsidies and contributions not restricted	7,327	7,314	-	-	7,327	7,314
Transfers	(24)	(22)	24	22	0	0
Other	<u>191</u>	<u>143</u>	<u>2</u>	<u>2</u>	<u>193</u>	<u>145</u>
Total revenues	<u>27,896</u>	<u>26,395</u>	<u>924</u>	<u>907</u>	<u>27,302</u>	<u>27,302</u>
Program expenses:						
Instruction	17,332	15,865	-	-	17,332	15,865
Instructional student support	2,173	1,731	-	-	2,173	1,731
Administration and financial support services	2,046	2,085	-	-	2,046	2,085
Operation and maintenance of plant services	2,480	2,780	-	-	2,480	2,780
Pupil transportation	1,722	1,728	-	-	1,722	1,728
Student activities	557	555	-	-	557	555
Community services	158	119	-	-	158	119
Interest on long-term debt	1,380	1,461	-	-	1,380	1,461
Unallocated depreciation	1,509	834	-	-	1,509	834
Food service	<u>-</u>	<u>-</u>	<u>892</u>	<u>868</u>	<u>892</u>	<u>868</u>
Total expenses	<u>29,357</u>	<u>27,158</u>	<u>892</u>	<u>868</u>	<u>30,249</u>	<u>28,026</u>
Change in net assets	(1,461)	(763)	33	39	(1,428)	(724)
Net assets, beginning	<u>5,709</u>	<u>6,472</u>	<u>269</u>	<u>230</u>	<u>5,978</u>	<u>6,702</u>
Net assets, ending	<u>\$ 4,248</u>	<u>\$ 5,709</u>	<u>\$ 302</u>	<u>\$ 269</u>	<u>\$ 4,550</u>	<u>\$ 5,978</u>

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

GOVERNMENTAL ACTIVITIES

The net assets of the governmental activities decreased by \$1,461,000 in 2010. Revenues increased 5.7%, attributable primarily to an increase in Operating Grants & Contributions and Taxes levied. Expenditures increased 8.1% in 2010 mainly due to increases in Instruction, Instructional student support and Unallocated depreciation.

BUSINESS-TYPE ACTIVITY

Net assets of the District's food service operation increased by approximately \$33,000 in 2010 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 2009.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>%</u> <u>Change</u>
Local sources	\$14,679,039	\$14,308,416	\$370,623	2.6%
State sources	11,184,767	11,481,053	(296,286)	(2.6%)
Federal sources	<u>1,915,039</u>	<u>574,443</u>	<u>1,340,596</u>	<u>233.4%</u>
Total	<u>\$27,778,845</u>	<u>\$26,363,912</u>	<u>\$1,414,933</u>	<u>5.4%</u>

LOCAL SOURCES

The majority of the local source revenue is derived from the real estate tax. There was a county wide reassessment for the 2009 tax year. The real estate tax levy increased 5.9% for Luzerne County and 5.0% for Wyoming County. The total current real estate collections approximated \$10,941,029 for the year ended June 30, 2010.

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

STATE SOURCES

The Basic Instructional Subsidy Funding state portion decreased for the current fiscal year. In addition, the District did not receive the Classrooms for the Future Grant as in prior year.

FEDERAL SOURCES

In 2010, the District recognized a large increase of Federal sources. The increase in federal sources is due to new Federal Stimulus Funds attached to IDEA, Title I and Basic Ed Funding.

The following represents a summary of General Fund expenditures by function for the years June 30, 2010 and 2009.

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>
Instruction	\$16,847,340	\$15,826,264	\$ 1,021,076
Support services	8,589,615	8,256,462	333,153
Non-instructional services	654,323	634,091	20,232
Capital Outlay	0	0	0
Refund of Pr Yr Receipts	5,549	5,679	(130)
Debt Service and Other financing uses	<u>1,214,385</u>	<u>1,231,909</u>	<u>(17,524)</u>
Total	<u>\$27,311,212</u>	<u>\$25,954,405</u>	<u>\$ 1,356,807</u>

INSTRUCTION

The amount of instructional expenses reported at June 30, 2010 increased by approximately \$1,021,076 from the prior year. The amount was due mainly from an increase in Salary/Benefits and Special Education Costs.

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

SUPPORT SERVICES

The increase in support services was substantially due to increases in the purchase of technology equipment funded through Federal Stimulus Funds as compared to the prior year. The District also experienced additional costs in other general categories within Special Education.

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 decrease in Debt Service and Other Financing Uses is the result of a decrease in interest payments.

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, 2010 of the Capital Projects Fund was \$1,242,314.

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 \$1,837,312 from the General Fund to pay the annual debt service on its outstanding bonds. The District paid \$685,000 in principal and \$1,152,312 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 \$39,091 of gate receipts, \$60,965 of expenditures and received a \$17,000 transfer from the General Fund. It ended 2010 with a fund balance of \$566.

CAPITAL ASSETS

The District's investment in capital assets as of June 30, 2010 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	1,930,573		1,930,573
Equipment & Fixtures	1,803,128	\$ 747,818	2,550,946
Infrastructure	<u>378,507</u>	<u>-</u>	<u>378,507</u>
Total	49,692,559	747,818	50,440,377
Less accumulated depreciation	<u>20,922,657</u>	<u>647,279</u>	<u>21,659,936</u>
Net	<u>\$ 28,769,902</u>	<u>\$ 100,539</u>	<u>\$28,870,441</u>

LONG-TERM DEBT

At June 30, 2010, the District's general obligation debt was approximately \$25.3 million. This amount is approximately 46% of its legal limit of \$54.5 million. The District is scheduled to remit principal payments of \$857,150 and interest payments in the amount of \$1,220,662 for the 2010-2011 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 District in 2008-2009 school year. The Postemployment Benefits obligation approximated \$1,400,968 as of June 30, 2010 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, 2010, the District has complied with all aspects of Act I.

Retirement Costs associated with District Personnel changed slightly during the fiscal year due to a slight increase 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	
2009	4.76%	
2010	4.78%	
2011	5.64%	
2012	8.65%	Est.
2013	12.19%	Est.
2014	16.69%	Est.

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

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 2013-2014 the total employer contribution rate can approximate 16.69%.

EMPLOYEE RELATIONS

The following represents the Collective Bargaining Agreements in effect at June 30, 2010:

Between the Wyoming Area School District and the Wyoming Area Education Association for a term commencing September 1, 2004 and ending August 31, 2010. Currently the Education Association contract is expired and they are operating under the expired agreement.

Between the Wyoming Area School District and the Wyoming Area Educational Support Personnel Association for a term commencing July 1, 2009 and ending June 30, 2014.

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.

CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2010, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

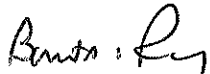
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wyoming Area School District, as of June 30, 2010, 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 28, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary schedule of funding progress for other postemployment healthcare benefits on pages 1 through 12 and page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information

in accordance with auditing standards generally accepted in the United States of America, which consisted inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not required part of the financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on it.



Scranton, Pennsylvania
December 28, 2010

WYOMING AREA SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business Type	Primary Government Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,452,767	\$ 176,651	\$ 3,629,418
Investments	1,089,187	-	1,089,187
Taxes Receivable - Net	742,806	-	742,806
Internal Balances	9,681	(9,681)	-
Due From Other Governments	1,678,563	-	1,678,563
Receivables - Other		25,911	25,911
Inventories	15,500	10,231	25,731
Other Current Assets	194,710	-	194,710
Fixed Assets - Net of Accumulated Depreciation	28,769,902	100,539	28,870,441
TOTAL ASSETS	\$ 35,953,116	\$ 303,651	\$ 36,256,767
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,013,435	\$ -	\$ 1,013,435
Due to Other Governments	-	-	-
Salaries & Benefits Payable	1,977,734	1,649	1,979,383
Payroll Deductions and Withholdings	101,650	-	101,650
Deferred Revenues	60,209	-	60,209
Accrued Interest	403,857	-	403,857
Bond Premium	663,394	-	663,394
Current Portion of Long-Term Debt	912,371	-	912,371
Bonds, Notes and Leases Payable	24,487,920	-	24,487,920
Lease Purchase Obligations	82,707	-	82,707
Other Post Employment Benefits	1,400,968	-	1,400,968
Compensated Absences	601,075	-	601,075
TOTAL LIABILITIES	\$ 31,705,320	\$ 1,649	\$ 31,706,969
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 3,286,904	\$ 100,539	\$ 3,387,443
Unrestricted Net Assets	960,892	201,463	1,162,355
TOTAL NET ASSETS	\$ 4,247,796	\$ 302,002	\$ 4,549,798
TOTAL LIABILITIES AND NET ASSETS	\$ 35,953,116	\$ 303,651	\$ 36,256,767

WYOMING AREA SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2010

	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	\$ 1,509,357	\$ -	\$ -	(1,509,357)	\$ -	(1,509,357)
Instruction	17,332,189	25,047	3,796,059	(13,511,083)	-	(13,511,083)
Instructional Student Support	2,172,810	-	250,498	(1,922,312)	-	(1,922,312)
Administrative	2,046,219	-	72,624	(1,973,595)	-	(1,973,595)
Operation of Plant	2,479,570	2,000	73,635	(2,403,935)	-	(2,403,935)
Pupil Transportation	1,722,110	-	1,182,069	(540,041)	-	(540,041)
Student Activities	557,071	39,223	15,748	(502,100)	-	(502,100)
Community Services	158,257	-	2,695	(155,562)	-	(155,562)
Interest - Long Term Debt	1,379,718	-	242,801	(1,136,917)	-	(1,136,917)
Total Government	\$ 29,357,301	\$ 66,270	\$ 5,636,129	(23,654,902)	\$ -	(23,654,902)
Business Type Activities						
Food Service	\$ 891,547	\$ 459,866	\$ 438,175	-	\$ 6,494	\$ 6,494
Total Primary Government	\$ 30,248,848	\$ 526,136	\$ 6,074,304	(23,654,902)	\$ 6,494	(23,648,408)
General Revenues:						
Taxes Levied for General Purposes				\$ 10,987,516	\$ -	\$ 10,987,516
Other Taxes Levied				3,712,804	-	3,712,804
Grants, Subsidies, Contributions Not Restricted				7,327,024	-	7,327,024
Investment Earnings				29,204	1,521	30,725
Special Item				161,574	-	161,574
Transfers Between Governmental and Business Type Activities				(24,470)	24,470	-
Total General Revenues				\$ 22,193,652	\$ 25,991	\$ 22,219,643
Change In Net Assets				\$ (1,461,250)	\$ 32,485	\$ (1,428,765)
Net Assets - July 1, 2009				5,709,046	269,517	5,978,563
Net Assets - June 30, 2010				\$ 4,247,796	\$ 302,002	\$ 4,549,798

WYOMING AREA SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2010

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Fund Types
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,278,166	\$ 173,435	\$ 1,166	\$ 3,452,767
Investments	-	1,089,187	-	1,089,187
Taxes Receivable	54,367	-	-	54,367
Due To Other Funds	89,362	-	-	89,362
State Revenue Receivable	256,856	-	-	256,856
Federal Revenue Receivable	899,596	-	-	899,596
Due From Other Governments	443,030	-	-	443,030
Inventory	15,500	-	-	15,500
Other Current Assets	76,549	-	-	76,549
TOTAL ASSETS	\$ 5,113,426	\$ 1,262,622	\$ 1,166	\$ 6,377,214
<u>LIABILITIES AND FUND BALANCE</u>				
Accounts Payable	\$ 993,127	\$ 20,308	\$ -	\$ 1,013,435
Accrued Salaries and Benefits	1,977,734	-	-	1,977,734
Payroll Deductions and Withholdings	101,650	-	-	101,650
Due to Other Funds	-	-	600	600
Deferred Revenues	60,209	-	-	60,209
TOTAL LIABILITIES	\$ 3,132,720	\$ 20,308	\$ 600	\$ 3,153,628
<u>FUND BALANCE</u>				
Undesignated Fund Balance	\$ 1,980,706	\$ 1,242,314	\$ 566	\$ 3,223,586
TOTAL FUND BALANCE	\$ 1,980,706	\$ 1,242,314	\$ 566	\$ 3,223,586
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,113,426	\$ 1,262,622	\$ 1,166	\$ 6,377,214

WYOMING AREA SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2010

Total fund balance – total governmental funds	\$ 3,223,586
Capital assets(net) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	28,769,902
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.	(403,857)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(27,485,041)
Prepaid bond issuance and discount costs net of amortization and deferred bond premiums are not reported in the governmental balance sheet.	(545,233)
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>688,439</u>
Net assets governmental activities	<u>\$ 4,247,796</u>

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2010

	<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	\$ 14,679,039	\$ 1,545	\$ 39,223	\$ 14,719,807
State Sources	11,184,767	-	-	11,184,767
Federal Sources	1,915,039	-	-	1,915,039
<u>OTHER FINANCING SOURCES</u>				
Fund Transfers	-	-	-	-
TOTAL REVENUES & OTHER FINANCING SOURCES	\$ 27,778,845	\$ 1,545	\$ 39,223	\$ 27,819,613
<u>EXPENDITURES AND OTHER FINANCING USES</u>				
<u>EXPENDITURES</u>				
Instruction	\$ 16,847,340	\$ -	\$ -	\$ 16,847,340
Support Services	8,589,615	10,745	-	8,600,360
Non-Instructional Services	654,323	-	61,005	715,328
Fac Acq, Const, and Imp	-	135,744	-	135,744
Refunds of Prior Year Receipts	5,549	-	-	5,549
Debt Service (Principal & Interest)	2,325,227	-	-	2,325,227
<u>OTHER FINANCING USES</u>				
Interfund Transfers (From Other Funds)	\$ (1,152,312)	\$ -	\$ (1,854,312)	\$ (3,006,624)
Transfers out (To other funds)	41,470	1,152,312	1,837,312	3,031,094
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 27,311,212	\$ 1,298,801	\$ 44,005	\$ 28,654,018
EXCESS (DEFICIT) REVENUE OVER EXPENDITURES	\$ 467,633	\$ (1,297,256)	\$ (4,782)	\$ (834,405)
FUND BALANCE -July 1, 2009	\$ 1,513,073	\$ 2,539,570	\$ 5,348	\$ 4,057,991
FUND BALANCE -June 30, 2010	\$ 1,980,706	\$ 1,242,314	\$ 566	\$ 3,223,586

WYOMING AREA SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
June 30, 2010

Net change in fund balances – total governmental funds \$ (834,406)

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	(1,509,357)	
Capital outlays	<u>320,945</u>	(1,188,412)

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	101,338
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

909,349

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	(430)	
Other Post Employment	(467,234)	
Accrued Interest	7,464	
Comp Absences	<u>(17,615)</u>	<u>(449,119)</u>

Change in net assets of governmental activities

\$ (1,461,250)

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund
Budget and Actual
Year Ended June 30, 2010

	<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	\$ 14,063,106	\$ 14,063,106	\$ 14,679,039	\$ 615,933
State Sources	11,220,825	11,220,825	11,184,767	(36,058)
Federal Sources	1,189,837	1,189,837	1,915,039	725,202
TOTAL REVENUE & OTHER FINANCING SOURCES	\$ 26,473,768	\$ 26,473,768	\$ 27,778,845	\$ 1,305,077
EXPENDITURES				
INSTRUCTION				
Regular Programs - Elementary / Secondary	\$ 11,769,129	\$ 11,769,129	\$ 11,123,797	\$ 645,332
Special Programs - Elementary / Secondary	3,117,427	3,117,427	3,238,303	(120,876)
Vocational Education Programs	1,007,300	1,007,300	999,514	7,786
Other Instructional Programs - Elementary / Secondary	859,374	859,374	1,481,363	(621,989)
Adult Education Programs	5,673	5,673	4,363	1,310
TOTAL INSTRUCTION	\$ 16,758,903	\$ 16,758,903	\$ 16,847,340	\$ (88,437)
SUPPORT SERVICES				
Pupil Personnel	\$ 645,748	\$ 645,748	\$ 564,434	\$ 81,314
Instructional Staff	661,632	661,632	898,496	(236,864)
Administration	1,558,429	1,558,429	1,751,095	(192,666)
Pupil Health	481,814	481,814	494,114	(12,300)
Business	293,378	293,378	295,124	(1,746)
Operation and Maintenance of Plant Services	2,584,491	2,584,491	2,664,771	(80,280)
Student Transportation Services	1,505,389	1,505,389	1,722,110	(216,721)
Central	131,950	131,950	147,999	(16,049)
Other Support Services	36,502	36,502	51,473	(14,971)
TOTAL SUPPORT SERVICES	\$ 7,899,333	\$ 7,899,333	\$ 8,589,616	\$ (690,283)
NON-INSTRUCTIONAL SERVICES				
Student Activities	\$ 521,673	\$ 521,673	\$ 496,066	\$ 25,607
Community Services	178,330	178,330	158,257	20,073
TOTAL NON-INSTRUCTIONAL SERVICES	\$ 700,003	\$ 700,003	\$ 654,323	\$ 45,680
FACILITIES ACQUISITION, CONSTRUCTION				
Capital Outlay	\$ 17,937	\$ 17,937	\$ -	\$ 17,937
TOTAL FACILITIES ACQUISITION, CONSTRUCTION	\$ 17,937	\$ 17,937	\$ -	\$ 17,937
OTHER FINANCING USES				
Refund of Prior Years Receipts	\$ 24,968	\$ 24,968	\$ 5,549	\$ 19,419
Debt Service	2,300,215	2,300,215	2,325,227	(25,012)
Budgetary Reserve	135,000	135,000	-	135,000
Fund Transfers	(1,103,368)	(1,103,368)	(1,110,842)	7,474
TOTAL OTHER FINANCING USES	\$ 1,356,815	\$ 1,356,815	\$ 1,219,934	\$ 136,881
TOTAL EXPENDITURES & OTHER USES	\$ 26,732,991	\$ 26,732,991	\$ 27,311,213	\$ (578,222)
EXCESS EXPENDITURES OVER REVENUES	\$ (259,223)	\$ (259,223)	\$ 467,632	\$ 726,855
FUND BALANCE - July 1, 2009			\$ 1,513,073	
FUND BALANCE - June 30, 2010			\$ 1,980,705	

WYOMING AREA SCHOOL DISTRICT
Statement of Net Assets
Proprietary Fund
June 30, 2010

	Food Service Fund
<u>ASSETS</u>	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 176,651
Other Receivables	25,911
Inventories	10,231
Total Current Assets	\$ 212,793
<u>Noncurrent Assets</u>	
Fixed Assets	\$ 747,818
Less: Accumulated Depreciation	(647,279)
Total Noncurrent Assets	\$ 100,539
TOTAL ASSETS	\$ 313,332
<u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accrued Salaries and Benefits	\$ 1,649
Due to Other Funds	9,681
TOTAL LIABILITIES	\$ 11,330
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 100,539
Unrestricted	201,463
TOTAL NET ASSETS	\$ 302,002
TOTAL LIABILITIES AND NET ASSETS	\$ 313,332

WYOMING AREA SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
Year Ended June 30, 2010

OPERATING REVENUES

Food Service Revenue	\$ 442,943
Other Operating Revenues	<u>16,923</u>

TOTAL OPERATING REVENUES **\$ 459,866**

OPERATING EXPENSES

Salaries	\$ 390,263
Employee Benefits	107,172
Supplies	355,882
Purchased Services	16,505
Depreciation	15,301
Other Operating Expenses	<u>6,424</u>

TOTAL OPERATING EXPENSES **\$ 891,547**

NET OPERATING LOSS **\$ (431,681)**

NON-OPERATING REVENUES

Earnings on Investments	\$ 1,521
Federal and State Subsidies	438,175
Advances - General Fund	<u>24,470</u>

TOTAL NON-OPERATING REVENUE **\$ 464,166**

Change in Net Assets **\$ 32,485**

Net Assets - July 1, 2009 **269,517**

Net Assets - June 30, 2010 **\$ 302,002**

WYOMING AREA SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Users	\$	441,205
Cash Payments To Employees For Services		(542,929)
Cash Received From Other Operating Revenue		16,923
Cash Payments To Suppliers for Goods and Services		<u>(374,495)</u>
Net Cash Used For Operating Activities	\$	(459,392)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Cash Received From Federal & State Subsidies	\$	438,175
Operating Transfers In (Out) Primary Government		<u>24,470</u>
Net Cash From Non-Capital Financing Activities	\$	462,645

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Outlay	\$	<u>(66,142)</u>
Net Cash Used By Capital And Related Financing Activities		(66,142)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received From Investment Earnings	\$	<u>1,521</u>
Net Cash Used By Investing Activities	\$	<u>1,521</u>

NET INCREASE IN CASH AND CASH FLOW	\$	(61,368)
CASH AND CASH EQUIVALENT - JULY 1, 2009	\$	<u>238,019</u>
CASH AND CASH EQUIVALENT - JUNE 30, 2010	\$	<u><u>176,651</u></u>

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

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income (Loss)	\$	(431,681)
Adjustments to Reconcile Operating Loss to Net Cash Used For:		
Depreciation and Net Amortization	\$	15,301
Increase in Accounts Receivable		(1,737)
Increase in Inventories		(1,330)
Decrease in Prepaid Expenses		-
Decrease in Accounts Payable		-
Increase in Accrued Salaries and Benefits		(43,845)
Decrease in Advances from Other Funds		<u>3,900</u>
Total Adjustments	\$	<u>(27,711)</u>
NET CASH USED FOR OPERATING ACTIVITIES	\$	<u><u>(459,392)</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, 2010

	<u>Private Purpose Trust</u>	<u>Student Activity Fund</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 29,773	\$ 94,290
Investments	<u>46,397</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 76,170</u>	<u>\$ 94,290</u>
<u>LIABILITIES</u>		
Other Liabilities	<u>-</u>	<u>94,290</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 94,290</u>
<u>NET ASSETS</u>		
Held in trust for scholarships	<u>\$ 76,170</u>	<u>\$ -</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 76,170</u>	<u>\$ 94,290</u>

Statement of Changes in Fiduciary Net Assets
Year Ended June 30, 2010

	<u>Private Purpose Trust</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 500
Other Additions	<u>2,236</u>
TOTAL ADDITIONS	<u>\$ 2,736</u>
<u>DEDUCTIONS</u>	
Scholarships Awarded	\$ 5,250
Other Deductions	<u>24</u>
TOTAL DEDUCTIONS	<u>\$ 5,274</u>
Change in Net Assets	\$ (2,538)
Net Assets - July 1, 2009	<u>\$ 78,708</u>
Net Assets - June 30, 2010	<u>\$ 76,170</u>

See Notes to Financial Statements and Independent Auditor's Report

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

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, 2010

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, 2010

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, 2010

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, 2010

The tax rate for the year ended June 30, 2010 was 11.8963 mills for Exeter Township (Luzerne County), and the Boroughs of Exeter, West Wyoming, Wyoming and West Pittston and 64.39570 mills for Exeter Township (Wyoming County) on a present assessed valuation of \$ 996,412,935. During the year ended June 30, 2010, Wyoming Area School District collected \$10,954,413 after various adjustments for discounts, penalties and credits on a total tax levied in the amount of \$12,325,721. The District's rate of collection approximated 89 % on total taxes due during the June 30, 2010 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, 2010, \$3,486,202 of the District's bank balance of \$4,603,315 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, 2010

NOTE # 4 - INVENTORIES:

Central Receiving compiles inventories of unexpended supplies available for consumption. At June 30, 2010 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, 2010 financial statements was \$10,231. 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, 2010, was as follows:

	Balance at <u>July 1, 2009</u>	<u>Additions</u>	<u>Disposals</u>	Balance at <u>June 30, 2010</u>
Governmental Activities:				
Land	\$ 1,329,844	\$ 0	\$ 0	\$ 1,329,844
Buildings	44,250,507	0	0	44,250,507
Improvements	1,839,850	90,723	0	1,930,573
Equipment & Fixtures	1,432,962	370,166	0	1,803,128
Infrastructure	<u>378,507</u>	<u>0</u>	<u>0</u>	<u>378,507</u>
Totals at Historical Cost	\$ 49,231,670	\$ 460,889	\$ 0	\$ 49,692,559
Less Accumulated Depreciation				
Buildings	\$ (17,225,892)	\$ (1,377,020)	\$ 0	\$ (18,602,912)
Improvements	(1,146,502)	(82,350)	0	(1,228,852)
Equipment & Fixtures	(662,399)	(49,987)	0	(712,386)
Infrastructure	<u>(378,507)</u>	<u>0</u>	<u>0</u>	<u>(378,507)</u>
Total Accum. Depreciation	<u>\$ (19,413,300)</u>	<u>\$ (1,509,357)</u>	<u>\$ 0</u>	<u>\$ (20,922,657)</u>
Net Governmental Fixed Assets	<u>\$ 29,818,370</u>	<u>\$ (1,048,468)</u>	<u>\$ 0</u>	<u>\$ 28,769,902</u>
Business-type Activities:				
Food Service Equipment	\$ <u>681,676</u>	\$ <u>66,142</u>	\$ <u>0</u>	\$ <u>747,818</u>
Totals at Historical Cost	681,676	66,142	0	747,818
Less Accumulated Depreciation				
Food Service Equipment	\$ <u>(631,978)</u>	\$ <u>(15,301)</u>	\$ <u>0</u>	\$ <u>(647,279)</u>
Net Business-type Fixed Assets	<u>\$ 49,698</u>	<u>\$ 50,841</u>	<u>\$ 0</u>	<u>\$ 100,539</u>

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

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, 2010 is as follows:

Type of Debt	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Amount Due Within One Year
Equipment Leases	\$ 90,434	\$ 139,944	\$ 92,448	\$ 137,929	\$ 55,222
2005 Note	1,876,970	0	131,901	1,745,069	137,149
2006 A Note	19,925,000	0	70,000	19,855,000	75,000
2006 B Note	2,595,000	0	380,000	2,215,000	400,000
2006 C Bond	1,765,000	0	235,000	1,530,000	245,000
Other:					
Compensated Absences	<u>583,460</u>	<u>17,615</u>	<u>0</u>	<u>601,075</u>	
Total Long-Term Debt	<u>\$ 26,835,864</u>	<u>\$ 157,559</u>	<u>\$ 909,349</u>	<u>\$ 26,084,074</u>	

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

The annual debt service requirements to maturity, including principal and interest for long term debt as of June 30, 2010 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 912,371	\$ 1,191,326	\$ 2,103,697
2012	951,841	1,144,917	2,096,757
2013	976,748	1,096,917	2,073,666
2014	989,180	1,047,345	2,036,525
2015-2019	5,752,942	4,495,580	10,248,522
2020-2024	6,364,916	3,137,264	9,502,180
2025-2029	7,740,000	1,455,000	9,195,000
2030	1,795,000	44,875	1,839,875
Total	<u>\$ 25,482,998</u>	<u>\$ 13,613,224</u>	<u>\$ 39,096,222</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 \$ 601,075 at June 30, 2010.

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, 2010

The District's contribution rate was 4.78% in 2010, 4.76% in 2009, and 7.13% in 2008 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.

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 \$395,456 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.

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:

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

Annual required on contribution	\$ 732,126
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	<u>732,126</u>
Contributions made	(594,495)
Increase in net OPEB obligation	137,631
Net OPEB obligation-beginning of year	6,764,387
Net OPEB obligation-end of year	<u>\$ 6,902,018</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, 2010 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
6/30/10	\$732,126	81.2%	\$6,902,018

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 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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

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, 2010 the liability for the retirement incentives was \$ 1,005,511.

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

WYOMING AREA SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2010

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.

CERTIFIED PUBLIC ACCOUNTANTS

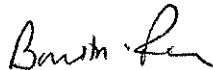
Thomas P. Rainey, CPA
Richard P. Rainey, CPA
Kevin P. Noone, CPA

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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report dated December 28, 2010 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 28, 2010

WYOMING AREA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
June 30, 2010

Grantor/Project Title	CFDA Number	Grant Period	Grant Award	Receipts		Accrued (Deferred)		Revenue Recognized	Expenditures	Accrued (Deferred)																																																																																																														
				July 1, 2009 to June 30, 2010	July 1, 2009	July 1, 2009	June 30, 2010																																																																																																																	
U.S. DEPARTMENT OF EDUCATION																																																																																																																								
Passed through the PA Dept of Education																																																																																																																								
ESEA Title I	013-09-0495	9/30/2009	\$ 436,703	\$ 95,498	\$ 87,654	\$ 7,844	\$ 432,900	\$ 7,844	\$ 432,900	\$ 84,091																																																																																																														
ESEA Title I	013-10-0495	9/30/2010	472,471	348,809	-	-	-	-	-	-																																																																																																														
Title I Academic Achievement	999-09-0495	9/30/2009	4,000	2,286	2,155	131	10,400	131	10,400	8,320																																																																																																														
Title I Academic Achievement	999-10-0495	9/30/2010	10,400	2,080	-	-	-	-	-	-																																																																																																														
Title II Improving Teacher Quality	020-09-0495	9/30/2009	128,227	18,318	18,001	317	129,347	317	129,347	8,623																																																																																																														
Title II Improving Teacher Quality	020-10-0495	9/30/2010	129,347	120,724	-	-	-	-	-	-																																																																																																														
Drug Free Schools	100-10-0495	9/30/2010	8,353	8,353	-	-	-	8,353	-	-																																																																																																														
Title I Stimulus	126-100495	9/30/2010	269,506	127,226	-	-	-	121,384	121,384	(5,842)																																																																																																														
SFSF Basic Ed ARRA	127-100495	6/30/2010	868,127	723,439	-	-	-	868,127	868,127	144,688																																																																																																														
Passed through Intermediate Units																																																																																																																								
Title XIX	95-778	6/30/2009	95,729	95,729	(95,729)	-	-	-	-	-																																																																																																														
Title XIX	95-778	6/30/2010	87,939	23,324	-	87,939	87,939	87,939	87,939	64,615																																																																																																														
IDEA - B	84-027	6/30/2009	237,876	237,876	(237,876)	-	-	-	-	-																																																																																																														
IDEA - B	84-027	6/30/2010	253,017	-	-	253,017	253,017	253,017	253,017	253,017																																																																																																														
Title I IDEA ARRA	84-027	6/30/2011	530,360	-	-	536,243	536,243	536,243	536,243	336,243																																																																																																														
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 3,532,055	\$ 1,803,662	\$ (225,795)	\$ 2,256,002	\$ 2,256,002	\$ 2,256,002	\$ 2,256,002	\$ 893,755																																																																																																														
U.S. DEPARTMENT OF AGRICULTURE																																																																																																																								
Passed through the Penna. Dept of Education																																																																																																																								
NATIONAL SCHOOL LUNCH PROGRAM	10-555	6/30/2010	N/A	325,986	9,856	298,307	298,307	298,307	298,307	17,823																																																																																																														
SPECIAL BREAKFAST	10-555	6/30/2010	N/A	69,737	3,875	62,046	62,046	62,046	62,046	3,816																																																																																																														
DONATED COMMODITIES	10-550	6/30/2010	N/A	60,286	-	60,286	60,286	60,286	60,286	-																																																																																																														
TOTAL U.S. DEPARTMENT OF AGRICULTURE				\$ 456,009	\$ 13,731	\$ 420,639	\$ 420,639	\$ 420,639	\$ 420,639	\$ 21,639																																																																																																														
TOTAL FEDERAL ASSISTANCE				\$ 2,259,671	\$ (212,064)	\$ 2,676,641	\$ 2,676,641	\$ 2,676,641	\$ 2,676,641	\$ 915,394																																																																																																														
Testing requirement - 25% Rule																																																																																																																								
Total Expenditures (Listed Above)																																																																																																																								
25 % - Testing Requirement																																																																																																																								
<table border="0"> <tr> <td colspan="11">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> <td>\$ 440,744</td> </tr> <tr> <td>ESEA TITLE I ACADEMIC ACHIEVEMENT</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>\$ 10,531</td> </tr> <tr> <td>TITLE I STIMULUS</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>\$ 121,384</td> </tr> <tr> <td>SFSF BASIC ED ARA</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>\$ 868,127</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> <td>\$ 298,307</td> </tr> <tr> <td>DONATED COMMODITIES</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>\$ 60,286</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> <td>\$ 62,046</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> <td>\$ 1,861,425</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> <td><u>70%</u></td> </tr> </table>											Programs Tested											ESEA TITLE I										\$ 440,744	ESEA TITLE I ACADEMIC ACHIEVEMENT										\$ 10,531	TITLE I STIMULUS										\$ 121,384	SFSF BASIC ED ARA										\$ 868,127	NATIONAL SCHOOL LUNCH PROGRAM										\$ 298,307	DONATED COMMODITIES										\$ 60,286	SPECIAL BREAKFAST										\$ 62,046	TOTAL TESTED										\$ 1,861,425	PERCENT TESTED										<u>70%</u>
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PERCENT TESTED										<u>70%</u>																																																																																																														

WYOMING AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2010

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, 2010

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 X No

Reportable condition(s) identified not considered to be material weaknesses? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards Section

Dollar threshold used to determine Type A programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes No

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

Internal Control over compliance:

Material weakness(es) identified? Yes X No

Were reportable condition(s) identified not considered to be material weakness(es)? Yes X No

Any audit findings disclosed that are required to be reported in accordance with Circular A-133? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	ESEA Title I
84.010	ESA Title I Academic Achievement
10.555	National School Lunch Program
10.553	Special Breakfast
10.550	Donated Commodities
85.394	Title I Stimulus
84.389	SFSF Basic Ed ARRA

WYOMING AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
June 30, 2010

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

CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2010. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

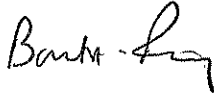
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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 28, 2010

CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the Board of Directors
Wyoming Area School District

Compliance

We have audited the compliance of the Wyoming Area School 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, 2010 the Wyoming Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Wyoming Area School District's management. Our responsibility is to express an opinion on the Wyoming Area School District's compliance based on our audit.

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

In our opinion, the Wyoming Area School 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, 2010.

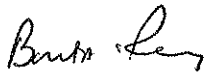
Internal Control Over Compliance

The management of the Wyoming Area School 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 Wyoming Area School 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wyoming Area School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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, as defined above.

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



Scranton, Pennsylvania
December 28, 2010

**WYOMING AREA SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

2009

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.