

**REPORT ON  
SCHUYLKILL VALLEY SCHOOL DISTRICT  
SINGLE AUDIT REPORT  
FISCAL YEAR ENDED JUNE 30, 2009**

SCHUYLKILL VALLEY SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2009

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## INTRODUCTORY SECTION



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors  
Schuylkill Valley School District  
929 Lakeshore Drive  
Leesport, PA 19533

We have performed the Single Audit of the Schuylkill Valley School District for the fiscal year ended June 30, 2009, and have enclosed the Single Audit reporting package.

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

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

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

Respectfully submitted,

*Gorman & Associates, P.C.*

December 11, 2009



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of School Directors  
Dr. Solomon Lausch, Superintendent  
Schuylkill Valley School District  
929 Lakeshore Drive  
Leesport, PA 19533

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Schuylkill Valley School District for the year ended June 30, 2009, and have issued our report thereon dated December 11, 2009.

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

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on July 31, 2009.

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

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

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

We have requested certain representations from management that are included in the management representation letter provided to us on December 11, 2009. We advise the governing body to request this letter from management for their review. In conjunction with their representations, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.

## **Board of School Directors - Dr. Solomon Lausch, Superintendent**

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

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the District and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2008-09 basic financial statements.

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

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

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

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

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



## **Board of School Directors - Dr. Solomon Lausch, Superintendent**

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

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

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

### ***CONTROL DEFICIENCIES***

#### **Athletic Fund and Activity Fund**

During our review of two distinct funds, we discovered the same issue that we have previously discussed in prior management/governance letters pertaining to commingling bank deposits and paid invoices for two separate and distinct funds together. We have recommended in the past that the transactions pertaining to each fund be maintained separately in order to properly reflect each respective fund's financial position. In the past we have not billed extra for the time it takes us to extract the information needed; however, if the District does not wish to take our advice we are going to have to additionally bill \$576 for this extra work.

The student clubs, by definition, is considered an Agency Fund by generally accepted accounting principles, whereas the Athletic Fund is considered a Special Revenue Fund by the same principles. We highly advise the District to correct their records in the future.

#### **Athletic Fund – Ticket Revenue**

During our review of the athletic game receipts, we discovered the District does not maintain good controls in selling and collecting receipts for football games. We realize the District does not have an enclosed stadium or even a fence to restrict access, but by not selling tickets and using volunteers to collect money, there is no audit trail to determine the validity that the amount deposited is correct. Under the current collection system, fraud could occur without being detected.

We also realize that any recommendations we make may involve additional costs to the District. Our intent is to bring this potential problem to your attention so a proper discussion can follow. Our first recommendation would be to restrict access to the stadium and sell tickets to those individuals who are attending the event. The persons selling the tickets and collecting the money should be separate from the individuals collecting the tickets upon entrance into the stadium. Second, the tickets collected should be turned over to the athletic director, counted and compared to the cash deposited. This procedure would help prevent errors or fraud from occurring and enhance the audit trail of the collections.

**OTHER INFORMATION**

GASB Statement No. 53 – Derivatives

During the 2008 calendar year, the Governmental Accounting Standards Board issued the latest accounting principle standard for all governments to follow. GASB Statement No. 53 is associated with the proper accounting and reporting of derivative instruments. The only derivative instruments to be acquired, in the Commonwealth of Pennsylvania, by governments are derivatives pertaining to debt; i.e. interest rate swaps, forward swaptions, constant maturity basis swaps, and etc.

Governments who use this type of financial instrument are now required to record the fair value of the derivative onto the government-wide financial statements reflected as an asset or liability. The recording of the net change in fair value depends on the effectiveness of the hedge. These types of financial instruments can potentially save governments money, but are as risky as adjustable rate mortgages versus fixed rate mortgages. If the District would like further clarification of this accounting standard, we will be happy to discuss it with you. The effective date for this standard is the 2009-10 fiscal year.

**GASB Statement No. 54 – Fund Balance Reporting**

In February 2009, the Governmental Accounting Standards Board issued Statement No. 54 redefining the various components of fund balance that is used in governmental funds (General Fund, Capital Reserve Fund, Athletic Fund, Capital Project Fund, and Debt Service Funds). This standard goes into effect for the 2010-11 fiscal year.

The new categories of fund balance are:

- Nonspendable
- Restricted
- Committed
- Assigned
- Unassigned

The **Nonspendable** fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” includes items not expected to be converted into cash, for example, inventories and prepaid amounts. The corpus (principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

The **Restricted** fund balance classification occurs when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to mandate payment of resources from external providers and includes a legally enforceable requirement that those resources be used for the specific purpose stipulated in the legislation.

The **Committed** fund balance classification is used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (legislation, ordinance, or resolution). The formal action of the government’s highest level of decision-making authority that commits fund balance to a specific purpose should occur prior to the end of the reporting period, but the amount, if any, subject to the constraint, may be determined in the subsequent period.

**Board of School Directors · Dr. Solomon Lausch, Superintendent**

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The **Assigned** fund balance classification involves amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The authority to create an assigned amount does not require formal action of the governing body.

Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

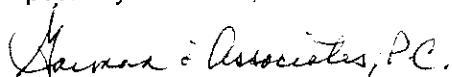
The **Unassigned** fund balance is the residual classification for the general fund. The general fund should be the only governmental fund that reports a positive unassigned fund balance account. In the other governmental funds, this account is only used to show negative fund balance amounts after all restricted, committed, and/or assigned amounts have been extinguished.

The management and governing body needs to formulate new accounting policies pertaining to these new classifications of fund balance. We are recommending the School Board adopt a policy establishing the person or persons responsible to assigning any portion of the fund balance. The policy could stipulate the superintendent, business manager, members of the governing body or any combination thereof, to authorize the assignment of fund balance. Unlike committed fund balance, assignments should not be approved by the entire governing body by formal resolution.

In addition, the policy should provide a pecking order of which category of fund balance should be eliminated before other categories. In other words, should committed fund balance be eliminated before assigned fund balance or vice versa? Should restricted fund balance be eliminated before committed or vice versa?

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

Respectively submitted,



Gorman & Associates, P.C.

December 11, 2009

***Report Distribution List***

The Schuylkill Valley School District has distributed copies of the Single Audit Act Package to the following:

**ONE COPY TO:  
(Submitted Electronically):**

FEDERAL AUDIT CLEARINGHOUSE  
BUREAU OF THE CENSUS

**ONE COPY TO:  
(Submitted Electronically)**

COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE BUDGET/BUREAU OF AUDITS

**ONE COPY TO:**

BERKS COUNTY INTERMEDIATE UNIT  
RIVER CHASE BUSINESS CENTER  
1111 COMMONS BOULEVARD  
PO BOX 16050  
READING, PA 19612-6050

## FINANCIAL SECTION



Board of School Directors  
Schuylkill Valley School District  
929 Lakeshore Drive  
Leesport, PA 19533

### INDEPENDENT AUDITOR'S REPORT

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 Schuylkill Valley School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

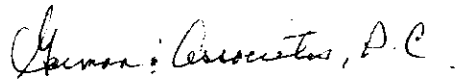
As discussed in Note 2-F to the financial statements, Schuylkill Valley School District implemented GASB Statement No. 45 this fiscal year. This new accounting principle, generally accepted in the United States of America is associated with Other Post Employment Benefits.

In accordance with Government Auditing Standards we have also issued our report dated December 11 2009, on our consideration of the Schuylkill Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, on pages 10-19, and the Schedule of Funding Progress on page 65, are not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Schuylkill Valley School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the combining and individual fund financial statements and schedules, listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the financial statements of the Schuylkill Valley School District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,



December 11, 2009

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**Leesport, Pennsylvania**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**(UNAUDITED)**  
**For the Fiscal Year Ended June 30, 2009**

The following is a discussion and analysis of the Schuylkill Valley School District's annual financial performance during the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

***Highlights***

- The District sustained growth during the 2008-2009 fiscal years. The net assets for governmental activities that include the general fund, the capital reserve fund, the special revenue fund (athletic), the capital project fund, and the debt service funds increased by \$1,502,037 or 6%.
- The net assets for business-type activities (food services) increased by \$18,611 or 5.84%.
- General revenues accounted for \$25,750,571 or 82.07% of all governmental and business-type activities. Program specific revenues in the form of charges for services, grants, and contributions, accounted for \$5,627,733 or 17.93% of total revenues of \$31,378,304.
- The District had \$29,111,227 in expenses related to governmental activities; only \$4,863,306 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues (primarily property taxes, earned income tax, and unrestricted grants and subsidies) of \$25,749,958 were adequate to provide for these programs.
- The District had \$746,429 in expenses related to business-type activities (food service). All of these expenses were covered by charges for services and grants totaling \$764,427.
- As of June 30, 2009, the General Fund ending fund balance increased by \$189,116, to \$3,964,494. The major reason for this increase is due to actual expenditures being lower than budgeted expenditures. Retirement expense was budgeted at a higher rate, purposely, to allow for designation of fund balance for this future liability. In addition, the timing of the annual audit for 2008-2009 was one month earlier than prior year audits resulting in lower than anticipated expenditure accruals. This timing issue will be a one time only adjustment and future audits will now be completed at the same time each year.

***Overview of the Financial Statements***

This annual report consists of the Management Discussion and Analysis, the basic financial statements, and required supplementary information. These statements are organized so that the reader can understand Schuylkill Valley School District as an entire entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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



**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

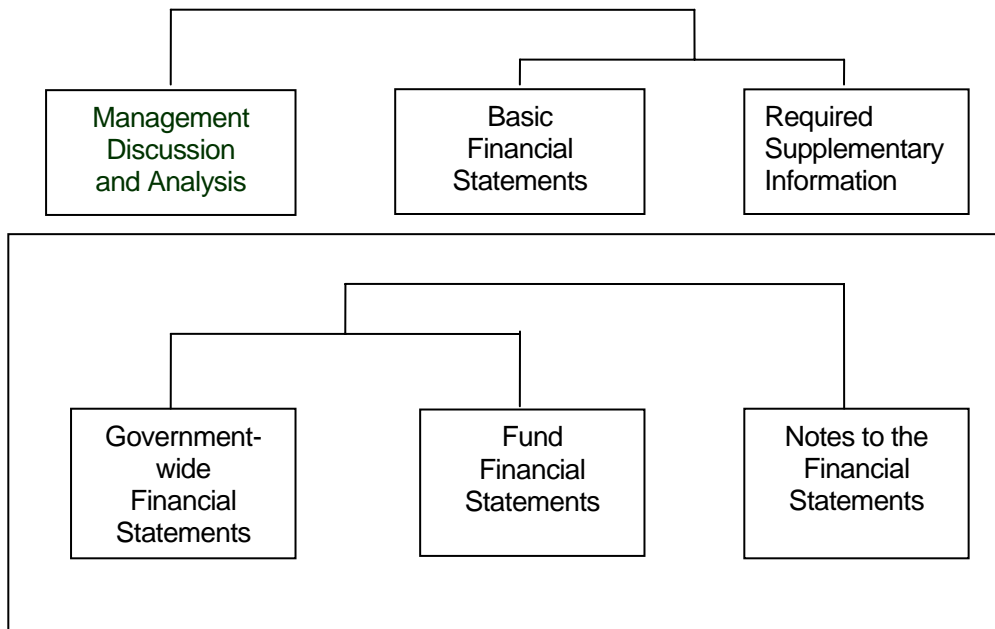
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The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. For this District this is our Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, such as student activity funds and scholarship funds.

The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data. The statements also include a statement that further explains and supports the general fund with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of the annual report are arranged and related to the other.

**Figure A-1**  
**Required Components of**  
**Schuykill Valley School District's**  
**Financial Report**



**SCHUYLKILL VALLEY SCHOOL DISTRICT  
Management's Discussion and Analysis**

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

**Figure A-2  
Major Features of Schuylkill Valley  
School District's Government-Wide and Fund Financial Statements**

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

## SCHUYLKILL VALLEY SCHOOL DISTRICT Management's Discussion and Analysis

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

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities using the accrual basis of accounting. Current year revenue and expenditures are therefore taken into account regardless of when the cash is received or paid.

The statement of net assets presents all the District's assets and liabilities with the difference reported as net assets. Over time, increases and decreases in net assets are one way to measure the District's financial health or position; and whether that position is improving or deteriorating.

To assess the overall health of the District, you also need to consider additional non-financial factors such as changes in the District's property tax base and the performance of the students.

The statement of activities presents information showing how the District's net assets changed during the year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some events that will result in cash flows in future periods, such as uncollected taxes, retirement incentives, and unused vacation leave.

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

- *Governmental activities* – All of the District's basic services such as instruction, maintenance and operation of plant services, and administration are reported under this category. Taxes and state and federal subsidies and grants finance most of these activities.
- *Business-type activities* – the only business-type activity in the District is food service operation. The sources of funding for operations consist of charges for meal purchases and federal and state subsidies.

### **Fund Financial Statements**

The District's fund financial statements provide more detailed information about the major individual funds of the District, not the District as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The District's funds are divided into three categories – (1) governmental, (2) proprietary, and (3) fiduciary.

- *Governmental Funds* – Most of the District's activities are reported in governmental funds that focus on how money flows into and out of these funds and the balances left at the year end for future spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental Fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- *Proprietary Funds* – These funds are used to account for the District activities that are similar to business operations in the private sector and utilize the accrual accounting method. The Food Service Fund is the District's only proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

- *Fiduciary Funds* – The District acts as a trustee or fiduciary for assets that belong to others such as scholarship funds or student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for the intended purposes and by those to whom the assets belong. These activities are excluded from the District-wide financial statements since these assets cannot be used to finance the District's operations.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports financial statements.

**Financial Analysis of the District as a Whole**

The District's total net assets were \$26,852,158 at June 30, 2009.

**Table A-3**  
**Fiscal Year Ended June 30**  
**Net Assets**

	<u>2009</u>			<u>2008</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current and other assets	\$ 9,417,004	\$ 285,504	\$ 9,702,508 <sup>(1)</sup>	\$ 12,272,463	\$ 240,283	\$ 12,512,712
Non-Current Assets	<u>54,395,207</u>	<u>78,821</u>	<u>54,474,028</u>	<u>53,443,595</u>	<u>98,842</u>	<u>53,542,437</u>
<b>Total Assets</b>	63,812,211	364,325	64,176,536	65,716,058	339,125	66,055,149
Current and other liabilities	4,140,732	21,579	4,162,311 <sup>(1)</sup>	5,031,065	16,412	5,047,443
Long-term liabilities	<u>33,156,696</u>	<u>5,371</u>	<u>33,162,067</u>	<u>35,672,248</u>	<u>3,949</u>	<u>35,676,197</u>
<b>Total liabilities</b>	37,297,428	26,950	37,324,378	40,703,313	20,361	40,723,640
Net Assets						
Invested in capital assets, Net of related debt	\$ 21,633,866	\$ 78,821	\$ 21,712,687	\$ 20,661,600	\$ 98,842	\$ 20,760,442
Restricted	222,994	-	222,994	148,110	-	148,110
Unrestricted	<u>4,657,923</u>	<u>258,554</u>	<u>4,916,477</u>	<u>4,203,035</u>	<u>219,922</u>	<u>4,422,957</u>
<b>Total Net Assets</b>	<b><u>\$ 26,514,783</u></b>	<b><u>\$ 337,375</u></b>	<b><u>\$ 26,852,158</u></b>	<b><u>\$ 25,012,745</u></b>	<b><u>\$ 318,764</u></b>	<b><u>\$ 25,331,509</u></b>

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

Most of the District's net assets are invested in capital assets (building, lands, and equipment). The remaining unrestricted net assets are a combination of designated and undesignated amounts.

The designated balances are amounts set aside to fund future purchases or capital projects as planned by the District. Over the past few years the Board of Directors and Administration have prudently followed a strategy of transferring funds from the general fund into the capital reserve fund in order to fund capital projects and improvements. During the 2007/2008 fiscal year \$250,000 was transferred to capital reserve. The 2008/2009 budget did not include a transfer to capital reserve. The 2009/2010 budget does include a provision for the transfer of \$100,000.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

The results of this year's operation as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local property taxes and the Basic Education Subsidy provided by the Commonwealth of Pennsylvania.

Table A-4 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues for the year.

**Table A-4**  
**Fiscal Year Ended June 30**  
**Changes in Net Assets**

	<u>2009</u>			<u>2008</u>		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
<b><u>REVENUES</u></b>						
<i>Program Revenues</i>						
Charges for services	\$ 542,489	\$ 512,418	1,054,907	\$ 508,796	\$ 494,550	1,003,346
Operating grants and contributions	3,426,214	252,009	3,678,223	3,707,534	262,205	3,969,739
Capital grants and contributions	894,603	-	894,603	232,861	-	232,861
<i>General Revenues</i>						
Property taxes	20,202,692	-	20,202,692	19,845,048	-	19,845,048
Other taxes	1,981,242	-	1,981,242	1,963,933	-	1,963,933
Grants, subsidies, and contributions	2,922,511	-	2,922,511	2,265,756	-	2,265,756
Other	643,513	613	644,126	1,151,041	3,347	1,154,388
<b>TOTAL REVENUES</b>	<b>\$ 30,613,264</b>	<b>\$ 765,040</b>	<b>\$ 31,378,304</b>	<b>\$ 29,674,969</b>	<b>\$ 760,102</b>	<b>\$ 30,435,071</b>
<b><u>EXPENSES</u></b>						
Instruction	17,321,674	-	17,321,674	17,033,439	-	17,033,439
Instructional student support	1,711,746	-	1,711,746	1,556,204	-	1,556,204
Administrative and financial support	2,992,832	-	2,992,832	2,966,168	-	2,966,168
Operation & maintenance						
of plant services	2,336,607	-	2,336,607	2,183,607	-	2,183,607
Pupil transportation	1,543,897	-	1,543,897	1,285,561	-	1,285,561
Student activities	963,127	-	963,127	977,496	-	977,496
Community services	15,866	-	15,866	14,450	-	14,450
Interest on long-term debt	1,267,974	-	1,267,974	2,080,516	-	2,080,516
Unallocated depreciation	957,504	-	957,504	950,045	-	950,045
Food services	-	746,429	746,429	-	771,009	771,009
<b>TOTAL EXPENSES</b>	<b>29,111,227</b>	<b>746,429</b>	<b>29,857,656</b>	<b>29,047,486</b>	<b>771,009</b>	<b>29,818,495</b>
<b>Increase (decrease) in Net Assets</b>	<b>\$ 1,502,037</b>	<b>\$ 18,611</b>	<b>\$ 1,520,648</b>	<b>\$ 627,483</b>	<b>\$ (10,907)</b>	<b>\$ 616,576</b>

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the District.

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

Tables A-5 and A-6 show the cost of the District's functions – instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, interest, depreciation, and food service as well as each program's net cost (total cost less revenues generated by the functions). These tables also show the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**Table A-5**  
**Fiscal Year Ended June 30**  
**Governmental Activities**

<b>Functions/Programs</b>	<b>2009</b>		<b>2008</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 17,321,674	\$ 14,481,012	\$ 17,033,439	\$ 13,851,480
Instructional student support	1,711,746	1,471,784	1,556,204	1,442,871
Administrative	2,992,832	2,906,586	2,966,168	2,876,221
Operation and maintenance	2,336,607	2,286,272	2,183,607	2,127,937
Pupil transportation	1,543,897	890,983	1,285,561	629,847
Student activities	963,127	865,138	977,496	858,398
Community services	15,866	15,271	14,450	13,841
Interest-long-term debt	1,267,974	373,371	2,080,516	1,847,655
Unallocated depreciation	957,504	957,504	950,045	950,045
<b>Total governmental activities</b>	<b>\$ 29,111,227</b>	24,247,921	<b>\$ 29,047,486</b>	24,598,295
Less: Unrestricted grants, subsidies		2,922,511		2,265,756
<b>Total needs from local taxes and other revenues</b>		<b>\$ 21,325,410</b>		<b>\$ 22,332,539</b>

Table A-6 reflects the activities of the Food Service program, the only Business-type activity of the District.

**Table A-6**  
**Fiscal Year ended June 30**  
**Business-type Activities**

<b>Functions/Programs</b>	<b>2009</b>		<b>2008</b>	
	<b>Total Cost of Services</b>	<b>Net Cost (Contribution) of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost (Contribution) of Services</b>
Food services	<b>\$ 746,429</b>	\$ 17,998	<b>\$ 771,009</b>	\$ (14,254)
Investment earnings		3,060		7,772
Loss on sale of Capital Assets		(2,447)		(4,425)
<b>Total business-type activities</b>		<b>\$ 18,611</b>		<b>\$ (10,907)</b>

**SCHUYLKILL VALLEY SCHOOL DISTRICT**  
**Management's Discussion and Analysis**

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***The District Funds***

At June 30, 2009, the District governmental funds reported a combined fund balance of \$6,799,253, which is a decrease of \$1,889,781, or (21.75%), from the prior fiscal year. This decrease reflects the payments made from the capital project fund for the project at the High School and Middle School. At the same time, the capital reserve fund decreased by \$43,754 partially due to the district eliminating the capital reserve transfer from the general fund for the 2008-2009 fiscal year.

***General Fund Budget***

The District's budget for fiscal year 2008-2009 anticipated that expenditures would exceed anticipated revenues by \$458,472 and reduce the existing fund balance by that amount; however, the actual results show revenue exceeding expenditures by \$189,116. A statement showing a budget to actual comparison is provided as part of the basic financial statements.

***Capital Asset and Debt Administration***

*Capital Assets*

At June 30, 2009, the District had investments of \$54,281,236 in capital investments after depreciation costs. Capital investments include land, buildings and building improvements, furniture and equipment, site improvements, and construction in progress. Total depreciation expense for the year amounted to \$1,031,556.

**Table A-7**  
**Fiscal Year ended June 30**  
**Capital Assets-net of depreciation**

	<u>2009</u>			<u>2008</u>		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
Land	\$ 286,722	\$ -	\$ 286,722	\$ 286,722	\$ -	\$ 286,722
Site improvements	1,820,258	-	1,820,258	1,998,862	-	1,998,862
Building and building improv.	30,030,567	-	30,030,567	30,806,101	-	30,806,101
Furniture and equipment	390,333	78,821	469,154	370,174	98,842	469,016
Construction in progress	21,674,535	-	21,674,535	19,739,657	-	19,739,657
<b>TOTAL</b>	<b>\$ 54,202,415</b>	<b>\$ 78,821</b>	<b>\$ 54,281,236</b>	<b>\$ 53,201,516</b>	<b>\$ 98,842</b>	<b>\$ 53,300,358</b>

**SCHUYLKILL VALLEY SCHOOL DISTRICT  
Management's Discussion and Analysis**

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**Debt Administration**

At year end, the District had \$34,445,000 in general obligation bonds. This represents a decrease of \$1,990,000 from the prior year.

**Table A-8  
Outstanding Debt**

	<b>2009</b>	<b>2008</b>
General Obligation Bonds		
Series A - 2006	\$ 18,300,000	\$ 18,305,000
Series B - 2006	4,825,000	4,830,000
Series - March, 2008	5,085,000	5,635,000
Series - February, 2008	6,235,000	7,665,000
<b>TOTAL</b>	<b>\$ 34,445,000</b>	<b>\$ 36,435,000</b>

Other long-term obligations include an arbitrage rebate, accrued retirement benefits and the long term portion of compensated absences.

**Factors bearing on the District's Future**

At the time that these financial statements were prepared and audited, the District was aware of the following circumstances that may affect its future growth.

- The local property tax continues to bear a disproportionate responsibility to fund public education. With the enactment of Act 1, the legislature has attempted to address this issue. The Act calls for a reduction in property taxes through an allocation of gaming revenue to each School District. 2008-09 marks the first year that gaming revenue will be distributed to school districts. Schuylkill Valley's share for the 2008-09 year is \$587,919, which gave all approved homestead taxpayers a reduction of \$158.47 on their real estate property taxes. The amount for 2009-2010 is estimated at \$588,290, which will provide all approved homestead taxpayers a reduction of \$151.64 on their real estate property taxes.
- Another major provision of Act 1 is that all School Districts are now limited in their ability to raise real estate millage rates. All Districts will have to seek voter approval through a referendum for any tax increase that exceeds an annually determined "index". This index is the average of the State-wide Average Weekly Wage (SAWW) and the Employment Cost Index for Elementary and Secondary Education (ECI), with some adjustments based on each District's aid ratio. Schuylkill Valley's index for 2009-10 was 4.10%. Our index for 2010-2011 is 2.9%.
- The Pennsylvania School Employees Retirement System continues to reset the percentage of payroll that school districts must pay as the actuarial projections based on required investment returns analyzed. The rate for 2009-2010 is 4.78% with rates projected to continue to climb into the future. The projected rate for 2010-2011 is not known at this time,.
- The district anticipates rising health premiums in the ensuing fiscal year as industry indicators report increases in the 15 -20% range.
- A total of 1,000 housing units are in some stage of planning and development over the next five years in the municipalities which comprise the Schuylkill Valley School District. The effect on student enrollment remains difficult to project but it is estimated that the District could see an increase in enrollment of at least 600 or more students over the next five years.



**SCHUYLKILL VALLEY SCHOOL DISTRICT  
Management's Discussion and Analysis**

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The District will continue to monitor this growth. The District is in the final stages of a \$23 million construction project for additions and renovations to the middle and high schools to accommodate the projected growth and to meet current programmatic needs.

**2009-2010 Budget**

The revenue budget for the 2009-2010 year is 575,647 more than the original budget for 2008-2009. This represents an 1.9% increase in budget revenues. In order to fund the 2009-2010 budget the property tax rate was increased from 23.68 mils to 24.43 mils. The expenditure budget for the 2009-2010 year is \$652,455 more than the original budget for 2008-2009, or a 2.1% increase. As a result the District is anticipating a budget deficit of \$535,280.

The comparison of revenue and expenditure categories is as follows:

Table A-9  
Budgeted Revenues


	2009-2010	2008-2009
Local	77.3%	76.2%
State	21.0%	22.6%
Federal/other	1.7%	1.2%

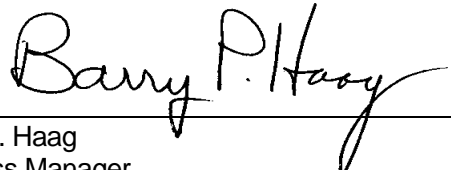
Budgeted Expenditures

	2009-2010	2008-2009
Instruction	57.8%	58.0%
Support Services	27.4%	27.5%
Non-Instruction/community	2.8%	2.8%
Fund transfers/Debt service	12.0%	11.7%

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or wish to request additional financial information, please contact Barry P. Haag, Business Manager at Schuylkill Valley School District, 929 Lakeshore Drive, Leesport, PA, 19533-8631 (610-916-0957).

  
\_\_\_\_\_  
Dr. Solomon Lausch  
Superintendent

  
\_\_\_\_\_  
Barry P. Haag  
Business Manager

**BASIC FINANCIAL STATEMENTS**

**Schuylkill Valley School District**  
**Statement of Net Assets**  
**As of June 30, 2009**

	<b>PRIMARY GOVERNMENT</b>		
	<b>GOVERNMENTAL</b>	<b>BUSINESS-TYPE</b>	<b>TOTAL</b>
	<b>ACTIVITIES</b>	<b>ACTIVITIES</b>	
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 7,832,939	\$ 266,306	\$ 8,099,245
Investments	-	-	-
Receivables, net	1,025,247	-	1,025,247
Internal Balances	-	118	-
Due From Other Governments	467,523	1,897	469,420
Other Receivables	10,715	37	10,752
Inventories	80,580	11,371	91,951
Prepaid Expenses	-	5,775	5,775
Other Current Assets	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>9,417,004</b>	<b>285,504</b>	<b>9,702,390</b>
<b>NON-CURRENT ASSETS:</b>			
Restricted Cash and Cash Equivalents	-	-	-
Land	286,722	-	286,722
Site Improvements (net of depreciation)	1,820,258	-	1,820,258
Building and Bldg. Improvements (net of depreciation)	30,030,567	-	30,030,567
Furniture and Equipment (net of depreciation)	390,333	78,821	469,154
Construction in Progress	21,674,535	-	21,674,535
Other Long-Term Deferred Charges (net of amortization)	192,792	-	192,792
<b>TOTAL NON-CURRENT ASSETS</b>	<b>54,395,207</b>	<b>78,821</b>	<b>54,474,028</b>
<b>TOTAL ASSETS</b>	<b>\$ 63,812,211</b>	<b>\$ 364,325</b>	<b>\$ 64,176,418</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Internal Balances	\$ 118	\$ -	\$ -
Due to other governments	-	-	-
Accounts Payable	157,590	4,521	162,111
Current Portion of Long-Term Obligations	2,161,142	-	2,161,142
Accrued Salaries and Benefits	1,225,155	2,171	1,227,326
Payroll Deductions and Withholdings	209,149	-	209,149
Deferred Revenue	-	14,887	14,887
Other Current Liabilities	387,578	-	387,578
Total Current Liabilities	4,140,732	21,579	4,162,193
<b>NON-CURRENT ASSETS:</b>			
Bonds and Notes Payable	32,799,932	-	32,799,932
Extended Term Financing Agreements Payable	-	-	-
Lease Purchase Obligations	-	-	-
Long-Term Portion of Compensated Absences	315,111	4,456	319,567
Net OPEB Obligation	27,649	915	28,564
Other Retirement Benefits	14,004	-	14,004
<b>TOTAL LIABILITIES</b>	<b>37,297,428</b>	<b>26,950</b>	<b>37,324,260</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	21,633,866	78,821	21,712,687
<b>RESTRICTED FOR:</b>			
Retirement of Long-Term Debt	153	-	153
Capital Projects	-	-	-
Other Restrictions	222,841	-	222,841
Unrestricted (deficit)	4,657,923	258,554	4,916,477
<b>TOTAL NET ASSETS</b>	<b>26,514,783</b>	<b>337,375</b>	<b>26,852,158</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 63,812,211</b>	<b>\$ 364,325</b>	<b>\$ 64,176,418</b>

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

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

**Schuylkill Valley School District  
Statement of Activities  
For the Year Ended June 30, 2009**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	OPERATING		CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instruction	\$ 17,321,674	\$ 478,337	\$ 2,362,325	\$ -	\$ (14,481,012)	\$ -	\$ (14,481,012)
Instructional Student Support	1,711,746	-	239,962	-	(1,471,784)	-	(1,471,784)
Admin. & Fin'l Support Services	2,992,832	-	86,246	-	(2,906,586)	-	(2,906,586)
Oper. & Maint. of Plant Svcs.	2,336,607	-	50,335	-	(2,286,272)	-	(2,286,272)
Pupil Transportation	1,543,897	-	652,914	-	(890,983)	-	(890,983)
Student activities	963,127	64,152	33,837	-	(865,138)	-	(865,138)
Community Services	15,866	-	595	-	(15,271)	-	(15,271)
Scholarships and Awards	-	-	-	-	-	-	-
Interest on Long-Term Debt	1,267,974	-	-	894,603	(373,371)	-	(373,371)
Unallocated Depreciation Expense	957,504	-	-	-	(957,504)	-	(957,504)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>29,111,227</b>	<b>542,489</b>	<b>3,426,214</b>	<b>894,603</b>	<b>(24,247,921)</b>	<b>-</b>	<b>(24,247,921)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food Services	746,429	512,418	252,009	-	-	17,998	17,998
Other Enterprise Funds	-	-	-	-	-	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 29,857,656</b>	<b>\$ 1,054,907</b>	<b>\$ 3,678,223</b>	<b>\$ 894,603</b>	<b>\$ (24,247,921)</b>	<b>\$ 17,998</b>	<b>\$ (24,229,923)</b>
<b>GENERAL REVENUES:</b>							
Property taxes, Levied for general purposes, net					\$ 20,202,692	\$ -	\$ 20,202,692
Taxes levied for specific purposes					1,981,242	-	1,981,242
Grants, subsidies, & contributions not restricted					2,922,511	-	2,922,511
Investment Earnings					352,716	3,060	355,776
Miscellaneous Income					296,121	-	296,121
Special item - Gain (Loss) on sale of capital assets					(5,324)	(2,447)	(7,771)
Extraordinary Items					-	-	-
Transfers					-	-	-
<b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS</b>					<b>25,749,958</b>	<b>613</b>	<b>25,750,571</b>
<b>CHANGE IN NET ASSETS</b>					<b>1,502,037</b>	<b>18,611</b>	<b>1,520,648</b>
<b>NET ASSETS - BEGINNING</b>					<b>25,012,746</b>	<b>318,764</b>	<b>25,331,510</b>
<b>NET ASSETS - ENDING</b>					<b>\$ 26,514,783</b>	<b>\$ 337,375</b>	<b>\$ 26,852,158</b>

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

**Schuylkill Valley School District  
Balance Sheet  
Governmental Funds  
As of June 30, 2009**

	<u>GENERAL</u>	<u>CAPITAL PROJECT FUND</u>	<u>CAPITAL RESERVE FUND</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,977,509	\$ 2,159,263	\$ 692,671	\$ 3,497	\$ 7,832,940
Restricted Cash	-	-	-	-	-
Investments	-	-	-	-	-
Taxes Receivable, net	780,061	-	-	-	780,061
Due from other funds	-	-	-	-	-
Due from Other Governments	467,523	-	-	-	467,523
Other Receivables	10,716	-	-	-	10,716
Inventories	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-
Other Current Assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,235,809</b>	<b>\$ 2,159,263</b>	<b>\$ 692,671</b>	<b>\$ 3,497</b>	<b>\$ 9,091,240</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Due to Other Funds	\$ 118	-	-	\$ -	\$ 118
Due to Other Governments	-	-	-	-	-
Accounts Payable	136,918	20,672	-	-	157,590
Current Portion of Long-Term Debt	61,142	-	-	-	61,142
Accrued Salaries and Benefits	1,225,155	-	-	-	1,225,155
Payroll Deductions and Withholdings	209,149	-	-	-	209,149
Deferred Revenues	638,833	-	-	-	638,833
Other Current Liabilities	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,271,315</b>	<b>20,672</b>	<b>-</b>	<b>-</b>	<b>2,291,987</b>
<b>FUND BALANCES:</b>					
Standard Fund Balance Reserves	-	-	-	-	-
Reserve for Next Year Appropriations	535,279	-	-	-	535,279
Specific Fund Balance Reserves	-	-	-	-	-
Unreserved-Designated Fund Balances	-	-	-	-	-
Unreserved-Undesignated Fund Balances -					
- General Fund	3,429,215	-	-	-	3,429,215
- Capital Reserve Fund	-	-	692,671	-	692,671
- Capital Projects Fund	-	2,138,591	-	-	2,138,591
- Debt Service Fund	-	-	-	153	153
- Athletic Fund	-	-	-	3,344	3,344
<b>TOTAL FUND BALANCES</b>	<b>3,964,494</b>	<b>2,138,591</b>	<b>692,671</b>	<b>3,497</b>	<b>6,799,253</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,235,809</b>	<b>\$ 2,159,263</b>	<b>\$ 692,671</b>	<b>\$ 3,497</b>	<b>\$ 9,091,240</b>

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

**Schuylkill Valley School District  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
As of June 30, 2009**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 6,799,253

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$69,703,126 and the accumulated depreciation is \$15,500,711. 54,202,415

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

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 884,018

The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net assets uses the consumption method of inventory. 80,581

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

Bonds payable	\$ (34,707,143)	
Accrued interest on the bonds	(387,577)	
Compensated absences	(315,111)	
Net OPEB Obligation	(27,649)	
Other Retirement Benefits	(14,004)	<u>(35,451,484)</u>

**TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES** **\$ 26,514,783**

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

**Schuylkill Valley School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2009**

	<u>GENERAL</u>	<u>CAPITAL PROJECT FUND</u>	<u>CAPITAL RESERVE FUND</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>					
Local Sources	\$ 23,196,316	\$ 293,457	\$ 9,652	\$ 56,877	\$ 23,556,302
State Sources	6,610,785	-	-	-	6,610,785
Federal Sources	356,278	-	-	-	356,278
<b>TOTAL REVENUES</b>	<u>30,163,379</u>	<u>293,457</u>	<u>9,652</u>	<u>56,877</u>	<u>30,523,365</u>
<b>EXPENDITURES</b>					
Instruction	17,110,390	415,387	19,871	-	17,545,648
Support Services	8,461,969	22,113	33,535	-	8,517,617
Operation of Non-Instructional Services	859,443	-	-	100,061	959,504
Capital Outlay	-	1,889,256	-	-	1,889,256
Debt Service	1,680,697	-	-	1,804,645	3,485,342
<b>TOTAL EXPENDITURES</b>	<u>28,112,499</u>	<u>2,326,756</u>	<u>53,406</u>	<u>1,904,706</u>	<u>32,397,367</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,050,880</u>	<u>(2,033,299)</u>	<u>(43,754)</u>	<u>(1,847,829)</u>	<u>(1,874,002)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Proceeds	-	-	-	-	-
Refunding Bond Proceeds	-	-	-	-	-
Proceeds from Extended Term Financing	-	-	-	-	-
Interfund Transfers In	-	-	-	1,845,985	1,845,985
Bond Premium	-	-	-	-	-
Sale/Compensation for Fixed Assets	700	-	-	-	700
Payment to bond refunding escrow agent	-	-	-	-	-
Bond Discount	-	-	-	-	-
Refunds of Prior Year Receipts	-	-	-	-	-
Operating Transfers Out	(1,862,464)	-	-	-	(1,862,464)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,861,764)</u>	<u>-</u>	<u>-</u>	<u>1,845,985</u>	<u>(15,779)</u>
<b>SPECIAL/EXTRAORDINARY ITEMS</b>					
Special Items	-	-	-	-	-
Extraordinary Items	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	189,116	(2,033,299)	(43,754)	(1,844)	(1,889,781)
<b>FUND BALANCES - BEGINNING</b>	<u>3,775,378</u>	<u>4,171,890</u>	<u>736,425</u>	<u>5,341</u>	<u>8,689,034</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,964,494</u>	<u>\$ 2,138,591</u>	<u>\$ 692,671</u>	<u>\$ 3,497</u>	<u>\$ 6,799,253</u>

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

**Schuylkill Valley School District  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 to the Statement of Activities  
 For the Year Ended June 30, 2009**

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (1,889,781)

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

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

Depreciation expense	\$ 1,017,765	
less - capital outlays	<u>2,026,689</u>	1,008,924

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of fixed assets sold. (8,024)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred revenues decreased by this amount this year. 95,224

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,990,000

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. 106,256

**SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING** **1,302,599**



**Schuylkill Valley School District  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities  
For the Year Ended June 30, 2009**

**SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING (CONT'D)** \$ 1,302,599

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here. 178,080

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

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

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. 21,358

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 1,502,037**

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

**Schuylkill Valley School District  
Statement of Net Assets  
Proprietary Funds  
As of June 30, 2009**

	<b>FOOD SERVICE</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 266,306	\$ -	\$ 266,306
Investments	-	-	-
Due from other funds	118	-	118
Due From Other Governments	1,897	-	1,897
Other Receivables	37	-	37
Inventories	11,371	-	11,371
Prepaid expenses	5,775	-	5,775
Other Current Assets	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>285,504</b>	<b>-</b>	<b>285,504</b>
<b>NON-CURRENT ASSETS:</b>			
Building & Bldg. Improvements (net)	-	-	-
Machinery & Equipment (net)	78,821	-	78,821
Other Long-Term Receivables	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>78,821</b>	<b>-</b>	<b>78,821</b>
<b>TOTAL ASSETS</b>	<b>\$ 364,325</b>	<b>\$ -</b>	<b>\$ 364,325</b>
 <b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES:</b>			
Due to Other Funds	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-
Accounts Payable	4,521	-	4,521
Current Portion of Long-Term Debt	-	-	-
Accrued Salaries and Benefits	2,171	-	2,171
Deferred Revenue	14,887	-	14,887
Other Current Liabilities	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>21,579</b>	<b>-</b>	<b>21,579</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-Term Portion of Compensated Absences	4,456	-	4,456
Net OPEB Obligations	915	-	915
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5,371</b>	<b>-</b>	<b>5,371</b>
<b>TOTAL LIABILITIES</b>	<b>26,950</b>	<b>-</b>	<b>26,950</b>
 <b><u>NET ASSETS</u></b>			
Invested in capital assets, with no related debt	78,821	-	78,821
Restricted for Legal Purposes	-	-	-
Unrestricted	258,554	-	258,554
<b>TOTAL NET ASSETS</b>	<b>337,375</b>	<b>-</b>	<b>337,375</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 364,325</b>	<b>\$ -</b>	<b>\$ 364,325</b>

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

**Schuylkill Valley School District**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
<b>OPERATING REVENUES:</b>			
Food Service Revenue	\$ 495,643	\$ -	\$ 495,643
Charges for Services	-	-	-
Other Operating Revenues	16,775	-	16,775
<b>TOTAL OPERATING REVENUES</b>	<u>512,418</u>	<u>-</u>	<u>512,418</u>
	-----	-----	-----
<b>OPERATING EXPENSES:</b>			
Salaries	262,394	-	262,394
Employee Benefits	84,424	-	84,424
Purchased Professional and Technical Services	-	-	-
Purchased Property Service	7,234	-	7,234
Other Purchased Services	406	-	406
Supplies	373,245	-	373,245
Depreciation	13,791	-	13,791
Dues and Fees	101	-	101
Claims and Judgments	-	-	-
Other Operating Expenses	4,834	-	4,834
<b>TOTAL OPERATING EXPENSES</b>	<u>746,429</u>	<u>-</u>	<u>746,429</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(234,011)</u>	<u>-</u>	<u>(234,011)</u>
	-----	-----	-----
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Earnings on investments	3,060	-	3,060
Contributions and Donations	-	-	-
Gain/Loss on Sale of Fixed Assets	(2,447)	-	(2,447)
State Sources	40,521	-	40,521
Federal Sources	211,488	-	211,488
Interest Expenses	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>252,622</u>	<u>-</u>	<u>252,622</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<u>18,611</u>	<u>-</u>	<u>18,611</u>
Capital contributions	-	-	-
Transfers in (out)	-	-	-
<b>CHANGES IN NET ASSETS</b>	<u>18,611</u>	<u>-</u>	<u>18,611</u>
<b>NET ASSETS - BEGINNING</b>	<u>318,764</u>	<u>-</u>	<u>318,764</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ 337,375</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 337,375</u></u>

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

**Schuylkill Valley School District  
Statement of Cash Flows  
Proprietary Funds  
As of June 30, 2009**

	<b>FOOD SERVICE</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Users	\$ 495,930	\$ -	\$ 495,930
Cash Received from Assessments made to Other Funds	-	-	-
Cash Received from Earnings on Investments	-	-	-
Cash Received from Other Operating Revenue	11,000	-	11,000
Cash Payments to Employees for Services	(343,263)	-	(343,263)
Cash Payments for Insurance Claims	-	-	-
Cash Payments to Suppliers for Goods and Services	(337,894)	-	(337,894)
Cash Payments to Other Operating Expenses	(4,935)	-	(4,935)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	(179,162)	-	(179,162)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Local Sources	-	-	-
State Sources	40,274	-	40,274
Federal Sources	170,534	-	170,534
Notes and Loans Received	-	-	-
Interest Paid on Notes/Loans	-	-	-
Operating Transfers In (Out)	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>	210,808	-	210,808
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Facilities Acquisition/Const./Improvement Svcs.	(3,299)	-	(3,299)
Proceeds from Sale of Fixed Assets	7,082	-	7,082
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	3,783	-	3,783
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Earnings on Investments	3,060	-	3,060
Purchase of Investment Securities/Deposits to Investment Pools	-	-	-
Withdrawals from Investment Pools	-	-	-
Proceeds from Sale and Maturity of Investment Securities	-	-	-
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	3,060	-	3,060
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	38,489	-	38,489
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	227,817	-	227,817
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 266,306</b>	<b>\$ -</b>	<b>\$ 266,306</b>

**Schuylkill Valley School District  
Statement of Cash Flows  
Proprietary Funds  
As of June 30, 2009**

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

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
<b>OPERATING INCOME (LOSS)</b>	\$ (234,011)	\$ -	(234,011)
	-----	-----	-----
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Depreciation and Net Amortization	13,791	-	13,791
Provision for Uncollectible Accounts	-	-	-
Donated Commodities Used	37,719	-	37,719
<b>CHANGES IN ASSETS AND LIABILITIES:</b>			
(Increase) Decrease in Accounts Receivable	371	-	371
(Increase) Decrease in Advances from Other Funds	(84)	-	(84)
(Increase) Decrease in Inventories	2,238	-	2,238
(Increase) Decrease in Prepaid Expenses	(5,775)	-	(5,775)
(Increase) Decrease in Other Current Assets	-	-	-
Increase (Decrease) in Accounts Payable	2,858	-	2,858
Increase (Decrease) in Accrued Salaries and Benefits	2,640	-	2,640
Increase (Decrease) in Net OPEB Obligations	915	-	915
Increase (Decrease) in Deferred Revenue	176	-	176
<b>TOTAL ADJUSTMENTS</b>	<u>54,849</u>	<u>-</u>	<u>54,849</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ (179,162)</u>	<u>\$ -</u>	<u>\$ (179,162)</u>

**Schuylkill Valley School District  
Statement of Net Assets  
Fiduciary Funds  
As of June 30, 2009**

	<b>PRIVATE PURPOSE TRUST</b>	<b>PENSION AND OTHER EMPLOYEE BENEFIT TRUST</b>	<b>AGENCY FUNDS</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,264	\$ -	\$ 108,612
Investments	86,102	-	-
Due from Other Funds	-	-	-
Other Receivables	-	-	-
Prepaid Expenditures	-	-	-
Other Current Assets	-	-	-
<b>TOTAL ASSETS</b>	<u>87,366</u>	<u>-</u>	<u>108,612</u>
	-----	-----	-----
 <b>LIABILITIES</b>			
Accounts Payable	-	-	-
Due to Other Funds	-	-	-
Due to Student Clubs	-	-	108,612
Other Current Liabilities	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>108,612</u>
	-----	-----	-----
 <b>NET ASSETS</b>			
Restricted	-	-	-
Unrestricted	<u>87,366</u>	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$ 87,366</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>
	-----	-----	-----

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

**Schuylkill Valley School District  
Statement of Changes in Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2009**

	<b>PRIVATE- PURPOSE TRUST FUND</b>	<b>PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS</b>
<b>ADDITIONS</b>		
Contributions	\$ 575	\$ -
Transfers from other funds	-	-
<b>INVESTMENT EARNINGS:</b>		
Interest and Dividends	1,358	-
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
<b>TOTAL ADDITIONS</b>	1,933	-
 <b>DEDUCTIONS</b>		
Transfers to other funds	-	-
Administrative charges	-	-
Scholarships	2,650	-
<b>TOTAL DEDUCTIONS</b>	2,650	-
 <b>CHANGE IN NET ASSETS</b>	(717)	-
 <b>NET ASSETS - BEGINNING OF YEAR</b>	88,083	-
 <b>NET ASSETS - END OF YEAR</b>	\$ 87,366	\$ -

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

**Schuylkill Valley School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -**  
**General Fund**  
**For the Year Ended June 30, 2009**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (BUDGETARY BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>BUDGET TO GAAP DIFFERENCE</u>	<u>ACTUAL AMOUNTS GAAP BASIS</u>
	<u>ORIGINAL</u>	<u>FINAL</u>				
<b>REVENUES</b>						
Local Sources	\$ 23,177,699	\$ 23,177,699	\$ 23,196,316	\$ 18,617	\$ -	\$ 23,196,316
State Sources	6,869,020	6,869,020	6,610,785	(258,235)	-	6,610,785
Federal Sources	355,247	355,247	356,278	1,031	-	356,278
<b>TOTAL REVENUES</b>	<u>30,401,966</u>	<u>30,401,966</u>	<u>30,163,379</u>	<u>(238,587)</u>	<u>-</u>	<u>30,163,379</u>
<b>EXPENDITURES</b>						
Regular Instruction	13,356,717	12,663,724	12,614,040	49,684	-	12,614,040
Special Programs	2,981,654	3,122,346	2,931,506	190,840	-	2,931,506
Vocational Programs	668,615	668,615	665,629	2,986	-	665,629
Other Instructional Programs	883,309	916,042	899,215	16,827	-	899,215
Adult Education Programs	-	-	-	-	-	-
Community/Junior College Ed. Programs	-	-	-	-	-	-
Pupil Personnel Services	817,863	867,318	836,805	30,513	-	836,805
Instructional Staff Services	476,943	558,311	499,815	58,496	-	499,815
Administrative Services	1,668,579	1,790,175	1,705,563	84,612	-	1,705,563
Pupil Health	337,263	382,166	368,506	13,660	-	368,506
Business Services	493,217	504,988	476,354	28,634	-	476,354
Operation & Maintenance of Plant Services	2,404,232	2,531,237	2,303,404	227,833	-	2,303,404
Student Transportation Services	1,389,720	1,544,781	1,543,842	939	-	1,543,842
Central Support Services	859,595	746,707	696,338	50,369	-	696,338
Other Support Services	31,427	31,427	31,342	85	-	31,342
Student Activities	849,831	860,498	843,601	16,897	-	843,601
Community Services	11,182	15,853	15,842	11	-	15,842
Scholarships and Awards	-	-	-	-	-	-
Facilities, Acquisition and Construction	-	-	-	-	-	-
Debt Service	3,485,291	1,691,211	1,680,697	10,514	-	1,680,697
<b>TOTAL EXPENDITURES</b>	<u>30,715,438</u>	<u>28,895,399</u>	<u>28,112,499</u>	<u>782,900</u>	<u>-</u>	<u>28,112,499</u>
Excess (deficiency) of revenues over expenditures	(313,472)	1,506,567	2,050,880	544,313	-	2,050,880
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds From Extended Term Financing	-	-	-	-	-	-
Interfund Transfers In	-	-	-	-	-	-
Sale/Compensation for Fixed Assets	-	-	700	700	-	700
Fund Transfers Out	(45,000)	(1,865,039)	(1,862,464)	2,575	-	(1,862,464)
Budgetary Reserve	(100,000)	(100,000)	-	100,000	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(145,000)</u>	<u>(1,965,039)</u>	<u>(1,861,764)</u>	<u>103,275</u>	<u>-</u>	<u>(1,861,764)</u>
Special Items	-	-	-	-	-	-
Extraordinary Items	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>(458,472)</u>	<u>(458,472)</u>	<u>189,116</u>	<u>647,588</u>	<u>-</u>	<u>189,116</u>
<b>FUND BALANCE - JULY 1, 2008</b>	<u>2,813,397</u>	<u>2,813,397</u>	<u>3,775,378</u>	<u>961,981</u>	<u>-</u>	<u>3,775,378</u>
<b>FUND BALANCE - JUNE 30, 2009</b>	<u>\$ 2,354,925</u>	<u>\$ 2,354,925</u>	<u>\$ 3,964,494</u>	<u>\$ 1,609,569</u>	<u>\$ -</u>	<u>\$ 3,964,494</u>

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



**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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

***School District***

The Schuylkill Valley School District is located in Eastern Pennsylvania in Berks County. The School District is comprised of Bern, Centre, and Ontelaunee Townships, and Centerport and Leesport Boroughs.

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

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

***Board of School Directors***

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

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

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

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

***Administration***

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

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

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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***Reporting Entity***

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

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

***Joint Ventures***

*Berks Vocational-Technical School d/b/a Berks Career and Technology Center.*

The School District is a participating member of The Berks Career and Technology Center. The Berks Career and Technology Center is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the Berks Career and Technology Center's annual operating budget. Each participating district pays a pro-rata share of the Center's operating costs based on the number of students attending the Center for each District. The District's share of the Center's operating costs for 2008-2009 was \$665,629. During the 1998-99 fiscal year, the by-laws of the Center were amended to state that any school district terminating their active participation in paying ongoing operating costs and debt, shall cease being a participating member district and shall have no further obligation to the Center.

On dissolution of the Berks Career and Technology Center, the net assets of the Center will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in the Center as defined by GASB Statement No. 14, except a residual interest in the net assets upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the Center can be obtained from the Center's administrative office at 1057 County Road, Leesport, PA 19533.

***Jointly Governed Organizations***

*Berks County Intermediate Unit*

The School District is a participating member of the Berks County Intermediate Unit. The Berks County Intermediate Unit is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the Berks County Intermediate Unit's annual operating budget.

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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The BCIU is a self-sustaining organization that provides services from fees to participating districts. As such, the District has no on-going financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs. Complete financial statements for the Intermediate Unit can be obtained from the Intermediate Unit's administrative office at 1111 Commons Blvd., P. O. Box 16050, Reading, PA 19612-6050.

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

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its business-type activities and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**A. Basis of Presentation**

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

**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

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

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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**B. Fund Accounting**

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

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's **major** governmental funds:

*General Fund*

The General Fund is the general operating fund of the School District. It is used to account for all financial resources, except those required to be accounted for in another fund.

*Special Revenue Funds*

The District has established a Capital Reserve Fund in accordance with the PA School Laws. This fund is used to account for the proceeds of specific revenue sources as outlined by school laws that are legally restricted to expenditures for specified purposes.

*Capital Reserve Fund*

This fund was created in accordance with Section 1432 of the Municipal Code. As such, the PA Department of Education has decided this fund should be classified as a major fund regardless of whether or not GASB's major fund criteria are met.

*Capital Project Funds*

The District established the 2006 Construction Fund funded with the series 2006 A&B bond issues to provide resources to various capital projects of the District.

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

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

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

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

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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**C. Measurement Focus**

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

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

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

**D. Basis of Accounting**

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

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

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

**E. Budgetary Process**

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

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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

**Accelerated Budget Process Option**

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

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

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

**Board Resolution Option**

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

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2008-09 budget transfers.

*Encumbrances*

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

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. Any encumbrances are presented as a reservation for

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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encumbrances on the balance sheet of the General Fund. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's legally adopted budget.

**F. Change in Accounting Principle**

During this past fiscal year, the District was required to implement the provisions of GASB Statement No. 45 on Other Post Employment Benefits. The Net OPEB Obligation and disclosures are more fully explained in Note 5.

**G. Use of Estimates**

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

**H. Assets, Liabilities, and Net Assets**

*Cash and Cash Equivalents*

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

*Investments*

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

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

*Receivables and Payables*

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

*Property Tax Levy*

Property taxes, which were levied during the fiscal year ended June 30, 2009, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

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

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

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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*Inventories*

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. A physical inventory taken at June 30, 2009, shows \$80,580 as an asset in the governmental activities column of the government-wide financial statements; a physical inventory taken at June 30, 2009 shows \$11,371 as an asset in the business-type activities column of the government-wide financial statements.

Inventory type items in governmental funds utilize the purchase method; that is, they are charged to expenditures when purchased. Therefore, there is no offsetting reservation of fund balance in the General Fund.

Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, and purchased food.

Inventories on hand at June 30, 2009, consist of:

Supplies	\$	2,973
Purchased Food		5,539
Donated Commodities		<u>2,859</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>11,371</u></b>

*Prepaid Expenses*

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

*Capital Assets*

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand-five hundred (\$2,500) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

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



**Schuylkill Valley School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2009**

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

*Compensated Absences*

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

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

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

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

*Long-Term Obligations*

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

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

*Reclassification*

Certain amounts have been reclassified to conform to the June 30, 2009, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements on the modified accrual basis of accounting.

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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*Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by a higher government authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

*Fund Balance Reserves*

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

*Contributions of Capital*

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during this fiscal year.

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

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

The governmental fund balance sheet includes a reconciliation between "fund balance -total governmental funds" and "net assets - governmental activities" as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds".

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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The details of this \$35,451,484 difference are:

Bonds payable	\$	34,445,000
Less: Deferred charge on refunding (to be amortized as interest expense)		-
Less: Deferred charge for issuance costs (to be amortized over life of debt)		(192,791)
Less: Issuance discount (to be amortized as interest expense)		(192,807)
Add: Issuance premium (to be amortized as a contra to interest expense)		647,741
Net OPEB Obligation		27,649
Accrued interest payable		387,577
Other Retirement Benefits		14,004
Compensated absences		315,111
Net adjustment to reduce or increase "fund balance - total governmental funds" to arrive at "net assets - governmental activities"	<b>\$</b>	<b><u>35,451,484</u></b>

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

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

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

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

	<b>TOTAL GOVERN- MENTAL FUNDS</b>	<b>LONG-TERM REVENUES/ EXPENSES</b>	<b>CAPITAL RELATED ITEMS</b>	<b>LONG-TERM DEBT TRANS- ACTIONS</b>	<b>TOTAL FOR STATEMENT OF ACTIVITIES</b>
<b>REVENUES AND OTHER SOURCES</b>					
<b>LOCAL SOURCES:</b>					
Property Taxes	\$ 20,110,279	\$ 92,413	\$ -	\$ -	\$ 20,202,692
Taxes levied for specific purposes	1,978,431	2,811	-	-	1,981,242
Interest and investment earnings	352,716	-	-	-	352,716
Miscellaneous	282,160	-	-	-	282,160
Contributions and Donations	13,961	-	-	-	13,961
Charges for Services	542,489	-	-	-	542,489
Grants, subsidies & contributions not restricted	2,922,511	-	-	-	2,922,511
Transfers in	-	-	-	-	-
Proceeds from Bond Issues	-	-	-	-	-
<b>INTERMEDIATE SOURCES:</b>					
Charges for Services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
<b>STATE SOURCES:</b>					
Operating and Capital grants and contributions	3,688,274	-	-	-	3,688,274
<b>FEDERAL SOURCES:</b>					
Operating and Capital grants and contributions	632,543	-	-	-	632,543
<b>SPECIAL AND EXTRAORDINARY ITEMS:</b>					
Gain or (Loss) on disposal of assets	700	-	(6,024)	-	(5,324)
<b>TOTAL REVENUES</b>	<u>30,524,064</u>	<u>95,224</u>	<u>(6,024)</u>	<u>-</u>	<u>30,613,264</u>
<b>EXPENDITURES/EXPENSES</b>					
Instruction	17,545,647	(5,978)	(75,556)	(142,439)	17,321,674
Instructional Student Support	1,709,367	-	399	1,980	1,711,746
Admin. & Fin'l Support Services	2,910,979	25,119	4,746	51,988	2,992,832
Oper. & Maint. of Plant Svcs.	2,360,015	(11,642)	(13,295)	1,529	2,336,607
Pupil Transportation	1,543,842	-	-	55	1,543,897
Student activities	960,141	-	1,951	1,035	963,127
Community Services	15,842	-	-	24	15,866
Scholarships and Awards	-	-	-	-	-
Capital Outlay	1,882,671	-	(1,882,671)	-	-
Debt Service	3,485,342	-	-	(2,217,368)	1,267,974
Transfers Out	-	-	-	-	-
Depreciation - unallocated	-	-	957,504	-	957,504
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>32,413,846</u>	<u>7,499</u>	<u>(1,006,922)</u>	<u>(2,303,196)</u>	<u>29,111,227</u>
<b>NET CHANGE FOR THE YEAR</b>	<u>\$ (1,889,782)</u>	<u>\$ 87,725</u>	<u>\$ 1,000,898</u>	<u>\$ 2,303,196</u>	<u>\$ 1,502,037</u>

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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

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

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

**B. Deficit fund balance or net assets of individual funds**

No individual fund contains a deficit fund balance or net assets at June 30, 2009.

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

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

**D. Budgetary compliance**

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2009. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

**Note 5 - Detailed notes on all funds and account groups**

**Assets**

*Cash*

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2009, \$2,553,201, of the District's bank balance of \$2,869,487, was exposed to custodial credit risk as follows:

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Uninsured and uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the District's name		<u>2,553,201</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>2,553,201</u></b>

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**Schuylkill Valley School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2009**

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*Reconciliation to Financial Statements*

Uncollateralized Amount Above	\$	2,553,201
Plus: Insured Amount		316,286
Less: Outstanding Checks		<u>(24,171)</u>
Carrying Amount - Bank balances		2,628,216
Plus: Petty Cash		1,595
Deposits in Investment Pools Considered Cash Equivalents		5,665,259
Deposits in Money Market Mutual Funds Considered Cash Equivalents		153
Less: Certificates of Deposit considered Investment by School Code		
Sovereign Bank Investments Accounts Considered Investments		<u>(86,102)</u>
<b>Total Cash Per Financial Statements</b>	<b>\$</b>	<b><u>8,209,121</u></b>

*Investments*

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

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

As of June 30, 2009, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	1 Year	\$ 86,102
Fulton Bank - GS Financial SQ Treasury Obligations		154
PSDLAF - Certificates of Deposit		-
PA School District Liquid Asset Fund		<u>5,665,260</u>
<b>Total</b>		<b>\$ <u>5,751,516</u></b>

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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Interest Rate Risk

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

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2009, the District's investments were rated as follows:

<u>Investment</u>	<u>Standard &amp; Poors</u>	<u>Moody's</u>
PA School District Investment Trust Arbitrage Rebate Management Program	AAA	
PA School District Liquid Asset Fund	AAA	AAA

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The Fiduciary Fund's investments are in certificates of deposit at Leesport Bank and VIST Bank.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

Reconciliation to Financial Statements

Total Investments Above	\$ 5,751,516
Less: Deposits in Investment Pool Considered Cash Equivalents	(5,665,260)
Deposits in Money Market Mutual Funds Considered Cash Equivalents	(154)
<b>Total Investments Per Financial Statements</b>	<b>\$ 86,102</b>

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$879,329,400. In accordance with Act 1 of 2006, the District received \$587,919 in property tax reduction funds for the 2008-09 fiscal year. The tax rate for the year was \$2.368 per \$100 of assessed valuation or 23.68 mills.

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

**Schuylkill Valley School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2009**

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

*Receivables*

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

	<b>GENERAL FUND</b>	<b>CAPITAL PROJECT FUNDS</b>	<b>FOOD SERVICE FUND</b>	<b>NON- MAJOR FUNDS</b>	<b>FIDUCIARY FUNDS</b>	<b>TOTAL</b>
<b>RECEIVABLES:</b>						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	780,061	-	-	-	-	780,061
Accounts	10,716	-	37	-	-	10,753
Intergovernmental	467,523	-	1,897	-	-	469,420
<b>GROSS RECEIVABLES</b>	<b>1,258,300</b>	<b>-</b>	<b>1,934</b>	<b>-</b>	<b>-</b>	<b>1,260,234</b>
Less: Allowance for Uncollectibles	-	-	-	-	-	-
<b>NET RECEIVABLES</b>	<b>\$ 1,258,300</b>	<b>\$ -</b>	<b>\$ 1,934</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,260,234</b>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were:

**Schedule on Deferred Revenue - Unavailable and Unearned**

	<b>UNAVAILABLE</b>	<b>UNEARNED</b>
Delinquent Property Taxes - General Fund	\$ 638,833	\$ -
Grants drawdowns prior to meeting eligibility requirements	-	-
<b>TOTAL</b>	<b>\$ 638,833</b>	<b>\$ -</b>



**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

*Capital Assets*

Capital asset balances and activity for the year ending June 30, 2009, were:

	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ 286,722	\$ -	\$ -	\$ 286,722
Construction in Progress	19,739,657	1,934,878	-	21,674,535
Total Capital Assets not being depreciated	<u>20,026,379</u>	<u>1,934,878</u>	<u>-</u>	<u>21,961,257</u>
Capital Assets being depreciated:				-
Site Improvements	3,913,455	-	-	3,913,455
Buildings and Bldg. Improvements	42,635,656	-	-	42,635,656
Furniture and Equipment	1,144,756	91,810	(43,808)	1,192,758
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<u>47,693,867</u>	<u>91,810</u>	<u>(43,808)</u>	<u>47,741,869</u>
Less accumulated depreciation for:				
Site Improvements	(1,914,593)	(178,604)	-	(2,093,197)
Buildings and Bldg. Improvements	(11,829,555)	(775,534)	-	(12,605,089)
Furniture and Equipment	(774,582)	(63,627)	35,784	(802,425)
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>(14,518,730)</u>	<u>(1,017,765)</u>	<u>35,784</u>	<u>(15,500,711)</u>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED     NET OF ACCUMULATED DEPRECIATION</b>	<u>33,175,137</u>	<u>(925,955)</u>	<u>(8,024)</u>	<u>32,241,158</u>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b><u>\$ 53,201,516</u></b>	<b><u>\$ 1,008,923</u></b>	<b><u>\$ (8,024)</u></b>	<b><u>\$ 54,202,415</u></b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 269,990	\$ 3,299	\$ (39,282)	\$ 234,007
Less accumulated depreciation	(171,148)	(13,791)	29,753	(155,186)
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS,     NET OF ACCUMULATED DEPRECIATION</b>	<b><u>\$ 98,842</u></b>	<b><u>\$ (10,492)</u></b>	<b><u>\$ (9,529)</u></b>	<b><u>\$ 78,821</u></b>

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

Regular Instruction	\$ 14,995
Special Instruction	1,827
Vocational Instruction	-
Other Instruction	-
Adult Instruction	-
Community College Instruction	-
Pupil Services	166
Instructional Staff Svcs.	233
Administrative Services	1,450
Health Services	-
Business Services	450
Operation & Maintenance of Plant Svcs.	20,496
Pupil Transportation	-
Central Services	8,656
Other Support Services	-
Student Activities	3,649
Athletics	8,339
Depreciation - unallocated	957,504
<b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,017,765</u></b>

**Schuylkill Valley School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2009**

The governmental-type activity disposed of \$43,808 of assets with accumulated depreciation of \$35,784, leaving a loss from disposition of \$5,324. The business-type activity disposed of \$39,282, with accumulated depreciation of \$29,753, leaving a loss on disposition of \$2,447.

**Long-term construction commitments**

The District has the following construction commitments in the Capital Projects Fund:

	<u>CONTRACT AMOUNT</u>	<u>EXPENDED TO 6/30/09</u>	<u>OUTSTANDING COMMITMENTS</u>
<b><u>HIGH SCHOOL ADDITION AND RENOVATIONS</u></b>			
Perroto Builders, LTD-General Construction	6,807,988	6,657,988	150,000
MBR Construction Services-HVAC	781,761	781,761	-
Balton Construction	480,971	26,776	454,195
Pagoda Electrical, Inc.	23,800	-	23,800
<b>SUB-TOTAL</b>	<u>8,094,520</u>	<u>7,466,525</u>	<u>627,995</u>
<b><u>MIDDLE SCHOOL ADDITIONS AND RENOVATIONS</u></b>			
E. R. Stuebner, Inc. Genral	7,545,550	7,392,287	153,263
N.B. Rodgers, Inc - HVAC	1,337,861	1,337,861	-
A. H. Moyer, Inc - Plumbing	558,962	558,962	-
Hirneisen Electric, Inc - Electric	1,708,808	1,708,808	-
S.A. Comunale - Fire Protection	152,654	152,654	-
Bonfitto, INC-MS WATER HEATER	55,250	-	55,250
<b>SUB-TOTAL</b>	<u>11,359,085</u>	<u>11,150,572</u>	<u>208,513</u>
<b><u>DISTRICT WIDE</u></b>			
BERKSHIRE SYSTEMS GROUP, INC-ACCESS CONTROL UPGRADE	40,288	-	40,288
<b>SUB-TOTAL</b>	<u>40,288</u>	<u>-</u>	<u>40,288</u>
<b>GRAND TOTAL</b>	<u><u>\$ 19,493,893</u></u>	<u><u>\$ 18,617,097</u></u>	<u><u>\$ 876,796</u></u>

Short-term debt

*Interfund receivables and payables*

The following interfund receivables and payables were in existence on June 30, 2009:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ -	\$ 118
Enterprise (Food Service) Fund	118	-
Agency (Payroll) Fund	-	-
Capital Project (2006 Construction) Fund	-	-
Special Revenue (Capital Reserve) Fund	-	-
<b>TOTAL</b>	<u><u>\$ 118</u></u>	<u><u>\$ 118</u></u>

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

*Interfund Transfers*

The District also made the following interfund transfers during the fiscal year ended June 30, 2009:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ -	\$ 1,862,464
Special Revenue (Athletic) Fund	48,560	-
Debt Service (2006AB Bond) Fund	1,067,362	-
Agency (Activity) Fund	16,479	-
Debt Service (2008 GON) Fund	730,063	-
<b>TOTAL</b>	<b>\$ 1,862,464</b>	<b>\$ 1,862,464</b>

Long-term liability balances and activity for the year ended June 30, 2009, were:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
<b><u>Governmental Activities</u></b>					
<b><i>General Obligation Debt:</i></b>					
<i>Bonds and notes payable:</i>					
Capital Projects	\$ 36,953,884	\$ 24,698	\$ 2,078,650	\$ 34,899,932	\$ 2,100,000
Other than capital projects	-	-	-	-	-
Capital Leases	-	-	-	-	-
<b>Total general obligation debt</b>	<b>36,953,884</b>	<b>24,698</b>	<b>2,078,650</b>	<b>34,899,932</b>	<b>2,100,000</b>
<i>Other liabilities:</i>					
<i>Vested employee benefits:</i>					
Vacation pay	197,867	28,110	-	225,977	35,957
Sick pay	124,888	25,388	-	150,276	25,185
<i>Other Retirement Benefits:</i>					
Net OPEB Obligation	-	27,649	-	27,649	-
Years of Service Retire. Benefits	176,918	14,004	176,918	14,004	-
<b>Total other liabilities</b>	<b>499,673</b>	<b>95,151</b>	<b>176,918</b>	<b>417,906</b>	<b>61,142</b>
<b>TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES</b>	<b>\$ 37,453,557</b>	<b>\$ 119,849</b>	<b>\$ 2,255,568</b>	<b>\$ 35,317,838</b>	<b>\$ 2,161,142</b>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>					
<i>Other liabilities:</i>					
<i>Vested employee benefits</i>					
Vacation pay	\$ -	\$ 991	\$ -	\$ 991	\$ -
Sick pay	3,949	-	484	3,465	-
<i>Other Retirement Benefits:</i>					
Net OPEB Obligation	-	915	-	915	-
<b>TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES</b>	<b>\$ 3,949</b>	<b>\$ 1,906</b>	<b>\$ 484</b>	<b>\$ 5,371</b>	<b>\$ -</b>

<b>GOVERNMENTAL ACTIVITIES:</b>	<u>EXPENSE</u>	<u>PAID</u>
General obligation debt	\$ 1,267,974	\$ 1,495,342
Capital Leases	-	-
Short-term borrowings	-	-
<b>TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,267,974</b>	<b>\$ 1,495,342</b>

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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*General Obligation Bonds – Series of 2006 A*

On April 1, 2006, the District issued \$18,310,000 of General Obligation Bonds – Series of 2006 A. The purpose of this issue is to (1) finance various capital projects of the School District and (1) to pay certain costs relating to issuing and insuring of the bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from April 1, 2008 to April 1, 2022. Interest rates range from 3.50% to 5.00% with total interest indebtedness of \$10,781,586. The outstanding debt service requirements at June 30, 2009, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2009-10	\$ 5,000	\$ 841,318
2010-11	15,000	841,138
2011-12	10,000	840,598
2012-13	10,000	840,228
2013-14	45,000	839,852
2014-19	10,670,000	3,334,599
2019-24	<u>7,545,000</u>	<u>751,750</u>
<b>SUB-TOTAL</b>	<b>\$ 18,300,000</b>	<b><u>8,289,483</u></b>
Unamortized Premium	493,879	
Unamortized Discount	<u>(119,661)</u>	
<b>TOTAL OUTSTANDING</b>	<b><u>\$ 18,674,218</u></b>	

*General Obligation Bonds – Series of 2006 B*

On April 1, 2006, the District issued \$4,835,000 of General Obligation Bonds – Series of 2006 B. The purpose of this issue is to (1) finance various capital projects of the School district and (2) to pay certain costs relating to issuing and insuring of the bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from April 1, 2006 to April 1, 2024. Interest rates range from 3.50% to 4.50% with total interest indebtedness of \$3,706,523.

The outstanding debt service requirements at June 30, 2009, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2009-10	\$ 5,000	\$ 216,085
2010-11	5,000	215,905
2011-12	5,000	215,725
2012-13	5,000	215,525
2013-14	5,000	215,325
2014-19	25,000	1,073,588
2019-24	<u>4,775,000</u>	<u>913,651</u>
<b>SUB-TOTAL</b>	<b>\$ 4,825,000</b>	<b><u>3,065,804</u></b>
Unamortized Premium	7,320	
Unamortized Discount	<u>(33,994)</u>	
<b>TOTAL OUTSTANDING</b>	<b><u>\$ 4,798,326</u></b>	

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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*General Obligation Bonds – Series of 2008*

On February 1, 2008, the District issued \$8,895,000 of General Obligation Bonds- Series of 2008. The purpose of this issue is to (1) currently refund the Series of 1998 bonds and (2) to pay certain costs relating to issuing and insuring of the bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from April 15, 2008 to April 15, 2013. Interest rates range from 3.27% to 3.27% with total interest indebtedness of \$828,239. The outstanding debt service requirements at June 30, 2009, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2009-10	\$ 1,490,000	\$ 203,884
2010-11	1,525,000	155,162
2011-12	1,585,000	105,294
2012-13	1,635,000	53,464
<b>SUB-TOTAL</b>	<b>\$ 6,235,000</b>	<b>517,804</b>
Unamortized Premium	-	
Unamortized Discount	-	
<b>TOTAL OUTSTANDING</b>	<b>\$ 6,235,000</b>	

*General Obligation Notes – Series of 2008*

On March 1, 2008, the District issued \$5,635,000 of General Obligation Notes- Series of 2008. The purpose of this issue is to (1) currently refund the Series of 2002 General Obligation Bonds maturing on or after February 15, 2009 and (2) to pay certain costs relating to issuing and insuring of the bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from February 15, 2009 to February 15, 2015. Interest rates range from 2.60% to 4.00% with total interest indebtedness of \$907,627.

The outstanding debt service requirements at June 30, 2009, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2009-10	\$ 600,000	\$ 179,080
2010-11	615,000	161,080
2011-12	630,000	142,630
2012-13	615,000	126,250
2013-14	2,290,000	101,650
2014-18	335,000	10,050
<b>SUB-TOTAL</b>	<b>\$ 5,085,000</b>	<b>720,740</b>
Unamortized Premium	146,540	
Unamortized Discount	(39,152)	
<b>TOTAL OUTSTANDING</b>	<b>\$ 5,192,388</b>	

*Lease Rental Debt*

On November 15, 1998, the Berks County Vocational Technical School Authority issued \$34,850,000 in revenue bonds, Series of 1998. The Bonds are being issued under the Municipality Authorities Act of 1945, as amended, and pursuant to the provisions of a Trust Indenture, dated as of November 15, 1998, between the Authority and Bank of Pennsylvania, a division of Dauphin Deposit Bank and Trust Company, as trustee. Under the Indenture, the Authority has pledged and assigned to the Trustee the sublease rentals to be paid pursuant to a Lease and Sublease, dated as of November 15, 1998, between the Authority, as lessee and sublessor, and Berks Vocational Technical School, a/k/a Berks Career and Technology Center (BCTC), as lessor and sublessee.

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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The governing body of the Authority is its Board consisting of sixteen (16) members appointed to staggered terms of five years by the Antietam School District, with the advice of the joint operating committee of BCTC.

BCTC was created and operates under Articles of Agreement by and among sixteen participating school districts located in Berks County and portions of Montgomery and Chester Counties, Pennsylvania.

Under the Articles of Agreement, dated June 1, 1965, between BCTC and the participating school districts, the annual operating expenses of BCTC are allocated to and paid by the participating school districts in proportion to the three-year average daily number of students enrolled by each in BCTC computed at the end of each school year. Lease rental payments (including payments under the Sublease) or capital outlays are shared in proportion to each participating school district's market valuation of taxable real estate to the total valuation of all participating school districts. As a result of this debt, the participating school districts amended Section 11 of the BCTC's By-Laws to read: The obligations of each of the participating school districts to pay its proportionate share of the rentals shall be subject to an annual appropriation by each school district. Any school district that does not budget, appropriate and pay its proportionate share of the rentals payable hereunder shall lose all of its rights as a participating school district, including the right to send students to the Center. It is the intent of Schuylkill Valley School District to continue to participate.

The proceeds to be realized by the Authority will be used to finance certain capital projects of BCTC, including renovations, alterations, and additions to the East Campus and West Campus of the Berks Career and Technology Center, to pay capitalized interest on the Bonds, to fund a debt service reserve fund and to pay the costs of issuance of the Bonds.

The lease rental debt owed by BCTC to the Authority is equal to the bond principal and interest of the Authority's revenue bonds. This debt is not considered general obligation debt of the School District. The bonds mature from June 1, 2001 to June 1, 2019, at interest rates between 3.6% and 5.0%.

Since market values fluctuate year to year, the District's future share of the lease rental debt, as shown below, is an estimate using current market values:

FISCAL YEAR	PAYMENT
2009-10	\$ 139,422
2010-11	139,052
2011-12	139,432
2012-13	139,516
2013-14	139,542
2014-18	697,578
<b>TOTAL OUTSTANDING</b>	<b>\$ 1,394,542</b>

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

Combined Long Term Debt Obligations

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

<b>SUMMARY OF PRINCIPAL REQUIREMENTS</b>					
<b>FISCAL YEAR</b>	<b>G. O. B. SERIES OF 2006 A</b>	<b>G. O. B. SERIES OF 2006 B</b>	<b>G. O. B. SERIES OF 2008</b>	<b>G. O. N. SERIES OF 2008</b>	<b>TOTAL</b>
2009-10	\$ 5,000	\$ 5,000	\$ 1,490,000	\$ 600,000	\$ 2,100,000
2010-11	15,000	5,000	1,525,000	615,000	2,160,000
2011-12	10,000	5,000	1,585,000	630,000	2,230,000
2012-13	10,000	5,000	1,635,000	615,000	2,265,000
2013-14	45,000	5,000	-	2,290,000	2,340,000
2014-19	10,670,000	25,000	-	335,000	11,030,000
2019-24	7,545,000	4,775,000	-	-	12,320,000
<b>TOTAL</b>	18,300,000	4,825,000	6,235,000	5,085,000	34,445,000
<b>LESS - Payable in One Year</b>	5,000	5,000	1,490,000	600,000	2,100,000
<b>PAYABLE AFTER ONE YEAR</b>	<b>\$ 18,295,000</b>	<b>\$ 4,820,000</b>	<b>\$ 4,745,000</b>	<b>\$ 4,485,000</b>	<b>\$ 32,345,000</b>

<b>SUMMARY OF DEBT SERVICE REQUIREMENTS PRINCIPAL AND INTEREST</b>					
<b>FISCAL YEAR</b>	<b>G. O. B. SERIES OF 2006 A</b>	<b>G. O. B. SERIES OF 2006 B</b>	<b>G. O. B. SERIES OF 2008</b>	<b>G. O. N. SERIES OF 2008</b>	<b>TOTAL</b>
2009-10	\$ 846,318	\$ 221,085	\$ 1,693,884	\$ 779,080	\$ 3,540,367
2010-11	856,138	220,905	1,680,162	776,080	3,533,285
2011-12	850,598	220,725	1,690,294	772,630	3,534,247
2012-13	850,228	220,525	1,688,464	741,250	3,500,467
2013-14	884,852	220,325	-	2,391,650	3,496,827
2014-19	14,004,599	1,098,588	-	345,050	15,448,237
2019-24	8,296,750	5,688,651	-	-	13,985,401
<b>TOTAL</b>	<b>\$ 26,589,483</b>	<b>\$ 7,890,804</b>	<b>\$ 6,752,804</b>	<b>\$ 5,805,740</b>	<b>\$ 47,038,831</b>

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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***Compensated Absences***

*Sick-Pay*

Under the District's various bargaining agreements and plans, professional employees accumulate unused sick days without limitation. These unused sick days may be accumulated for future illnesses and are not vested until used. There is no vesting of accumulated sick days upon retirement, except for the superintendent and management personnel, who are entitled to \$75 per unused sick pay.

The District maintains records of each employee's accumulated sick days that are vested with eligible employees. The sick leave termination benefit of \$125,091 including FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide financial statements. The current portion of \$25,185 is recorded as a current liability in the governmental activities column of the government-wide financial statements and in the general fund. The liability recorded in the Food Service Fund and in the business-type activity column of the government-wide financial statements is \$3,465 at June 30, 2009.

*Vacation Leave*

Unused vacation leave is paid upon an employee's termination. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement 16, the amount recorded for vacation leave earned as of June 30, 2009, in the General Fund, that will use currently available financial resources, is \$35,957, which includes the employer's share of FICA tax and retirement contributions (net of reimbursement). This amount is also shown as a current liability in the governmental activities column of the government-wide statement of net assets. The remaining balance of vacation leave earned of \$190,020, which includes the employer's share of FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net assets. The liability recorded in the Food Service Fund and in the business-type activity column of the government-wide financial statements is \$991 at June 30, 2009.

***Defined benefit pension plans***

*Plan Description*

Name of plan: The Public School Employees' Retirement System (the System).

Type of Plan: Governmental cost sharing multiple-employer defined benefit plan.

Benefits: Retirement and disability legislatively mandated ad hoc cost-of-living adjustments, healthcare insurance premium assistance to qualifying annuitants.

Authority: The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 PA C.S. 8101-8535).

Annual Financial Report: The System issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Barbara D. Flurie, Office of Financial Management, Public School Employees' Retirement System, P. O. Box 125, Harrisburg, PA 17108-0125. The report is also available in the publications section of the PSERS website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

*Funding Policy*

Authority: The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth.



**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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Contribution Rates

Member Contributions: Active members, who joined the System prior to July 22, 1983, contributed at 5.25 percent (Membership Class TC) or at 6.50 percent (Membership Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class TC) or at 7.50 percent (Membership Class TD) of the member's qualifying compensation. Members who joined the System after June 30, 2001, contribute at 7.50 percent (automatic Membership Class TD). For all new hires and for members who elected Class TD membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2009, the rate of employer contribution was 4.76 percent of covered payroll. The 4.76 percent rate is comprised of a pension contribution rate of 4.00 percent for pension benefits and 0.76 percent for healthcare insurance premium assistance.

The employer's current year covered payroll was \$14,104,084 and total payroll was \$14,156,248.

The total employee and employer contributions for this current year were \$1,078,383 and \$705,771, respectively.

**Other Employee Benefits**

*Retirement Severance Benefits*

All professional employees of the District are entitled at retirement, with a minimum of fifteen years service with the District, to retirement severance as follows:

15 Years of Service in the District	\$	1,800
20 Years of Service in the District		2,400
25 Plus Years in the District		3,000
30 Plus Years in the District		3,600

In accordance with Government Accounting Standards Board Statement No. 27, this benefit is considered a pension plan.

**Funding Policy and Annual Pension Cost**

This benefit is determined by contractual agreement between the Board of School Directors and each eligible class of employees. The District's annual pension cost is calculated based on the annual required contribution of the employer (ARC), amount actuarially determined in accordance with the parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost, each year, and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's annual pension cost for the current year and the related information is as follows:

**Schuylkill Valley School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2009**

<b>Contribution Rates:</b>	<b>Years of Service Actuarially Determined</b>
Interest Rate	4.5%
Plan Members	150
Annual Required Contribution	\$ 14,004
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	14,004
Contributions made	-
Increase in net OPEB obligation	14,004
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u>\$ 14,004</u>

Since this is the first year of implementing this benefit as a pension plan, prior year data has been omitted for the two preceding years. The District's annual pension cost, the percentage of annual pension cost contributed to the plan and the net pension obligation of the fiscal year ending 6/30/09 for the benefits were as follows:

<b>Year ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
<b>6/30/2009</b>	\$ 14,004	0.0%	\$ 14,004
<b>6/30/2008</b>	-	0.0%	-
<b>6/30/2007</b>	-	0.0%	-

Funded Status and Funding Process. The funded status of the benefits as of June 30, 2009 was as follows:

	<b>Years of Service Increment Benefit</b>
Actuarial accrued liability (a)	\$ 123,764
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 123,764</u>
Funded Ratio (b) / (a)	0.0%
Covered payroll	\$ 10,280,806
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll.	1.2%

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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

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

	<b>Years of Service Increment <u>Benefit</u></b>
Actuarial Valuation Date	4/1/2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar method over a 30 year period
Remaining amortization period	29 years
Asset Valuation Method	pay as you go basis
Actuarial Assumptions:	
Investment rate of return	4.5%
Projected salary increases	4.25% to 7.25%
Healthcare inflation rate	
2008	N/A
2009	N/A
2010	N/A
2011	N/A
2012	N/A
2013	N/A
2014	N/A
2015	N/A
2016 +	N/A

**Schuylkill Valley School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2009**

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**Other Post Employment Benefits**

*Plan Description.* Schuylkill Valley School District has one single-employer defined benefit plan.

1. In accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65. This benefit has an implicit rate subsidy based upon GASB Statement No. 45, since the retiree pays the premium at the insurance carrier's global rate charged to the School District versus an age-adjusted rate, as defined in the GASB Statement.

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

<b>Contribution Rates:</b>	
	<b>OPEB Benefit Actuarially Determined</b>
Interest Rate	4.5%
Plan Members	286
Annual Required Contribution	\$ 145,452
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	145,452
Contributions made	(116,888)
Increase in net OPEB obligation	28,564
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u>\$ 28,564</u>

The following table shows the benefit separated by fund:

**Schuylkill Valley School District  
Notes To Basic Financial Statements  
Fiscal Year Ended June 30, 2009**

**Actuarial Valuation by Fund**

	<b>Other Post Employment Benefit Plan</b>		
	<b>General Fund</b>	<b>Food Service Fund</b>	<b>Total</b>
<b>Demographic Information:</b>			
Active Participants	234	5	239
Retired Participants	44	3	47
Total	<u>278</u>	<u>8</u>	<u>286</u>
Annual Payroll of Active Participants	\$13,010,372	\$113,101	\$13,123,473
Annual Required Contributions	\$ 142,949	\$ 2,503	\$ 145,452
Interest on Net OPEB Obligation	-	-	-
Adjustment to Annual Required Contribution	-	-	-
Annual OPEB Cost	142,949	- 2,503	145,452
Contributions made	<u>(115,300)</u>	<u>(1,588)</u>	<u>(116,888)</u>
Increase in Net OPEB Obligation	27,649	- 915	28,564
Net OPEB Obligation - beginning of year	-	-	-
Net OPEB Obligation - end of year	<u>\$ 27,649</u>	<u>\$ 915</u>	<u>\$ 28,564</u>

Since this is the first year of implementation for GASB Statement 45, prior year data has been omitted for the two preceding years. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation of the fiscal year ending 6/30/09 for the benefits were as follows:

<b>Year ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
<b>6/30/2009</b>	<b>\$ 145,452</b>	<b>80.4%</b>	<b>\$ 28,564</b>
<b>6/30/2008</b>	-	<b>0.0%</b>	-
<b>6/30/2007</b>	-	<b>0.0%</b>	-

Funding Status and Funding Process. The funded status of the benefits as of June 30, 2009, was as follows:

	<b>State-mandated Healthcare Benefit</b>	<b>State-mandated Healthcare Benefit</b>
	<b>Governmental Activity</b>	<b>Business-Type Activity</b>
Actuarial accrued liability (a)	\$ 1,216,665	\$ 24,399
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 1,216,665</u>	<u>\$ 24,399</u>
Funded Ratio (b) / (a)	0.0%	0.0%
Covered payroll	\$ 13,010,372	\$ 113,101
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll.	9.4%	21.6%

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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

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

	<b>State-mandated Healthcare Benefit</b>
Actuarial Valuation Date	4/1/2008
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar method over a 30 year period
Remaining amortization period	29 years
Asset Valuation Method	pay as you go basis
Actuarial Assumptions:	
Investment rate of return	4.5%
Projected salary increases	4.25% to 7.25%
Healthcare inflation rate	
2008	8.5%
2009	8.0%
2010	7.5%
2011	7.0%
2012	6.5%
2013	6.0%
2014	5.5%
2015	5.0%
2016 +	5.0%

**Schuylkill Valley School District**  
**Notes To Basic Financial Statements**  
**Fiscal Year Ended June 30, 2009**

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**Note 6 - Risk Management**

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

**Note 7 - Fund Balance Reserves/Designations**

*Reserved Fund Balance*

The fund balance reserves in the general fund, totaling \$535,279, represent the portion of June 30, 2009, fund balance reserved for 2009-10 appropriations.

**Note 8 - Restricted Net Assets**

*Invested in Capital Assets, Net of Related Debt*

The components of this restriction are total capital assets of \$54,202,416, unspent proceeds of \$2,138,591 with related debt of \$34,707,141, which includes unamortized bonds discounts, premiums, issuance costs and deferred refunding charges. The business-type activities column reflects \$78,821 invested in capital assets with no related debt.

*Other Restrictions*

At year end, the District has \$153 for retirement of long-term debt, and \$222,841 restricted for federal funds.

**Note 9 - Contingencies**

*Grants*

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2009.

*Litigation*

In accordance with management, the District does not have any contingent liabilities that would materially effect the basic financial statements as of June 30, 2009.

**REQUIRED SUPPLEMENTAL INFORMATION**



**Schuylkill Valley School District  
Schedule of Funding Progress  
For the Year Ended June 30, 2009**

<b><u>State mandated healthcare benefit</u></b>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
4/1/2008	\$ -	\$ 1,241,064	\$ 1,241,064	0.0%	\$ 13,123,473	9.46%
4/1/2006	-	-	-	0.0%	-	0.00%
4/1/2004	-	-	-	0.0%	-	0.00%
<b><u>Years of Service Increment</u></b>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Unit Credit (b)	Unfunded AAL (UALL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
4/1/2008	\$ -	\$ 123,764	\$ 123,764	0.0%	\$ 10,280,806	1.20%
4/1/2006	-	-	-	0.0%	-	0.00%
4/1/2004	-	-	-	0.0%	-	0.00%

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

Schuylkill Valley School District  
Combining Balance Sheet  
Non-Major Governmental Funds  
For the Year Ended June 30, 2009

	SPECIAL REVENUE FUND	DEBT SERVICE FUNDS				TOTAL DEBT SERVICE FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	ATHLETIC FUND	1998 A SINKING FUND	2002 BOND FUND	2006 AB BOND FUND	2008 GON BOND FUND		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 3,344	\$ 74	\$ 64	\$ 7	\$ 8	\$ 153	\$ 3,497
Investments	-	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Receivables from other governments	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,344</b>	<b>\$ 74</b>	<b>\$ 64</b>	<b>\$ 7</b>	<b>\$ 8</b>	<b>\$ 153</b>	<b>\$ 3,497</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Interest Payable	-	-	-	-	-	-	-
Payable to other governments	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>							
Reserved for:							
Inventories	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Unreserved	3,344	74	64	7	8	153	3,497
<b>TOTAL FUND BALANCES</b>	<b>3,344</b>	<b>74</b>	<b>64</b>	<b>7</b>	<b>8</b>	<b>153</b>	<b>3,497</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,344</b>	<b>\$ 74</b>	<b>\$ 64</b>	<b>\$ 7</b>	<b>\$ 8</b>	<b>\$ 153</b>	<b>\$ 3,497</b>

**Schuylkill Valley School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2009**

	SPECIAL REVENUE FUND		DEBT SERVICE FUNDS				TOTAL DEBT SERVICE FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	ATHLETIC FUND	1998 A SINKING FUND	2002 BOND FUND	2006 AB BOND FUND	2008 GON BOND FUND			
<b>REVENUES</b>								
Local Sources	\$ 53,578	\$ -	\$ -	\$ 8	\$ 3,291	\$ 3,299	\$ 56,877	
State Sources	-	-	-	-	-	-	-	
Federal Sources	-	-	-	-	-	-	-	
<b>TOTAL REVENUES</b>	<u>53,578</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>3,291</u>	<u>3,299</u>	<u>56,877</u>	
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<b>EXPENDITURES</b>								
Instruction	-	-	-	-	-	-	-	
Support Services	-	-	-	-	-	-	-	
Operation of Non-Instructional Services	100,061	-	-	-	-	-	100,061	
Capital Outlay	-	-	-	-	-	-	-	
Debt Service	-	-	-	1,067,757	736,888	1,804,645	1,804,645	
<b>TOTAL EXPENDITURES</b>	<u>100,061</u>	<u>-</u>	<u>-</u>	<u>1,067,757</u>	<u>736,888</u>	<u>1,804,645</u>	<u>1,904,706</u>	
	-----	-----	-----	-----	-----	-----	-----	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(46,483)</u>	<u>-</u>	<u>-</u>	<u>(1,067,749)</u>	<u>(733,597)</u>	<u>(1,801,346)</u>	<u>(1,847,829)</u>	
	-----	-----	-----	-----	-----	-----	-----	
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds of long-term capital-related debt	-	-	-	-	-	-	-	
Proceeds from Refunding Bond Issues	-	-	-	-	-	-	-	
Bond Premium	-	-	-	-	-	-	-	
Bond Discount	-	-	-	-	-	-	-	
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	
Sale/Compensation for Fixed Assets	-	-	-	-	-	-	-	
Transfers in	48,560	-	-	1,067,362	730,063	1,797,425	1,845,985	
Transfers out	-	-	-	-	-	-	-	
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>48,560</u>	<u>-</u>	<u>-</u>	<u>1,067,362</u>	<u>730,063</u>	<u>1,797,425</u>	<u>1,845,985</u>	
	-----	-----	-----	-----	-----	-----	-----	
<b>NET CHANGE IN FUND BALANCES</b>	2,077	-	-	(387)	(3,534)	(3,921)	(1,844)	
<b>FUND BALANCES - BEGINNING</b>	<u>1,267</u>	<u>74</u>	<u>64</u>	<u>394</u>	<u>3,542</u>	<u>4,074</u>	<u>5,341</u>	
	-----	-----	-----	-----	-----	-----	-----	
<b>FUND BALANCES - ENDING</b>	<u>\$ 3,344</u>	<u>\$ 74</u>	<u>\$ 64</u>	<u>\$ 7</u>	<u>\$ 8</u>	<u>\$ 153</u>	<u>\$ 3,497</u>	
	-----	-----	-----	-----	-----	-----	-----	

**Schuylkill Valley School District  
Combining Statement of Fiduciary Net Assets  
Private Purpose Trust Funds  
For the Year Ended June 30, 2009**

	<b>STEVEN C. FLAMMER MEMORIAL FUND</b>	<b>SUSAN WISNIEWSKI SCHOL. FUND</b>	<b>JAMES REISER MEMORIAL FUND</b>	<b>CHARLES C. KENNEDY MEMORIAL FUND</b>	<b>CHRISTOPHER OTTAVIANI SCHOLAR. FUND</b>	<b>ACTIVITY ACCOUNT SCHOLAR. FUND</b>	<b>JOSHUA SCOLASTIEO SCHOLAR. FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>								
Cash	\$ -	\$ -	\$ -	\$ 1,010	\$ -	\$ -	\$ 254	\$ 1,264
Investments	26,106	22,563	6,085	21,000	2,348	-	8,000	86,102
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 26,106</b>	<b>\$ 22,563</b>	<b>\$ 6,085</b>	<b>\$ 22,010</b>	<b>\$ 2,348</b>	<b>\$ -</b>	<b>\$ 8,254</b>	<b>\$ 87,366</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payables	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>								
Held in Trust for future recipients	<b>\$ 26,106</b>	<b>\$ 22,563</b>	<b>\$ 6,085</b>	<b>\$ 22,010</b>	<b>\$ 2,348</b>	<b>\$ -</b>	<b>\$ 8,254</b>	<b>\$ 87,366</b>

**Combining Statement of Changes in Fiduciary Net Assets  
Private Purpose Trust Funds  
For the Year Ended June 30, 2009**

	<b>STEVEN C. FLAMMER MEMORIAL FUND</b>	<b>SUSAN WISNIEWSKI SCHOL. FUND</b>	<b>JAMES REISER MEMORIAL FUND</b>	<b>CHARLES C. KENNEDY MEMORIAL FUND</b>	<b>CHRISTOPHER OTTAVIANI SCHOLAR. FUND</b>	<b>ACTIVITY ACCOUNT SCHOLAR. FUND</b>	<b>JOSHUA SCOLASTIEO SCHOLAR. FUND</b>	<b>TOTAL</b>
<b>ADDITIONS:</b>								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575	\$ 575
<b>INVESTMENT EARNINGS:</b>								
Interest, dividends, and gain on investments	782	675	183	473	88	(1,070)	227	1,358
<b>TOTAL ADDITIONS</b>	<b>782</b>	<b>675</b>	<b>183</b>	<b>473</b>	<b>88</b>	<b>(1,070)</b>	<b>802</b>	<b>1,933</b>
<b>DEDUCTIONS:</b>								
Transfers Out	-	-	-	-	-	-	-	-
Awards	750	600	200	500	350	-	250	2,650
<b>TOTAL DEDUCTIONS</b>	<b>750</b>	<b>600</b>	<b>200</b>	<b>500</b>	<b>350</b>	<b>-</b>	<b>250</b>	<b>2,650</b>
<b>CHANGES IN NET ASSETS</b>	<b>32</b>	<b>75</b>	<b>(17)</b>	<b>(27)</b>	<b>(262)</b>	<b>(1,070)</b>	<b>552</b>	<b>(717)</b>
<b>NET ASSETS - BEGINNING OF THE YEAR</b>	<b>26,074</b>	<b>22,488</b>	<b>6,102</b>	<b>22,037</b>	<b>2,610</b>	<b>1,070</b>	<b>7,702</b>	<b>88,083</b>
<b>NET ASSETS - END OF THE YEAR</b>	<b>\$ 26,106</b>	<b>\$ 22,563</b>	<b>\$ 6,085</b>	<b>\$ 22,010</b>	<b>\$ 2,348</b>	<b>\$ -</b>	<b>\$ 8,254</b>	<b>\$ 87,366</b>

**Schuylkill Valley School District**  
**Combining Balance Sheet - All Debt Service Funds**  
**As of June 30, 2009**

	<b>1998 A SINKING FUND</b>	<b>2002 BOND FUND</b>	<b>2006 AB BOND FUND</b>	<b>2008 GON BOND FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>					
Cash	\$ 74	\$ 64	\$ 7	\$ 8	\$ 153
Investments	-	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 74</b>	<b>\$ 64</b>	<b>\$ 7</b>	<b>\$ 8</b>	<b>\$ 153</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payable	-	-	-	-	-
Unreserved Fund Balances	74	64	7	8	153
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 74</b>	<b>\$ 64</b>	<b>\$ 7</b>	<b>\$ 8</b>	<b>\$ 153</b>

**Combining Statement of Revenues, Expenditures, and  
Changes in Funds Balances - All Debt Service Funds**  
**For the Year Ended June 30, 2009**

	<b>1998 A SINKING FUND</b>	<b>2002 BOND FUND</b>	<b>2006 AB BOND FUND</b>	<b>2008 GON BOND FUND</b>	<b>TOTAL</b>
<b>REVENUES AND OTHER FINANCING SOURCES</b>					
Investment Income	\$ -	\$ -	\$ 8	\$ 3,291	\$ 3,299
Proceeds From Refunding of Bonds	-	-	-	-	-
Bond Premium	-	-	-	-	-
Interfund Transfers	-	-	1,067,362	730,063	1,797,425
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>1,067,370</b>	<b>733,354</b>	<b>-</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>					
Instruction	-	-	-	-	-
Support Services	-	-	-	-	-
Operation of Non-Instructional Services	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service	-	-	1,067,757	736,888	1,804,645
Bond Discount	-	-	-	-	-
Payment to Refunded Bonds Escrow Agent	-	-	-	-	-
Interfund Transfers	-	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>-</b>	<b>1,067,757</b>	<b>736,888</b>	<b>1,804,645</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>-</b>	<b>(387)</b>	<b>(3,534)</b>	<b>(3,921)</b>
<b>FUND BALANCE - JULY 1, 2008</b>	<b>74</b>	<b>64</b>	<b>394</b>	<b>3,542</b>	<b>4,074</b>
<b>FUND BALANCE - JUNE 30, 2009</b>	<b>\$ 74</b>	<b>\$ 64</b>	<b>\$ 7</b>	<b>\$ 8</b>	<b>\$ 153</b>

**Schuylkill Valley School District  
General Fund  
Schedule on Tax Collectors' Receipts  
For the Year Ended June 30, 2009**

	<u>BERN TOWNSHIP</u>	<u>CENTRE TOWNSHIP</u>	<u>CENTERPORT BOROUGH</u>	<u>LEESPORT BOROUGH</u>	<u>ONTELAUNEE TOWNSHIP</u>	<u>TOTAL</u>
<b>CURRENT REAL ESTATE TAXES</b>						
Assessed Value	\$ 385,500,600	\$ 188,451,800	\$ 10,626,300	\$ 87,145,600	\$ 207,605,100	\$ 879,329,400
Millage Rate	0.02368	0.02368	0.02368	0.02368	0.02368	0.02368
<b>Total Potential Tax</b>	9,128,654	4,462,539	251,631	2,063,608	4,916,089	20,822,520
<b>Less: Act 1 Deduction</b>	243,134	192,659	10,617	77,016	64,439	587,865
<b>TOTAL TAXABLE DUPLICATE</b>	8,885,520	4,269,880	241,014	1,986,592	4,851,650	20,234,655
PLUS - Additions	-	836	-	-	-	836
- Splits	-	-	-	-	-	-
- Penalties	12,835	10,595	1,108	7,440	6,707	38,685
<b>TOTAL TAXES TO BE COLLECTED</b>	8,898,355	4,281,311	242,122	1,994,032	4,858,357	20,274,176
LESS - Discounts	147,856	68,213	3,985	31,296	85,099	336,449
- Reductions	-	-	-	-	-	-
- Refunds	-	2,709	-	-	223	2,932
- Returned to County	245,396	153,409	7,706	77,749	124,925	609,185
- Exonerations	-	959	-	2,465	1,514	4,938
- Outstanding	-	-	-	-	-	-
<b>NET CURRENT REAL ESTATE TAXES COLLECTED</b>	<u>\$ 8,505,103</u>	<u>\$ 4,056,021</u>	<u>\$ 230,431</u>	<u>\$ 1,882,522</u>	<u>\$ 4,646,596</u>	<u>\$ 19,320,672</u>
<b>CURRENT INTERIM REAL ESTATE TAXES COLLECTED</b>	<u>\$ 70,577</u>	<u>\$ 22,960</u>	<u>\$ 1,722</u>	<u>\$ 1,028</u>	<u>\$ 83,202</u>	<u>\$ 179,489</u>
<b>CURRENT PER CAPITA TAXES</b>						
No. of Persons Assessed	3,672	2,714	199	1,246	1,060	8,891
Tax Rate	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Tax Valuation	36,720	27,140	1,990	12,460	10,600	88,910
PLUS - Additions	810	440	20	440	460	2,170
- Penalties	246	190	10	83	86	615
<b>TAXES TO BE COLLECTED</b>	37,776	27,770	2,020	12,983	11,146	91,695
LESS - Discounts	559	389	27	162	154	1,291
- Exonerations	1,010	890	40	1,010	280	3,230
- Refunds	-	-	-	-	-	-
- Outstanding	2,440	2,250	310	1,550	1,220	7,770
- Reductions	-	-	-	-	-	-
<b>NET CURRENT PER CAPITA TAXES COLLECTED</b>	<u>\$ 33,767</u>	<u>\$ 24,241</u>	<u>\$ 1,643</u>	<u>\$ 10,261</u>	<u>\$ 9,492</u>	<u>\$ 79,404</u>

**Schuylkill Valley School District  
General Fund  
Statement of Revenue, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2009**

**REVENUES**

**LOCAL SOURCES:**

Current Real Estate Taxes	\$ 19,320,672	
Interim Real Estate Taxes	179,489	
Public Utility	27,227	
Payment in Lieu of Taxes	448	
Current Per Capita Taxes - 511	39,702	
Current Per Capita Taxes - 679	39,702	
Occupational Privilege Tax	-	
Earned Income Tax	1,614,070	
Occupation Taxes - Assessment	-	
Real Estate Transfer Tax	252,206	
Amusement Taxes	-	
Delinquent Real Estate Taxes	610,118	
Delinquent Per Capita Taxes - 511	2,538	
Delinquent Per Capita Taxes - 679	2,538	
Interest	292,433	
Fees	10,990	
Other Student Activity Income	-	
Revenue Received from Other Public Schools	30,000	
I/U Services - Federal	276,265	
Rentals	12,951	
Contributions	13,961	
Tuition from Patrons	427	
Summer School	7,573	
Other Tuition from Patrons	23,040	
Receipts from Other LEA's - Education	396,276	
All Other Services Provided Other Gov'ts.	21,021	
Revenue From Community Services Activities	-	
Miscellaneous	17,364	
Refunds of Prior Yr. Expenditures	5,305	
<b>TOTAL LOCAL SOURCE REVENUE</b>	<b>23,196,316</b>	<b>\$ 23,196,316</b>

**STATE SOURCES:**

Basic Subsidy - ESBE	2,334,592
Read to Succeed	-
Charter Schools	62,744
School Performance	-
Orphan Tuition	93,173
Homebound	245
Vocational Education	-
Alternative Ed	7,889
Migratory Children	40
Driver Education	-
Special Education	849,720
<b>SUB-TOTAL</b>	<b>3,348,403</b>



**Schuylkill Valley School District**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2009**

**REVENUE (CONT'D)**

<b>SUB-TOTAL (CARRIED FORWARD)</b>	\$	3,348,403	
Transportation		634,335	
Rentals		894,603	
Health Services		37,012	
State Property Tax Reduction Allocation		587,919	
Sewage		-	
Other State Grants		-	
PA Accountability Grant		164,592	
DARE Grant		-	
FICA Revenue		543,492	
Retirement Revenue		359,071	
Classrooms for the Future		41,358	
		<u>41,358</u>	
<b>TOTAL STATE SOURCE REVENUE</b>			\$ 6,610,785

**FEDERAL SOURCES:**

Title I	158,528		
Title IIA and IID	62,033		
Title III	18,577		
Title VI	-		
Title V	-		
Unrestricted grants-in-aid	500		
Drug Free	-		
Medical Access	116,640		
	<u>116,640</u>		
<b>TOTAL FEDERAL SOURCE REVENUE</b>		<u>356,278</u>	
<b>TOTAL REVENUE</b>			<u>30,163,379</u>

**EXPENDITURES**

Regular Programs - Elem./Secondary	12,374,902
Federally Funded Regular Programs	239,138
Special Education	170,782
Life Skills Support - Public	283,205
Life Skills Support - PRRI	-
Deaf or Hearing Impaired Support	911
Blind or Visually Impaired Support	130,801
Speech & Language Impaired	147,150
Emotional Support - Public	61,105
Autistic Support	12,625
Learning Support - Public	1,895,753
Gifted Support	216,915
Physical Support	-
Multi-Handicapped Support	-
Early Intervention Support	7,917
Other Support	4,342
	<u>4,342</u>
<b>SUB-TOTAL</b>	<b>15,545,546</b>

**Schuylkill Valley School District  
General Fund  
Statement of Revenue, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2009**

<b>SUB-TOTAL (CARRIED FORWARD)</b>	\$ 15,545,546
Vocational Education	665,629
Drivers' Education	-
Summer School	8,241
Homebound Instruction	4,567
Adjudicated/Court Placed Programs	485,578
Alternative Education Program	382,334
Additional Other Instructional Program	18,495
Other Adult Education Programs	-
Community College Programs	-
Supervision of Pupil Personnel Services	-
Guidance Services	672,725
Attendance Services	14,724
Psychological Services	149,356
Social Work Services	-
Other Pupil Personnel Services	-
Support Services - Instructional Staff	7,095
Technology Support Services	13,313
School Library Services	397,519
Instructional Staff Development Services	81,888
Other Instructional Staff Services	-
Board Services	86,520
Board Treasurer Services	-
Tax Assessment & Collection Service	87,849
Staff Relations	-
Legal Services	73,191
Office of the Superintendent Services	323,162
Office of the Principal Services	1,134,841
Other Administration Services	-
Support Services - Pupil Health	277,020
Medical Services	91,486
Support Services - Business	476,354
Operation and Maintenance of Plant Services	2,303,404
Student Transportation Services	1,291,234
Non-Public Transportation	252,608
Data Processing Services	696,338
Other Support Services	31,342
School Sponsored Student Activities	131,262
School Sponsored Athletics	712,339
<b>SUB-TOTAL</b>	<b>26,415,960</b>

**Schuylkill Valley School District  
General Fund  
Statement of Revenue, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2009**

<b>SUB-TOTAL (CARRIED FORWARD)</b>	\$	26,415,960	
Community Services		15,842	
Scholarships and Awards		-	
Debt Service		1,680,646	
Refund of Prior Yr. Receipts		51	
<b>TOTAL EXPENDITURES</b>		51	\$ <u>28,112,499</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			 2,050,880
 <b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Extended Term Financing		-	
Debt Service Fund Transfers In		-	
Transfer from Activity Funds		-	
Sale of Fixed Assets		700	
Special Revenue Fund Transfers Out		(48,560)	
Capital Projects Funds Transfers In		-	
Debt Service Fund Transfers Out		(1,797,425)	
Food Service Fund Transfers		-	
Activity Fund Transfers Out		(16,479)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		(1,861,764)	
<b>Special Items</b>		-	
<b>Extraordinary Items</b>		-	<u>(1,861,764)</u>
 <b>NET CHANGE IN FUND BALANCE</b>			 189,116
 <b>FUND BALANCE - JULY 1, 2008</b>			 <u>3,775,378</u>
 <b>FUND BALANCE - JUNE 30, 2009</b>			 <u>\$ <b>3,964,494</b></u>

**Schuylkill Valley School District**  
**Food Service Fund**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Year Ended June 30, 2009**

**REVENUES**

Student Lunches	\$	443,564	
Student Breakfasts		14,067	
Adult Lunches		4,878	
A la Carte		33,134	
State Subsidies		40,521	
Federal Subsidies		172,184	
Interest Income		3,060	
Donated Commodities		39,304	
Special Events		14,382	
Miscellaneous		2,393	
Transfer from General Fund		-	
Gain or (Loss) on Disposition of Assets		<u>(2,447)</u>	\$ 765,040

**COST OF GOODS SOLD**

Food	254,468	
Milk	50,573	
Donated Commodities	37,719	
Supplies	<u>30,255</u>	<u>373,015</u>

**GROSS PROFIT**

392,025

**OPERATING EXPENSES**

Labor	262,394	
Benefits	84,424	
Depreciation	13,791	
Maintenance and Repairs	7,234	
Advertising	176	
Travel	230	
Software	230	
Dues and Fees	101	
Other Operating Expenses	4,834	
Miscellaneous	<u>-</u>	<u>373,414</u>

**CHANGES IN NET ASSETS**

18,611

**NET ASSETS - JULY 1, 2008**

318,764

**NET ASSETS - JUNE 30, 2009**

\$ 337,375

**Schuylkill Valley School District  
Food Service Fund  
Statement of Net Assets  
As of June 30, 2009**

**ASSETS**

Cash	\$ 266,306
Due from General Fund	118
Due from Payroll Fund	-
Receivable - State Subsidy	247
- Federal Subsidy	1,650
Other Accounts Receivable	37
Inventory	11,371
Prepaid Expenses	5,775
Equipment	234,008
Accumulated Depreciation	<u>(155,187)</u>

**TOTAL ASSETS** **\$ 364,325**

**LIABILITIES AND NET ASSETS**

Deferred Revenue	\$ 14,887
Accounts Payable	4,521
Due to General Fund	-
Accrued Compensated Absences	4,456
Net OPEB Obligation	915
Accrued Salaries and Benefits	2,171
Net Assets	<u>337,375</u>

**TOTAL LIABILITIES AND NET ASSETS** **\$ 364,325**

**Schuylkill Valley School District  
Capital Reserve Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2009**

**FUND BALANCE - JULY 1, 2008** \$ 736,425

**REVENUES AND OTHER FINANCING SOURCES**

Interest	\$	9,652	
Refund of Prior Yr. Expenditures		-	
Transfer from General Fund		-	9,652
<b>TOTAL FUNDS AVAILABLE</b>			746,077

**EXPENDITURES AND OTHER FINANCING USES**

**INSTRUCTIONAL:**

Repairs and Maintenance		-	
Equipment		19,871	

**SUPPORT SERVICES:**

Professional Services		-	
Contracted Services		4,765	
Repairs and Maintenance		5,060	
Supplies		-	
Equipment		23,660	
Dues and Fees		50	

**NON-INSTRUCTIONAL SERVICES:**

Equipment		-	
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**CAPITAL OUTLAY:**

Professional Services		-	
Repairs and Maintenance		-	
Land Improvements		-	
Construction		-	53,406
			53,406

**FUND BALANCE - JUNE 30, 2009** **\$ 692,671**

**Schuylkill Valley School District  
Athletic Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2009**

<b>FUND BALANCE - JULY 1, 2008</b>	\$	1,267
 <b>REVENUES AND OTHER FINANCING SOURCES</b>		
Baseball	\$	-
Basketball		7,151
Volleyball		4,034
Wrestling		3,454
Football		10,501
Soccer		6,549
Swimming		3,486
Bowling		-
Field Hockey		-
Softball		-
Cross Country		-
Golf		-
Track		-
Season Tickets		4,995
Coke Commissions		1,278
Senior Banquet		3,460
Playoff		1,703
Other Revenue		6,582
Interest		385
Interfund Transfers		48,560
<b>TOTAL FUNDS AVAILABLE</b>		<u>102,138</u>
		103,405
 <b>EXPENDITURES</b>		
Sporting Events		81,539
Professional Services		75
Rentals		180
Repairs and Maintenance		205
Banquets		5,367
Travel		2,118
Supplies		3,090
Playoff Supplies		-
Construction		-
Equipment		-
Dues and Fees		6,758
Miscellaneous		729
		<u>100,061</u>
 <b>FUND BALANCE - JUNE 30, 2009</b>	 <b>\$</b>	 <b><u>3,344</u></b>

**Schuylkill Valley School District  
James Rieser Memorial Fund  
Statement of Additions and Deductions  
For the Year Ended June 30, 2009**

<b>NET ASSETS - JULY 1, 2008</b>		\$ 6,102
<b>ADDITIONS</b>		
Contributions	\$ -	
Interest	183	183
<b>TOTAL FUNDS AVAILABLE</b>		6,285
<b>DEDUCTIONS</b>		
Scholarships		200
<b>NET ASSETS - JUNE 30, 2009</b>		<b><u>\$ 6,085</u></b>

**S. Wisniewski Scholarship Fund  
Statement of Additions and Deductions  
For the Year Ended June 30, 2009**

<b>NET ASSETS - JULY 1, 2008</b>		\$ 22,488
<b>ADDITIONS</b>		
Contributions	\$ -	
Interest	675	675
<b>TOTAL FUNDS AVAILABLE</b>		23,163
<b>DEDUCTIONS</b>		
Scholarships		600
<b>NET ASSETS - JUNE 30, 2009</b>		<b><u>\$ 22,563</u></b>



**Schuykill Valley School District  
Steven C. Flammer Memorial Fund  
Statement of Additions and Deductions  
For the Year Ended June 30, 2009**

<b>NET ASSETS - JULY 1, 2008</b>		\$ 26,074
<b>ADDITIONS</b>		
Contributions	\$ -	
Interest	<u>782</u>	<u>782</u>
<b>TOTAL FUNDS AVAILABLE</b>		26,856
<b>DEDUCTIONS</b>		
Service Charges	-	
Scholarships	<u>750</u>	<u>750</u>
<b>NET ASSETS - JUNE 30, 2009</b>		<b><u>\$ 26,106</u></b>

**Charles C. Kennedy Memorial Fund  
Statement of Additions and Deductions  
For the Year Ended June 30, 2009**

<b>NET ASSETS - JULY 1, 2008</b>		\$ 22,037
<b>ADDITIONS</b>		
Contributions	\$ -	
Interest	<u>473</u>	<u>473</u>
<b>TOTAL FUNDS AVAILABLE</b>		22,510
<b>DEDUCTIONS</b>		
Scholarships		<u>500</u>
<b>NET ASSETS - JUNE 30, 2009</b>		<b><u>\$ 22,010</u></b>

**Schuylkill Valley School District  
Christopher J. Ottaviani Scholarship Fund  
Statement of Additions and Deductions  
For the Year Ended June 30, 2009**

<b>NET ASSETS - JULY 1, 2008</b>		\$ 2,610
<b>ADDITIONS</b>		
Contributions	\$ -	
Interest Earnings	<u>88</u>	<u>88</u>
<b>TOTAL FUNDS AVAILABLE</b>		2,698
<b>DEDUCTIONS</b>		
Awards		<u>350</u>
<b>NET ASSETS - JUNE 30, 2009</b>		<b><u>\$ 2,348</u></b>

**Activity Account Award Scholarship Fund  
Statement of Additions and Deductions  
For the Year Ended June 30, 2009**

<b>NET ASSETS - JULY 1, 2008</b>		\$ 1,070
<b>ADDITIONS</b>		
Contributions	\$ -	
Gain (Loss) on Investments	(1,070)	
Interest Earnings	<u>-</u>	<u>(1,070)</u>
<b>TOTAL FUNDS AVAILABLE</b>		-
<b>DEDUCTIONS</b>		
Transfer to Activity Fund		<u>-</u>
<b>NET ASSETS - JUNE 30, 2009</b>		<b><u>\$ -</u></b>

**Schuylkill Valley School District  
 Joshua Scolastieo Scholarship Fund  
 Statement of Additions and Deductions  
 For the Year Ended June 30, 2009**

<b>NET ASSETS - JULY 1, 2008</b>		\$ 7,702
<b>ADDITIONS</b>		
Contributions	\$ 575	
Gain on Investments	-	
Interest Earnings	227	802
<b>TOTAL FUNDS AVAILABLE</b>		8,504
<b>DEDUCTIONS</b>		
Awards		250
<b>NET ASSETS - JUNE 30, 2009</b>		\$ 8,254

**1998 A Sinking Fund  
 Statement of Revenues and Expenditures  
 For the Year Ended June 30, 2009**

<b>FUND BALANCE - JULY 1, 2008</b>		\$ 74
<b><u>REVENUES AND OTHER FINANCING SOURCES</u></b>		
Transfer from General Fund	\$ -	
Transfer from 2008 Bond Fund	-	
Interest	-	-
<b>TOTAL FUNDS AVAILABLE</b>		74
<b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>		
<b>SUPPORT SERVICES:</b>		
Fees	-	
<b>DEBT SERVICE:</b>		
Bond Principal	-	
Bond Interest	-	-
<b>FUND BALANCE - JUNE 30, 2009</b>		\$ 74

**Schuylkill Valley School District  
2002 Bond Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2009**

<b>FUND BALANCE - JULY 1, 2008</b>		\$ 64
<b><u>REVENUES AND OTHER FINANCING SOURCES</u></b>		
Transfer from General Fund	\$ -	
Transfer from 2008 GON Bond Fund	-	
Interest	-	-
<b>TOTAL FUNDS AVAILABLE</b>		64
<b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>		
<b>SUPPORT SERVICES:</b>		
Dues and Fees	-	
<b>DEBT SERVICE:</b>		
Bond Principal	-	
Bond Interest	-	
<b>OTHER FINANCING USES:</b>		
Bond Discount	-	
Payment to Refunded Bonds Escrow Agent	-	-
<b>FUND BALANCE - JUNE 30, 2009</b>		<b>\$ 64</b>

**2006 AB Bond Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2009**

<b>FUND BALANCE - JULY 1, 2008</b>		\$ 394
<b><u>REVENUES AND OTHER FINANCING SOURCES</u></b>		
Transfer from General Fund	\$ 1,067,362	
Interest	8	1,067,370
<b>TOTAL FUNDS AVAILABLE</b>		1,067,764
<b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>		
<b>SUPPORT SERVICES:</b>		
Bond Issue Costs	-	
<b>DEBT SERVICE:</b>		
Bond Principal	10,000	
Bond Interest	1,057,757	
<b>OTHER FINANCING USES:</b>		
Bond Discount	-	
Payment to Refunded Bonds Escrow Agent	-	1,067,757
<b>FUND BALANCE - JUNE 30, 2009</b>		<b>\$ 7</b>

**Schuykill Valley School District  
2008 GON Bond Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2009**

<b>FUND BALANCE - JULY 1, 2008</b>		\$ 3,542
 <b><u>REVENUES AND OTHER FINANCING SOURCES</u></b>		
Transfer from General Fund	\$ 730,063	
Bond Premium	-	
Interest	3,291	733,354
<b>TOTAL FUNDS AVAILABLE</b>		<b>736,896</b>
 <b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>		
<b>SUPPORT SERVICES:</b>		
Bond Issue Costs	-	
<b>DEBT SERVICE:</b>		
Bond Principal	550,000	
Bond Interest	186,888	
<b>OTHER FINANCING USES:</b>		
Transfer to Sinking Fund	-	
Bond Discount	-	736,888
<b>FUND BALANCE - JUNE 30, 2009</b>		<b><u><u>8</u></u></b>

**Schuylkill Valley School District  
2006 Construction Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2009**

<b>FUND BALANCE - JULY 1, 2008</b>		\$ 4,171,890
 <b><u>REVENUES AND OTHER FINANCING SOURCES</u></b>		
Proceeds from Bond Issues	\$ -	
Refund of Prior Year Expenditures	246,511	
Investment Earnings	46,946	<u>293,457</u>
<b>TOTAL FUNDS AVAILABLE</b>		<b>4,465,347</b>
 <b><u>EXPENDITURES AND OTHER FINANCING USES</u></b>		
<b>INSTRUCTIONAL:</b>		
Supplies	12,309	
Books & Periodicals	9,057	
Equipment	394,021	
<b>SUPPORT SERVICES:</b>		
Professional Services	1,381	
Other Purchased Services	20,732	
Advertising	-	
Supplies	-	
Fees	-	
<b>NON-INSTRUCTIONAL SERVICES:</b>		
Professional Services	-	
Rentals	-	
<b>CAPITAL OUTLAY:</b>		
Professional Services	87,053	
Land and Land Improvements	21,105	
Construction	1,781,098	
Supplies	-	
Equipment	-	
<b>DEBT SERVICE:</b>		
Bond Discount	-	
<b>INTERFUND TRANSFERS:</b>		
Transfer to Debt Service Funds	-	<u>2,326,756</u>
 <b>FUND BALANCE - JUNE 30, 2009</b>		 <b><u>\$ 2,138,591</u></b>

**Schuylkill Valley School District**  
**Schedule on General Obligation Bonds - Series of 2006 A**  
**For the Year Ended June 30, 2009**

<u>FISCAL YEAR</u>	INTEREST		PRINCIPAL
	<u>RATE</u>	<u>INTEREST</u>	
2009-10	3.60%	\$ 841,318	\$ 5,000
2010-11	3.60%	841,138	15,000
2011-12	3.70%	840,598	10,000
2012-13	3.75%	840,228	10,000
2013-14	3.80%	839,852	45,000
2014-15	4.00%	838,142	1,710,000
2015-16	4.75%	769,742	2,100,000
2016-17	4.25%	669,993	2,190,000
2017-18	4.25%	576,918	2,285,000
2018-19	4.30%	479,804	2,385,000
2019-20	5.00%	377,250	2,495,000
2020-21	5.00%	252,500	2,610,000
2021-22	5.00%	122,000	2,440,000
<b>TOTALS</b>		<b>\$ 8,289,483</b>	<b>\$ 18,300,000</b>

**Schedule on General Obligation Bonds - Series of 2006 B**  
**For the Year Ended June 30, 2009**

<u>FISCAL YEAR</u>	INTEREST		PRINCIPAL
	<u>RATE</u>	<u>INTEREST</u>	
2009-10	3.60%	\$ 216,085	\$ 5,000
2010-11	3.60%	215,905	5,000
2011-12	4.00%	215,725	5,000
2012-13	4.00%	215,525	5,000
2013-14	4.00%	215,325	5,000
2014-15	4.00%	215,125	5,000
2015-16	4.00%	214,925	5,000
2016-17	4.25%	214,725	5,000
2017-18	4.25%	214,513	5,000
2018-19	4.25%	214,300	5,000
2019-20	4.25%	214,088	5,000
2020-21	4.25%	213,875	5,000
2021-22	4.25%	213,663	305,000
2022-23	4.50%	200,700	2,875,000
2023-24	4.50%	71,325	1,585,000
<b>TOTALS</b>		<b>\$ 3,065,804</b>	<b>\$ 4,825,000</b>

**Schuylkill Valley School District  
Schedule on General Obligation Bonds - Series of 2008  
For the Year Ended June 30, 2009**

<u>FISCAL YEAR</u>	<u>INTEREST RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2009-10	3.27%	\$ 203,884	\$ 1,490,000
2010-11	3.27%	155,162	1,525,000
2011-12	3.27%	105,294	1,585,000
2012-13	3.27%	53,464	1,635,000
<b>TOTALS</b>		<b>\$ 517,804</b>	<b>\$ 6,235,000</b>

**Schedule on General Obligation Notes - Series of 2008  
For the Year Ended June 30, 2009**

<u>FISCAL YEAR</u>	<u>INTEREST RATE</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2009-10	3.00%	\$ 179,080	\$ 600,000
2010-11	3.00%	161,080	615,000
2011-12	2.60%	142,630	630,000
2012-13	4.00%	126,250	615,000
2013-14	4.00%	101,650	2,290,000
2014-15	4.00%	10,050	335,000
<b>TOTALS</b>		<b>\$ 720,740</b>	<b>\$ 5,085,000</b>



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

**SCHUYLKILL VALLEY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL CFDA NO.	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/08	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/09	FOOTNOTES
<b><u>U.S. DEPT. OF EDUCATION</u></b>											
<b><u>PASSED THROUGH THE PA</u></b>											
<b><u>DEPARTMENT OF EDUCATION</u></b>											
ESEA - TITLE I - IMPROVING BASIC PROGRAMS	I	84.010	013-080375	7/1/07-9/30/08	\$ 157,091	\$ 76,219	\$ 76,219	\$ -	\$ -	\$ -	
ESEA - TITLE I - IMPROVING BASIC PROGRAMS	I	84.010	013-090375	7/1/08-9/30/09	\$ 153,528	144,002	-	153,528	153,528	9,526	
ESEA - TITLE I - ACADEMIC ACHEIVEMENT AWARD	I	84.010	077-090375	7/1/08-9/30/09	\$ 5,000	1,667	-	5,000	5,000	3,333	
ESEA - TITLE IIA - IMPROVING TEACHER QUALITY	I	84.367	020-090375	7/1/08-9/30/09	\$ 62,033	62,033	-	62,033	62,033	-	
ESEA - TITLE III - LANGUAGE INSTRUCTION	I	84.365	010-090375	7/1/08-9/30/09	\$ 18,577	-	-	18,577	18,577	18,577	
<b><u>PASSED THROUGH THE</u></b>											
<b><u>BERKS COUNTY I.U.</u></b>											
IDEA - B	I	84.027	N/A	7/1/07 - 6/30/08	\$ 240,798	60,199	60,199	-	-	-	
IDEA - B	I	84.027	N/A	7/1/08 - 6/30/09	\$ 271,665	203,749	-	271,665	271,665	67,916	1
DRUG FREE SCHOOLS	I	84.186	N/A	7/1/07 - 6/30/08	\$ 4,978	4,549	4,549	-	-	-	
DRUG FREE SCHOOLS	I	84.186	N/A	7/1/08 - 6/30/09	\$ 4,600	4,600	-	4,600	4,600	-	1
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>						<u>557,018</u>	<u>140,967</u>	<u>515,403</u>	<u>515,403</u>	<u>99,352</u>	
<b><u>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u></b>											
<b><u>PASSED THROUGH THE PA.</u></b>											
<b><u>DEPARTMENT OF PUBLIC WELFARE</u></b>											
TITLE 19 - MEDICAL REIMBURSMET	I	93.778	N/A	10/1/07-9/30/08	N/A	1,078	-	1,078	1,078	-	
<b><u>PASSED THROUGH PA</u></b>											
<b><u>DEPARTMENT OF EDUCATION</u></b>											
COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT PROBLEMS	I	93.938	N/A	3/1/09-2/28/10	N/A	-	-	500	500	500	
<b>TOTAL U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>						<u>1,078</u>	<u>-</u>	<u>1,578</u>	<u>1,578</u>	<u>500</u>	
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>											
<b><u>PASSED THROUGH THE PA DEPT.</u></b>											
<b><u>OF EDUCATION:</u></b>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/08 - 6/30/09	N/A	164,031	-	165,648	165,648	1,617	3
NATIONAL SCHOOL LUNCH	S	N/A	N/A	7/1/08 - 6/30/09	N/A	23,513	-	23,756	23,756	243	
FOOD NUTRITION SVC-BREAKFAST	I	10.553	N/A	7/1/08 - 6/30/09	N/A	6,503	-	6,536	6,536	33	3
FOOD NUTRITION SVC-BREAKFAST	S	N/A	N/A	7/1/08 - 6/30/09	N/A	889	-	893	893	4	
<b><u>PASSED THROUGH THE PA DEPT.</u></b>											
<b><u>OF AGRICULTURE:</u></b>											
U.S.D.A. COMMODITIES	I	10.550	N/A	7/1/08 - 6/30/09	N/A	39,304	(1,273)	37,719	37,719	(2,858)	1,2,3
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						<u>234,240</u>	<u>(1,273)</u>	<u>234,552</u>	<u>234,552</u>	<u>(961)</u>	
<b>TOTAL AWARDS</b>						\$ 792,336	\$ 139,694	\$ 751,533	\$ 751,533	\$ 98,891	
<b>LESS - STATE SHARE</b>						<u>(24,402)</u>	<u>-</u>	<u>(24,649)</u>	<u>(24,649)</u>	<u>(247)</u>	
<b>TOTAL FEDERAL AWARDS</b>						<u>\$ 767,934</u>	<u>\$ 139,694</u>	<u>\$ 726,884</u>	<u>\$ 726,884</u>	<u>\$ 98,644</u>	

SOURCE: D -DIRECT; I -INDIRECT; F -FEDERAL; S -STATE SHARE

**Schuylkill Valley School District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2009**

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**Note 1 - Significant Accounting Policies**

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

**Note 2 - Organization and Scope**

The District recognized 2.1% of its total general fund revenue in federal awards, and 27.6% of its total enterprise fund revenue.

**Note 3 – Program Disclosure – Footnotes**

***U.S. Department of Education***

1. The federal awards passed through the Berks County Intermediate Unit are part of a consortium of participating school districts and are reflected as local source revenue on the basic financial statements.

***U. S. Department of Agriculture***

1. The District received non-monetary assistance of \$39,304 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2008-09 fiscal year, the District used \$37,719 in commodities and established a year-end inventory of \$2,858 at June 30, 2009.
2. The amount recognized as revenue in the Schedule of Expenditures of Federal Awards represents the commodities used versus the commodities received which are recognized as revenue in the financial statements.
3. The National School Lunch, School Breakfast Programs, and Donated Commodities, are considered a cluster program in accordance with OMB Circular A-133 Compliance Supplement.

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**FINANCIAL STATEMENT RECONCILIATION**

General Fund Federal Source Revenues	\$ 356,278
Federal Grants in Local Sources	276,265
Food Service Fund Federal Revenue	<u>211,488</u>
<b>Total Federal Revenue, per financial statements</b>	<b>844,031</b>
Less - Medical Access Reimbursement	(115,562)
Less: Change in Donated Commodities	<u>(1,585)</u>
<b>Total Federal Revenue on SEFA</b>	<b><u>\$ 726,884</u></b>

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Board of School Directors  
Schuylkill Valley School District  
929 Lakeshore Drive  
Leesport, PA 19533

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the General Fund of Schuylkill Valley School District as of and for the year ended June 30, 2009, which collectively comprise Schuylkill Valley School District's basic financial statements and have issued our report thereon dated December 11, 2009. We conducted our audit in accordance with auditing standards, generally accepted in the United States of America, and the standards applicable to financial audits 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 Schuylkill Valley School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Schuylkill Valley School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Schuylkill Valley School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements, 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 a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

***Compliance and Other Matters***

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

We noted certain matters that we reported to management of Schuylkill Valley School District in a separate letter dated December 11, 2009.

This report is intended solely for the information and use of management, the Board of School Directors, others within the entity, 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.

Respectfully submitted,

*Herman & Associates, P.C.*

December 11, 2009



Board of School Directors  
Schuylkill Valley School District  
929 Lakeshore Drive  
Leesport PA 19533

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

**Compliance**

We have audited the compliance of Schuylkill Valley 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, 2009. Schuylkill Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Schuylkill Valley School District's management. Our responsibility is to express an opinion on Schuylkill Valley School District's compliance based on our audit.

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

In our opinion, Schuylkill Valley 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, 2009.

**Internal Control over Compliance**

The management of Schuylkill Valley School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Schuylkill Valley School District's internal control over compliance with the 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 Entity's internal control over compliance.

## Schuylkill Valley School District

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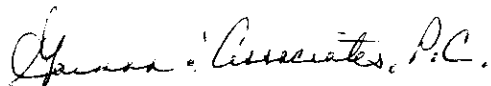
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or 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 the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of School Directors, others within the entity, 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.

Respectfully submitted,



December 11, 2009

**Schuylkill Valley School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2009**

**Section I - Summary of Auditor Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of major program:

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

Percentage of program tested to total awards 37.4%

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

Auditee qualified as low-risk auditee?  yes  no



**Schuylkill Valley School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2009**

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**Section II - Financial Statement Findings**

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There are no findings discovered, relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

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

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There were no findings discovered, relating to federal awards, which are required to be reported in accordance with OMB Circular A-133, Section 510.

*Audit Follow-Up Procedures*

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