

CHARLEROI AREA SCHOOL DISTRICT
Financial Statements
June 30, 2009

**Charleroi Area School District
Table of Contents**

	Exhibit	Page No.
FINANCIAL SECTION		
Independent Auditor's Report		1 - 2
Management's Discussion and Analysis		3 - 10
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Assets	1	11
Statement of Activities	2	12
Fund Financial Statements		
Balance Sheet - Governmental Funds	3	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	4	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6	16
Statement of Net Assets - Proprietary Fund	7	17
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Fund	8	18
Statement of Cash Flows - Proprietary Fund Type	9	19
Statement of Net Assets - Fiduciary Funds	10	20

Charleroi Area School District
Table of Contents

	Exhibit	Page No.
Notes to Financial Statements		21 - 35
Required Supplementary Information		
Statement of Revenues, Expenditures and Changes in Fund Balance General Fund - Budget and Actual	11	36
SINGLE AUDIT SECTION		
Letter of Transmittal		37
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	A	38- 39
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	B	40 - 41
Schedule of Findings and Questioned Costs	C	42
Schedule of Expenditures of Federal Awards	D	43 - 44
Management Letter (Issued Under Separate Cover)		
List of Report Distribution	E	45

SEALS & DEMILLION, P. C.
CERTIFIED PUBLIC ACCOUNTANTS
314 FIFTH STREET
CHARLEROI, PENNSYLVANIA 15022

THOMAS M. DEMILLION, C. P. A.

724 483-3522
FAX 724 483-3663

Independent Auditor Report

Members of the Board
Charleroi Area School District
Washington County, Pennsylvania

Dear Members:

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 Charleroi Area School District, Washington County, Pennsylvania as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Charleroi Area School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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


The management's discussion and analysis and budgetary comparison information on pages 3 through 10 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Board
Charleroi Area School District

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2009 on our consideration of Charleroi Area School District's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not required part of the basic financial statements of Charleroi Area School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,


Certified Public Accountants
December 21, 2009

Charleroi Area School District
Management's Discussion and Analysis
June 30, 2009

The discussion and analysis of Charleroi Area School District's financial performance provides an overall review of the School District's financial activities for 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 and financial statements to enhance their understanding of the School District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments issued June 1999.

Financial Highlights

On June 27, 2006 the Pennsylvania state legislature passed ACT 1 of 2006, The Taxpayers Relief Act (Act). The most significant financial impact of the Act is the limit placed on the school district's taxing ability. The Act states that school districts are limited to raising real estate taxes up to an index based on the following components: the statewide average weekly wage; the employment cost index and market value/income aid ratio. If the school district would need a larger tax increase, the options are to seek a referendum exception from the Pennsylvania Department of Education or the Court of Common Pleas or seek a ballot referendum question to be proposed to the voters.

The trend of prior years indicated that during the fiscal year 2008-2009, Charleroi Area School District would continue to experience another year of uncertainty in its largest source of revenues, real estate tax collections, due to the re-assessment of many, large tax revenue generating properties and a number of appeals. Real estate taxes were increased two mills for the 2008-2009 fiscal year. Current tax collections decreased by \$531,798 from the previous year due to the Commonwealth of Pennsylvania enacting Act 1 of 2006, Taxpayer Relief Act. Pennsylvania school districts received a State Property Tax Reduction Allocation made available through the legalization of gaming, which totaled \$639,425. The district experienced a decrease of \$23,795 in real estate transfer taxes due to the downturn in home sales and the economy. Other areas of local revenue fluctuated up or down from the previous year, earned income tax collections increased by \$36,038 mostly due to a change in the calculation to determine delinquent earned income taxes. However, we cannot speculate what effect the economy will have in the future. We experienced a decrease in delinquent tax collections of \$99,421 mainly as a result of the calculation used in determining delinquent vs. current earned income taxes (see above) and a decrease in delinquent real estate tax collections. Interest earnings decreased by \$54,434 as interest rates dropped. Budgeted expenditures decreased by \$238,674 over 2007-2008. The resulting general fund balance of \$921,608 is approximately 4.8% of expenditures.

The School District's food service (proprietary) fund experienced a profit of \$19,991. This, combined with previous surpluses, resulted in total net assets of \$99,205 or 14.36% of 2008-2009 expenditures. Operating revenues, mostly sales of meals to students, decreased by \$9,959. There was a large increase of \$45,051 in federal non-operating revenues. Operating expenses, mostly personnel costs and food and other supplies, increased by \$42,388.

Charleroi Area School District
Management's Discussion and Analysis
June 30, 2009

Using the Annual Financial Report

The Annual Financial Report consists of a financial section and a single audit section, which is issued to comply with federal guidelines as required in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement. Within the financial section are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Charleroi Area School District as an entire operating 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 School District's overall financial status.

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

The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

Overview of Financial Statements

Government-wide Statements

The government-wide statements report information about the School 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 regardless of when cash is received or paid.

The two government-wide statements report the School District's net assets and how they have changed. Net assets, the difference between the School District's assets and liabilities, are only one way to measure the School District's financial health or position.

Over time, increases or decreases in the School District's net assets are an indication of whether its financial health is improving or deteriorating, respectively.

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

Charleroi Area School District
Management's Discussion and Analysis
June 30, 2009

Overview of Financial Statements (Cont'd)

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

Governmental activities - All of the School District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.

Business type activities - The School District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The School District's fund financial statements, which begin with Exhibit 3, provide detailed information about the most significant funds - not the School District as a whole. Some funds are required by state law and bond requirements.

Governmental funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School 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 School 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 School District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The food service fund is the School District's 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.

Fiduciary funds - The School District is the trustee, or fiduciary, for various student activities funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets on Exhibit 10. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

Charleroi Area School District
Management's Discussion and Analysis
June 30, 2009

Financial Analysis of the School District as a Whole

Fiscal Year Ended June 30, 2009
Net Assets

	Governmental Activities	Business-Type Activities	Totals
Current and Other Assets	\$ 3,732,878	\$ 131,257	\$ 3,864,135
Capital Assets	<u>23,756,579</u>	<u>0</u>	<u>23,756,579</u>
Total Assets	<u>\$ 27,489,457</u>	<u>\$ 131,257</u>	<u>\$ 27,620,714</u>
Current and Other Liabilities	\$ 3,077,833	\$ 32,052	\$ 3,109,885
Long-Term Liabilities	<u>23,873,853</u>	<u> </u>	<u>23,873,853</u>
Total Liabilities	<u>\$ 26,951,686</u>	<u>\$ 32,052</u>	<u>\$ 26,983,738</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	(961,853)	0	(961,853)
Restricted	309,992	0	309,992
Unrestricted	<u>1,189,632</u>	<u>99,205</u>	<u>1,288,837</u>
Total Net Assets	<u>537,771</u>	<u>99,205</u>	<u>636,976</u>
Total Liabilities and Net Assets	<u>\$ 27,489,457</u>	<u>\$ 131,257</u>	<u>\$ 27,620,714</u>

Fiscal Year Ended June 30, 2008
Net Assets

	Governmental Activities	Business-Type Activities	Totals
Current and Other Assets	\$ 2,992,600	\$ 79,608	\$ 3,072,208
Capital Assets	<u>24,597,318</u>	<u>0</u>	<u>24,597,318</u>
Total Assets	<u>\$ 27,589,918</u>	<u>\$ 79,608</u>	<u>\$ 27,669,526</u>
Current and Other Liabilities	\$ 3,008,137	\$ 394	\$ 3,008,531
Long-Term Liabilities	<u>23,733,594</u>	<u> </u>	<u>23,733,594</u>
Total Liabilities	<u>26,741,731</u>	<u>394</u>	<u>26,742,125</u>

Charleroi Area School District
Management's Discussion and Analysis
June 30, 2009

Financial Analysis of the School District as a Whole (Cont'd)

Net Assets			
Invested in Capital Assets, Net of Related Debt	(399,393)	0	(399,393)
Restricted	0	0	0
Unrestricted	<u>1,247,580</u>	<u>79,214</u>	<u>1,326,794</u>
Total Net Assets	<u>848,187</u>	<u>79,214</u>	<u>927,401</u>
Total Liabilities and Net Assets	<u>\$ 27,589,918</u>	<u>\$ 79,608</u>	<u>\$ 27,669,526</u>

Most of the School District's net assets are invested in capital assets (buildings, land and equipment). The restricted net assets consist mostly of funds for the purchase or construction of capital assets.

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. 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 School District's activities that are supported by other general revenues. The two largest general revenues are the local taxes (real estate, earned income and business gross receipts) assessed to community taxpayers and the various subsidies provided by the State of Pennsylvania.

Fiscal Year Ended June 30, 2009
Revenues and Expenses

	Governmental Activities	Business-Type Activities	Totals
Revenues			
Taxes, etc.	7,321,412	0	7,321,412
Grants, Subsidies, Etc.	9,675,242	710,083	10,385,325
Investment Income	<u>50,468</u>	<u>975</u>	<u>51,443</u>
Total Revenues	17,047,122	711,058	17,758,180
Expenses			
Instruction	11,303,358		11,303,358
Instructional Student Support	817,682		817,682
Administrative	1,803,246		1,803,246
Operation and Maintenance	1,542,315		1,542,315
Pupil Transportation	608,667		608,667
Student Activities	293,905		293,905
Interest on Long Term Debt	509,722		509,722
OPEB Expense	478,643		478,643
Food Services		<u>691,067</u>	<u>691,067</u>
Total Expenses	<u>17,357,538</u>	<u>691,067</u>	<u>18,048,605</u>
Change in Net Assets	<u>\$ (310,416)</u>	<u>\$ 19,991</u>	<u>\$ (290,425)</u>

Charleroi Area School District
Management's Discussion and Analysis
June 30, 2009

Financial Analysis of the School District as a Whole (Cont'd)

Fiscal Year Ended June 30, 2008
Revenues and Expenses

	Governmental Activities	Business-Type Activities	Totals
Revenues			
Taxes, etc.	7,629,410		7,629,410
Grants, Subsidies, Etc.	8,990,690	671,384	9,662,075
Investment Income	106,577	4,582	111,159
Miscellaneous Income	<u>185,616</u>	<u>0</u>	<u>185,616</u>
Total Revenues	16,912,293	675,966	17,588,259
Expenses			
Instruction	10,903,031		10,903,031
Instructional Student Support	770,127		770,127
Administrative	1,939,199		1,939,199
Operation and Maintenance	1,646,096		1,646,096
Pupil Transportation	728,295		728,295
Student Activities	296,796		296,796
Interest on Long Term Debt	565,791		565,791
Food Services	<u> </u>	<u>648,679</u>	<u>648,679</u>
Total Expenses	<u>16,849,335</u>	<u>648,679</u>	<u>17,498,014</u>
Change in Net Assets	<u>\$ 62,958</u>	<u>\$ 27,287</u>	<u>\$ 90,245</u>

Below are the activities of the food service program, the only business-type activity of the School District.

Fiscal Years Ended June 30, 2009 and June 30, 2008
Business-type Activities

Functions/Programs	Total Cost of Services	Net from Services
Food Service (06/30/2009)	<u>\$ 691,067</u>	<u>\$ 19,991</u>
Food Service (06/30/2008)	<u>\$ 648,679</u>	<u>\$ 27,287</u>

The statement of revenues, expenses and changes in fund net assets for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

Charleroi Area School District
Management's Discussion and Analysis
June 30, 2009

School District Funds

At June 30, 2009 and June 30, 2008, the School District's governmental funds reported a combined fund balance of \$1,248,118 and \$981,555 (as adjusted) respectively.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009 and June 30, 2008, the School District had \$23,756,579 and \$24,346,937 respectively, invested in a broad range of capital assets (net of applicable depreciation), including land, building, furniture and equipment.

Capital Assets - Net of Depreciation
June 30, 2009 and June 30, 2008
Governmental Activities

	June 30, 2009	June 30, 2008
Land	\$ 637,195	\$ 637,195
Buildings and Improvements & Furniture & Equipment	23,119,384	23,709,742

The School District added approximately \$332,000 in capital assets during the year.

Debt Administration

During the year, the School District made principal payments totaling \$1,190,000 on its general obligation bonds and \$115,000 on its authority obligated bonds. The School District also recorded \$492,565 of accrued interest that relates to an authority obligation including non-refundable zero-coupon bonds. As of June 30, 2009, there was \$4,729,975 of accrued interest payable outstanding relating to this authority bond issue. Other outstanding long-term indebtedness amounts as of this date include \$15,115,000 in general obligation bonds, \$4,813,920 in authority bond obligations, and \$154,537 in capital lease obligations.

Bond Issuance (Subsequent Event)

On December 30, 2009 the Charleroi Area School District Board of Education approved the refinancing of our GOB Series of 2002 bond issue in order to take advantage of the reduced interest rates in the

Charleroi Area School District
Management's Discussion and Analysis
June 30, 2009

Capital Asset and Debt Administration (Con't)

Bond Issuance (Subsequent Event) (Con't)

market. We issued a new GOB Refunding Series A of 2009 for \$4,530,000.00. We were able to realize an up front savings of \$137,180.75 after bond issuance expenses. These funds were rolled into a new borrowing GOB Series B of 2009 for \$13,950,000 to offset the increase in debt service. The new borrowing (GOB Series B of 2009) was structured under the American Recovery and Reinvestment Act of 2009 pertaining to "Build America Bonds" as such the bonds were issued as taxable bonds with the United States Treasury reimbursing the school district 35% of interest payments. This was actually a better deal for the school district as the net interest cost to the district was less than issuing the bonds as non-taxable. The GOB Series of 2009 project is defined as: current refunding of the GOB Series of 2002 in order to reduce debt service over the life of the series; renovation and construction of the elementary center (including, but not limited to the cafeteria, elevators, classrooms and HVAC system); renovation of the auditorium (including, but not limited to seats, roof, carpet, lights and HVAC system); renovation of the high school including, but not limited to the gymnasium, cafeteria and elevators (with projects including, but not limited to lighting, flooring, roof and HVAC system); construction of an auxiliary gymnasium; renovation and /or construction of a new stadium; renovation of the planetarium; purchase of vehicles(including, but not limited to three buses, two pick-up trucks and one box delivery truck; paving of the parking lots; funding capitalized interest for the construction and paying the cost of issuance of the Bonds).

Contacting the School District Regarding Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional information, please contact:

Michael A. Gigliotti
Business Manager
Charleroi Area School District
125 Fecsen Drive
Charleroi, PA 15022-2299
Telephone: (724) 483-3509 ext. 1216
E-mail: mgigliotti@charleroisd.org

Charleroi Area School District
Statement of Net Assets
June 30, 2009

Exhibit 1

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,967,770	\$ 81,076	\$ 2,048,846
Taxes Receivable (Net)	662,986		662,986
Due from Other Governments	225,257		225,257
Other Receivables	16,914	42,193	59,107
Inventories		7,988	7,988
Prepaid Expenses	<u>424,024</u>		<u>424,024</u>
Total Current Assets	<u>3,296,951</u>	<u>131,257</u>	<u>3,428,208</u>
Noncurrent Assets			
Land	637,195		637,195
Building and Building Improvements	22,305,263		22,305,263
Furniture and Equipment	814,121		814,121
Long-term Prepayments & Receivables	<u>435,927</u>		<u>435,927</u>
Total Noncurrent Assets	<u>24,192,506</u>	<u>0</u>	<u>24,192,506</u>
TOTAL ASSETS	<u>\$ 27,489,457</u>	<u>\$ 131,257</u>	<u>\$ 27,620,714</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 257,526	\$ 6,433	\$ 263,959
Current Portion of Long-Term Debt	1,375,000		1,375,000
Current Portion of Capital Lease Payable	75,724		75,724
Accrued Salaries, Benefits, & Taxes	1,117,562		1,117,562
PR Deductions and Withholding	134,994		134,994
Internal Balance	(25,619)	25,619	0
Other Current Liabilities	<u>142,646</u>		<u>142,646</u>
Total Current Liabilities	<u>3,077,833</u>	<u>32,052</u>	<u>3,109,885</u>
Noncurrent Liabilities			
Bonds Payable	13,865,000		13,865,000
Authority Lease Obligations	4,593,920		4,593,920
Capital Lease Payable	78,813		78,813
Other Long-Term Liabilities	4,729,975		4,729,975
LT Portion of Compensated Absences	127,502		127,502
Net OPEB Liability- Note 10	<u>478,643</u>		<u>478,643</u>
Total Noncurrent Liabilities	<u>23,873,853</u>	<u>0</u>	<u>23,873,853</u>
Total Liabilities	<u>26,951,686</u>	<u>32,052</u>	<u>26,983,738</u>
Net Assets			
Invested in Capital assets (Net of Related Debt)	(961,853)		(961,853)
Capital Projects	309,992		309,992
Unrestricted	<u>1,189,632</u>	<u>99,205</u>	<u>1,288,837</u>
Total Net Assets	<u>537,771</u>	<u>99,205</u>	<u>636,976</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,489,457</u>	<u>\$ 131,257</u>	<u>\$ 27,620,714</u>

See Accompanying Notes

Charleroi Area School District
Statement of Activities
Year Ended June 30, 2009

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges For Services	Operating Grants and Contributions	Govern- mental Activities	Business- Type Activities	Totals
Governmental Activities						
Instruction	\$ 12,157,640	\$ -	\$ 854,282	\$(11,303,358)	\$ -	\$(11,303,358)
Instructional Student Support	847,630	-	29,948	(817,682)	-	(817,682)
Administrative and Financial Support Services	1,890,599	-	87,353	(1,803,246)	-	(1,803,246)
Operation and Maintenance of Plant Services	1,584,338	-	42,023	(1,542,315)	-	(1,542,315)
Pupil Transportation	1,196,629	-	587,962	(608,667)	-	(608,667)
Student Activities	305,788	-	11,883	(293,905)	-	(293,905)
Interest on Long-Term Debt	1,216,661	-	706,939	(509,722)	-	(509,722)
OPEB Expense	<u>478,643</u>	<u>-</u>	<u>0</u>	<u>(478,643)</u>	<u>-</u>	<u>(478,643)</u>
Total Governmental Activities	<u>19,677,928</u>	<u>-</u>	<u>2,320,390</u>	<u>(17,357,538)</u>	<u>-</u>	<u>(17,357,538)</u>
Business-Type Activities						
Food Service	<u>691,067</u>	<u>305,120</u>	<u>404,963</u>	<u>-</u>	<u>19,016</u>	<u>19,016</u>
Total Primary Government	<u>\$ 20,368,995</u>	<u>\$ 305,120</u>	<u>\$ 2,725,353</u>	<u>(17,357,538)</u>	<u>19,016</u>	<u>(17,338,522)</u>
General Revenues						
Taxes						
Grant Subsidies, Contributions & Miscellaneous				7,321,412	-	7,321,412
Investment Earnings				9,332,706	-	9,332,706
Miscellaneous Income				50,468	975	51,443
				<u>342,536</u>		<u>342,536</u>
Total General Revenues				<u>17,047,122</u>	<u>975</u>	<u>17,048,097</u>
Changes in Net Assets				(310,416)	19,991	(290,425)
Net Assets - July 1, 2008 (as adj)				<u>848,187</u>	<u>79,214</u>	<u>927,401</u>
Net Assets - June 30, 2009				<u>\$ 537,771</u>	<u>\$ 99,205</u>	<u>\$ 636,976</u>

See Accompanying Notes

Charleroi Area School District
Balance Sheet
Governmental Funds
June 30, 2009

Exhibit 3

	General Fund	Capital Reserve Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,639,429	\$ 311,823	\$ 16,518	\$ 1,967,770
Taxes Receivable	662,986			662,986
Due from Other Funds	25,619			25,619
Due from Other Governments	24,032			24,032
State Revenue Receivables	77,809			77,809
Federal Revenue Receivables	123,482			123,482
Other Receivables	16,914			16,914
Prepaid Expenses/Expenditures	<u>424,024</u>	<u> </u>	<u> </u>	<u>424,024</u>
TOTAL ASSETS	<u>\$ 2,994,295</u>	<u>\$ 311,823</u>	<u>\$ 16,518</u>	<u>\$ 3,322,636</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 255,695	\$ 1,831	\$	\$ 257,526
Accrued Salaries and Benefits	1,113,622			1,113,622
Payroll Deductions and Withholding	134,994			134,994
Other Current Liabilities	14,436			14,436
Deferred Revenues	<u>553,940</u>	<u> </u>	<u> </u>	<u>553,940</u>
Total Liabilities	<u>2,072,687</u>	<u>1,831</u>	<u>0</u>	<u>2,074,518</u>
Fund Balances				
Reserve for Capital Projects		309,992		309,992
Unreserved - Undesignated			16,518	16,518
General Fund	<u>921,608</u>	<u> </u>	<u> </u>	<u>921,608</u>
Total Fund Balances	<u>921,608</u>	<u>309,992</u>	<u>16,518</u>	<u>1,248,118</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,994,295</u>	<u>\$ 311,823</u>	<u>\$ 16,518</u>	<u>\$ 3,322,636</u>

See Accompanying Notes

Charleroi Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
Year Ended June 30, 2009

Exhibit 4

Total Fund Balances - Governmental Funds \$ 1,248,118

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

Capital Assets Net of Depreciation of \$14,643,638	23,756,579
Inclusion of outstanding debt principal and accrued interest	(24,804,142)
Compensated absences	(167,502)
Deferred taxes, etc.	550,000
Bond discount/issue costs, net of amortization	435,927
Net OPEB liability at year end	(478,643)
Other	(2,566)

Total Net Assets - Governmental Activities \$ 537,771

See Accompanying Notes

Charleroi Area School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2009

Exhibit 5

	General Fund	Capital Project Fund	Non-Major Funds	Total Governmental Funds
Revenues				
Local Sources	\$ 7,532,863	\$ 3,276	\$ 29,110	\$ 7,565,249
State Sources	11,032,511			11,032,511
Federal Sources	<u>591,541</u>	<u> </u>	<u> </u>	<u>591,541</u>
Total Revenues	<u>19,156,915</u>	<u>3,276</u>	<u>29,110</u>	<u>19,189,301</u>
Expenditures				
Regular programs	8,283,814			8,283,814
Special programs	2,491,615			2,491,615
Vocational programs	441,631			441,631
Other instructional	387,580			387,580
Pupil personnel services	372,123			372,123
Instructional staff services	264,051			264,051
Administrative services	1,246,097			1,246,097
Pupil health	166,409			166,409
Business services	238,220			238,220
Operation of plant	1,512,262	42,973		1,555,235
Student transportation	1,240,527			1,240,527
Central & other support	341,671			341,671
Student activities	261,575		23,194	284,769
Community Service	6,248			6,248
Debt service	1,926,144			1,926,144
Refund of prior years	<u>0</u>	<u> </u>	<u> </u>	<u>0</u>
Total Expenditures	<u>19,179,967</u>	<u>42,973</u>	<u>23,194</u>	<u>19,246,134</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(23,052)</u>	<u>(39,697)</u>	<u>5,916</u>	<u>(56,833)</u>
Other Financing Sources (Uses)				
Bond Proceeds	<u>0</u>	<u>323,396</u>	<u>0</u>	<u>323,396</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>323,396</u>	<u>0</u>	<u>323,396</u>
Net Change in Fund Balances	<u>(23,052)</u>	<u>283,699</u>	<u>5,916</u>	<u>266,563</u>
Fund Balances - July 1, 2008 (Adj)	<u>944,660</u>	<u>26,293</u>	<u>10,602</u>	<u>981,555</u>
Fund Balances - June 30, 2009	<u>\$ 921,608</u>	<u>\$ 309,992</u>	<u>\$ 16,518</u>	<u>\$ 1,248,118</u>

See Accompanying Notes

Charleroi Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2009

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$ 266,563
--	------------

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

Payments for debt service principal and bond costs, net	1,692,803
Inclusion of accrued interest payable on authority obligations and bonds payable	(474,460)
Current acquisition costs of non-current assets	332,195
Depreciation expense for current year	(922,553)
Amortization expense - bond costs	(121,057)
Compensated absences	82,262
Delinquent taxes receivable	178,277
Increase in bonds payable due to refunding & capital leases	(865,737)
Net OPEB liability at year end	(478,643)
Other	(66)

Change in Net Assets - Governmental Activities	<u><u>\$ (310,416)</u></u>
--	-----------------------------

Charleroi Area School District
Statement of Net Assets
Proprietary Fund
June 30, 2009

Exhibit 7

	<u>Food Service Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 81,076
Due from Other Governments	42,193
Other Receivables	0
Inventories	<u>7,988</u>
Total Current Assets	<u>131,257</u>
 TOTAL ASSETS	 <u><u>\$ 131,257</u></u>
 LIABILITIES AND NET ASSETS	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 6,433
Due to other funds	<u>25,619</u>
Total Current Liabilities	32,052
 Net Assets	
Unrestricted	<u>99,205</u>
Total Net Assets	<u>99,205</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 131,257</u></u>

See Accompanying Notes

Charleroi Area School District
Statement of Revenues, Expenses and Changes
in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2009

Exhibit 8

	<u>Food Service Fund</u>
Operating Revenues	
Food Service Revenue	\$ 305,120
Operating Expenses	
Salaries	184,673
Employee Benefits	53,723
Supplies	6,877
Dues & Fees	684
Other Purchased Services	<u>445,110</u>
Total Operating Expenditures	<u>691,067</u>
Operating Income (Loss)	(385,947)
Nonoperating Revenues (Expenses)	
State Sources	30,121
Federal Sources	374,842
Earnings on Investments	<u>975</u>
Total Nonoperating Revenues (Expenses)	<u>405,938</u>
Change in Net Assets	19,991
Total Net Assets - July 1, 2008	<u>79,214</u>
Total Net Assets - June 30, 2009	<u><u>\$ 99,205</u></u>

See Accompanying Notes

Charleroi Area School District
Statement of Cash Flows
Proprietary Fund Type
Year Ended June 30, 2009

Exhibit 9

	<u>Food Service Fund</u>
Cash Flows from Operating Activities	
Cash Received from Users and Other Receipts	\$ 305,120
Cash Payments to Employees for Services	(184,673)
Cash Payments to Suppliers for Goods and Services	<u>(517,442)</u>
Net Cash Used for Operating Activities	<u>(396,995)</u>
Cash Flows from Non-Capital Financing Activities	
State Sources	30,121
Federal Sources	<u>374,842</u>
Net Cash Provided by Non-Capital Financing Activities	<u>404,963</u>
Cash Flows from Investing Activities	
Earnings on Investments	975
Loans Paid	<u>0</u>
Net Cash Provided by Investing Activities	<u>975</u>
Net Increase in Cash and Cash Flows	8,943
Cash and Cash Equivalents - Beginning of Year	<u>72,133</u>
Cash and Cash Equivalents - End of Year	<u>\$ 81,076</u>
Operating Income (Loss)	\$(385,947)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
(Increase) Decrease in Inventories/accounts receivable	34,843
Increase (Decrease) in Accounts Payable	<u>(45,891)</u>
Total Adjustments	<u>(11,048)</u>
Cash Used for Operating Activities	<u><u>\$(396,995)</u></u>

Noncash Investing, Capital and Financing Activities:

During the year ended June 30, 2009, the School District received \$23,137 of U.S.D.A. Donated Commodities in the food service fund.

See Accompanying Notes

Charleroi Area School District
Statement of Net Assets
Fiduciary Funds
June 30, 2009

Exhibit 10

	Activity <u>Funds</u>
ASSETS	
Cash and Equivalents	\$ 83,598
	<hr/>
TOTAL ASSETS	<u>\$ 83,598</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Other Current Liabilities	\$ 83,598
	<hr/>
Net Assets	
Restricted	<u>0</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 83,598</u>

See Accompanying Notes

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 1 - Summary of Significant Accounting Policies

Charleroi Area School District, located in Washington County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of Charleroi, Pennsylvania.

The School District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the School District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the School District has chosen not to do so. The more significant accounting policies in GAAP and used by the School District are discussed below.

The following is a summary of the more significant policies:

A. Financial Reporting Entity

In evaluating how to define a government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and more specifically, the provisions of Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity". The following summarizes the guidance provided by GASB in determining the governmental activities, organizations, functions and component units that should be included in the governing entity's financial statements. The criterion for inclusion of a component unit is if the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, it has been determined that the School District (the primary government) has no potential component units to be included in its financial reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the School District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Cont'd)

B. Government-Wide and Fund Financial Statements (Cont'd)

to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of any uncollectible amounts, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this period, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes levied but collected beyond 60 days after year end are recorded as deferred revenue to be recognized as revenue when the taxes are collected. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, investment income, rent and certain miscellaneous revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues (state and federal sources), the legal and contractual requirements of the individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the School District; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure. All other revenue items are considered to be measurable and available only when cash is received by the government.

The School District reports the following major governmental funds:

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

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

The *capital reserve fund* accounts for the resources accumulated and payments made for capital related transactions.

The School District reports the following proprietary fund:

The *food service fund* accounts for the revenues, food purchases, and other costs and expenses providing meals to students and/or faculty during the school year.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's enterprise fund are charges to customers for sales of food. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Cont'd)

D. Cash and Cash Equivalents

The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. It also includes investments in PSDLAF and PA Invest.

E. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year.

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and, for comparative purposes, the actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services and object is defined as a nature of the expenditure, such as salaries or supplies. Amendments require Board approval.

All appropriations lapse at the end of each fiscal year (June 30).

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "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.

G. Inventories

On government-wide financial statements, inventories are presented at a lower of cost or market on a first-in, first-out basis, and are expensed when used.

H. 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.

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Cont'd)

I. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40 - 50
Building Improvements	20 - 30
Land Improvements	20
Furniture	20
Vehicles	8
Equipment	5 - 15
Computers	5

J. 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.

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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as service expenditures.

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Cont'd)

K. Compensated Absences

The School District's policies regarding vacation time under various contracts, provide for employees to accumulate sick days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as current and noncurrent liabilities in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, which the proprietary funds report the liability as it is incurred.

L. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

Note 2 - Deposits and Investments

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name.

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 2 - Deposits and Investments (Cont'd)

Interest Rate Risk - The School 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 Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1L. The School District has no investment policy that would further limit its investment choices. The School District's investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) and PA Invest Funds were rated AAAM by Standard & Poors.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issue.

Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

PSDLAF is governed by an elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund. The fund is audited annually by independent auditors. The fund operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund uses amortized cost to report net assets to compute share prices. The fund maintains net asset value of \$1 per share.

Note 3 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2008/2009 was 120 mills. The tax calendar for real estate taxes levied for 2008/2009 is as follows:

Tax Levy Date	July 1, 2008
2% Discount Period	Through August 31, 2008
Face Payment Period	September 1 - October 31, 2008
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2009

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$370,000.

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 4 - Interfund Balances

Interfund balances at June 30, 2009 were:

	Interfund Receivable	Interfund Payable
General Fund	\$ 25,619	\$
Food Service Fund	<u> </u>	<u>25,619</u>
	<u>\$ 25,619</u>	<u>\$ 25,619</u>

Note 5 - Public School Employees' Retirement system (PSERS)

The Government Accounting Standards Boards (GASB) requires that state and local governmental employers disclose in their notes to financial statements, certain information about the public employee retirement systems to which they contribute. The Public School Employees' Retirement System (PSERS) is providing the following information in accordance with GASB to assist the employers in the preparation of their annual financial statements.

Plan Description

Name of plan: 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) (24Pa. 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, PO Box 125, Harrisburg, PA 17108-0125. This publication is also available on the PSERS website at www.psers.state.pa.us/publications/cafr/index/htm.

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.

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 5 - Public School Employees' Retirement system (PSERS) (Cont'd)

Contribution rates:

Member Contributions -

- Active members who joined the System prior to July 22, 1983, contribute 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.

Employer Contributions - Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2009, the rate of employer's contribution was 7.13 percent of covered payroll. The 7.13 percent rate is composed of a pension contribution rate of 6.44 percent for pension benefits and 0.69 percent for healthcare insurance premium assistance.

Note 6 - Long-Term Debt

Changes in long-term debt etc. are provided below for the current year.

	<u>Original Issue Amount</u>	<u>Balance 6/30/08</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance 6/30/09</u>
Refunding Series of 2001	\$ 9,995,000	\$ 9,255,000	\$ 0	\$ 9,255,000	\$ 0
Refunding Series of 2002	9,950,000	6,420,000	0	975,000	5,445,000

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 6 - Long-Term Debt (Cont'd)

Authority Bond Obligations

Refunding Series of 2008	9,750,000	0	9,750,000	80,000	9,670,000
Refunding Series of 99B	1,985,000	665,000	0	115,000	550,000
Guaranteed Revenue Bonds Series 99C	4,168,920	<u>4,168,920</u>	<u>0</u>	<u>195,000</u>	<u>4,168,920</u>
		<u>\$ 4,833,920</u>	<u>\$ 9,750,000</u>		<u>\$ 14,388,920</u>
		<u>\$ 20,508,920</u>	<u>\$ 9,750,000</u>	<u>\$10,425,000</u>	<u>\$ 19,833,920</u>
Current					\$ 1,375,000
Long-term					<u>18,458,920</u>
					<u>\$ 19,833,920</u>

General Obligation Bonds

Refunding Series of 2008, \$9,750,000,
due serially through September 2017, interest
semiannually from 2.-% to 3.6%. \$ 9,670,000

Refunding Series of 2002, \$9,950,000,
due serially through November 2013, interest
due semiannually from 1.65% to 4.10%. 5,445,000

Refunding Series of 99B, \$1,985,000,
due serially through October 2012, interest due
semiannually from 3.75% to 5.55%. 550,000

Guaranteed Revenue Bonds Series 99C,
\$4,168,920, zero coupon bonds due October 2024. 4,168,920

\$19,833,920

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 6 - Long-Term Debt (Cont'd)

The annual requirements to amortize all debt outstanding of \$19,833,920 are provided below:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,375,000	\$ 541,735	\$ 1,916,735
2011	1,420,000	492,877	1,912,877
2012	1,480,000	438,592	1,918,592
2013	1,530,000	379,848	1,909,848
2014	1,710,000	317,019	2,027,019
After	<u>12,318,920</u>	<u>12,379,231</u>	<u>24,698,151</u>
Total	<u>\$ 19,833,920</u>	<u>\$ 14,549,302</u>	<u>\$ 34,383,222</u>

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

	<u>Balance 7/1/08</u>	<u>Additions</u>	<u>Balance 6/30/09</u>
Land	\$ 637,195	\$ 0	\$ 637,195
Building & improvements	35,063,616	(76,180)	34,987,436
Furniture & equipment	<u>2,367,211</u>	<u>408,375</u>	<u>2,775,586</u>
	<u>\$ 38,068,022</u>	<u>\$ 332,195</u>	<u>\$ 38,400,217</u>
Less Accumulated Depreciation:			
Building & improvements	\$ 11,979,821	\$ 702,352	\$ 12,682,173
Furniture & equipment	<u>1,741,264</u>	<u>220,201</u>	<u>1,961,465</u>
	<u>\$ 13,721,085</u>	<u>\$ 922,553</u>	<u>\$ 14,643,638</u>
Capital Assets (net)	<u>\$ 24,346,937</u>	<u>\$ (590,358)</u>	<u>\$ 23,756,579</u>

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 7 - Capital Assets (Cont'd)

Depreciation expense was charged to functions/programs as follows:

Instruction	\$ 598,213
Instructional Student Support	126,132
Administration & Financial Support	63,066
Operation & Maintenance of Plant, etc.	72,076
Student Activities	<u>63,066</u>
 Total Depreciation Expense	 <u><u>\$ 922,553</u></u>

Capital assets include the cost of six busses purchased under a capital lease. At June 30, 2009, the cost and accumulated depreciation of these busses is \$414,737 and \$110,406, respectively.

Note 8 - Contingent Liabilities

The School District participates in a number of federally assisted grant programs, principal of which are Title I and National School Lunch Program. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2009 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Note 9 - GOB Refunding Series 2008

On August 26, 2008 the district approved the refinancing of GOB Series 2001 bonds in order to take advantage of the reduced interest rates in the market. A new GOB Refunding Series of 2008 was issued in the amount of \$9,750,000.00. The up front savings amounted to approximately \$323,000.00.

Note 10 - Other Post-Employment Benefits Plan

A. Plan Description

The District provides post-employment insurance benefits to certain eligible employees through the Charleroi Area School District Other Post-Employment Benefits Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 10 - Other Post-Employment Benefits Plan (Cont'd)

A. Plan Description (Cont'd)

Teacher Eligibility Requirements

Teachers retiring previous to their 65th birthday shall have the right to remain in the group health plan at no cost to the District, until they attain the age of 65.

In the 2006-2009 Contract, there was an early retirement incentive plan with the following terms and conditions:

- a) An employee must have thirty (30) years of service credit in the Public School Employees' Retirement System of which fifteen (15) years of service must be in the Charleroi Area School District or as a member of the Intermediate Unit who transferred during the "Transfer of Entities".
- b) A first time eligible employee will be paid \$12,000 at the time of retirement. Hospitalization insurance will be paid at the coverage in effect at the time of retirement until the age of sixty-five (65). The retiree will pay any increase in the premium after retirement.

Act 93 Administrators Eligibility Requirements

Act 93 administrators and support personnel retiring prior to being Medicare eligible shall have the right to remain in the medical insurance group, at no cost to the District, until such time as they become eligible for Medicare benefits.

Any administrator who has thirty (30) years in the Public School Employees Retirement System of which fifteen (15) years must be in the Charleroi Area School District may elect to retire and be entitled to the following:

Commencing on the administrator's retirement date, the District will pay the employee a monthly dollar amount equal to the monthly cost of the employee's health insurance premium as paid by the District in the 12 month period leading up to the employee's retirement. The District will make these payments for five (5) years immediately following retirement. The District is only obligated to make these payments if the retiree is not covered under another medical or hospitalization insurance plan.

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the District.

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 10 - Other Post-Employment Benefits Plan (Cont'd)

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the District, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement Nos. 43 and 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation to the plan:

Annual required contribution	<u>\$ 814,087</u>
Annual OPEB cost (expense)	814,087
Contributions made	<u>(335,444)</u>
Increase in net OPEB obligation	478,643
Net OPEB obligation - beginning of year	<u>0</u>
Net OPEB obligation - end of year	<u><u>\$ 478,643</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year are as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Employer</u> <u>Contribution</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2009	\$ 814,087	\$ 335,444	41.2%	\$ 478,643

D. Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits as \$8,135,378, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,135,378. The covered payroll was approximately \$8,900,000, and the ratio of the UAAL to the covered payroll was 91.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Charleroi Area School District
Notes to Financial Statements
June 30, 2009

Note 10 - Other Post-Employment Benefits Plan (Cont'd)

E. Actuarial Methods and Assumptions

A summary of the actuarial assumptions used in the valuation is presented below:

Investment Return - The assumed rates used to discount obligations are as follows:

1. Funded Conservative	5.000%
2. Non-Funded	4.000%

Salary Scale - None assumed.

Retirement Rates - Teachers and administrators were assumed to retire immediately upon attainment of 30 years of service.

Termination - Sarason T-3.

Pre-retirement Mortality - RP-2000 Healthy Annuitant Mortality Table for males and females.

Post-retirement Mortality - RP-2000 Healthy Annuitant Mortality Table for males and females.

Rates of Disablement - Rates of disablement were not assumed.

Post-Disablement Mortality - Post-disablement mortality was not assumed in the valuation.

Administrative Expenses - None assumed.

Percent Married - Actual marital status and pre-retirement elections were used in the valuation.

Age of Spouse - Actual spouse's date of birth was used in valuation.

Medical inflation - 9% in the first year gradually decreasing by 1% per year, to an ultimate rate of 5%.

ACTUARIAL METHODS

Valuation of Obligations - The Entry Age Normal Method was used.

Valuation of Assets - Market value of assets was used.

Charleroi Area School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2009

Exhibit 11

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Budgetary)	Final Budget
			Basis)	Positive
				(Negative)
REVENUES				
Local Sources	\$ 7,435,651	\$ 7,435,651	\$ 7,532,863	\$ 97,212
State Sources	11,256,249	11,256,249	11,032,511	(223,738)
Federal Sources	<u>630,380</u>	<u>630,380</u>	<u>591,541</u>	<u>(38,839)</u>
TOTAL REVENUES	\$19,322,280	\$19,322,280	\$19,156,915	\$ (165,365)
EXPENDITURES				
Regular Programs	8,167,265	8,167,265	8,283,814	(116,549)
Special Programs	2,441,226	2,441,226	2,491,615	(50,389)
Vocational Programs	450,000	450,000	441,631	8,369
Other Instructional Programs	390,634	390,634	387,580	3,054
Pupil Personnel Services	369,742	369,742	372,123	(2,381)
Instructional Staff Services	300,188	300,188	264,051	36,137
Administrative Services	1,299,338	1,299,338	1,246,097	53,241
Pupil Health	165,376	165,376	166,409	(1,033)
Business Services	245,626	245,626	238,220	7,406
Operation and Maintenance of				
Plant Services	1,626,016	1,626,016	1,512,262	113,754
Student Transportation Services	1,223,459	1,223,459	1,240,527	(17,068)
Central & Other Support Services	407,752	407,752	328,719	79,033
Student Activities	291,958	291,958	274,527	17,431
Community Services	9,500	9,500	6,248	3,252
Debt Service (Principal & Interest)	1,934,200	1,934,200	1,926,144	8,056
Refund of Prior Year Receipts	<u> </u>	<u> </u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>19,322,280</u>	<u>19,322,280</u>	<u>19,179,967</u>	<u>142,313</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	0	0	(23,052)	(23,052)
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING				
SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	\$ 0	\$ 0	\$ (23,052)	\$ (23,052)
Fund Balance - Beginning of Fiscal Year (adj)			944,660	
FUND BALANCE - END OF YEAR			<u>\$ 921,608</u>	

See Accompanying Notes

SEALS & DEMILLION, P. C.
CERTIFIED PUBLIC ACCOUNTANTS
314 FIFTH STREET
CHARLEROI, PENNSYLVANIA 15022

THOMAS M. DEMILLION, C. P. A.

724 483-3522
FAX 724 483-3663

Members of the Board
Charleroi Area School District
Washington County, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Charleroi Area School District for the period ended June 30, 2009 were prepared to fulfill the requirements of the Office of Management and Budget's Circular A-133. A summary of the reports are as follows:

- A. Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- B. Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. Management Letter (Issued Under Separate Cover)
- F. List of Report Distribution

Respectfully submitted,



Certified Public Accountants
December 21, 2009

**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***

Members of the Board
Charleroi Area School District
Washington County, Pennsylvania

Dear Members

We have audited the financial statements of Charleroi Schools as of and for the year ended June 30, 2009, and have issued our report thereon dated December 21, 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 organization'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the organization'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 organization'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.

Members of the Board
Charleroi Area School District
Exhibit A
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the District in a separate letter dated December 21, 2009.

This report is intended solely for the information and use of the District 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,



Certified Public Accountants
December 21, 2009

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

Members of the Board
Charleroi Area School District
Washington County, Pennsylvania

Dear Members:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 of the District's compliance with those requirements.

In our opinion, Charleroi Schools 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 Charleroi Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with 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 District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or 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, 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,



Certified Public Accountants
December 21, 2009

Charleroi Area School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Exhibit C

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Charleroi Area School District.
2. No reportable conditions relating to the audit of the financial statements are reported in these statements.
3. No instances of noncompliance material to the financial statements of Charleroi Area School District were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in these financial statements.
5. The auditor's report on compliance for the major federal award program for the Charleroi Area School District expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Charleroi Area School District are reported in Part C of this Schedule.
7. The programs tested as major programs are the Title I - 84.389 and 84.010 and Title II - 84.367 and 84.318.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Charleroi Area School District qualified as a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

Charleroi Area School District

Exhibit D

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/08	Revenue Recognized	Expend- itures	Accrued or (Deferred) Revenue 6/30/09
U.S. Department of Education										
Passed through the Pennsylvania Department of Education										
Title I - ARRA	I	84.389	127-100077	2009-10	\$ 173,999	\$ 0	\$ 0	\$ 11,814	\$ 11,814	\$ 11,814
Title I	I	84.010	13-090077	2008-09	388,126	310,983	0	388,126	388,126	77,143
Title I	I	84.010	13-080077	2007-08	426,262	122,470	67,611	54,859	54,859	0
Title II-A	I	84.367	20-090077	2008-09	112,611	90,089	0	111,469	111,469	21,380
Title II-D	I	84.318	55-080077	2007-08	40,700	29,071	16,770	12,301	12,301	0
Drug Free Schools	I	84.186	100-080077	2008-09	7,334	7,334	0	7,334	7,334	0
Medical Assistance I	I	93.778	044-008077	2007-08	13,145	0	15,767	(2,622)	(2,622)	13,145
Total U.S. Department of Education						\$ 559,947	\$ 100,148	\$ 583,281	\$ 583,281	\$ 123,482

Charleroi Area School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

Exhibit D

Federal Grantor/ Pass Through Grantor/ Project Title U.S. Department of Agriculture Passed through the Pennsylvania Department of Education	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/08	Revenue Recognized	Expend- itures	Accrued or (Deferred) Revenue 06/30/09
Food Nutrition Service	S		N/A	07-08	\$ 3,230	\$ 3,230	\$ 0	\$ 0	\$ 0
Food Nutrition Service	S		N/A	08-09	27,092	0	30,120	30,120	3,028
Lunch Hi/Lo	I	10.555	N/A	08-09	275,277	34,957	279,485	279,485	39,165
Reg/Needy Breakfast	I	10.553	N/A	07-08	251	0	251	251	0
Severe Need Breakfast	I	10.553	N/A	08-09	71,969	0	71,969	71,969	0
Passed through PA Department of Agriculture					(a)	(b)	(c)		(d)
Value of USDA Donated Commodities	I	10.550	N/A	08-09	23,137	(2,849)	23,599	23,599	(2,387)
Total Federal Assistance					\$ 960,903	\$ 135,486	\$ 988,705	\$ 988,705	\$ 163,288

Footnotes: (a) = USDA Donated Commodities Received
(b) = Beginning of Year Donated Commodities Inventory
(c) = Total Value of Commodities Used
(d) = End of Year Donated Commodities Inventory

Charleroi Area School District
List of Report Distribution
June 30, 2009

- 3 Copies - Office of the Budget/Bureau of Audits
Division of Subrecipient Review
Bell Tower - Sixth Floor
303 Walnut Street
Harrisburg, Pennsylvania 17101
- 1 Copy - Federal Audit Clearinghouse
1201 East 10th Street
Jeffersonville, IN 47132