

TUNKHANNOCK AREA SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORT

JUNE 30, 2008

AND

REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

AND

SUPPLEMENTARY INFORMATION

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**INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Board of School Directors
Tunkhannock Area School District
Tunkhannock, Pennsylvania

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 Tunkhannock Area School District, Tunkhannock, Pennsylvania as of and for the year ended June 30, 2008, 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 administration. 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 the administration, 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 in the first paragraph, 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 Tunkhannock Area School District, Tunkhannock, Pennsylvania, as of June 30, 2008, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(TUNKHANNOCK AREA SCHOOL DISTRICT)
(INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-CONTINUED)

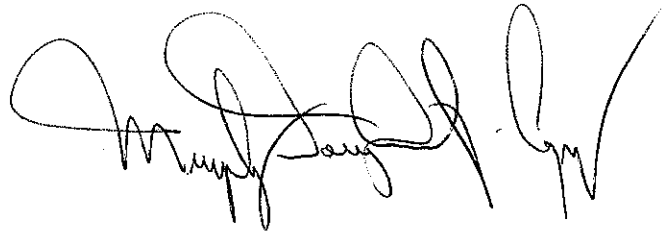
In accordance with "Government Auditing Standards", we have also issued our report dated November 26, 2008 on our consideration of Tunkhannock Area School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis information on pages 3 through 9, respectively, 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.

The supplementary information on pages 35 through 42 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Tunkhannock Area School District, Tunkhannock, Pennsylvania. Such information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tunkhannock Area School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose 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 a required part of the basic financial statements. 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.

November 26, 2008
Scranton, Pennsylvania

A handwritten signature in black ink, appearing to be a cursive name, possibly "Joseph J. [unclear]".

TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The Tunkhannock Area School district's discussion and analysis provides an overview of the district's financial performance during the fiscal year that ended on June 30, 2008. The intent of the Management Discussion and Analysis (MDA) is to look at the school district's financial performance as a whole. Please read it in conjunction with the district's financial statements and notes to the financial statements, which immediately follow this section.

The MDA is a component of the reporting model specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999.

DISTRICT FINANCIAL STRUCTURE

The Tunkhannock Area School District was formed by state law and began operations around 1970 as a School District of the Third Class.

Tunkhannock is approximately 30 miles northwest of Scranton, PA. Tunkhannock Area School District encompasses an area approximately 292 square miles in Wyoming County. The District is comprised of 13 municipalities. These include Eaton Township, Falls Township, Forkston Township, Lemon Township, Mehoopany Township, Monroe Township, North Branch Township, Northmoreland Township, Overfield Township, Tunkhannock Borough, Tunkhannock Township, Washington Township, and Windham Township. These 13 municipalities have a total population of 19,580 as of the 2000 census. The district has a student population of 3089.

The governing body of the School District is a board of nine school directors who are elected for a four year term. The district is divided into three regions and each region elects 3 directors. Daily operations and management of the School District is carried out by the administrative staff, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

The School Directors serve on the Board without compensation. These Directors have 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 the District, between the ages of six and twenty-one years, who may attend.

The Board of School Directors have the power to determine its budget; to approve and modify that budget; to levy taxes, set rates and establish charges; and to issue bonded debt. The powers may be exercised without substantive approval by another government.

TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The District is subject to the general review of the Pennsylvania Department of Education on matters that are relevant to the determination of fiscal independence. The review generally includes an approval process that is compliance oriented and is more ministerial than substantive in nature. These reviews occur annually by independent auditors and every two years by the Office of the Auditor General for the Commonwealth of Pennsylvania.

The District consists of four elementary schools (grades K-4) and one middle school (grades 5-8) and one high school (grades 9-12).

BUDGET PREPARATION AND ADOPTION

The development, review and adoption of the 2007-08 Governmental Fund Budget was completed with a detailed and exhaustive review of every revenue and expenditure item within the context of the District's mission, goals, and financial policies. The budget review process was conducted over several meetings from January through June 2007. The final budget adoption was on June 28, 2007.

CURRICULUM AND INSTRUCTION GOALS

Each year the Board of Directors adopts Curriculum and Instruction Goals as a vehicle to improve the education program to meet the guidelines of the Strategic Plan. Budget priorities for 2007 – 2008 addressed those expenditures that most enhanced the educational process via the strategic plan. The allocation of revenue and expenditures to support educational programs and services defined by the District's mission and goals are articulated through financial and operating policies. It is a delicate balance of policy choices. It also represents a delicate balance between the education needs of students and the ability of the community to provide the necessary financial support.

FINANCIAL HIGHLIGHTS

- ♦ Overall revenues in the general fund were \$38,481,669, which is a 3.53% increase over last year. Total expenditures from the General fund were \$34,515,126, which is a 7% increase over last year. Refer to Figures 1 & 2 for classification of general fund revenues and expenses.

TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

- ◆ The district revenues are comprised of Local, State and Federal sources. As shown in Figure 1.
- ◆ Local Revenues are 50.1% (\$19,274,940) of the total, State Revenues are 45.8% (\$17,611,303) and Federal Revenues are 4.2% (\$1,595,426).

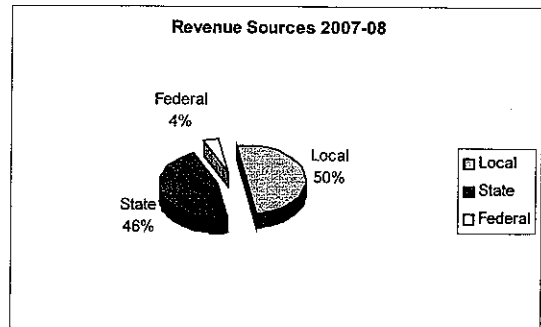


Figure 1

- ◆ The local revenues consist of an increase in Real Estate Taxes of 1.3% or \$187,539. This increase is due primarily to the increase in millage for the district. There was a zero mil tax increase for 07-08. The value of a mil for 2007-08 was \$272,553 over \$268,181 for 2006-07.

- ◆ The Earned Income Tax increased by \$102,130 or 7.56% for this year. Delinquent Tax collections saw a decrease of \$334,560 or -19.14%. Our Delinquent Taxes are collected by Wyoming County were adjusted in the previous year.
- ◆ The Revenue area that increased in 07-08 was the State Basic Subsidy by \$200,998 or 2% over 06-07.

- ◆ Expenditures increased by \$2,237,038.
- ◆ The major increase was \$1,539,383 in Instructional Salaries and Benefits. The Maintenance and Operations of the buildings increased by \$411,033. This was due to the utilization of buildings and utility costs.

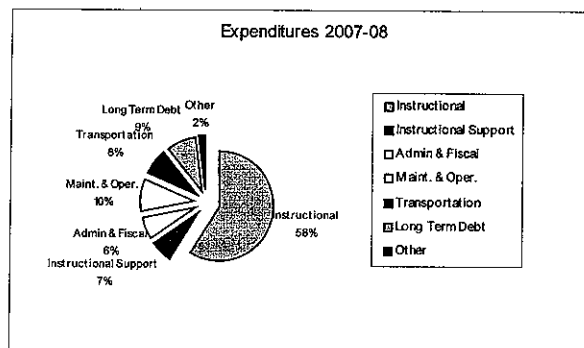


Figure 2

- ◆ The other areas of change were a decrease in Instructional Support cost by -\$15,661 or -.6% due to reduction in Intermediate Unit Services. The district is utilizing inhouse services where it can be cost effective.

TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

- ◆ In Figure 2 you can see the break down of expenditures for 2007-08. Instruction costs represent 58% (\$22,110,198) of the total expenditures and Instructional Student Support at \$2,562,904 or 6.8%. Operation & Maintenance of Buildings (\$3,679,714) and Debt Service (\$3,337,876) are the next highest expenditures.
- ◆ The Commonwealth of Pennsylvania largely funds transportation. Reimbursements are one year behind actual costs. Due to the large area covered by the district, our transportation costs of \$2,997,478 or 7.92% are a large portion of the expenditures.
- ◆ The building projects came to an end in 2007-08. All buildings are renovated and the oldest building is 1998.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis, the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different perspectives of the district:

- ◆ The first two basic financial statements are district-wide financial statements that provide both short-term and long- term information about the district’s overall financial status.
- ◆ The remaining basic financial statements are fund financial statements that focus on individual parts of the district, reporting the district’s operations in more detail.

The financial statements also include notes that explain certain data in the statements and provide more comprehensive information. The financial statements are followed by a section of required supplementary information that further explains the financial statements with a comparison of the district’s budget for the year.

District-wide Statements

The district-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 included all of the district’s net assets and how they have changed. Net assets are the difference between the district’s assets and liabilities and are considered one way to measure the district’s financial health. The statement of activities accounts for all of the current year’s revenues and expenditures, regardless of whether the asset is received or paid.

TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

- ◆ Over time, increases or decreases in the district's net assets are an indicator of whether the financial position is improving or deteriorating, respectively.
- ◆ To assess the overall financial condition of the district's additional non-financial factors, such as changes in the district's property tax base, the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the district activities are divided into two categories:

- ◆ *Governmental activities:* Most of the district's basic services are included here such as regular, special and adult education, transportation, administration, and community services. Property taxes and state subsidies finance most of the activities that occur in the General Fund.
- ◆ *Business-type activities:* The district's food service program revenues and expenditures are recorded here.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State Law and by bond covenants. The district established other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like federal grants).

The district has three types of funds:

- *Government funds:* Most of the district's basic services are included in governmental funds, which generally focus on (1) the cash and other financial assets that can be readily converted to cash flow in and out (2) the balances left at year-end are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that 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. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or difference) between them.

TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

- *Proprietary funds:* These funds are used to account for district activities that are similar to business operations in the private sector. When the district charges fees for services provided to customers, the services are usually reported a proprietary funds. The Food Service Fund is the district's proprietary fund and is the same as the business-type activities reported in the district-wide statements, but provide more detail and additional information, such as cash flows.

- *Fiduciary funds:* The district is the trustee, or fiduciary, for assets that belong to others, such as the student activities fund. The district is responsible for ensuring that those to whom the assets belong use them only for their intended purpose. The District excludes these activities from the district-wide financial statements because they cannot use these assets to finance its operations.

Tunkhannock Area School District
Major Features
Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (Except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	Activities the School District operates similar to private business – Food Services	Instances in which the School District is the trustee or agent to someone else's resources-scholarship funds.
Required financial statements	Statements 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 short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the 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 the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets

The district's total net assets were \$5,941,224 million at June 30, 2008. This shows a increase from June 30, 2007 due to construction projects closing into a capital projects fund. These projects are completed.

Current Assets

The Current Assets are comprised of 70.80% (\$7,320,549) Cash and Cash Equivalents. Next to the Cash category the Tax Receivable is \$1,657,578 of the Current Assets. (See figure 4) This is a from a increased collection efforts at Wyoming Count on the delinquent real estate taxes.

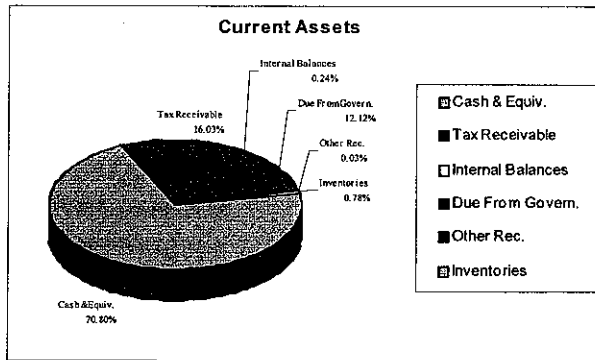


Figure 4

Non Current Assets

As shown below in Figure 5 the Non Current Assets are comprised of 94.35% (\$37,546,992) Building and Furniture Assets. Buildings and Furniture are the major assets that the district holds.

TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

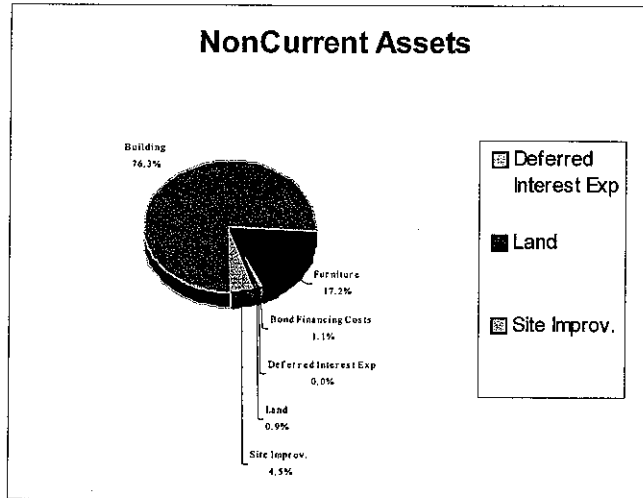


Figure 5

Liabilities

The current liabilities are comprised primarily of Accrued Salaries and Benefits which represents 41.7% (\$2,905,930) of the Current Liabilities. The balance of the liabilities represents Current Bonds Payable at 26.6% (\$1,855,000) and these are shown below in Figure 6.

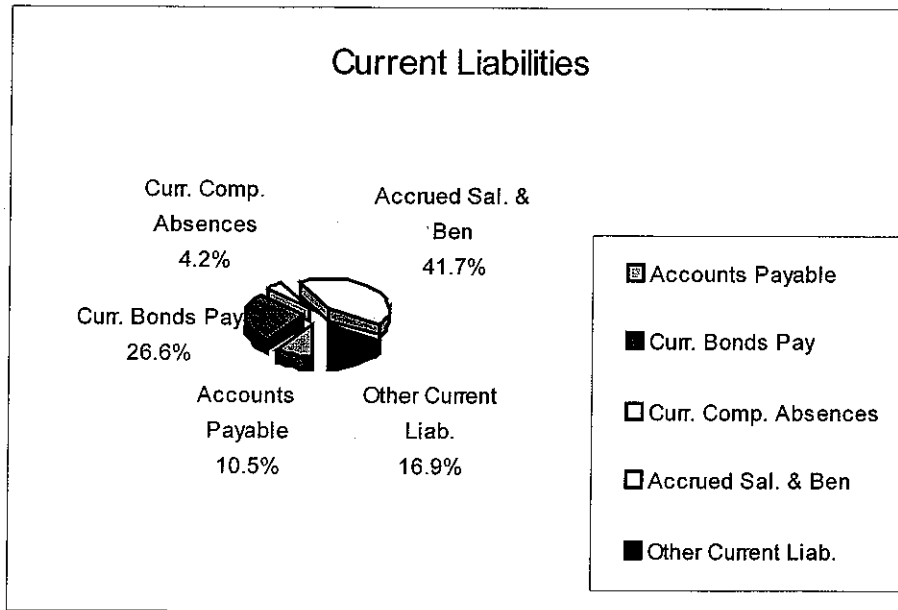


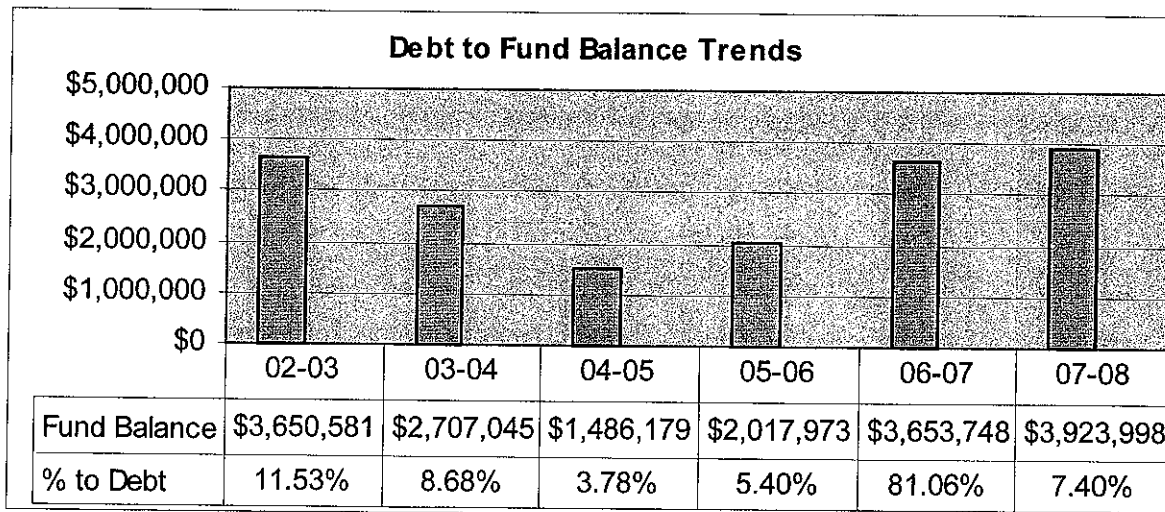
Figure 6

TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Since buildings represent the largest Non Current Asset, the largest and primary Non Current Liability would be Bonds Payable representing 97.46% in this category (figures are shown below). Compensated Absences has decreased from \$1,447,064 or 4.54% to 879,332 or 2.54% due to the early retirement incentives offered by the district at the year end of 05-06. This will increase again in 2008-09 when the early retirement incentive is offered again by the district.

Bonds Payable	\$33,750,000	97.46%
Comp. Absences	\$879,332	2.54%

The Debt to Fund Balance Trend has continued to decline from the school year 02-03 through 07-08. The District has started to renovate buildings that were built in the 70's. As of the year ending June 30, 2008 the district has completed the renovation of the last two buildings (Roslund Elementary and Mill City Elementary). In order to complete these projects the district depleted a large portion of the cash reserves. The decline has reversed during 05-06 and continued through 07-08.



TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

Comparative Analysis – Years Ending 2007 & 2008

In comparing the Statement of Net Assets, the Total Net Assets for the district increased by 93.93%. Unrestricted Assets showed the largest increase due to the transfer of construction funds remaining after completion of projects. Refer to Figure 8 below to view the comparison.

Condensed Statement of Net Assets	Governmental		Business-type		Total		Total Percentage
	Activities		Activities		School District		Change
	2007	2008	2007	2008	2007	2008	
Current Assets	\$10,161,189	\$10,340,213	\$153,078	\$150,775	\$10,314,267	\$10,490,988	3.18%
Net Capital	\$37,053,453	\$37,978,287	\$545,793	\$529,879	\$37,599,246	\$38,508,166	2.42%
Total Assets	\$47,214,642	\$48,318,500	\$698,871	\$680,654	\$47,913,513	\$48,999,154	2.27%
Long-Term Debt	\$6,317,802	\$6,975,195	\$338,467	\$45,815	\$6,656,269	\$7,021,010	5.48%
Other Liabilities	\$37,866,214	\$35,402,081	\$0	\$0	\$37,866,214	\$35,402,081	-6.5%
Total Liabilities	\$44,184,016	\$42,377,276	\$338,467	\$45,815	\$44,522,483	\$42,423,091	-4.72%
Invested in Capital net of related debt	\$-1,165,697	\$1,626,458	\$545,793	\$529,879	(\$619,904)	\$2,156,337	-447.85%
Restricted	\$2,129,733	\$1,548,063	\$0	\$0	\$2,129,733	\$1,548,063	-27.31%
Unrestricted	\$2,066,590	\$2,766,703	(\$185,389)	\$104,960	\$1,881,201	\$2,871,663	52.65%
Total Net Assets	\$3,030,626	\$5,941,224	\$360,404	\$634,839	\$3,391,030	\$6,576,063	93.93%

Figure 8

The Statement of Activities Comparison shows that the program revenues decreased by 6.87%, and the overall revenues increased by 10.49%. Subsidies increased 2.0% and Property Taxes increased by 1.28%. Expenses increased by 11.46% in total. Interest on Long Term Debt showed an increase of 7.15%. These results can be reviewed on the Figure 9 shown below.

**TUNKHANNOCK AREA SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**

Changes in Net Assets from Operating Results	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Percentage
	2007	2008	2007	2008	2007	2008	Change
<i>Program Revenues</i>							
Charges for Services	\$71,544	\$129,007	\$765,219	\$735,502	\$836,763	\$864,509	3.31%
Operating Grants & Contributions	\$8,442,139	\$9,285,701	\$597,559	\$677,465	\$9,039,698	\$9,963,166	10.20%
<i>General Revenues</i>							
Property Taxes	\$16,429,154	\$16,639,448			\$16,429,154	\$16,639,448	1.28%
Grants/Subsidies/Contributions not restricted	\$10,049,870	\$10,250,868			\$10,049,870	\$10,250,868	2.00%
Other	\$2,001,321	\$4,281,020	\$6,525	\$305,154	\$2,007,846	\$4,586,174	128.41%
Total Revenues	\$36,994,028	\$40,586,044	\$1,369,303	\$1,718,121	\$38,363,331	\$42,304,165	10.27%
<i>Expenses</i>							
Instruction	\$20,171,345	\$21,763,471			\$21,615,200	\$23,197,294	7.32%
Inst Student Support	\$2,578,565	\$2,562,904			\$2,578,565	\$2,562,904	-0.61%
Admin & Business	\$2,416,667	\$2,375,580			\$2,416,667	\$2,375,580	-1.70%
Maintenance & Operations	\$3,268,681	\$3,689,364			\$3,268,681	\$3,689,364	12.87%
Transportation	\$2,824,853	\$2,997,478			\$2,824,853	\$2,997,478	6.11%
Interest on Long Term Debt	\$1,547,630	\$1,658,243			\$1,547,630	\$1,658,243	7.15%
Unallocated Depreciation	\$1,413,962	\$1,749,052			\$1,413,962	\$1,749,052	23.70%
Other	\$716,902	\$879,354	\$835	\$9,863	\$717,737	\$889,217	23.89%
Food Service			\$1,443,855	\$1,433,823	\$1,443,850	\$1,433,823	.69%
Total Expenses	\$34,938,605	\$37,675,446	\$1,444,690	\$1,433,823	\$36,383,295	\$39,119,132	7.52%
Change in Net Assets	\$2,055,423	\$2,910,598	-\$75,387	\$274,435	\$1,980,036	\$3,185,033	60.86%
Net Asset Beginning of Period	\$975,203	\$3,030,626	\$435,791	\$360,404	\$1,410,994	\$3,391,030	140.33%
Prior Period Adjustment			0	0	0	0	0%
Net Asset End of Period	\$3,030,626	\$5,941,224	\$360,404	\$634,839	\$3,391,030	\$6,576,063	93.92%

Figure 9

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, investors and creditors, with a general overview of the district's finances and to demonstrate the district's accountability. If you have any questions about this report or need additional information, please contact Dr. Sandra Lane, Business Manager at (570) 836-8226 or by mail at the Tunkhannock Area School District, 41 Philadelphia Avenue, Tunkhannock, PA 18657.

TUNKHANNOCK AREA SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 7,320,549	\$ 97,897	\$ 7,418,446
Investments	0	0	0
Taxes Receivable, Net	1,657,578	0	1,657,578
Interfund Receivables	24,478	0	24,478
Intergovernmental Receivables	1,253,511	22,768	1,276,279
Inventories	80,532	30,110	110,642
Other Receivables, Net	3,565	0	3,565
Total Current Assets	<u>10,340,213</u>	<u>150,775</u>	<u>10,490,988</u>
<u>NON-CURRENT ASSETS</u>			
Land	326,860	0	326,860
Land improvements	1,713,557	0	1,713,557
Building and building improvements	52,839,151	836,205	53,675,356
Fixtures and equipment	6,544,838	324,739	6,869,577
Accumulated Depreciation	(23,877,414)	(631,065)	(24,508,479)
Bond financing costs, net of amortization	431,295		431,295
Bond discount, net of amortization	0		0
Bond refunding deferred charges	0	0	0
Total Non-current Assets	<u>37,978,287</u>	<u>529,879</u>	<u>38,508,166</u>
TOTAL ASSETS	<u>48,318,500</u>	<u>680,654</u>	<u>48,999,154</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Interfund Payables	6,938	17,540	24,478
Accounts Payable	734,287	0	734,287
Accrued Salaries & Benefits	2,580,980	0	2,580,980
Accrued Interest	708,649	0	708,649
Payroll Deductions and Withholdings	324,950	0	324,950
Deferred Revenues	28,970	28,275	57,245
Current Portion of Compensated Absences	293,111	0	293,111
Current portion of Special Termination Benefits	379,455		379,455
Other Current Liabilities	62,855	0	62,855
Current Portion of Long-Term Obligations	1,855,000	0	1,855,000
Total Current Liabilities	<u>6,975,195</u>	<u>45,815</u>	<u>7,021,010</u>
<u>NON-CURRENT LIABILITIES</u>			
Bonds Payable	33,750,000		33,750,000
Long-Term Portion of Compensated Absences	879,332		879,332
Long-Term Portion of Special Termination Benefits	25,920		25,920
Bond Premium, net of amortization	746,829		746,829
Total Non-current Liabilities	<u>35,402,081</u>	<u>0</u>	<u>35,402,081</u>
TOTAL LIABILITIES	<u>42,377,276</u>	<u>45,815</u>	<u>42,423,091</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,626,458	529,879	2,156,337
Restricted for:			
Capital Projects	1,548,063		1,548,063
Unrestricted	2,766,703	104,960	2,871,663
TOTAL NET ASSETS	<u>\$5,941,224</u>	<u>\$634,839</u>	<u>\$6,576,063</u>

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
STATEMENT OF NET ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2008

	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	NET (EXPENSE) AND CHANGES IN NET ASSETS BUSINESS-TYPE ACTIVITIES	TOTAL
<u>GOVERNMENTAL ACTIVITIES</u>							
<u>INSTRUCTION:</u>							
Regular	\$ 14,803,128	\$ 37,167	\$ 2,029,068	\$ -	\$ (12,736,893)	\$ -	\$ (12,736,893)
Special	3,997,739		2,497,212		(1,500,527)		(1,500,527)
Vocational	1,495,596		208,037		(1,287,559)		(1,287,559)
Other Instructional Programs	1,223,303		776,222		(447,081)		(447,081)
Adult Education Programs	28,205	4,395	22,779		(1,031)		(1,031)
Pre-K Education Programs	215,500		183,175		(32,325)		(32,325)
TOTAL INSTRUCTIONAL SERVICES	21,763,471	41,562	5,716,493		(16,005,416)		(16,005,416)
<u>SUPPORT SERVICES:</u>							
Pupil Personnel	1,182,414		61,871		(1,120,543)		(1,120,543)
Instructional Staff	990,004		42,271		(947,733)		(947,733)
Administration	1,808,633		86,872		(1,721,761)		(1,721,761)
Pupil Health	334,912		75,441		(259,471)		(259,471)
Business	490,311		22,490		(467,821)		(467,821)
Operation and Maintenance of Plant Services	3,689,364	21,487	90,020		(3,577,857)		(3,577,857)
Student Transportation Services	2,997,478		2,250,899		(746,579)		(746,579)
Central	76,636		4,017		(72,619)		(72,619)
Other Support Services	55,574		0		(55,574)		(55,574)
TOTAL SUPPORT SERVICES	11,625,326	21,487	2,633,881		(8,969,958)		(8,969,958)
<u>OPERATION OF NON-INSTRUCTIONAL SERVICES</u>							
Unallocated depreciation expense	819,280	65,958	28,943		(724,379)		(724,379)
Refund of prior years receipts	1,749,052				(1,749,052)		(1,749,052)
Interest on Long-Term Debt	60,074				(60,074)		(60,074)
TOTAL GOVERNMENTAL ACTIVITIES	1,658,243		906,384		(751,859)		(751,859)
<u>BUSINESS-TYPE ACTIVITIES</u>							
Food Service	37,675,246	129,007	9,283,701		(28,260,738)	0	(28,260,738)
Internal Service	1,433,823	735,502	660,186		0	(20,856)	(20,856)
TOTAL PRIMARY GOVERNMENT	9,863	0	0		(9,863)	(30,719)	(9,863)
TOTAL PRIMARY GOVERNMENT	\$ 39,119,132	\$ 864,509	\$ 9,945,887	\$ 17,279	\$ (28,260,738)	\$ (30,719)	\$ (28,291,457)
<u>GENERAL REVENUES:</u>							
Property taxes, levied for general purposes					16,639,448		16,639,448
Public utility ready, per capita and occupational taxes levied for general purposes					1,593,027		1,593,027
Grants, subsidies and contributions not restricted					10,250,868		10,250,868
Investment earnings					330,023	5,366	335,389
Refund of prior years expenditures					2,211,448		2,211,448
Transfers between Governmental, BT Activities					(299,788)	299,788	
Miscellaneous income					446,310		446,310
TOTAL GENERAL REVENUES					31,171,336	305,154	31,476,490
Change in Net Assets					2,910,598	274,435	3,185,033
NET ASSETS, BEGINNING OF YEAR					3,030,626	360,404	3,391,030
NET ASSETS, END OF YEAR					\$ 5,941,224	\$ 634,839	\$ 6,576,063

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 5,777,464	\$ 1,541,125	\$ 1,960	\$ 7,320,549
Investments	0		0	0
Taxes Receivable, Net	1,657,578		0	1,657,578
Interfund Receivables	17,540	6,938	0	24,478
Intergovernmental Receivables	1,253,511		0	1,253,511
Inventories	80,532			80,532
Other Receivables, Net	3,565		0	3,565
TOTAL ASSETS	8,790,190	1,548,063	1,960	10,340,213
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Interfund Payables	6,938		0	6,938
Accounts Payable	734,287			734,287
Accrued Salaries & Benefits	2,580,980			2,580,980
Payroll Deductions and Withholdings	324,950			324,950
Deferred Revenues	1,156,182			1,156,182
Other Current Liabilities	62,855			62,855
TOTAL LIABILITIES	4,866,192		0	4,866,192
<u>FUND BALANCES</u>				
Reserve for Inventories	80,532		0	80,532
Unreserved/Undesignated Fund Balances:				
General Fund	3,843,466		0	3,843,466
Capital Projects	0	1,548,063	0	1,548,063
Athletic Fund	0	0	1,960	1,960
TOTAL FUND BALANCES	3,923,998	1,548,063	1,960	5,474,021
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,790,190	\$ 1,548,063	\$ 1,960	\$ 10,340,213

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total Governmental Fund Balance \$ 5,474,021

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 in the funds. These assets consist of:

Land	326,860
Land improvements	1,713,557
Buildings and building improvements	52,839,151
Furniture and equipment	6,544,838
Accumulated Depreciation	<u>(23,877,414)</u>
Total Capital Assets	<u>37,546,992</u>

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.

1,127,212

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	(35,605,000)
Bond premium, net of amortization	(746,829)
Bond financing costs, net of amortization	431,295
Accrued interest	(708,649)
Special termination benefits	(405,375)
Compensated absences	<u>(1,172,443)</u>
Total Liabilities	<u>(38,207,001)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 5,941,224

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2008

	GENERAL	CAPITAL PROJECTS	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Sources	\$ 19,274,940	\$ 67,586	\$ -	\$ 65,958	\$ 19,408,484
State Sources	17,611,303			0	17,611,303
Federal Sources	1,595,426			0	1,595,426
TOTAL REVENUES	38,481,669	67,586	0	65,958	38,615,213
<u>EXPENDITURES</u>					
<u>Instructional Services</u>					
Regular	15,149,855			0	15,149,855
Special	3,997,739			0	3,997,739
Vocational	1,495,596			0	1,495,596
Other Instructional Programs	1,223,303			0	1,223,303
Adult Education Programs	28,205				28,205
Pre-K Education Programs	215,500			0	215,500
Total Instructional Services	22,110,198	0	0	0	22,110,198
<u>Support Services</u>					
Pupil Personnel	1,182,414				1,182,414
Instructional Staff	990,004				990,004
Administration	1,832,305	0	0	0	1,832,305
Pupil Health	334,912				334,912
Business	490,311			0	490,311
Operation and Maintenance of plant services	3,679,714			0	3,679,714
Student Transportation Services	2,997,478			0	2,997,478
Central	76,636				76,636
Other Support Services	55,574			0	55,574
Total Support Services	11,639,348	0	0	0	11,639,348
<u>Operation of Non-</u>					
<u>Instructional Services</u>					
Capital Outlay	754,453			64,827	819,280
Debt Service	0	649,256	0	0	649,256
<u>Interest</u>					
Interest	11,127		1,549,003	0	1,560,130
Principal	0		1,800,000	0	1,800,000
TOTAL EXPENDITURES	34,515,126	649,256	3,349,003	64,827	38,578,212
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,966,543	(581,670)	(3,349,003)	1,131	37,001
<u>OTHER FINANCING SOURCES (USES)</u>					
Refund of prior years expenditures	3,424				3,424
Proceeds from bond refunding	0			0	0
Refund of prior years receipts	(60,074)				(60,074)
Sale of Fixed Assets	0			0	0
Operating Transfers In	0	0	3,349,003	0	3,349,003
Operating Transfers Out	(3,648,791)			0	(3,648,791)
TOTAL OTHER FINANCING SOURCES (USES)	(3,705,441)	0	3,349,003	0	(356,438)
NET CHANGE IN FUND BALANCES	261,102	(581,670)	0	1,131	(319,437)
FUND BALANCES-BEGINNING	3,653,748	2,129,733	0	\$ 829	5,784,310
CHANGE IN INVENTORY	9,148	0	0	0	9,148
FUND BALANCES-ENDING	\$ 3,923,998	\$ 1,548,063	\$ -	\$ 1,960	\$ 5,474,021

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2008

Net change in Fund Balances-Total Governmental Funds \$ (319,437)

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. In the current period, these amounts are:

Capital outlay	2,857,280
Depreciation expense	(1,749,052)
Excess of depreciation expense over capital outlay	<u>1,108,228</u>

Repayment of long-term debt and related bond costs is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond financing cost amortization	(38,645)
Bond premium amortization	67,321
Bond refunding deferred charges amortization	(144,749)
Bond and note principal payments	1,800,000
	<u>1,683,927</u>

Some revenues that will not be collected for several months after the District's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year:

Property taxes	59,171
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Governmental activities report inventories, whereas governmental funds reserve inventory	9,148
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Net decrease in accrued interest	17,960
Decrease in special termination benefits	382,538
Increase in compensated absences	(30,937)
	<u>369,561</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,910,598</u>
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The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET(NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDING JUNE 30, 2008

<u>REVENUES</u>	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Local Sources	\$ 17,702,440	\$ 17,702,525	\$ 19,274,940	\$ 1,572,415
State Sources	16,803,336	16,803,336	17,611,303	807,967
Federal Sources	847,400	1,623,849	1,595,426	(28,423)
TOTAL REVENUES	35,353,176	36,129,710	38,481,669	2,351,959
<u>EXPENDITURES</u>				
Instructional Services				
Regular	14,828,648	14,828,648	15,149,855	(321,207)
Special	3,491,604	3,491,604	3,997,739	(506,135)
Vocational	1,639,582	1,639,582	1,495,596	143,986
Other Instructional Programs	211,512	1,015,720	1,223,303	(207,583)
Adult Education Programs	0	0	28,205	(28,205)
Pre-K Education Programs	0	0	215,500	(215,500)
TOTAL INSTRUCTIONAL SERVICES	20,171,346	20,975,554	22,110,198	(1,134,644)
Support Services				
Pupil Personnel	1,214,228	1,360,577	1,182,414	178,163
Instructional Staff	865,700	1,112,205	990,004	122,201
Administration	1,845,220	1,851,820	1,832,305	19,515
Pupil Health	318,330	318,330	334,912	(16,582)
Business	528,150	528,150	490,311	37,839
Operation and Maintenance of plant services	3,529,150	3,529,150	3,679,714	(150,564)
Student Transportation Services	2,780,900	2,893,640	2,997,478	(103,838)
Central	162,212	196,513	76,636	119,877
Other Support Services	31,000	31,500	55,574	(24,074)
TOTAL SUPPORT SERVICES	11,274,890	11,821,885	11,639,348	182,537
Operation of Non-Instructional Services	787,388	792,634	754,453	38,181
Capital Outlay	0	0	0	0
Debt Service				
Interest	0	0	11,127	(11,127)
Principal	3,349,003	3,349,003	0	3,349,003
TOTAL EXPENDITURES	35,582,627	36,939,076	34,515,126	2,423,950
EXCESS (DEFICIENCY) of Revenues OVER EXPENDITURES	(229,451)	(809,366)	3,966,543	4,775,909
<u>OTHER FINANCING SOURCES (USES)</u>				
Refund of prior years expenditures	0	0	3,424	3,424
Proceeds from bond refunding	0	0	0	0
Refund of prior years receipts	0	0	(60,074)	(60,074)
Sale of Fixed Assets	0	0	0	0
Operating Transfers In	0	0	0	0
Operating Transfers Out	(299,800)	(299,800)	(3,648,791)	(3,348,991)
Budgetary Reserve	(847,400)	(847,400)	0	847,400
TOTAL OTHER FINANCING SOURCES (USES)	(1,147,200)	(1,147,200)	(3,705,441)	(2,558,241)
Net Changes in Fund Balances	(1,376,651)	(1,956,566)	261,102	\$ 2,217,668
FUND BALANCES-BEGINNING	3,653,748	3,653,748	3,653,748	
CHANGE IN INVENTORY	0	0	9,148	
FUND BALANCES-ENDING	\$ 2,277,097	\$ 1,697,182	\$ 3,923,998	

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	<u>FOOD SERVICE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL PROPRIETARY FUNDS</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 70,060	\$ 27,837	\$ 97,897
Investments			
Taxes Receivable, Net	0		0
Interfund Receivables	0		0
Intergovernmental Receivables	22,768		22,768
Other Receivables, Net	0		0
Inventories	30,110		30,110
Prepaid Expenses			
Total Current Assets	<u>122,938</u>	<u>27,837</u>	<u>150,775</u>
<u>NON-CURRENT ASSETS</u>			
Fixtures and equipment	324,739		324,739
Accumulated depreciation	(290,106)		(290,106)
Total Non-current Assets	<u>34,633</u>	<u>0</u>	<u>34,633</u>
 TOTAL ASSETS	 <u>157,571</u>	 <u>27,837</u>	 <u>185,408</u>
 <u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Interfund Payables	17,540		17,540
Accounts Payable	0		0
Accrued Salaries & Benefits	0		0
Payroll Deductions and Withholdings	0		0
Deferred Revenues	28,275		28,275
Total Current Liabilities	<u>45,815</u>	<u>0</u>	<u>45,815</u>
 TOTAL LIABILITIES	 <u>45,815</u>	 <u>0</u>	 <u>45,815</u>
 <u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	34,633	0	34,633
Unrestricted	77,123	27,837	104,960
 TOTAL NET ASSETS	 <u>\$ 111,756</u>	 <u>\$ 27,837</u>	 <u>\$ 139,593</u>

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
RECONCILIATION OF THE PROPRIETARY FUND STATEMENT OF NET ASSETS
TO THE ENTITY-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2008

TOTAL NET ASSETS-PROPRIETARY FUNDS \$ 139,593

Amounts reported for business-type activities in the statement
of net assets are different because:

Building costs and the related accumulated depreciation
are allocated to business-type activities on the Entity-Wide
Statement of Net Assets only; they are not recorded in
the Proprietary Fund.

495,246

TOTAL NET ASSETS-BUSINESS-TYPE ACTIVITIES

\$ 634,839

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS-PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2008

	<u>FOOD SERVICE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL PROPRIETARY FUNDS</u>
<u>OPERATING REVENUE</u>			
Food service revenue	\$ 735,502	\$ -	\$ 735,502
<u>OPERATING EXPENSES</u>			
Salaries	437,014		437,014
Employee benefits	237,377	9,863	247,240
Other purchased services	29,155		29,155
Supplies	697,084		697,084
Depreciation	12,722		12,722
Total Operating Expenses	<u>1,413,352</u>	<u>9,863</u>	<u>1,423,215</u>
Operating Income (Loss)	<u>(677,850)</u>	<u>(9,863)</u>	<u>(687,713)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Earnings on investments	4,691	675	5,366
Operating transfer	279,789	20,000	299,789
Contributed capital	17,279		17,279
State sources	63,304		63,304
Federal sources	596,881		596,881
Total Non-Operating Revenue (Expenses)	<u>961,944</u>	<u>20,675</u>	<u>982,619</u>
Change in net assets	284,094	10,812	294,906
NET ASSETS, BEGINNING OF YEAR	<u>(172,338)</u>	<u>17,025</u>	<u>(155,313)</u>
NET ASSETS, END OF YEAR	<u>\$ 111,756</u>	<u>\$ 27,837</u>	<u>\$ 139,593</u>

The accompanying notes are an integral part of these financial statements.
23.

TUNKHANNOCK AREA SCHOOL DISTRICT
RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
OF THE PROPRIETARY FUND TO THE STATEMENT OF NET ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

TOTAL CHANGE IN NET ASSETS-PROPRIETARY FUNDS \$ 294,906

Amounts reported for business-type activities in the statement
of net assets are different because:

Building costs and the related accumulated depreciation
are allocated to business-type activities on the Entity-Wide
Statement of Net Assets only; they are not recorded in
the Proprietary Fund.

(20,471)

TOTAL CHANGE IN NET ASSETS-BUSINESS-TYPE ACTIVITIES

\$ 274,435

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2008

	<u>FOOD SERVICE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL PROPRIETARY FUNDS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 761,642	\$ -	\$ 761,642
Cash payments to suppliers for goods and services	(659,912)	(9,863)	(669,775)
Cash payments to employees for services	(699,856)	0	(699,856)
Cash payments for other operating expenses	0	0	0
Net Cash Provided by (used for) Operating Activities	<u>(598,126)</u>	<u>(9,863)</u>	<u>(607,989)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING SOURCES</u>			
State sources	61,892		61,892
Federal sources	504,968		504,968
Net Cash Provided by (used for) Non-capital Financing Activities	<u>566,860</u>	<u>0</u>	<u>566,860</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Fixed asset purchases	0	0	0
Net Cash Provided by (used for) Capital and Related Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Operating transfer	0	20,000	20,000
Earnings on investments	4,691	675	5,366
Net Cash Provided by (used for) Investing Activities	<u>4,691</u>	<u>20,675</u>	<u>25,366</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(26,575)	10,812	(15,763)
CASH AND CASH EQUIVALENTS, BEG. OF YEAR	96,635	17,025	113,660
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 70,060</u>	<u>\$ 27,837</u>	<u>\$ 97,897</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	(677,850)	(9,863)	(687,713)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation	12,722		12,722
Other adjustments	80,488		
(Increase) decrease in other receivables	9,222		
(Increase) decrease in inventories	(9,845)		(9,845)
Increase (decrease) in accounts payable	(4,316)		(4,316)
Increase (decrease) in interfund payable	(25,465)		
Increase (decrease) in deferred revenue	16,918		
Total Adjustments	<u>79,724</u>	<u>0</u>	<u>(1,439)</u>
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (598,126)</u>	<u>\$ (9,863)</u>	<u>\$ (689,152)</u>

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>PRIVATE PURPOSE</u> <u>TRUST</u>	
	<u>SCHOLARSHIP</u>	<u>AGENCY</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 67,315	\$135,015
Investments	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 67,315</u>	<u>\$135,015</u>
<u>LIABILITIES</u>		
Due to Students	<u>0</u>	<u>135,015</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$135,015</u>
<u>NET ASSETS</u>		
Held in Trust for Scholarships	<u>\$ 67,315</u>	

The accompanying notes are an integral part of these financial statements.

TUNKHANNOCK AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2008

	<u>PRIVATE PURPOSE</u> <u>TRUST</u>
	<u>SCHOLARSHIP</u>
<u>ADDITIONS</u>	
Investment income	\$ 2,305
Contributions	<u>15,161</u>
Total Additions	<u>17,466</u>
<u>DEDUCTIONS</u>	
Scholarships awarded	<u>19,394</u>
Total Deductions	<u>19,394</u>
Change in net assets	(1,928)
NET ASSETS, BEGINNING OF YEAR	<u>69,243</u>
NET ASSETS, END OF YEAR	<u><u>\$ 67,315</u></u>

The accompanying notes are an integral part of these financial statements.

