

*WILSON SCHOOL DISTRICT*  
**FINANCIAL AND COMPLIANCE REPORT**  
**Year Ended June 30, 2007**

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## HERBEIN+COMPANY, INC.

CERTIFIED PUBLIC ACCOUNTANTS

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**To the Board of School Directors  
Wilson School District  
West Lawn, Pennsylvania**

### Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Wilson School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wilson School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilson School District as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2007 on our consideration of Wilson School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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Management's Discussion and Analysis and the Budgetary Comparison Schedule for the General Fund 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 methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilson School District's basic financial statements. The schedules on pages 40 through 44 are presented for additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not 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.

*Herbein + Company, Inc.*

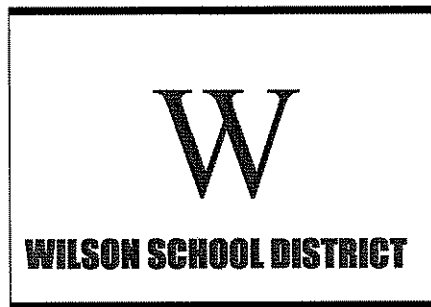
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November 12, 2007

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## **Management's Discussion and Analysis (MD&A)**

The following is a discussion and analysis of the Wilson School District's annual financial performance during the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the financial performance as a whole; readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

### **Financial Highlights**

- The District continued to sustain financial growth during the 2006-07 fiscal year. In total, net assets increased by \$5.3 million. Net assets of governmental activities (which includes the general fund, the capital projects fund and the capital reserve fund) increased by \$5.3 million which represents a 9.1% increase from 2006. Net assets of business-type activities (which includes the food service fund and child care fund) decreased by \$57,746 which represents a 5.1% decrease from 2006.
- General revenues in the form of property and other taxes along with state subsidies and investment earnings accounted for \$59.4 million or 82.6% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$12.5 million or 17.4% of total revenues.
- The District had total expenses of \$66.6 million of which \$63.2 million was for governmental activities and \$3.4 million was for business-type activities.

- The excess of revenue over expenditures in the general fund was transferred into the capital reserve account to ensure funds were available to maintain the District's physical plant and to help pay for future construction projects and other capital purchases. The District has a long-range replacement plan in place for its transportation, maintenance and building and grounds fleets as well as construction. All plans are reviewed yearly.
- Due to actual and anticipated increases in student enrollment, the District continues with capital projects. Cornwall Terrace Elementary was under construction during the 2006-07 fiscal year with final completion in August 2007. The District has begun planning for a new Junior High building to be constructed adjacent to Green Valley Elementary with an anticipated completion date of August 2010. After completion of the new Junior High the plan is to begin some renovations on the High School campus which will include joining Central Junior High as part of its facilities.
- On September 8, 2006 the collective bargaining agreement with the Wilson Education Association was signed for the period July 1, 2005 through June 30, 2010. All wage adjustments for the 2005-06 school year, although paid in October 2006, were appropriately accrued back into the prior fiscal year.
- In the May 15, 2007 municipal primary, an Emergency and Municipal Services (EMS) tax referendum was passed, enabling the District to enact its \$5 share of the existing \$52 EMS tax on those persons who work within the boundaries of the District, currently imposed by the District's townships and boroughs.

### **Overview of the Financial Statements**

This annual report consists of three parts: (1) management's discussion and analysis, (2) the basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements include two district-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The remaining statements are the fund financial statements that focus on individual parts of the District – reporting the District's operations in more detail than the district-wide statements. The governmental fund statements indicate how basic services such as regular and special education were financed in the short term as well as indicate future spending plans. Proprietary fund statements offer short-term and long-term financial information about the activities the District operates like a business, such as food services and child care. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, such as student activity funds and scholarship funds.

The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure 1 shows how the various parts of this annual report are arranged and related to one another.

**Figure 1**

**Organization of the Wilson School District Annual Financial Report**

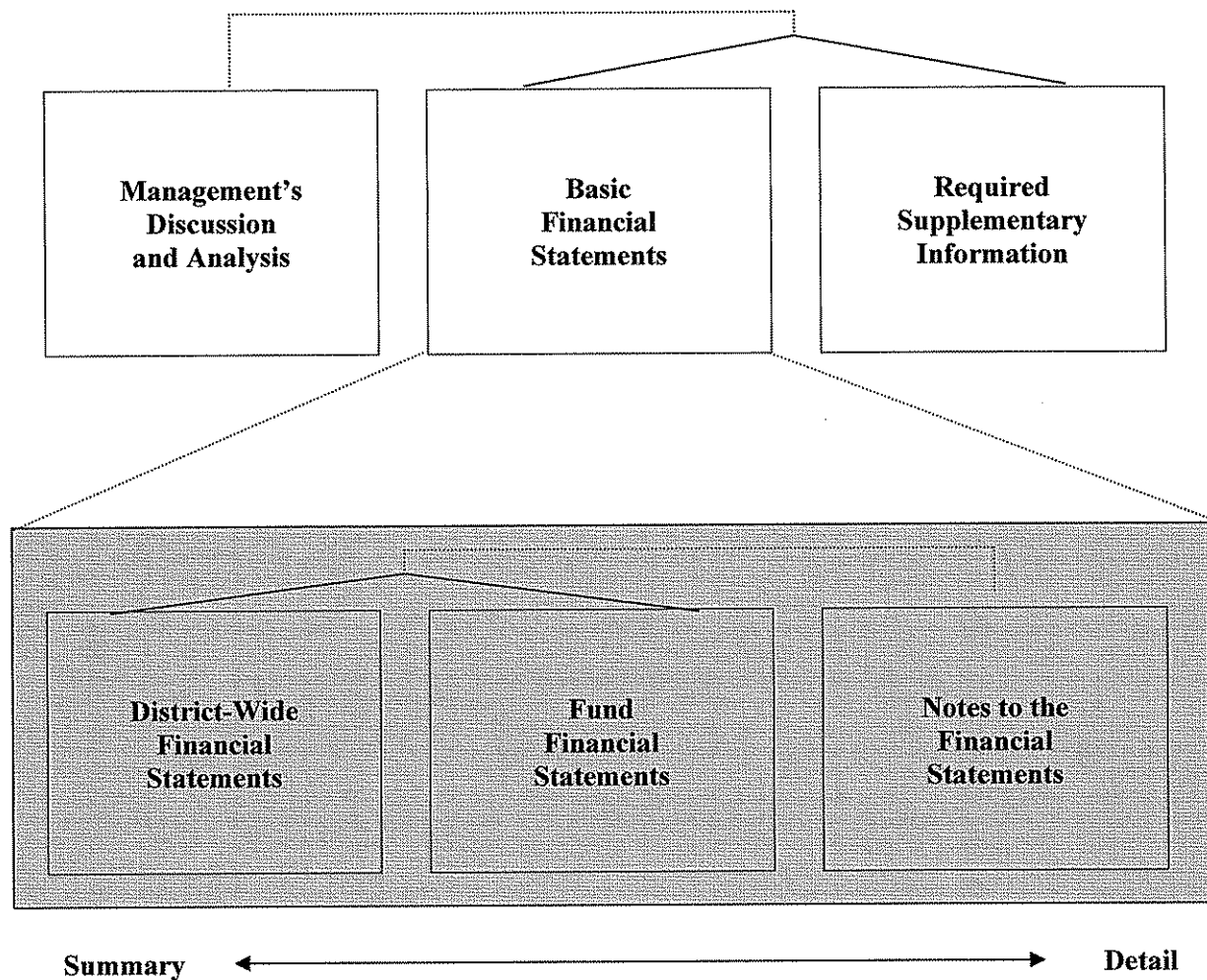




Figure 2 summarizes the major features of the District's financial statements including the portion of the District activity they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each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

**Figure 2**

<b><u>Major Features of the District-Wide and Fund Financial Statements</u></b>				
	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary, such as general operating and capital projects	Activities the District operates similar to private businesses, such as food services and child care	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fund net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of changes in net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities 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; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **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 includes all the District assets and liabilities. The Statement of Activities includes all the current year revenue and expenses regardless of when cash is received or paid.

The Statement of Net Assets presents all the District's assets and liabilities with the difference reported as "net assets." Over time, increases and decreases in net assets measure whether the District's financial position is improving or deteriorating.

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

Both statements report two activities:

- **Governmental Activities** – Most of the District's basic services such as regular and special education, maintenance and operation of plant services are reported under this category. Taxes, state subsidies, and state and federal grants generally finance these programs.
- **Business-Type Activities** – The District charges fees to cover the costs of business-type services it provides. For food service operations these consist of charges for meal purchases, federal and state subsidies and in-district catering. The child care program is funded by charges for services and federal and state subsidies.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the major individual funds of the District. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The District's funds are divided into three categories – (1) governmental, (2) proprietary, and (3) fiduciary.

- **Governmental Funds** – Most of the District's basic services are included in governmental funds that focus on how money flows into and out of these funds and the balances left at the year-end for future spending. The governmental fund financial statements provide a detailed short-term view of the general operations and the basic services provided and provide some direction as to whether there will be more or fewer 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 statement, additional information at the bottom of the governmental funds statements explains the relationship (and differences) between them.

- Proprietary Funds (Enterprise) – Services for which the District charges a fee are generally reported in the proprietary fund and utilize the accrual accounting method - the same method used by private sector businesses.
- Fiduciary Funds – The District acts as a trustee of fiduciary for assets that belong to others, such as scholarship funds or student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for the intended purposes and by those to whom the assets belong. These activities are excluded from the District-wide financial statements since these assets cannot be used to finance the District's operations.

### Financial Analysis of the District as a Whole

The Statement of Net Assets contains information about what the District owns, owes, i.e., assets and liabilities, and what is left after assets are used to satisfy liabilities. The following table is a comparative summary of the District's net assets for the fiscal years ended June 30, 2006 and June 30, 2007.

**Figure 3**

#### Condensed Statement of Net Assets

Fiscal Years Ended June 30, 2006 and June 30, 2007						
	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Current and other assets	\$43,374,277	\$32,723,984	\$884,726	\$819,552	\$44,259,003	\$33,543,536
Capital assets	117,049,113	126,372,923	412,883	361,869	117,461,996	126,734,792
<b>Total Assets</b>	<b>160,423,390</b>	<b>159,096,907</b>	<b>1,297,609</b>	<b>1,181,421</b>	<b>161,720,999</b>	<b>160,278,328</b>
Current liabilities	14,191,117	13,404,013	164,140	105,698	14,355,257	13,509,711
Long-term liabilities	87,920,165	82,070,151	0	0	87,920,165	82,070,151
<b>Total Liabilities</b>	<b>102,111,282</b>	<b>95,474,164</b>	<b>164,140</b>	<b>105,698</b>	<b>102,275,422</b>	<b>95,579,862</b>
Net Assets:						
Invested in capital assets, net of related debt	44,729,954	45,651,579	412,883	361,869	45,142,837	46,013,448
Restricted	8,610,634	3,787,660	0	0	8,610,634	3,787,660
Unrestricted	4,971,520	14,183,504	720,586	713,854	5,692,106	14,897,358
<b>Total Net Assets</b>	<b>\$58,312,108</b>	<b>\$63,622,743</b>	<b>\$1,133,469</b>	<b>\$1,075,723</b>	<b>\$59,445,577</b>	<b>\$64,698,466</b>

The District's combined net assets increased over the course of the fiscal year by \$5.3 million, which resulted from the District's governmental activities. The District's net assets in business-type activities decreased by \$57,746 which was the net result of \$81,300 of business-type income less \$139,046 of operating transfers to the General Fund.

The significant changes in current and other assets, capital assets and noncurrent liabilities are the result of recent capital projects the District has undertaken. The capital assets increased \$9.3 million, which reflects work on the following capital projects: Whitfield Elementary, Cornwall Terrace, and the new Junior High School. Principal payments on bonds payable related to these projects totaled \$6.0 million for the fiscal year ended June 30, 2007.

The increase in net assets of \$5.3 million is the combined result of growth in the District's tax base, higher than anticipated investment earnings and additional unanticipated state subsidies.

Restricted net assets of \$3.8 million are restricted for capital projects expenditures. Unrestricted net assets in governmental activities total \$14.2 million, consisting of \$8.7 million of reserves for capital purchases/construction projects and general funds of \$5.5 million or 7.6% of the District's total general fund budget, available to be used at the discretion of the Board of Directors.

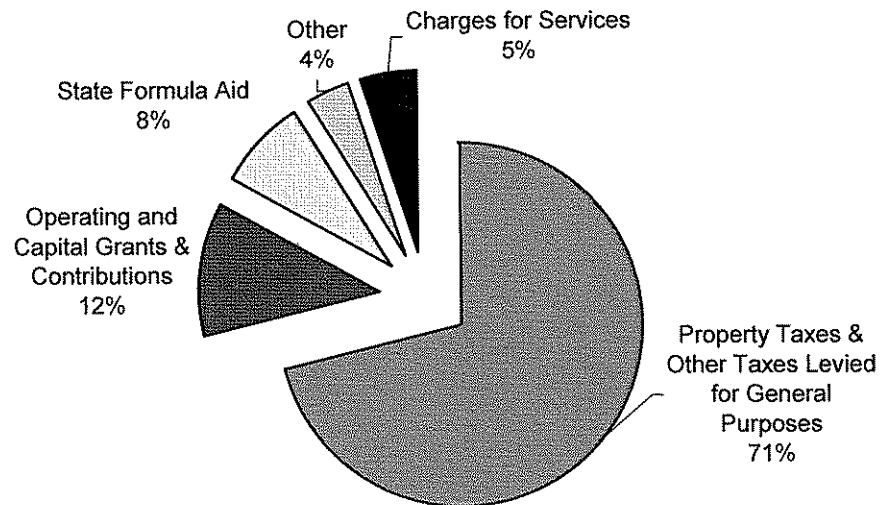
The results of operations for the fiscal year ended June 30, 2007 as a whole are reported in the Statement of Activities. Figure 4 is a comparative summary of changes in net assets for the years ending June 30, 2006 and June 30, 2007. Revenues are defined as either program or general revenues. Program revenues are generated by the services themselves or provided externally for use in a particular function. Program revenues reduce the net expense to the public. General revenues include the Basic Education Subsidy provided by the State of Pennsylvania, local taxes assessed to community taxpayers, and other general revenues the District uses to finance the total net cost of programs.

**Figure 4**  
**Changes in Net Assets from Operating Results**

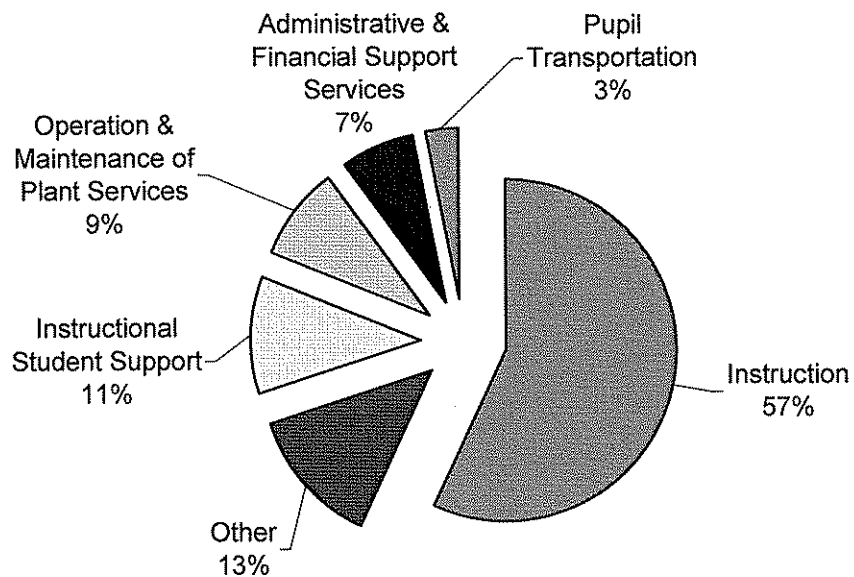
Fiscal Years Ended June 30, 2006 and June 30, 2007

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
<b>Revenues</b>						
Program Revenues						
Charges for services	\$1,279,352	\$1,113,530	\$2,452,796	\$2,748,628	\$3,732,148	\$3,862,158
Operating grants and contributions	6,188,843	6,851,010	680,702	710,560	6,869,545	7,561,570
Capital grants and contributions	1,125,242	1,052,884	0	0	1,125,242	1,052,884
General Revenues						
Property taxes and other taxes levied for general purposes	46,697,610	50,832,866	0	0	46,697,610	50,832,866
State formula aid	5,293,338	6,023,900	0	0	5,293,338	6,023,900
Other	2,418,369	2,656,513	(28,119)	(105,562)	2,390,250	2,550,951
<b>Total Revenues</b>	<b>63,002,754</b>	<b>68,530,703</b>	<b>3,105,379</b>	<b>3,353,626</b>	<b>66,108,133</b>	<b>71,884,329</b>
<b>Expenses</b>						
Instruction	33,557,362	\$37,951,650	0	0	33,557,362	37,951,650
Instructional student support	6,229,574	6,970,018	0	0	6,229,574	6,970,018
Administrative and financial support services	4,456,655	4,986,739	0	0	4,456,655	4,986,739
Operation and maintenance of plant services	4,877,924	6,129,533	0	0	4,877,924	6,129,533
Pupil transportation	1,333,151	1,685,595	0	0	1,333,151	1,685,595
Other	5,714,834	5,496,533	2,941,703	3,411,372	8,656,537	8,907,905
<b>Total Expense</b>	<b>56,169,500</b>	<b>63,220,068</b>	<b>2,941,703</b>	<b>3,411,372</b>	<b>59,111,203</b>	<b>66,631,440</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$6,833,254</b>	<b>\$5,310,635</b>	<b>\$163,676</b>	<b>(\$57,746)</b>	<b>\$6,996,930</b>	<b>\$5,252,889</b>

**Figure 5**  
**Sources of Revenues for Fiscal Year 2007**



**Figure 6**  
**Expenses for Fiscal Year 2007**



The District's good financial position is the product of several factors. In governmental activities, growth of the tax base and a collection rate of about 97%, a .96 mill increase, a vigilant effort in recording new businesses in the realm of business privilege tax collections, continued growth in real estate transfer taxes, and increased investment earnings were significant contributors.

New home and commercial construction still occurred during the 2006-07 fiscal year. However, based on recent market trends, new construction is expected to level out and the same growth is not anticipated for future years.

Figure 7 represents the cost of six major District activities: instruction, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). General revenue supports 86% of governmental activities' costs, and program revenue supports 14% of governmental activities' costs.

**Figure 7**  
**Net Cost of Governmental Activities**

Fiscal Years Ended June 30, 2006 and June 30, 2007				
	Total Cost of Services		Net Cost of Services	
	2006	2007	2006	2007
Instruction	\$33,557,362	\$37,951,650	\$28,062,154	\$31,888,090
Instructional Student Support	6,229,574	6,970,018	5,475,263	6,344,767
Administrative and Financial Support Services	4,456,655	4,986,739	4,304,031	4,797,856
Operation and Maintenance of Plant Services	4,877,924	6,129,533	4,763,808	5,987,719
Pupil Transportation	1,333,151	1,685,595	728,392	1,119,115
Other	5,714,834	5,496,533	4,242,415	4,065,097
<b>Total</b>	<b>\$56,169,500</b>	<b>\$63,220,068</b>	<b>\$47,576,063</b>	<b>\$54,202,644</b>

The following figure reflects the activities of the Business-Type Activities.

**Figure 8**  
**Net Costs of Business-Type Activities**

Fiscal Years Ended June 30, 2006 and June 30, 2007				
	Total Cost of Services		Net Cost of Services	
	2006	2007	2006	2007
Food Services	\$2,084,266	\$2,318,398	(\$103,693)	\$15,812
Child Care	857,437	1,092,974	(88,102)	(63,628)
<b>Total</b>	<b>\$2,941,703</b>	<b>\$3,411,372</b>	<b>(\$191,795)</b>	<b>(\$47,816)</b>

### Financial Analysis of the District's Funds

#### Fund Balances

Total Governmental Funds which includes the General Fund, Capital Reserve Fund, Capital Projects Fund, and other Non-Major Funds had total revenues of \$68.5 million, expenditures of \$78.1 million, and other financing sources of \$.1 million. The District's governmental funds reported combined fund balances of \$24.7 million which is \$9.5 million less than last year's total of \$34.2 million. The schedule below indicates the fund balance and the total change in fund balances as of June 30, 2006 and June 30, 2007.

	Fund Balance June 30, 2006	Fund Balance June 30, 2007	Increase (Decrease)
General Fund	\$5,425,645	\$5,425,645	\$0
Capital Reserve	\$6,191,393	\$8,709,810	\$2,518,417
Capital Projects	\$22,532,262	\$10,485,019	(\$12,047,243)
Non-Major Funds	\$94,272	\$105,017	\$10,745
<b>TOTAL</b>	<b>\$34,243,572</b>	<b>\$24,725,491</b>	<b>(\$9,518,081)</b>

The General Fund did not have an increase or decrease in fund balance because the Board authorized the entire excess of revenues over expenditures to be transferred to the Capital Reserve Fund for use in future capital purchases and future building projects.



The Capital Reserve fund increase was due primarily to the transfer from the general fund of \$2.4 million.

The Capital Projects fund had a \$12.0 million decrease due to capital outlays.

The Non-Major fund increase of \$10,745 was the result of athletic fund revenues exceeding expenditures.

### Capital Asset and Debt Administration

#### Capital Assets

In total, net capital assets increased \$9.3 million. Total depreciation expense for the year amounted to \$2.8 million, which is a 2.3% increase over the prior year. Both increases can be attributed to the completion of construction projects and capital assets starting to be depreciated during the fiscal year. The projects reflected in the construction-in-progress account are Cornwall Terrace renovations, and costs associated with planning for the new Junior High School.

**Figure 9**  
**Capital Assets (net of depreciation)**

Fiscal Years Ended June 30, 2006 and June 30, 2007						
	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Land	\$6,633,400	\$6,633,400	\$0	\$0	\$6,633,400	\$6,633,400
Site Improvements	867,998	686,787	0	0	867,998	686,787
Building and Building Improvements	94,333,546	92,193,139	0	0	94,333,546	92,193,139
Fixtures and Equipment	2,097,501	1,937,692	412,883	361,869	2,510,384	2,299,561
Construction-in-Progress	13,116,668	24,921,905	0	0	13,116,668	24,921,905
<b>Total</b>	<b>\$117,049,113</b>	<b>\$126,372,923</b>	<b>\$412,883</b>	<b>\$361,869</b>	<b>\$117,461,996</b>	<b>\$126,734,792</b>

## Long-term Debt

During the year the District made bond principal payments in the amount of \$6,005,000. The increase in the long-term portion for compensated absences is attributed to fewer retirements and staffing changes during the year.

**Figure 10**  
**Outstanding Long-Term Debt**

**For Fiscal Years Ended June 30, 2006 and June 30, 2007**

	<u>Total</u>		<u>Change</u>
	<u>2006</u>	<u>2007</u>	
General Obligation Bonds	\$93,650,000	\$87,645,000	(\$6,005,000)
Compensated Absences	838,095	927,403	89,308
<b>Total</b>	<b><u>\$94,488,095</u></b>	<b><u>\$88,572,403</u></b>	<b><u>(\$5,915,692)</u></b>

## Factors Bearing on the District's Future

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

- Under the Taxpayer Relief Act of 2006, or more commonly referred to as Act 1, Pennsylvania Public Schools are subject to a real estate property tax cap effective with the 2007-08 fiscal year. That cap is 3.4% and 4.4% for fiscal years 2007-08 and 2008-09, respectively. The District's 2007-08 millage of 18.55 included exceptions of .36 mills approved by the Pennsylvania Department of Education. The District's 2008-09 millage cannot be increased beyond the 4.4% increase or 19.37 mills. If the District anticipates needing to exceed the cap it must have exceptions approved through the courts or the Pennsylvania Department of Education or seek voter approval. In order to accommodate this new process, the timeline for the District's budget process has been accelerated by several months. In addition, the 2008-09 budget timeline was accelerated yet again due to the primary election, resulting in the District's preliminary budget required adoption date to be January 23, 2008.

Act 1 also required each District to propose a front-end referendum question on the May 2007 ballot. This question asked the voters if they would like to increase the earned income tax or implement a personal income tax in exchange for getting a real estate assessment reduction. By law, a local tax study commission was appointed to make a recommendation to the Board as to what the referendum question should be. In the May 15, 2007 municipal primary, the public voted against increasing earned income tax or implementation of a personal income tax in exchange for a real estate assessment reduction.

Act 1 also required each District to offer homestead and farmstead property owners the option of paying the flat rate of their real estate taxes in installments. Installment payments affect the normal cash flow of the District by decreasing interest earnings. For the 2007-08 fiscal year, the District established the option of three equal installments due July 31, September 30, and November 30. Approximately 2% of District real estate taxpayers elected the installment method for the 2007-08 fiscal year.

- The District's student population continues to increase requiring greater capital outlays to physically accommodate the increased number of students. The Pennsylvania Economy League study commissioned by the Wilson Board indicates increases in student population which would increase total enrollment from the current 5,800 students to over 6,500 students by the year 2016.
- With the impending enrollment increases, the Board has been planning additional construction projects. The first project will be a new Junior High School adjacent to the Green Valley Elementary School. Site plans are currently being reviewed with tentative plans to begin construction during the spring/summer of 2008 and the opening of the building in August 2010. Rough estimates for this project are \$58 million. Once the new Junior High is complete the District plans to renovate the High School campus and create additional space by connecting the current high school building with the Central Junior High building and to renovate the pool and auditorium.
- In July 2007, the District issued \$33,550,000 Series of 2007 General Obligation Bonds. Proceeds from the bonds will be used to finance various capital projects of the District including the construction of a new junior high school and to pay debt issuance costs.
- On September 8, 2006 the collective bargaining agreement with the Wilson Education Association was signed. This agreement which is effective from July 1, 2005 through June 30, 2010 provides for a 4.4% salary increase each year.
- The required District contribution to the Pennsylvania School Employees Retirement System continues to rise. The rate for 2006-07 was 6.46% and the current rate for 2007-08 is 7.13%.
- As with all employers, the increasing cost of health insurance will continue to impact the District's finances. A renewed contract with Capital Blue Cross was signed for the fiscal years, July 1, 2007 through June 30, 2010, which includes maximum annual increases of 14%, 13% and 12%, respectively.
- Energy cost increases will affect not only maintenance expenditures, but also the cost of construction.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Office of the Director of Finance, Wilson School District, 2601 Grandview Blvd., West Lawn, PA 19609.

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**WILSON SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**

**June 30, 2007**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 27,255,840	\$ 698,435	\$ 27,954,275
Investments	2,049,477	-	2,049,477
Taxes Receivable, Net	1,412,477	-	1,412,477
Internal Balances	1,858	(1,858)	-
Intergovernmental Receivables	1,149,641	66,449	1,216,090
Other Receivables, Net	60,799	4,180	64,979
Inventories	-	52,346	52,346
<b>TOTAL CURRENT ASSETS</b>	31,930,092	819,552	32,749,644
<b>CAPITAL ASSETS</b>			
Land	6,633,400	-	6,633,400
Site Improvements, Net of Depreciation	686,787	-	686,787
Building and Building Improvements, Net of Depreciation	92,193,139	-	92,193,139
Fixtures and Equipment, Net of Depreciation	1,937,692	361,869	2,299,561
Construction in Progress	24,921,905	-	24,921,905
<b>TOTAL CAPITAL ASSETS</b>	126,372,923	361,869	126,734,792
<b>OTHER - Unamortized Bond Issuance Costs</b>	793,892	-	793,892
<b>TOTAL ASSETS</b>	<u>\$ 159,096,907</u>	<u>\$ 1,181,421</u>	<u>\$ 160,278,328</u>

See accompanying notes.

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	Governmental Activities	Business- Type Activities	Total
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Intergovernmental Payables	\$ 4,337	\$ -	\$ 4,337
Accounts Payable	2,583,129	20,760	2,603,889
Accrued Salaries and Benefits	4,024,824	42,819	4,067,643
Accrued Interest	422,646	-	422,646
Deferred Revenue	52,782	42,119	94,901
Current Portion of Compensated Absences	65,955	-	65,955
Current Portion of Long-Term Obligations	6,210,000	-	6,210,000
Other Current Liabilities	40,340	-	40,340
<b>TOTAL CURRENT LIABILITIES</b>	<b>13,404,013</b>	<b>105,698</b>	<b>13,509,711</b>
<b>NONCURRENT LIABILITIES</b>			
Bonds Payable	81,435,000	-	81,435,000
Bond Discount, Net of Amortization	(39,050)	-	(39,050)
Bond Premium, Net of Amortization	2,282,960	-	2,282,960
Unamortized Bond Interest	(2,470,207)	-	(2,470,207)
Long-Term Portion of Compensated Absences	861,448	-	861,448
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>82,070,151</b>	<b>-</b>	<b>82,070,151</b>
<b>TOTAL LIABILITIES</b>	<b>95,474,164</b>	<b>105,698</b>	<b>95,579,862</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	45,651,579	361,869	46,013,448
Restricted for Capital Projects	3,787,660	-	3,787,660
Unrestricted	14,183,504	713,854	14,897,358
<b>TOTAL NET ASSETS</b>	<b>63,622,743</b>	<b>1,075,723</b>	<b>64,698,466</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 159,096,907</b>	<b>\$ 1,181,421</b>	<b>\$ 160,278,328</b>

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**WILSON SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2007**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$ 29,199,985	\$ 28,791	\$ 1,755,803	\$ -
Special	6,666,987	760,531	3,228,624	-
Vocational	1,845,702	-	73,975	-
Other Instructional Programs	238,976	6,350	209,486	-
Total Instructional Services	37,951,650	795,672	5,267,888	-
<b>Support Services:</b>				
Pupil Personnel	2,124,155	-	240,001	-
Instructional Staff	4,321,780	-	246,740	-
Administration	3,830,678	-	156,060	-
Pupil Health	524,083	-	138,510	-
Business Services	768,409	-	31,677	-
Operation of Plant and Maintenance Services	6,129,533	2,785	139,029	-
Student Transportation Services	1,685,595	-	566,480	-
Central	189,608	-	1,146	-
Other Support Services	198,044	-	-	-
Total Support Services	19,771,885	2,785	1,519,643	-
<b>Non-instructional Services:</b>				
Student Activities	1,565,407	253,227	62,688	-
Community Services	79,565	61,846	791	-
Interest on Long-Term Debt	3,851,561	-	-	1,052,884
Total Non-instructional Services	5,496,533	315,073	63,479	1,052,884
<b>Total Governmental Activities</b>	<b>63,220,068</b>	<b>1,113,530</b>	<b>6,851,010</b>	<b>1,052,884</b>
<b>Business-Type Activities:</b>				
Food Services	2,318,398	1,684,450	618,136	-
Child Care	1,092,974	1,064,178	92,424	-
Total Business-Type Activities	3,411,372	2,748,628	710,560	-
<b>Total Primary Government</b>	<b>\$ 66,631,440</b>	<b>\$ 3,862,158</b>	<b>\$ 7,561,570</b>	<b>\$ 1,052,884</b>

**General Revenues and Transfers:**

Taxes:

Property Taxes, Levied for General Purposes  
 Public Utility Realty, Earned Income, EMS Tax and  
 Mercantile Taxes Levied for General Purposes, Net  
 Grants, Subsidies, and Contributions Not Restricted  
 Investment Earnings  
 Miscellaneous Income  
 Transfers

**Total General Revenues and Transfers**

**Change in Net Assets**

**Net Assets - Beginning**

**Net Assets - Ending**



Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (27,415,391)	\$ -	\$ (27,415,391)
(2,677,832)	-	(2,677,832)
(1,771,727)	-	(1,771,727)
(23,140)	-	(23,140)
(31,888,090)	-	(31,888,090)
(1,884,154)	-	(1,884,154)
(4,075,040)	-	(4,075,040)
(3,674,618)	-	(3,674,618)
(385,573)	-	(385,573)
(736,732)	-	(736,732)
(5,987,719)	-	(5,987,719)
(1,119,115)	-	(1,119,115)
(188,462)	-	(188,462)
(198,044)	-	(198,044)
(18,249,457)	-	(18,249,457)
(1,249,492)	-	(1,249,492)
(16,928)	-	(16,928)
(2,798,677)	-	(2,798,677)
(4,065,097)	-	(4,065,097)
(54,202,644)	-	(54,202,644)
-	(15,812)	(15,812)
-	63,628	63,628
-	47,816	47,816
(54,202,644)	47,816	(54,154,828)
42,582,279	-	42,582,279
8,250,587	-	8,250,587
6,023,900	-	6,023,900
2,466,667	33,484	2,500,151
50,800	-	50,800
139,046	(139,046)	-
59,513,279	(105,562)	59,407,717
5,310,635	(57,746)	5,252,889
58,312,108	1,133,469	59,445,577
<u>\$ 63,622,743</u>	<u>\$ 1,075,723</u>	<u>\$ 64,698,466</u>

**WILSON SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2007**

	<u>General</u>	<u>Capital Reserve</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 8,868,002	\$ 6,325,989
Investments	2,009,781	-
Taxes Receivable, Net	1,421,319	-
Interfund Receivables	-	2,423,864
Intergovernmental Receivables	1,149,641	-
Other Receivables, Net	60,799	-
<b>TOTAL ASSETS</b>	<u>\$ 13,509,542</u>	<u>\$ 8,749,853</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Interfund Payable	\$ 2,417,010	\$ -
Accounts Payable	1,036,573	40,043
Intergovernmental Payables	4,337	-
Accrued Salaries and Benefits	4,090,779	-
Deferred Revenues	494,858	-
Other Current Liabilities	40,340	-
<b>TOTAL LIABILITIES</b>	8,083,897	40,043
<b>FUND BALANCES</b>		
Reserve for Capital Projects	-	-
Unreserved/Undesignated Fund Balances:		
General Fund	5,425,645	-
Capital Reserve Fund	-	8,709,810
Athletic Fund	-	-
<b>TOTAL FUND BALANCES</b>	<u>5,425,645</u>	<u>8,709,810</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 13,509,542</u>	<u>\$ 8,749,853</u>

See accompanying notes.

Capital Projects	Non-Major Funds	Total Governmental Funds
\$ 11,991,532	\$ 70,317	\$ 27,255,840
-	39,696	2,049,477
-	-	1,421,319
-	-	2,423,864
-	-	1,149,641
-	-	60,799
<u>\$ 11,991,532</u>	<u>\$ 110,013</u>	<u>\$ 34,360,940</u>
\$ -	\$ 4,996	\$ 2,422,006
1,506,513	-	2,583,129
-	-	4,337
-	-	4,090,779
-	-	494,858
-	-	40,340
1,506,513	4,996	9,635,449
10,485,019	-	10,485,019
-	-	5,425,645
-	-	8,709,810
-	105,017	105,017
<u>10,485,019</u>	<u>105,017</u>	<u>24,725,491</u>
<u>\$ 11,991,532</u>	<u>\$ 110,013</u>	<u>\$ 34,360,940</u>

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**WILSON SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS**

**June 30, 2007**

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**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 24,725,491**

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$163,661,284 and the accumulated depreciation is \$37,288,361. 126,372,923

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. 442,076

Establish allowance for doubtful accounts - property taxes receivable (8,842)

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	\$ (87,645,000)	
Accrued Interest on Bonds	(422,646)	
Unamortized Capitalized Bond Interest	2,470,207	
Unamortized Bond Premium	(2,282,960)	
Unamortized Bond Issuance Costs	793,892	
Compensated Absences	(861,448)	
Unamortized Bond Discount	39,050	(87,908,905)

**TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES** **\$ 63,622,743**

**WILSON SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2007**

	<u>General</u>	<u>Capital Reserve</u>
<b>REVENUES</b>		
Local Sources	\$ 54,155,192	\$ 174,639
State Sources	12,357,611	-
Federal Sources	<u>699,629</u>	<u>-</u>
<b>TOTAL REVENUES</b>	67,212,432	174,639
<b>EXPENDITURES</b>		
Instructional Services	35,197,838	-
Support Services	18,700,220	80,086
Operation of Non-instructional Services	1,419,935	-
Capital Outlay	-	-
Debt Service		
Principal	-	-
Interest	-	-
Refund of Prior Years Revenues	<u>1,235</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>55,319,228</u>	<u>80,086</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	11,893,204	94,553
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating Transfers In	139,046	2,423,864
Operating Transfers Out	<u>(12,032,250)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(11,893,204)</u>	<u>2,423,864</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	2,518,417
<b>FUND BALANCES - BEGINNING</b>	<u>5,425,645</u>	<u>6,191,393</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 5,425,645</u></u>	<u><u>\$ 8,709,810</u></u>

\* - \$980 transferred to the trust and agency funds.

Capital Projects	Non-Major Funds	Total Governmental Funds
\$ 838,499	\$ 227,519	\$ 55,395,849
-	1,716	12,359,327
-	-	699,629
838,499	229,235	68,454,805
649,039	-	35,846,877
431,466	-	19,211,772
-	219,008	1,638,943
11,805,237	-	11,805,237
-	6,005,000	6,005,000
-	3,601,888	3,601,888
-	-	1,235
12,885,742	9,825,896	78,110,952
(12,047,243)	(9,596,661)	(9,656,147)
-	9,607,406	12,170,316
-	-	(12,032,250) *
-	9,607,406	138,066
(12,047,243)	10,745	(9,518,081)
22,532,262	94,272	34,243,572
<u>\$ 10,485,019</u>	<u>\$ 105,017</u>	<u>\$ 24,725,491</u>

**WILSON SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2007**

---

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS**

**\$ (9,518,081)**

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

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

Capital Outlays	\$ 12,086,228	
Less: Depreciation Expense	<u>(2,762,418)</u>	9,323,810

Because some property taxes will not be collected for several months after the District's year end, they are not considered as "available" revenues in the governmental funds. Deferred revenues increased (decreased) by this amount during the year.

(60,933)

Issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The effect of these transactions in the statement of activities is shown below:

Repayment of Bond Principal	6,005,000	
Amortization of Bond Premium Discount	(277,263)	
Amortization of Bond Issuance Costs	<u>(106,765)</u>	5,620,972



**WILSON SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES -  
CONTINUED**

**For the Year Ended June 30, 2007**

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

27,590

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

(82,723)

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

\$ 5,310,635

**WILSON SCHOOL DISTRICT**

**STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS**

**June 30, 2007**

	<u>Enterprise Fund Food Service</u>	<u>Non-Major Fund (Child Care)</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 515,494	\$ 182,941	\$ 698,435
Intergovernmental Receivables	62,910	3,539	66,449
Other Receivables, Net	4,180	-	4,180
Inventories	<u>52,346</u>	<u>-</u>	<u>52,346</u>
<b>TOTAL CURRENT ASSETS</b>	634,930	186,480	821,410
<b>NONCURRENT ASSETS</b>			
Machinery and Equipment, Net	<u>330,134</u>	<u>31,735</u>	<u>361,869</u>
<b>TOTAL ASSETS</b>	<u>\$ 965,064</u>	<u>\$ 218,215</u>	<u>\$ 1,183,279</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Interfund Payables	\$ (2,367)	\$ 4,225	\$ 1,858
Accounts Payable	20,760	-	20,760
Accrued Salaries and Benefits	1,797	41,022	42,819
Deferred Revenues	<u>42,119</u>	<u>-</u>	<u>42,119</u>
<b>TOTAL LIABILITIES</b>	62,309	45,247	107,556
<b>NET ASSETS</b>			
Invested in Capital Assets	330,134	31,735	361,869
Unrestricted	<u>572,621</u>	<u>141,233</u>	<u>713,854</u>
<b>TOTAL NET ASSETS</b>	<u>902,755</u>	<u>172,968</u>	<u>1,075,723</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 965,064</u>	<u>\$ 218,215</u>	<u>\$ 1,183,279</u>

**WILSON SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS**

**For the Year Ended June 30, 2007**

	<u>Enterprise Fund Food Service</u>	<u>Non-Major Fund (Child Care)</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Food Service Revenue	\$ 1,684,450	\$ -	\$ 1,684,450
Tuition Revenues	-	1,064,178	1,064,178
<b>TOTAL OPERATING REVENUES</b>	1,684,450	1,064,178	2,748,628
<b>OPERATING EXPENSES</b>			
Salaries	838,652	786,037	1,624,689
Employee Benefits	230,401	149,728	380,129
Other Operating Expenses	63,841	150,999	214,840
Supplies	1,121,764	-	1,121,764
Depreciation	63,740	6,210	69,950
<b>TOTAL OPERATING EXPENSES</b>	2,318,398	1,092,974	3,411,372
<b>OPERATING LOSS</b>	(633,948)	(28,796)	(662,744)
<b>NON-OPERATING REVENUES</b>			
Local Sources - Earnings on Investments	24,411	9,073	33,484
State Sources	123,855	55,600	179,455
Federal Sources	494,281	36,824	531,105
<b>TOTAL NON-OPERATING REVENUES</b>	642,547	101,497	744,044
<b>INCOME BEFORE OPERATING TRANSFERS</b>	8,599	72,701	81,300
Operating Transfers Out	(45,000)	(94,046)	(139,046)
<b>CHANGE IN NET ASSETS</b>	(36,401)	(21,345)	(57,746)
<b>TOTAL NET ASSETS - BEGINNING</b>	939,156	194,313	1,133,469
<b>TOTAL NET ASSETS - ENDING</b>	\$ 902,755	\$ 172,968	\$ 1,075,723

**WILSON SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the Year Ended June 30, 2007**

	Enterprise Fund Food Service	Non-Major Fund (Child Care)	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Users	\$ 1,698,898	\$ 1,064,178	\$ 2,763,076
Cash Payments to Employees for Services	(1,093,513)	(932,413)	(2,025,926)
Cash Payments to Suppliers for Goods and Services	(1,053,482)	-	(1,053,482)
Cash Payments for Other Operating Expenses	(63,841)	(142,569)	(206,410)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	(511,938)	(10,804)	(522,742)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
State Sources	125,566	56,926	182,492
Federal Sources	387,915	36,824	424,739
Operating Transfers Out	(45,000)	(94,046)	(139,046)
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	468,481	(296)	468,185
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Equipment	(17,258)	(1,678)	(18,936)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Earnings on Investments	24,411	9,073	33,484
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(36,304)	(3,705)	(40,009)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	551,798	186,646	738,444
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 515,494	\$ 182,941	\$ 698,435

**WILSON SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - CONTINUED**

**For the Year Ended June 30, 2007**

	Enterprise Fund Food Service	Non-Major Fund (Child Care)	Totals
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u></b>			
Operating Loss	\$ (633,948)	\$ (28,796)	\$ (662,744)
Adjustments to Reconcile Operating Loss to Net Cash From Net Operating Activities:			
Depreciation	63,740	6,210	69,950
Donated Commodities Used	111,368	-	111,368
Changes in Assets and Liabilities:			
Accounts Receivable	8,621	-	8,621
Inventories	5,953	-	5,953
Prepaid Expenses	-	7,000	7,000
Interfund Payables	(5,878)	1,430	(4,448)
Accounts Payable	(34,589)	-	(34,589)
Accrued Salaries and Benefits	(18,582)	3,352	(15,230)
Deferred Revenue	(8,623)	-	(8,623)
Total Adjustments	<u>122,010</u>	<u>17,992</u>	<u>140,002</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b><u>\$ (511,938)</u></b>	<b><u>\$ (10,804)</u></b>	<b><u>\$ (522,742)</u></b>

**Noncash, Noncapital Financing Activities:**

During the year the District used \$111,368 of food commodities from the Department of Agriculture.

**WILSON SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**

**June 30, 2007**

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	<u>Expendable Trust Funds Scholarship</u>	<u>Agency Funds Student Activities</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 28,557	\$ 175,201
<b>TOTAL ASSETS</b>	<u>\$ 28,557</u>	<u>\$ 175,201</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Other Current Liabilities	\$ -	\$ 175,201
<b>TOTAL LIABILITIES</b>	<u>\$ -</u>	<u>\$ 175,201</u>
<b>NET ASSETS</b>		
Held in Trust for Scholarships	<u>\$ 28,557</u>	

**WILSON SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY FUNDS**

**For the Year Ended June 30, 2007**

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	<u>Expendable Trust Funds Scholarship</u>
<b>ADDITIONS</b>	
Contributions	\$ 20,572
Earnings on Investments	<u>1,641</u>
<b>TOTAL ADDITIONS</b>	22,213
<b>DEDUCTIONS</b>	
Scholarships	<u>24,653</u>
<b>CHANGE IN NET ASSETS</b>	(2,440)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>30,997</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 28,557</u></u>

## **WILSON SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

Wilson School District (the "District") is located in Berks County, Pennsylvania. The District tax base consists of the Borough of Sinking Spring, Spring Township and Lower Heidelberg Township and a portion of the Wyomissing Borough.

The District is governed by a board of nine school directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term. The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of six and twenty-one years, who may attend.

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

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of Wilson School District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. Proprietary Funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

##### **Use of Estimates**

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



**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Reporting Entity**

In evaluating the District as a reporting entity, management has addressed all potential component units for which the District may or may not be financially accountable, and as such, be includable within the District's financial statements. In accordance with GASB Statement No. 14, the District is financially accountable if it appoints a voting majority of the organization governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or improve specific financial burden on the District. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete.

Based on these criteria, the District has no component units.

Joint Venture: The District participates in a joint venture. See Note 11 for details of involvement and financial information of the joint venture.

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

The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

**Basis of Presentation**

**Government-wide financial statements** (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. As a general rule, the effect of interfund activity has been eliminated 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 or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**Fund financial statements** are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the District. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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 the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are food service charges and child care tuition charges. Operating expenses for the District's enterprise fund include food production costs, salaries and benefits, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Fund Accounting**

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

**GOVERNMENTAL FUNDS** - These funds are used to account for most of the District finances. The focus is on determination of the financial position and changes in financial position (current financial resources) rather than on income determination. The following are the District's major governmental funds:

1. **General Fund** - This is the general operating fund of the District. All activities of the District are accounted for through this fund except for those required to be accounted for in another fund.
2. **Special Revenue Fund** - This fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District's Capital Reserve Fund is accounted for in this type as required by Section 2932 of the Municipal Code.
3. **Capital Projects Fund** - This fund is used to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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**PROPRIETARY FUNDS** - This fund accounts for District activities that are similar to business operations in the private sector or where the reporting focus is on determining net income, financial position and changes in financial position (Economic resources measurement focus).

1. Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The food service fund is major and accounts for all revenues, food purchases, and costs and expenses for the food service program.

**FIDUCIARY FUNDS** - These funds are used to account for assets held by the District as trustee or agent.

1. Private Purpose Trust Funds - These funds are used to account for scholarship monies contributed to the District for student scholarships.
2. Agency Funds - These funds account for the receipts and disbursements of monies from student activity organizations. These organizations exist with the explicit approval and are subject to revocation of the District governing body. This accounting reflects the District's agency relationship with the student activity organizations. The agency fund is purely custodial and therefore, does not require measurement of results of operations.

**Measurement Focus and Basis of Accounting**

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 the 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 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 provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

# WILSON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2007

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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The 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 purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. 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.

#### **Investments and Cash Equivalents**

The District complies with GASB Statement No. 31 "Auditing and Financial Reporting for Certain Investments and for External Investment Pools." This statement requires most investments to be reported at fair value. The value used by the District was the quoted market price.

Cash equivalents in the basic financial statements include all highly-liquid investments with an original maturity of three months or less.

#### **Receivables/Payables**

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

#### **Inventories**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of the governmental funds consisting principally of textbooks and instructional supplies are not valued since it is the consistent policy of the District to charge these items to expense upon acquisition.

Inventories of the food service fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2007, consist of the following:

Purchased food	\$ 24,917
Supplies	19,686
Donated commodities	<u>7,743</u>
	<u>\$ 52,346</u>

## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2007

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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##### **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,500 or greater depending upon the class of the asset and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. 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:

<u>Assets</u>	<u>Years</u>
Site improvements	20
Building and improvements	15 - 30
Fixtures and equipment	5 - 15

Proprietary fund equipment purchases are capitalized in the proprietary funds at cost and depreciated on a straight-line basis over estimated useful lives (5 to 12 years).

##### **Budgetary Data**

On or before January 1 of each year, all school principals, departmental supervisors and administrators submit requests for appropriation to the Business Office so that a preliminary budget may be prepared. The budget is prepared by fund, function and activity. The District's administration presents a proposed budget to the Board for review in April and May.

Before May 30, the proposed final budget is presented to the District's school board for review. The school board holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the District's business manager. The revenue estimates must be changed by an affirmative vote of a majority of the school board.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

**Long-Term Obligations**

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

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

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approval collateral as provided by law therefore, shall be pledged by the depository.

The District's cash and investments at June 30, 2007 are as follows:

Cash	\$ 945,136
Investments	2,049,477
Pooled cash	27,210,802
Petty cash	<u>2,095</u>
Total	<u>\$ 30,207,510</u>

# WILSON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2007

### NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED

#### Cash

##### Custodial Credit Risk - Deposit

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2007, \$945,136 of the District's bank balance of \$975,861 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the District's name	802,937
	<u>\$ 802,937</u>

##### Reconciliation to Financial Statements

Uncollateralized amount above	\$ 802,937
Plus: insured amount	172,923
Plus: reconciling items	(30,724)
Carrying amount bank balances	945,136
Plus: pooled cash equivalents, net of \$144,362 reconciling items	27,210,802
petty cash	2,095
	<u>2,095</u>
Total Cash	<u>\$ 28,158,033</u>

#### Investments

As of June 30, 2007, the District had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	6 - 12 months	\$ 39,696
PA School District Liquid Asset Fund		26,708,426
PA School District Max		2,009,781
PA Invest		358,014
		<u>358,014</u>
Total Investments		<u>\$ 29,115,917</u>

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - CONTINUED**

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Interest Rate Risk

The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2007, the District's investments were rated as:

<u>Investment</u>	<u>Standard &amp; Poor's</u>
PA Invest	AAA
PA School District Liquid Asset Fund	AAA
PA School District Max	AAA

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Custodial Credit Risk

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

Reconciliation to Financial Statements

Total investments above	\$ 29,115,917
Less: Deposits in investment pool considered cash equivalents	<u>(27,066,440)</u>
Total Investments Per Financial Statements	<u><u>\$ 2,049,477</u></u>



## WILSON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2007

#### NOTE 3 - REAL ESTATE TAXES RECEIVABLE AND DEFERRED REVENUE

Property taxes are levied on July 1 on the assessed value listed as of that date for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. The tax rate for the year was \$17.59 per \$1,000 of assessed valuation.

The property tax calendar is as follows:

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

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

The balances at June 30, 2007 are as follows:

	Gross Taxes Receivable	Allowance Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Taxes
Real estate/Interims	\$ 689,999	\$ 8,842	\$ 681,157	\$ 239,081	\$ 442,076
Mercantile	447,593	-	447,593	447,593	-
EMS	174,326	-	174,326	174,326	-
Transfer tax	109,401	-	109,401	109,401	-
	<u>\$ 1,421,319</u>	<u>\$ 8,842</u>	<u>\$ 1,412,477</u>	<u>\$ 970,401</u>	<u>\$ 442,076</u>

The deferred revenue balance in the General Fund of \$494,858 consists of deferred real estate taxes of \$442,076, deferred revenue from summer school tuition of \$50,380 and state subsidy deferred revenue of \$2,402.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2007

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES / PAYABLES**

The following schedule represents net intergovernmental receivables at June 30, 2007:

<u>Name of Government Unit</u>	<u>General Fund</u>	<u>Proprietary</u>	
		<u>Food Service</u>	<u>Child Care</u>
Commonwealth of PA - Retirement	\$ 417,167	\$ -	\$ -
Commonwealth of PA - Social Security	122,837	-	-
Commonwealth of PA - Vocational Ed	27	-	-
Commonwealth of PA - Sectn 1305-1306	6,383	-	-
Commonwealth of PA - School Improvement	9,500	-	-
Commonwealth of PA - Rental Subsidy	73,850	-	-
Commonwealth of PA - National School Lunch	-	8,721	-
Federal Subsidies - Title II	33,508	-	-
Federal Subsidies - Title III	6,953	-	-
Federal Subsidies - IDEA	289,487	-	-
Federal Subsidies - Access	110,093	-	-
Federal Subsidies - National School Lunch	-	54,189	-
Chester-Upland School District	25,429	-	-
School District of Lancaster	14,412	-	-
Cumberland Valley School District	23,286	-	-
Other Local Gov't Agencies	16,709	-	-
Berks County Intermediate Unit	-	-	3,539
	<u>\$ 1,149,641</u>	<u>\$ 62,910</u>	<u>\$ 3,539</u>

The following schedule represents intergovernmental payables at June 30, 2007:

<u>Name of Government Unit</u>	<u>General Fund</u>
Federal Subsidies - Title I	<u>\$4,337</u>

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007 was as follows:

**Governmental Activities**

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 6,633,400	\$ -	\$ -	\$ 6,633,400
Construction in progress	13,116,668	11,805,237		24,921,905
Capital assets being depreciated:				
Land improvements	3,624,215	-	-	3,624,215
Buildings and building improvements	122,597,728	-	-	122,597,728
Furniture and fixtures	5,603,045	280,991	-	5,884,036
Totals at historical cost	131,824,988	280,991	-	132,105,979
Less accumulated depreciation for:				
Land improvements	2,756,217	181,211	-	2,937,428
Buildings and building improvements	28,264,182	2,140,407	-	30,404,589
Furniture and fixtures	3,505,544	440,800	-	3,946,344
Total accumulated depreciation	34,525,943	2,762,418	-	37,288,361
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET</b>	<u>97,299,045</u>	<u>(2,481,427)</u>	<u>-</u>	<u>94,817,618</u>
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 117,049,113</u>	<u>\$ 9,323,810</u>	<u>\$ -</u>	<u>\$ 126,372,923</u>

**Business-Type Activities**

Capital assets being depreciated:				
Equipment	\$ 1,024,469	\$ 18,936	\$ -	\$ 1,043,405
Accumulated depreciation for:				
Equipment	<u>611,586</u>	<u>69,950</u>	<u>-</u>	<u>681,536</u>
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 412,883</u>	<u>\$ (51,014)</u>	<u>\$ -</u>	<u>\$ 361,869</u>

Depreciation expense was charged to functions/program of primary government as follows:

Instruction, Regular	\$ 2,056,389
Instruction, Special	1,526
Support Services	700,616
Non-instructional Services	<u>3,887</u>
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<u>\$ 2,762,418</u>

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE 6 - LONG-TERM LIABILITIES**

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Long-term liabilities except for compensated absences:

General Obligation Bond - Series of 2005:

The District is liable for general obligation bonds dated August 23, 2005 in the original principal amount of \$20,550,000. Principal maturities occur on May 15 through the year 2020. Interest is payable semi-annually on May 15 and November 15. Interest rates vary from 2.95% to 5.00%. The proceeds of this Bond will be used for capital improvement projects and to pay debt issuance costs.

\$ 20,275,000

General Obligation Bond - Series of 2004:

The District is liable for general obligation bonds dated February 15, 2004 in the original principal amount of \$9,995,000. Principal maturities occur on May 15 through the year 2010. Interest is payable semi-annually on May 15 and November 15. Interest rates vary from 1.20% to 3.85%. The proceeds of this Bond were used to currently refund the General Obligation Bonds - Series of 1998 and to pay debt issuance costs.

9,980,000

General Obligation Bond - Second Series of 2003:

The District is liable for general obligation bonds dated December 1, 2003 in the original principal amount of \$14,995,000. Principal maturities occur on May 15 through the year 2014. Interest is payable semi-annually on May 15 and November 15. Interest rates vary from 1.00% to 5.00%. The proceeds of this Bond were used for capital improvement projects and to pay debt issuance costs.

12,515,000

General Obligation Bond - Series of 2003:

The District is liable for general obligation bonds dated February 15, 2003, in the original principal amount of \$14,835,000. Principal maturities occur on May 15 through the year 2008. Interest is payable semi-annually on November 15 and May 15. Interest rates vary from 1.5% to 4.0%. The proceeds of this Bond were used to currently refund a portion of the General Obligation Bonds - Series of 1993 and to pay debt issuance costs.

2,790,000

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE 6 - LONG-TERM LIABILITIES - CONTINUED**

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General Obligation Bond - Second Series of 2002:

The District is liable for general obligation bonds dated July 1, 2002, in the original principal amount of \$27,690,000. Principal maturities occur on May 15 through the year 2016. Interest is payable semi-annually on November 15 and May 15. Interest rates vary from 1.9% to 5.375%. The proceeds of this Bond were used to advance refund a portion of the General Obligation Bonds - Series of 1997, fund the new Elementary School Project and various other capital improvement projects of the District and paying debt issuance costs.

27,615,000

General Obligation Bond - Series of 2002:

The District is liable for general obligation bonds dated April 15, 2002, in the original principal amount of \$3,215,000. Principal maturities occur on May 15 through the year 2010. Interest is payable semi-annually on November 15 and May 15. Interest rates vary from 1.5% to 4.0%. Proceeds were used to currently refund the General Obligation Bonds - Series B of 1997.

940,000

General Obligation Bond - Series of 1993:

The District is liable for capital appreciation bonds dated March 1, 1993. The Capital appreciation bonds are due on May 15 from the year 2009 until 2012, with a yield of 5.70% to 5.75% and a stated value at maturity of \$13,530,000. The CAB's do not pay interest currently, but increase in value with all interest due at the time of surrender.

13,530,000

Total Bonds/Notes Payable

\$ 87,645,000

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2007**

**NOTE 6 - LONG-TERM LIABILITIES - CONTINUED**

The future annual payments required to amortize all outstanding debt, except for compensated absences for the years ending June 30 are as follows:

	General Obligation Bonds, Series of 2005	General Obligation Bonds, Series of 2004	General Obligation Bonds, Second Series of 2003	General Obligation Bonds, Series of 2003
2008	\$ 185,000	\$ 5,000	\$ 850,000	\$ 2,790,000
2009	20,000	5,000	870,000	-
2010	20,000	120,000	895,000	-
2011	5,000	135,000	925,000	-
2012 - 2016	1,040,000	6,850,000	5,215,000	-
2017 - 2021	19,005,000	2,865,000	3,760,000	-
Total	20,275,000	9,980,000	12,515,000	2,790,000
Less: Unamortized discount on Capital Appreciation Bonds	-	-	-	-
	<u>\$ 20,275,000</u>	<u>\$ 9,980,000</u>	<u>\$ 12,515,000</u>	<u>\$ 2,790,000</u>

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General Obligation Bonds, Second Series of 2002	General Obligation Bonds, Series of 2002	General Obligation Bonds, Series of 1993	Total General Long-Term Debt	Total Interest
\$ 1,855,000	\$ 525,000	\$ -	\$ 6,210,000	\$ 3,381,170
1,915,000	210,000	3,275,000	6,295,000	3,131,438
2,000,000	205,000	3,280,000	6,520,000	3,017,748
2,075,000	-	3,500,000	6,640,000	2,894,523
19,770,000	-	3,475,000	36,350,000	11,169,891
-	-	-	25,630,000	2,556,750
27,615,000	940,000	13,530,000	87,645,000	<u>\$ 26,151,520</u>
-	-	(2,470,207)	(2,470,207)	
<u>\$ 27,615,000</u>	<u>\$ 940,000</u>	<u>\$ 11,059,793</u>	<u>\$ 85,174,793</u>	

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE 6 - LONG-TERM LIABILITIES - CONTINUED**

Long-term liability balance and activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
General Obligation Debt Bonds and Notes Payable	\$ 93,650,000	\$ -	\$ 6,005,000	\$ 87,645,000	\$ 6,210,000
Other Liabilities:					
Compensated Absences	838,095	172,374	83,066	927,403	65,955
<b>TOTAL GOVERNMENTAL LONG-TERM LIABILITIES</b>	<u>\$ 94,488,095</u>	<u>\$ 172,374</u>	<u>\$ 6,088,066</u>	<u>\$ 88,572,403</u>	<u>\$ 6,275,955</u>

Payments on bonds and notes payable are made by the debt service fund. The compensated absence liabilities will be liquidated by several of the governmental funds. Total interest paid during the year ended June 30, 2007 was \$3,601,888.

**NOTE 7 - EMPLOYEE RETIREMENT PLAN**

Plan Description:

The District contributes to a governmental cost-sharing multiple-employer defined pension plan administered by the Commonwealth of Pennsylvania Public School Employees Retirement System (PSERS). Benefit provisions of the plan are established under the provisions of the PSERS Code ("the Code") and may be amended by an act of the Pennsylvania State Legislature. The plan provides retirement, disability, and death benefits, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of a member's employment in the public school sector. PSERS issues a publicly available financial report that includes financial statements for the plan. That report may be obtained by writing to Barbara D. Flurie, Office of Financial Management, PSERS, PO Box 125, Harrisburg, PA 17108-0125. This publication is also available on the PSERS website at <http://www.psers.state.pa.us/publications/cafr/index.htm>.



**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE 7 - EMPLOYEE RETIREMENT PLAN - CONTINUED**

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Funding Policy:

The contribution policy is set by the Code and requires contributions by active employees and by participating employers. Plan members are required to contribute 5.25% or 6.5% (depending on the employee class chosen) of their compensation if they joined the plan before July 22, 1983 and 6.25% or 7.5% (depending on employee class chosen) if they joined on or after that date. The contributions required of participating employers are based on an actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amount is determined. Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2007, the rate of employer contributions was 6.46% of covered payroll. The 6.46% rate is composed of a pension contribution rate of 5.72% for pension benefits and .74% for healthcare insurance premium assistance. The District's contributions to PSERS for the years ended June 30, 2007, 2006 and 2005 were \$1,991,664, \$1,451,997, and \$1,287,511, respectively. Those amounts are equal to the required contribution for each year.

**NOTE 8 - POST-EMPLOYMENT HEALTH CARE BENEFITS**

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In addition to providing pension benefits, the School District provides post-retirement health care benefits to certain employees who retire from the District and who have met certain age and service requirements. The age and service requirements vary depending upon the employee's classification. The District will pay \$135 per month towards the cost of major medical and prescription drug coverage until eligible for Medicare or death for the teachers and assume the full cost of hospitalization, major medical and prescription drug coverage until age 65 for the support staff. The cost of retirees' health care benefits is recognized as an expenditure as paid.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE 9 - SPECIAL TERMINATION BENEFITS**

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a. Retirement Bonuses

The District pays retirement bonuses to certain long-term employees based on years of service and employee classification. These bonuses vary from \$200 - \$340 per year for every year of service that exceeds the service requirement. Service requirements vary from 10 to 17 years. An accrual of the expense has been made to the government wide statements.

b. Unused Sick Leave

The District reimburses certain employees for unused accumulated sick leave. Reimbursement varies from \$10 - \$38 per day with a maximum of 25 or 100 days, depending upon employment classification. An accrual of the expense has been made to the government wide statements (see Note 6), with an estimated current portion of \$65,955 expensed in the general fund.

c. Retirement Incentive

Administrators receive retirement incentives from the District if they meet all of the following requirements: 20 years of employment by the Commonwealth in education, 10 years of employment in administration by Wilson School District and have attained at least age 52 before retirement. Incentives range from 5% to 15% of final base salary based upon certain criteria. The cost of this benefit is recognized as expenditure in the year of termination limited to \$80,000 in any one fiscal year for all administrative retirees.

**NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

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The following is a summary of interfund receivables and payables at June 30, 2007:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 2,417,010
Capital Reserve	2,423,864	-
Nonmajor Governmental Fund - Athletic	-	4,996
Enterprise Fund - Food Service	2,367	-
Nonmajor Enterprise Fund - Child Care	-	4,225
	<u>\$ 2,426,231</u>	<u>\$ 2,426,231</u>

Interfund receivables/payables are due to shared costs which have not been reimbursed yet. They are also due to the District's decision to reserve funds for projected capital needs. All will be transferred within a year.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - CONTINUED**

Interfund transfers are summarized as follows at June 30, 2007:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 139,046	\$ 12,032,250
Capital Reserve	2,423,864	-
Nonmajor Governmental Fund - Debt Service	9,606,888	-
Nonmajor Governmental Fund - Athletic	518	-
Enterprise Fund - Food Service	-	45,000
Nonmajor Enterprise Fund - Child Care	-	94,046
Agency Fund - Student Activities	980	-
	<u>\$ 12,171,296</u>	<u>\$ 12,171,296</u>

Transfers are made to cover capital outlay needs, to pay debt service and other long-term liabilities and to cover indirect costs.

**NOTE 11 - JOINT VENTURE**

The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career & Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2006/07 year was \$610,439.

During the year ended June 30, 1998, Berks Career Vocational Technical School Authority issued \$34,850,000 of General Obligation Bonds and lent the proceeds to Berks Career & Technology Center. The proceeds are being used to renovate and build an addition to Berks Career & Technology Center's facilities. Each member district adopted a resolution approving the project and the project's maximum cost. Under the amended Articles of Agreement, each member district is required to pay from current revenues its annual share of the sublease rental based on the District's share of taxable real estate to the total market valuation of the taxable real estate of all participating school districts. The District's share for the 2006/07 year was \$369,231.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 11 - JOINT VENTURE - CONTINUED**

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Summary financial information as of June 30, 2007 (most recent available) is as follows:

<u>Berks Career &amp; Technology Center (Governmental Activities)</u>	
Total Assets	\$ 1,834,079
Total Liabilities	<u>1,358,251</u>
Total Fund Equity	<u>\$ 475,828</u>

Separate financial statements of the Berks Career & Technology Center have been prepared and are available.

**NOTE 12 - RISK MANAGEMENT**

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The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. For insured programs, there were no significant reductions in insurance coverages of the 2006/07 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 13 - CONTINGENT LIABILITIES**

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Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial.

**NOTE 14 - SUBSEQUENT EVENT**

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In July, 2007, the District issued \$33,550,000 Series of 2007 General Obligation Bonds. Proceeds from the bonds will be used to finance various capital projects of the School District including the construction of a new junior high school and to pay debt issuance costs. Principal maturities occur on June 1 beginning June 1, 2009 through 2026. Interest is payable semi-annually on December 1 and June 1 with rates varying from 3.8% to 5.25%.

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 15 - COMMITMENTS**

At June 30, 2007, the District has entered into a number of contracts related to school expansion and renovation projects. Contracts awarded and commitments outstanding are as follows:

	<u>Contract Amount</u>	<u>Commitment Remaining</u>
<u>Cornwall Terrace and Whitfield</u>		
Gilbert Architects Inc.	\$ 745,926	\$ 22,378
Pagoda Electric	1,780,105	15,000
Eastern Air Balancing	125,830	61,255
Vision Mechanical	443,364	36,610
MBR Construction	1,691,715	45,213
Worth & Company	2,351,000	411,101
Lyons Construction	7,825,049	1,124,839
The Quandel Group, Inc.	470,000	69,667
<u>New Jr. High</u>		
KCBA Architects	3,001,301	1,439,601
<u>High School Renovations</u>		
KCBA Architects	<u>635,134</u>	<u>502,274</u>
	<u>\$ 19,069,424</u>	<u>\$ 3,727,938</u>

There are sufficient funds in the capital project fund at June 30, 2007 to cover remaining commitments.

**NOTE 16 - NEW ACCOUNTING STANDARDS**

The Government Accounting Standards Board has issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other than Pension Plans, Statement No. 50, Pension Disclosures, and Statement No. 51, Accounting and Financial Reporting for Intangible Assets, all of which are effective in future years. These statements require the District to address estimated post-employment liabilities and intangible assets and their respective accounting treatment. The District is required to implement Statement No. 45 by the year ended June 30, 2009. The District has not yet determined the full impact that adoption of GASB Statements No. 45, 50, and 51 will have on the financial statements.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**WILSON SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND**

**For the Year Ended June 30, 2007**

<b>REVENUES AND OTHER FINANCING SOURCES</b>	<b>Budgeted Amount</b>	
	<b>Original</b>	<b>Final</b>
<b>REVENUES</b>		
Local Sources	\$ 52,696,059	\$ 52,696,059
State Sources	11,718,335	11,718,335
Federal Sources	658,087	658,087
<b>TOTAL REVENUES</b>	<b>65,072,481</b>	<b>65,072,481</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
<b>EXPENDITURES - INSTRUCTION</b>		
Regular Programs - Elementary/Secondary	25,924,015	27,065,986
Special Programs - Elementary/Secondary	6,075,643	6,107,009
Vocational Education Programs	1,786,110	1,789,208
Other Instructional Programs - Elementary/Secondary	1,382,532	246,516
<b>TOTAL INSTRUCTION</b>	<b>35,168,300</b>	<b>35,208,719</b>
<b>SUPPORT SERVICES</b>		
Pupil Personnel	2,597,019	2,174,673
Instructional Staff	4,036,085	4,409,929
Administration	3,837,020	3,845,717
Pupil Health	548,421	547,321
Business	700,051	701,918
Operation and Maintenance of Plant Services	6,010,959	6,011,720
Student Transportation Services	1,383,834	1,381,385
Central	214,878	214,878
Other Support Services	169,015	169,015
<b>TOTAL SUPPORT SERVICES</b>	<b>19,497,282</b>	<b>19,456,556</b>
<b>OPERATION OF NONINSTRUCTIONAL SERVICES</b>		
Student Activities	1,346,974	1,347,281
Community Services	68,204	68,204
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	<b>1,415,178</b>	<b>1,415,485</b>
Refund of prior year revenues	-	-
<b>TOTAL EXPENDITURES</b>	<b>56,080,760</b>	<b>56,080,760</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>8,991,721</b>	<b>8,991,721</b>

See notes to required supplementary information.



Actual (GAAP) Basis	Variances Final to Actual
\$ 54,155,192	\$ 1,459,133
12,357,611	639,276
699,629	41,542
67,212,432	2,139,951
26,446,315	619,671
6,660,847	(553,838)
1,840,709	(51,501)
249,967	(3,451)
35,197,838	10,881
2,123,906	50,767
4,229,308	180,621
3,625,945	219,772
523,665	23,656
683,664	18,254
5,643,194	368,526
1,484,370	(102,985)
188,124	26,754
198,044	(29,029)
18,700,220	756,336
1,340,650	6,631
79,285	(11,081)
1,419,935	(4,450)
1,235	(1,235)
55,319,228	761,532
11,893,204	2,901,483

**WILSON SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - CONTINUED**

**For the Year Ended June 30, 2007**

	Budgeted Amount	
	Original	Final
<b>OTHER FINANCING SOURCES (USES)</b>		
Budgetary Reserve	(1,000,000)	(1,000,000)
Transfers from Other Funds	80,000	80,000
Transfers to Other Funds	(9,609,890)	(9,609,890)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(10,529,890)</b>	<b>(10,529,890)</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (1,538,169)</b>	<b>\$ (1,538,169)</b>

**FUND BALANCE - JULY 1, 2006**

**FUND BALANCE - JUNE 30, 2007**

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Actual (GAAP) Basis	Variances Final to Actual
-	1,000,000
139,046	59,046
<u>(12,032,250)</u>	<u>(2,422,360)</u>
<u>(11,893,204)</u>	<u>(1,363,314)</u>
-	<u>\$ 1,538,169</u>
<u>5,425,645</u>	
<u>\$ 5,425,645</u>	

**WILSON SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2007**

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**BUDGETARY DATA**

The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

**CAPITAL RESERVE FUND BUDGET**

The board does not formally adopt a capital reserve fund budget, therefore, no budgetary comparison is included.

**CAPITAL PROJECTS FUND**

The District does not formally adopt a budget for their capital projects fund.

## **SUPPLEMENTARY INFORMATION**

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended June 30, 2007**

		<u>Fund Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>6000 Revenues from Local Sources</b>				
<u>Taxes</u>				
6111	Taxes, Current Real Estate	\$ 41,066,813	\$ 41,073,042	\$ 6,229
6112	Taxes, Interim Real Estate	593,676	765,251	171,575
6113	Public Utility Realty Tax	50,000	71,838	21,838
6114	Taxes, Current, Payments in Lieu of Taxes	338	1,015	677
6120	Current Per Capita Taxes, Section 679	118,570	119,394	824
6140	Current Act 511 Per Capita Taxes	118,570	119,394	824
6143	Current 511 OP Tax	-	174,326	174,326
6151	Current Act 511 Earned Income Taxes	4,426,392	4,408,817	(17,575)
6153	Current Act 511 Real Estate Transfer Taxes	1,250,000	1,528,750	278,750
6155	Current Act 511 Business Privilege Taxes	1,700,000	1,827,053	127,053
6400	Delinquent Taxes (All Levies)	600,000	804,919	204,919
	<b>Total</b>	<b>49,924,359</b>	<b>50,893,799</b>	<b>969,440</b>
<u>Other</u>				
6510	Earnings from Temporary Deposits and Investments	972,000	1,449,089	477,089
6820	Revenue from I.U. - State	-	2,119	2,119
6830	Revenue from I.U. - Federal	15,000	13,334	(1,666)
6832	Revenue from I.U. - Federal - Special Ed	745,000	787,369	42,369
6910	Rent from School and Other Facilities	8,000	2,785	(5,215)
6920	Donation from Private Source	10,000	66,014	56,014
6940	Tuition from Patrons	858,700	795,672	(63,028)
6980	Community Swim and Physical Fitness	84,000	75,251	(8,749)
6990	Miscellaneous Revenue	79,000	69,760	(9,240)
	<b>Total</b>	<b>2,771,700</b>	<b>3,261,393</b>	<b>489,693</b>
	<b>TOTAL REVENUES FROM LOCAL SOURCES</b>	<b>52,696,059</b>	<b>54,155,192</b>	<b>1,459,133</b>
<b>7000 Revenues from State Sources</b>				
7110	Basic Instructional Subsidy	5,150,914	5,716,278	565,364
7140	Charter Schools	55,035	62,100	7,065
7160	Tuition/Court Placed Institutions	193,070	179,130	(13,940)
7170	School Improvement	9,500	19,000	9,500
7210	Homebound Instruction	478	378	(100)
7220	Vocational Education	24,600	26,792	2,192
7240	Driver Education	5,000	4,165	(835)
7250	Migratory Children Education	100	-	(100)

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED**

**For the Year Ended June 30, 2007**

		<u>Fund Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>7000 Revenues from State Sources - continued</b>				
7270	Special Education of Exceptional Pupils	1,964,735	1,967,710	2,975
7310	Transportation	562,903	523,073	(39,830)
7320	Rentals and Sinking Fund Payments	984,514	1,052,884	68,370
7330	Medical and Dental Services	110,000	111,381	1,381
7500	Extra Grants	360,700	355,684	(5,016)
7810	Social Security	1,230,283	1,233,020	2,737
7820	Retirement	1,066,503	1,106,016	39,513
	<b>TOTAL REVENUES FROM STATE SOURCES</b>	11,718,335	12,357,611	639,276
<b>8000 Revenues from Federal Sources</b>				
8514	Title I	209,000	214,129	5,129
8515	Title II	128,690	126,286	(2,404)
8516	LEP/Immigrant	26,397	41,995	15,598
8518	Title V Innovative	10,000	5,217	(4,783)
8690	Hurricane Relief	-	31,185	31,185
8810	Access Medical Assistance Reimbursement	284,000	280,817	(3,183)
	<b>TOTAL REVENUES FROM FEDERAL SOURCES</b>	658,087	699,629	41,542
<b>9000 Other Financing Sources</b>				
9359	Other Enterprise Fund Transfers	80,000	139,046	59,046
	<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 65,152,481</u>	<u>\$ 67,351,478</u>	<u>\$ 2,198,997</u>

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**WILSON SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended June 30, 2007**

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>1000 Instruction</b>				
1100	Regular Programs	\$ 27,065,986	\$ 26,446,315	\$ 619,671
1200	Special Programs	6,107,009	6,660,847	(553,838)
1300	Vocational Education Program	1,789,208	1,840,709	(51,501)
1400	Other Instructional Programs	<u>246,516</u>	<u>249,967</u>	<u>(3,451)</u>
	Total Instruction	35,208,719	35,197,838	10,881
<b>2000 Support Services</b>				
2100	Pupil Personnel	2,174,673	2,123,906	50,767
2200	Instructional Staff	4,409,929	4,229,308	180,621
2300	Administration	3,845,717	3,625,945	219,772
2400	Pupil Health	547,321	523,665	23,656
2500	Business	701,918	683,664	18,254
2600	Operation and Maintenance of Plant Services	6,011,720	5,643,194	368,526
2700	Student Transportation Services	1,381,385	1,484,370	(102,985)
2800	Central	214,878	188,124	26,754
2900	Other Support Services	<u>169,015</u>	<u>198,044</u>	<u>(29,029)</u>
	Total Support Services	19,456,556	18,700,220	756,336
<b>3000 Operation of Noninstructional Services</b>				
3200	Student Activities	1,347,281	1,340,650	6,631
3300	Community Services	<u>68,204</u>	<u>79,285</u>	<u>(11,081)</u>
	Total Operation of Noninstructional Services	1,415,485	1,419,935	(4,450)
5100	Refund of Prior Year Revenues	-	1,235	(1,235)
<b>5000 Other Financing Uses</b>				
5200	Fund Transfers	9,609,890	12,032,250	(2,422,360)
5900	Budgetary Reserve	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
	Total Other Financing Uses	<u>10,609,890</u>	<u>12,032,250</u>	<u>(1,422,360)</u>
	<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 66,690,650</u>	<u>\$ 67,351,478</u>	<u>\$ (660,828)</u>

**WILSON SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2007**

	<u>Athletic</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 70,317	\$ -	\$ 70,317
Investment	<u>39,696</u>	<u>-</u>	<u>39,696</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 110,013</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 110,013</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Interfund Liability	\$ 4,996	\$ -	\$ 4,996
<b>FUND BALANCES</b>			
Debt Service Fund	-	-	-
Athletic	<u>105,017</u>	<u>-</u>	<u>105,017</u>
<b>TOTAL FUND BALANCES</b>	<u>105,017</u>	<u>-</u>	<u>105,017</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 110,013</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 110,013</u></u>

**WILSON SCHOOL DISTRICT**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2007**

	<u>Athletic</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>
<b>REVENUES</b>			
Local Sources	\$ 227,519	\$ -	\$ 227,519
State Sources	<u>1,716</u>	<u>-</u>	<u>1,716</u>
<b>TOTAL REVENUES</b>	229,235	-	229,235
<b>EXPENDITURES</b>			
Debt Service - Principal	-	6,005,000	6,005,000
Debt Service - Interest	-	3,601,888	3,601,888
Noninstructional Services - Student Activities	<u>219,008</u>	<u>-</u>	<u>219,008</u>
<b>TOTAL EXPENDITURES</b>	<u>219,008</u>	<u>9,606,888</u>	<u>9,825,896</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	10,227	(9,606,888)	(9,596,661)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from General Fund	<u>518</u>	<u>9,606,888</u>	<u>9,607,406</u>
<b>NET CHANGE IN FUND BALANCES</b>	10,745	-	10,745
<b>FUND BALANCES - BEGINNING</b>	<u>94,272</u>	<u>-</u>	<u>94,272</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 105,017</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 105,017</u></u>

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2007**

<u>Grantor/Program Title</u>	<u>Source Code</u>	<u>Federal CFDA Number</u>	<u>Federal Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Date</u>
<b><u>U.S. Department of Education</u></b>				
Passed through the Commonwealth of Pennsylvania Department of Education:				
Title I Improving Basic Programs	I	84.010	13-07-490	07/01/06-06/30/07
Title I Academic Achievement Awards	I	84.010	077-07-490	07/01/06-09/30/07
Title V Innovative Education	I	84.298	11-07-490	07/01/06-06/30/07
Title II Improving Teacher Quality	I	84.367	020-07-490	07/01/06-06/30/07
Title II Improving Teacher Quality	I	84.367	020-06-490	07/01/05-06/30/06
Title II Education Technology	I	84.318	55-06-490	07/01/05-06/30/06
Title III Language Instructional LEP	I	84.365	RA010-07-490	07/26/06-06/30/07
Title III Language Instructional LEP	I	84.365	RA010-06-490	10/01/05-09/30/06
Hurricane Relief Act	I	84.938	N/A	07/01/06-06/30/07
Passed through the Berks County Intermediate Unit:				
Drug Free Schools	I	84.186	100-000814	07/01/06-06/30/07
Drug Free Schools	I	84.186	100-000814	07/01/05-06/30/06
Individual Disability Education Act	I	84.027	62-01014	07/01/06-06/30/07
Individual Disability Education Act	I	84.027	62-01014	07/01/05-06/30/06
<b>Total U.S. Department of Education</b>				
<b><u>U.S. Department of Agriculture</u></b>				
Passed through the Commonwealth of Pennsylvania Department of Education:				
National School Lunch Program - Federal	I	10.555	N/A	07/01/06-06/30/07
National School Lunch Program - Federal	I	10.555	N/A	07/01/05-06/30/06
USDA Commodities	I	10.550	N/A	07/01/06-06/30/07
<b>Total U.S. Department of Agriculture</b>				
<b>TOTAL FEDERAL AWARDS</b>				

Source Codes: I = Indirect, D = Direct

<u>Program or Award Amount</u>	<u>Total Received for Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2006</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2007</u>
\$ 214,129	\$ 218,466	\$ -	\$ 214,129	\$ 214,129	\$ (4,337)
8,304	-	-	-	-	-
5,217	5,217	-	5,217	5,217	-
125,667	92,159	-	125,667	125,667	33,508
125,604	25,121	25,121	-	-	-
3,086	1,029	410	619	619	-
41,834	34,881	-	41,834	41,834	6,953
26,397	-	(162)	162	162	-
31,185	31,185	-	31,185	31,185	-
13,334	13,334	-	13,334	13,334	-
16,304	15,443	15,443	-	-	-
787,371	497,884	-	787,371	787,371	289,487
718,824	359,412	359,412	-	-	-
	1,294,131	400,224	1,219,518	1,219,518	325,611
N/A	328,724	-	382,913	382,913	54,189
N/A	59,191	59,191	-	-	-
N/A	96,918	(22,193)	111,368	111,368	(7,743)
	484,833	36,998	494,281	494,281	46,446
	<u>\$ 1,778,964</u>	<u>\$ 437,222</u>	<u>\$ 1,713,799</u>	<u>\$ 1,713,799</u>	<u>\$ 372,057</u>

**WILSON SCHOOL DISTRICT**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2007**

**NOTE 1 - BASIS OF ACCOUNTING**

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The accompanying Schedule of Expenditures and Federal Awards is presented using the accrual basis of accounting, which is the same basis used for the basic financial statements.



HERBEIN+COMPANY, INC.

CERTIFIED PUBLIC ACCOUNTANTS

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**Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

**To the Board of School Directors  
Wilson School District  
West Lawn, Pennsylvania**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Wilson School District as of and for the year ended June 30, 2007, which collectively comprise Wilson School District's basic financial statements and have issued our report thereon dated November 12, 2007. 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 Wilson School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wilson School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wilson School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 Wilson School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Wilson School District's financial statements that is more than inconsequential will not be prevented or detected by Wilson School District's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting. See 07-1.



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

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

#### Compliance and Other Matters

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

We also noted certain other matters that we reported to management of Wilson School District in a separate letter dated November 12, 2007.

Wilson School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Wilson School District's response and, accordingly, we express no opinion on it.

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

*Herbein + Company, Inc.*

Reading, Pennsylvania  
November 12, 2007





**HERBEIN+COMPANY, INC.**

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**Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

**To the Board of School Directors  
Wilson School District  
West Lawn, Pennsylvania**

**Compliance**

We have audited the compliance of Wilson 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, 2007. Wilson School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Wilson School District's management. Our responsibility is to express an opinion on Wilson School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit 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 Wilson School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wilson School District's compliance with those requirements.

In our opinion, Wilson School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.



### Internal Control Over Compliance

The management of Wilson School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Wilson School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wilson School District's internal control over compliance.

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

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.

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

*Herbein + Company, Inc.*

Reading, Pennsylvania  
November 12, 2007

**WILSON SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2007**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified  
Internal control over financial reporting:  
Material weakness (es) identified?        yes   X   no  
Significant deficiency (ies) identified not considered to be  
material weaknesses?   X   yes        none reported  
Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal Control over major programs:  
Material weakness (es) identified?        yes   X   no  
Significant deficiency(ies) identified not considered to be  
material weaknesses?        yes   X   none reported  
Type of auditor's report issued on compliance for  
major programs: Unqualified  
Any audit findings disclosed that are required to be  
reported in accordance with Circular A-133, Section .510(a)?        yes   X   no

Identification of major program(s):

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	IDEA

Dollar threshold used to distinguish between Type A and Type  
B programs: \$300,000  
Auditee qualified as low-risk auditee?   X   yes        no

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**For the Year Ended June 30, 2007**

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**Section II - Financial Statement Findings**

**07-1 Segregation of duties – Athletic Fund, Student Activities, Food Service Fund, and Child Care Fund**

Criteria

Adequate controls surrounding cash receipts and disbursement transactions consist of a segregation of duties between those individuals responsible for preparing deposits and checks and the reconciliation of the respective bank statement.

Condition/Cause

During our audit procedures, we noticed that within each of the smaller funds, as enumerated above, the same individual who prepares deposits and checks is also performing the monthly bank reconciliations.

Effect

The lack of segregation of duties surrounding the cash receipts, disbursements, and bank reconciliation processes within these smaller funds increases the risk that a misstatement of these funds' financial statements that is more than inconsequential will not be prevented or detected.

Recommendation

We recommend that, at a minimum, different individuals be assigned to reconcile the smaller funds' bank statements and follow up on reconciling items, separate from the individual preparing deposits and disbursements.

Management Response

See Corrective Action Plan included in this report package.

**Section III - Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs reported.

**WILSON SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDED COSTS**  
**For the Year Ended June 30, 2007**

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There were no prior year audit findings.

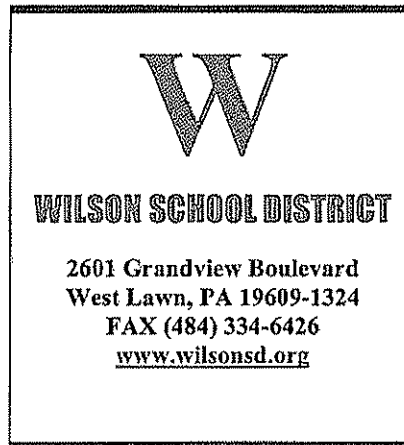
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Director of Technology  
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### **Corrective Action Plan** **2006/2007 Audit Report**

Department of Education:

Wilson School District respectfully submits the following corrective action plan for the year ended June 30, 2007.

Name and address of independent public accounting firm: Herbein + Company, Inc., 2763 Century Boulevard, Reading, PA 19610

Audit period: Year Ended June 30, 2007

#### **FINDING—FINANCIAL STATEMENT AUDIT**

##### **Significant Deficiency**

##### **07-1 Segregation of duties—Athletic Fund, Student Activities, Food Service Fund, and Child Care Fund**

###### **Condition/Cause**

Within each of the smaller funds, as enumerated above, the same individual who prepares deposits and checks is also performing the monthly bank reconciliations.

###### **Effect**

The lack of segregation of duties surrounding the cash receipts, disbursements, and bank reconciliation processes within these smaller funds increases the risk that a misstatement of these funds' financial statements that is more than inconsequential will not be prevented or detected.

---

*Wilson's Pride...Our Children, are taught to value caring, courage, honesty, perseverance, resourcefulness, respect, and responsibility.*

Recommendation

We recommend that, at a minimum, different individuals be assigned to reconcile the smaller funds' bank statements and follow up on reconciling items, separate from the individual preparing deposits and disbursements.

Management Response

Wilson School District recognizes the importance of segregation of duties and will assign different individuals to reconcile the smaller funds' bank statements and to follow up on reconciling items, separate from the individual assigned with the responsibility of preparing deposits and disbursements in these funds.

  
Diane J. Richards, Director of Finance