

*WILSON SCHOOL DISTRICT*  
**FINANCIAL AND COMPLIANCE REPORT**  
**Year Ended June 30, 2008**

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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, 2008, 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, 2008, 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 October 30, 2008 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.

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 41 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 Nonprofit 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.

*Herliem + Company, Inc.*

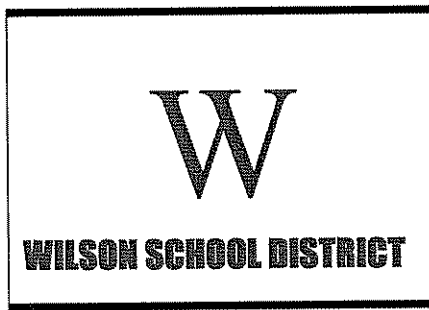
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## **Management's Discussion and Analysis (MD&A)**

The following is a discussion and analysis of the Wilson School District's annual financial performance during the fiscal year ended June 30, 2008. 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 2007-08 fiscal year. In total, net assets increased by \$7.1 million. Net assets of governmental activities (which includes the general fund, capital projects fund, capital reserve fund, athletic fund and debt service fund) increased by \$7.2 million which represents an 11.3% increase from 2007. Net assets of business-type activities (which includes the food service fund and child care fund) decreased by \$0.1 million which represents a 9.3% decrease from 2007.
- General revenues in the form of property and other taxes along with state subsidies and investment earnings accounted for \$64.3 million or 82.3% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$13.8 million or 17.7% of total revenues.
- The District had total expenses of \$70.9 million, of which \$67.2 million was for governmental activities and \$3.7 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 annually.

- Due to anticipated increases in student enrollment, the District continues with capital projects. The Cornwall Terrace Elementary renovations were completed in August 2007, additional Senior High School classrooms were under construction during the fiscal year as were plans for a new operations building. The District has begun planning for a new middle school building to be constructed adjacent to Green Valley Elementary with an anticipated completion date of August 2010. After completion of the new middle school the plan is to begin some renovations on the Senior High School campus which will include joining Central Junior High as part of its facilities.
- In July 2007, the District issued \$33.6 million Series of 2007 General Obligation Bonds to finance the aforementioned capital projects and to pay debt issuance costs.
- In February 2008, the District refunded \$8.9 million of the Second Series 2002 General Obligation Bonds by issuing Series of 2008 General Obligation Bonds in the amount of \$10.0 million for a projected net present value savings of \$.4 million.
- Pilot programs for all-day kindergarten as well as a breakfast program were put in place or added in certain District elementary buildings during the 2007-08 fiscal year, with plans to expand both programs in the future.
- The 2007-08 fiscal year was the first year under which the Taxpayer Relief Act of 2006, or more commonly referred to as Act 1, subjected Pennsylvania Public Schools to a real estate property tax cap. That cap was 3.4% for fiscal year 2007-08. The District's 2007-08 millage of 18.55 included exceptions of .36 mills approved by the Pennsylvania Department of Education.
- 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, which effectively changes cash flows to the District. 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.

### **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**

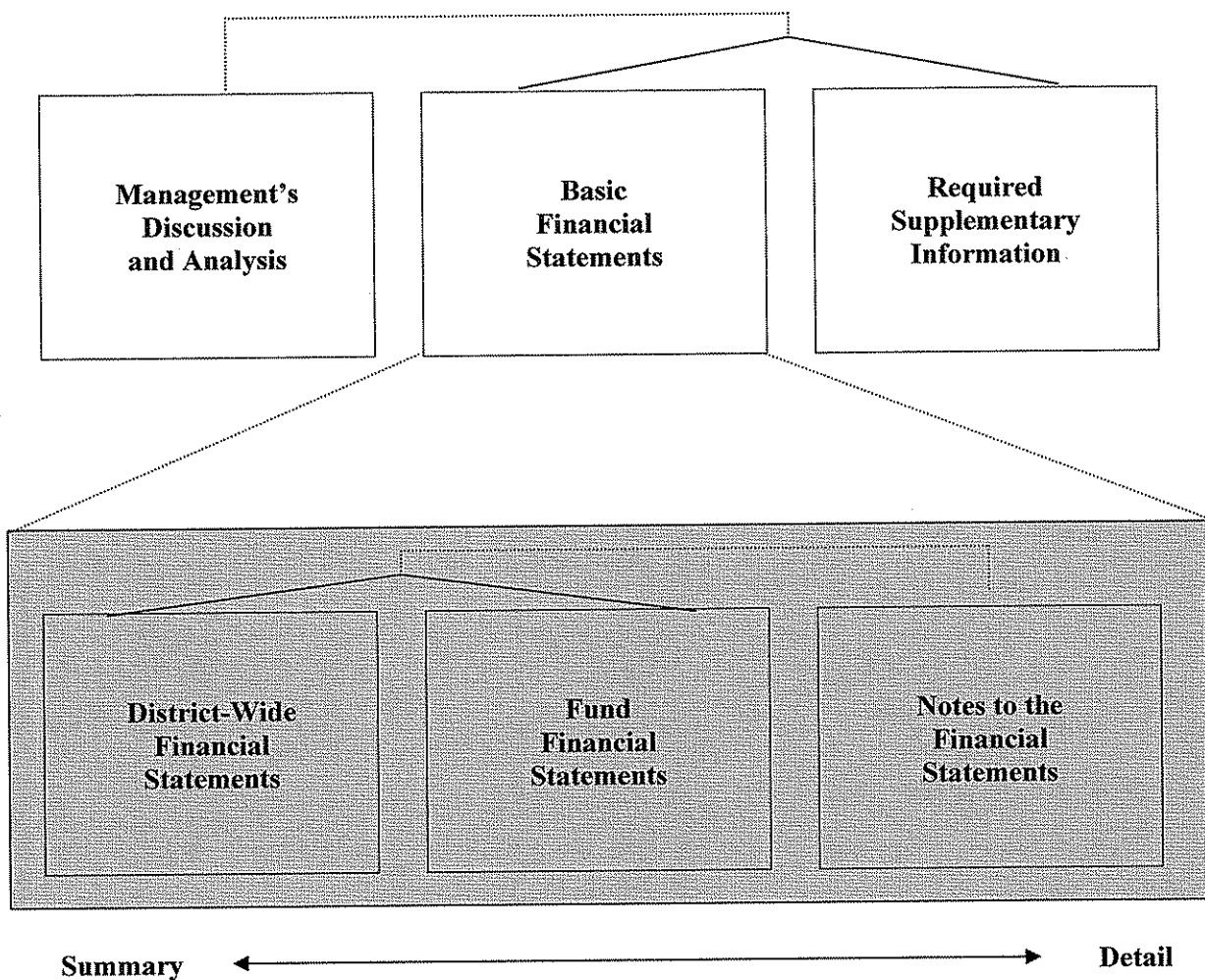




Figure 2 summarizes the major features of the District's financial statements including the portion of the District activity they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each 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 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's 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, accrued interest expense, retirement incentives, and unused sick 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 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 or fiduciary for assets that belong to others, such as scholarship funds or student activities 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, 2007 and June 30, 2008.

**Figure 3**

#### **Condensed Statement of Net Assets**

**Fiscal Years Ended June 30, 2007 and June 30, 2008**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>
Current and other assets	\$32,723,984	\$68,196,462	\$819,552	\$747,686	\$33,543,536	\$68,944,148
Capital assets	126,372,923	128,565,435	361,869	332,715	126,734,792	128,898,150
<b>Total Assets</b>	<b>159,096,907</b>	<b>196,761,897</b>	<b>1,181,421</b>	<b>1,080,401</b>	<b>160,278,328</b>	<b>197,842,298</b>
Current liabilities	13,404,013	14,409,809	105,698	104,609	13,509,711	14,514,418
Long-term liabilities	82,070,151	111,571,302	0	0	82,070,151	111,571,302
<b>Total Liabilities</b>	<b>95,474,164</b>	<b>125,981,111</b>	<b>105,698</b>	<b>104,609</b>	<b>95,579,862</b>	<b>126,085,720</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	45,651,579	41,500,880	361,869	332,715	46,013,448	41,833,595
Restricted	3,787,660	13,700,141	0	0	3,787,660	13,700,141
Unrestricted	14,183,504	15,579,765	713,854	643,077	14,897,358	16,222,842
<b>Total Net Assets</b>	<b>\$63,622,743</b>	<b>\$70,780,786</b>	<b>\$1,075,723</b>	<b>\$975,792</b>	<b>\$64,698,466</b>	<b>\$71,756,578</b>

The District's combined net assets increased over the course of the fiscal year by \$7.1 million, which resulted primarily from the \$7.2 million increase in the District's governmental activities' net assets. The District's net assets in business-type activities decreased by \$0.1 million which was the net result of \$0.1 million of business-type income less \$0.2 million of operating transfers to the general fund.

The significant changes in current and other assets, capital assets and noncurrent liabilities are the result of new debt issued and outstanding from \$33.6 million of Series of 2007 General Obligation Bonds and Series of 2008 General Obligation Bonds of \$10.0 million of refunded Second Series 2002 General Obligation Bonds during fiscal year 2007-08 for capital projects the District has undertaken. Related unspent debt proceeds as of June 30, 2008 attributed to the increase of cash and cash equivalents by \$34.4 million over the prior year. Principal payments/refunding on bonds payable related to capital projects totaled \$15.1 million for the fiscal year combined with the new debt for a net increase in bonds payable of \$29.5 million from last year. Capital assets, net of depreciation increased \$2.2 million, with \$5.5 million in current year capital outlays on the following capital projects: Cornwall Terrace Elementary renovations, Senior High School additions, and planning costs for a new operations building and a new middle school.

The increase in the governmental activities' net assets of \$7.2 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 \$13.7 million are restricted for capital projects' expenditures. Unrestricted net assets in governmental activities total \$15.6 million, consisting of \$10.9 million of reserves for capital purchases/construction projects and general funds of \$4.7 million or 6.1% of the District's total 2008-09 general fund budget, available to be used at the discretion of the Board of Directors.

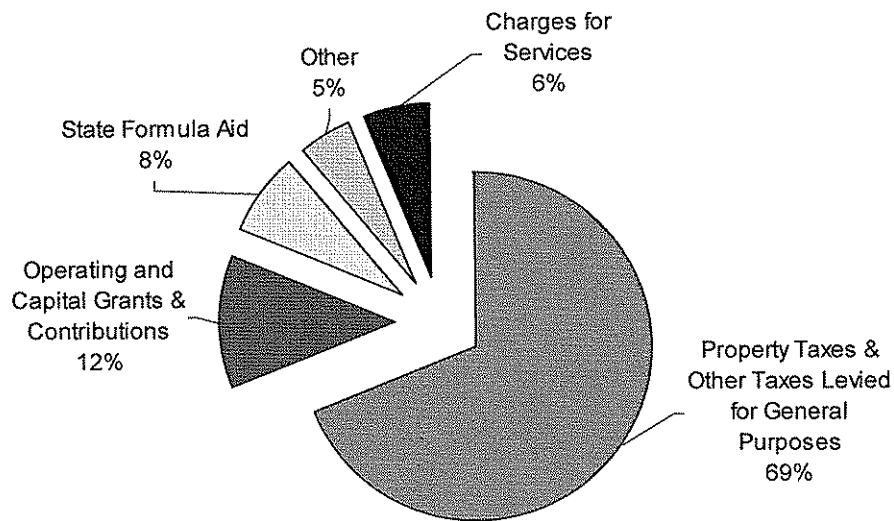
The results of operations for the fiscal year ended June 30, 2008 as a whole are reported in the Statement of Activities. Figure 4 is a comparative summary of changes in net assets for the years ending June 30, 2007 and June 30, 2008. Revenues are defined as either program or general revenues. Program 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, 2007 and June 30, 2008

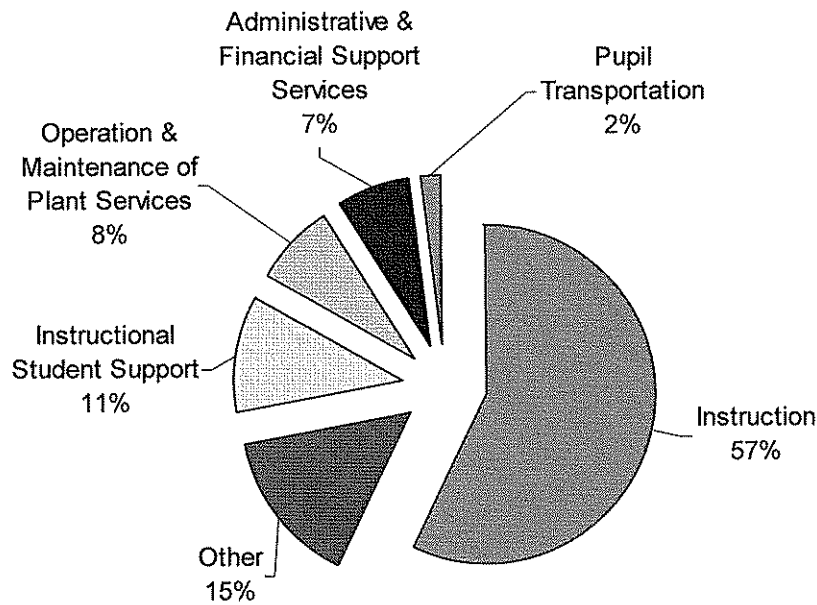
	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2008	2007	2008	2007	2008
<b>Revenues</b>						
Program Revenues						
Charges for services	\$1,113,530	\$1,249,606	\$2,748,628	\$3,034,456	\$3,862,158	\$4,284,062
Operating grants and contributions	6,851,010	7,891,730	710,560	711,460	7,561,570	8,603,190
Capital grants and contributions	1,052,884	920,689	0	0	1,052,884	920,689
General Revenues						
Property taxes and other taxes levied for general purposes	50,832,866	53,912,942	0	0	50,832,866	53,912,942
State formula aid	6,023,900	6,303,169	0	0	6,023,900	6,303,169
Other	2,656,513	4,088,639	(105,562)	(137,442)	2,550,951	3,951,197
<b>Total Revenues</b>	<b>68,530,703</b>	<b>74,366,775</b>	<b>3,353,626</b>	<b>3,608,474</b>	<b>71,884,329</b>	<b>77,975,249</b>
<b>Expenses</b>						
Instruction	\$37,951,650	\$40,457,018	0	0	37,951,650	40,457,018
Instructional student support	6,970,018	7,462,305	0	0	6,970,018	7,462,305
Administrative and financial support services	4,986,739	5,197,289	0	0	4,986,739	5,197,289
Operation and maintenance of plant services	6,129,533	5,900,544	0	0	6,129,533	5,900,544
Pupil transportation	1,685,595	1,403,525	0	0	1,685,595	1,403,525
Other	5,496,533	6,788,051	3,411,372	3,708,405	8,907,905	10,496,456
<b>Total Expense</b>	<b>63,220,068</b>	<b>67,208,732</b>	<b>3,411,372</b>	<b>3,708,405</b>	<b>66,631,440</b>	<b>70,917,137</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$5,310,635</b>	<b>\$7,158,043</b>	<b>(\$57,746)</b>	<b>(\$99,931)</b>	<b>\$5,252,889</b>	<b>\$7,058,112</b>

**Figure 5**  
**Sources of Revenues for Fiscal Year 2008**



**Figure 6**  
**Fiscal Year 2008**

**Expenses for**



The District's sound financial position is the product of several factors. In governmental activities, growth of the tax base with a collection rate of about 98%, a .96 mill increase, and increased investment earnings were significant contributors.

Figure 7 represents the cost of six major District governmental 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 85% of governmental activities' costs, and program revenue supports 15% of governmental activities' costs.

**Figure 7**

**Net Cost of Governmental Activities**

Fiscal Years Ended June 30, 2007 and June 30, 2008				
	Total Cost of Services		Net Cost of Services	
	2007	2008	2007	2008
Instruction	\$37,951,650	\$40,457,018	\$31,888,090	\$33,520,799
Instructional Student Support	6,970,018	7,462,305	6,344,767	6,731,802
Administrative and Financial Support Services	4,986,739	5,197,289	4,797,856	4,992,259
Operation and Maintenance of Plant Services	6,129,533	5,900,544	5,987,719	5,737,979
Pupil Transportation	1,685,595	1,403,525	1,119,115	696,979
Other	5,496,533	6,788,051	4,065,097	5,466,889
<b>Total</b>	<b>\$63,220,068</b>	<b>\$67,208,732</b>	<b>\$54,202,644</b>	<b>\$57,146,707</b>

Figure 8 represents the total cost and net cost of services in the District's business-type activities. Program revenue supported 94 % of the food services activities and 100% of the child care activities for the year ended June 30, 2008.

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

Fiscal Years Ended June 30, 2007 and June 30, 2008				
	Total Cost of Services		Net Cost of Services	
	2007	2008	2007	2008
Food Services	\$2,318,398	\$2,514,044	\$15,812	\$146,538
Child Care	1,092,974	1,194,361	(63,628)	(184,049)
<b>Total</b>	<b>\$3,411,372</b>	<b>\$3,708,405</b>	<b>(\$47,816)</b>	<b>(\$37,511)</b>

### Financial Analysis of the District's Funds

The District's governmental funds include the general fund, capital reserve fund, capital projects fund, and other non-major funds. Figure 9 details the current and prior year end fund balances and change therein for the fiscal year ended June 30, 2008. Governmental funds' revenues totaled \$74.1 million, expenditures totaled \$75.7 million, and other financing sources totaled \$35.8 million. The District's governmental funds reported combined fund balances of \$58.9 million which is an increase of \$34.1 million over the prior year, due primarily to the \$33.6 million of new debt issued during the fiscal year which is accounted for in other financing resources and effectively an increase to fund balance in the governmental funds. The schedule below details the fund balances and the total change in fund balances as of June 30, 2007 and June 30, 2008.



**Figure 9**  
**Fund Balances**

Fiscal Years Ended June 30, 2007 and June 30, 2008			
	Fund Balance		Increase (Decrease)
	2007	2008	
General Fund	\$5,425,645	\$5,425,645	\$0
Capital Reserve Fund	8,709,810	10,893,381	2,183,571
Capital Projects Fund	10,485,019	42,441,621	31,956,602
Non-Major Funds	105,017	99,366	(5,651)
<b>Total</b>	<b>\$24,725,491</b>	<b>\$58,860,013</b>	<b>\$34,134,522</b>

The Board authorized the transfer of the general fund excess of revenues over expenditures of \$1.8 million for the year ended June 30, 2008 to be transferred to the capital reserve fund for use in future capital purchases and future building projects. Therefore, there was no change in the general fund balance from the prior year.

The capital reserve fund increase was due primarily to the transfer from the general fund of \$1.8 million as well as \$.4 million of investment earnings.

The capital projects fund had a \$32.0 million net increase primarily due to the issuance of the Series of 2007 General Obligation Bonds of \$33.6 million, \$1.9 million bond premium, \$2.0 million of investment earnings, net of \$5.5 million of capital outlays and related capital project expenditures and debt service transfers.

The non-major funds' decrease was the result of the athletic fund deficiency of revenues over expenditures for the fiscal year ended June 30, 2008.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

In total, net capital assets increased \$2.2 million. Total depreciation expense for the year amounted to \$3.3 million, which is a 17.9% 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 major projects reflected in the construction-in-progress account are the Senior High School classroom addition, the new operations building, and costs associated with planning for the new middle school.

**Figure 10**  
**Capital Assets (net of depreciation)**

Fiscal Years Ended June 30, 2007 and June 30, 2008

	Governmental Activities		Business-Type Activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$6,633,400	\$6,633,400	\$ -	\$ -	\$6,633,400	\$6,633,400
Land Improvements	686,787	505,576	-	-	686,787	505,576
Building and Building Improvements	92,193,139	110,607,732	-	-	92,193,139	110,607,732
Machinery and Equipment	1,316,511	2,523,105	361,869	332,715	1,678,380	2,855,820
Vehicles	621,181	942,160	-	-	621,181	942,160
Construction-in-Progress	24,921,905	7,353,462	-	-	24,921,905	7,353,462
<b>Total</b>	<b>\$126,372,923</b>	<b>\$128,565,435</b>	<b>\$361,869</b>	<b>\$332,715</b>	<b>\$126,734,792</b>	<b>\$128,898,150</b>

### Long-term Debt

During the fiscal year ended June 30, 2008, the District issued \$33.6 million Series of 2007 General Obligation Bonds and refunded \$8.9 million of the Second Series 2002 General Obligation Bonds by issuing Series of 2008 General Obligation Bonds of \$10.0 million. Bond principal payments for the year totaled \$6.2 million. The increase in the long-term portion for compensated absences is attributed to fewer retirements and staffing changes during the year.

**Figure 11**  
**Outstanding Long-Term Debt**

Fiscal Years Ended June 30, 2007 and June 30, 2008

	Total		Change
	2007	2008	
General Obligation Bonds	\$87,645,000	\$116,085,000	\$28,440,000
Compensated Absences	927,403	984,248	56,845
<b>Total</b>	<b>\$88,572,403</b>	<b>\$117,069,248</b>	<b>\$28,496,845</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 of 4.4% and 4.1% for fiscal years 2008-09 and 2009-10, respectively. The District's 2008-09 millage of 19.55 included exceptions of .18 mills approved by the Pennsylvania Department of Education. The District's 2009-10 millage cannot be increased beyond the 4.1% increase or 20.35 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. The adoption of the preliminary budget is due February 17, 2009.
- Under Act 1 the District is required to offer homestead and farmstead property owners the option of paying the flat rate of their real estate taxes in installments. The District provides the option of three equal installments due July 31, September 30, and November 30. Total Berks County Assessment Office approved homesteads and farmsteads for the District were 9,402. Approximately 4% of District real estate taxpayers elected the installment method for the 2008-09 fiscal year.
- Under the provisions of the Homestead Property Exclusion Program Act and the Taxpayer Relief Act, the Board passed the 2008 Homestead and Farmstead Exclusion Resolution in June 2008 whereby County approved homestead and farmstead property taxpayers received an assessment reduction on the July 1, 2008 real estate tax bills of \$7,519 each, which resulted in a \$147 tax reduction per homestead and farmstead. This property tax reduction was the result of the District's allocation of gambling tax funds totaling \$1,366,172 paid to the District by the Pennsylvania Department of Education.
- The District's projected student population growth requires 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. Plans to begin construction on a new middle school adjacent to the Green Valley Elementary School for an estimated cost of \$58 million are ongoing, with a projected building opening in August 2010. Upon the completion of the middle school, the District plans to renovate the Senior High School campus and create additional space by connecting the current Senior High School building with the Central Junior High building.

- In anticipation of the opening of the new middle school in 2010, the District plans to reconfigure the grade levels serviced in the District's various buildings. All elementary buildings will provide all-day kindergarten and serve primary grade levels through the fifth grade. The new middle school and the current Southern Junior High School will serve sixth through eighth grades, with the Senior High School consisting of grades nine through twelve.
- The collective bargaining agreement with the Wilson Education Association currently in effect provides for a 4.4% salary increase each year through its expiration date of June 30, 2010.
- The required District contribution to the Pennsylvania School Employees Retirement System decreased from 7.15% in 2007-08 to 4.76% for 2008-09.
- Increasing cost of health insurance will continue to impact the District's finances. The multi-year contract with Capital Blue Cross which expires on June 30, 2010 includes maximum annual increases of 13% and 12%, for the 2008-09 and 2009-10 fiscal years, respectively.
- Fuel and energy cost increases will affect not only transportation and maintenance expenditures, but also the cost of construction.
- The District will be implementing the new Government Accounting Standards Board Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions in the 2008-09 fiscal year. The statement requires the financial statements to reflect an expense and corresponding liability for the normal cost of postemployment benefits (the present value of benefits allocated to the year) and amortization of the unfunded actuarial accrued liability. Based on an actuarial study performed with the valuation date of January 1, 2008, the present value of the District's postemployment benefits other than pensions was approximately \$5.8 million. The District has not funded this liability, but rather pays these benefits as they become due. Depending on the method of amortization selected, the additional expense and liability beyond the amounts paid is expected to be approximately \$.4 million or \$.8 million for the year ending June 30, 2009.

### **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.

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

**June 30, 2008**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 61,765,863	\$ 628,337	\$ 62,394,200
Investments	2,054,012	-	2,054,012
Prepaid Expenses	5,319	-	5,319
Taxes Receivable, Net	1,433,704	-	1,433,704
Internal Balances	18,077	(18,077)	-
Intergovernmental Receivables	1,703,457	75,463	1,778,920
Other Receivables, Net	10,873	8,690	19,563
Inventories	-	53,273	53,273
<b>TOTAL CURRENT ASSETS</b>	66,991,305	747,686	67,738,991
<b>CAPITAL ASSETS</b>			
Land	6,633,400	-	6,633,400
Site Improvements, Net of Depreciation	505,576	-	505,576
Building and Building Improvements, Net of Depreciation	110,607,732	-	110,607,732
Machinery and Equipment, Net of Depreciation	2,523,105	332,715	2,855,820
Vehicles, Net of Depreciation	942,160	-	942,160
Construction in Progress	7,353,462	-	7,353,462
<b>TOTAL CAPITAL ASSETS</b>	128,565,435	332,715	128,898,150
<b>OTHER - Unamortized Bond Issuance Costs</b>	1,205,157	-	1,205,157
<b>TOTAL ASSETS</b>	<u>\$ 196,761,897</u>	<u>\$ 1,080,401</u>	<u>\$ 197,842,298</u>

See accompanying notes.

	Governmental Activities	Business- Type Activities	Total
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Intergovernmental Payables	\$ 3,771	\$ -	\$ 3,771
Accounts Payable	2,228,022	9,026	2,237,048
Accrued Salaries and Benefits	5,098,088	52,196	5,150,284
Accrued Interest	516,214	-	516,214
Deferred Revenue	91,659	43,387	135,046
Current Portion of Compensated Absences	74,138	-	74,138
Current Portion of Bonds Payable	6,350,000	-	6,350,000
Other Current Liabilities	47,917	-	47,917
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,409,809</b>	<b>104,609</b>	<b>14,514,418</b>
<b>NONCURRENT LIABILITIES</b>			
Bonds Payable	109,735,000	-	109,735,000
Bond Discount, Net of Amortization	(56,266)	-	(56,266)
Bond Premium, Net of Amortization	3,546,262	-	3,546,262
Unamortized Bond Interest	(1,917,652)	-	(1,917,652)
Deferred Refunding Loss, Net of Amortization	(646,152)	-	(646,152)
Long-Term Portion of Compensated Absences	910,110	-	910,110
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>111,571,302</b>	<b>-</b>	<b>111,571,302</b>
<b>TOTAL LIABILITIES</b>	<b>125,981,111</b>	<b>104,609</b>	<b>126,085,720</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	41,500,880	332,715	41,833,595
Restricted for Capital Projects	13,700,141	-	13,700,141
Unrestricted	15,579,765	643,077	16,222,842
<b>TOTAL NET ASSETS</b>	<b>70,780,786</b>	<b>975,792</b>	<b>71,756,578</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 196,761,897</b>	<b>\$ 1,080,401</b>	<b>\$ 197,842,298</b>

**WILSON SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$ 31,163,644	\$ 11,717	\$ 2,559,979	\$ -
Special	7,119,470	863,676	3,331,648	-
Vocational	1,970,698	-	72,204	-
Other Instructional Programs	203,206	39,163	57,832	-
Total Instructional Services	40,457,018	914,556	6,021,663	-
<b>Support Services:</b>				
Pupil Personnel	2,320,953	-	208,743	-
Instructional Staff	4,401,918	-	382,914	-
Administration	4,324,562	-	179,698	-
Pupil Health	560,821	-	138,846	-
Business Services	781,154	-	25,332	-
Operation of Plant and Maintenance Services	5,900,544	10,573	151,992	-
Student Transportation Services	1,403,525	-	706,546	-
Central	91,573	-	-	-
Other Support Services	178,613	-	-	-
Total Support Services	19,963,663	10,573	1,794,071	-
<b>Noninstructional Services:</b>				
Student Activities	1,669,020	265,460	75,996	-
Community Services	60,878	59,017	-	-
Interest on Long-Term Debt	5,058,153	-	-	920,689
Total Noninstructional Services	6,788,051	324,477	75,996	920,689
<b>Total Governmental Activities</b>	<b>67,208,732</b>	<b>1,249,606</b>	<b>7,891,730</b>	<b>920,689</b>
<b>Business-Type Activities:</b>				
Food Services	2,514,044	1,723,165	644,341	-
Child Care	1,194,361	1,311,291	67,119	-
Total Business-Type Activities	3,708,405	3,034,456	711,460	-
<b>Total Primary Government</b>	<b>\$ 70,917,137</b>	<b>\$ 4,284,062</b>	<b>\$ 8,603,190</b>	<b>\$ 920,689</b>

**General Revenues and Transfers:**

Taxes:

Property Taxes, Levied for General Purposes  
Public Utility Realty, Earned Income, LST 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
\$ (28,591,948)	\$ -	\$ (28,591,948)
(2,924,146)	-	(2,924,146)
(1,898,494)	-	(1,898,494)
(106,211)	-	(106,211)
(33,520,799)	-	(33,520,799)
(2,112,210)	-	(2,112,210)
(4,019,004)	-	(4,019,004)
(4,144,864)	-	(4,144,864)
(421,975)	-	(421,975)
(755,822)	-	(755,822)
(5,737,979)	-	(5,737,979)
(696,979)	-	(696,979)
(91,573)	-	(91,573)
(178,613)	-	(178,613)
(18,159,019)	-	(18,159,019)
(1,327,564)	-	(1,327,564)
(1,861)	-	(1,861)
(4,137,464)	-	(4,137,464)
(5,466,889)	-	(5,466,889)
(57,146,707)	-	(57,146,707)
-	(146,538)	(146,538)
-	184,049	184,049
-	37,511	37,511
(57,146,707)	37,511	(57,109,196)
45,838,866	-	45,838,866
8,074,076	-	8,074,076
6,303,169	-	6,303,169
3,774,534	22,558	3,797,092
154,105	-	154,105
160,000	(160,000)	-
64,304,750	(137,442)	64,167,308
7,158,043	(99,931)	7,058,112
63,622,743	1,075,723	64,698,466
<u>\$ 70,780,786</u>	<u>\$ 975,792</u>	<u>\$ 71,756,578</u>



**WILSON SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**June 30, 2008**

	<u>General</u>	<u>Capital Reserve</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 9,276,075	\$ 9,081,670
Investments	2,012,276	-
Prepaid Expenses	5,319	-
Taxes Receivable, Net	1,440,945	-
Interfund Receivables	18,612	1,811,711
Intergovernmental Receivables	1,703,457	-
Other Receivables, Net	10,873	-
<b>TOTAL ASSETS</b>	<u>\$ 14,467,557</u>	<u>\$ 10,893,381</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Interfund Payable	\$ 1,811,711	\$ -
Accounts Payable	1,319,690	-
Intergovernmental Payables	3,771	-
Accrued Salaries and Benefits	5,172,226	-
Deferred Revenues	686,597	-
Other Current Liabilities	47,917	-
<b>TOTAL LIABILITIES</b>	9,041,912	-
<b>FUND BALANCES</b>		
Reserve for Capital Projects	-	-
Unreserved/Undesignated Fund Balances:		
General Fund	5,425,645	-
Capital Reserve Fund	-	10,893,381
Athletic Fund	-	-
<b>TOTAL FUND BALANCES</b>	<u>5,425,645</u>	<u>10,893,381</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 14,467,557</u>	<u>\$ 10,893,381</u>

See accompanying notes.

Capital Projects	Nonmajor Funds	Total Governmental Funds
\$ 43,348,329	\$ 59,789	\$ 61,765,863
-	41,736	2,054,012
-	-	5,319
-	-	1,440,945
-	-	1,830,323
-	-	1,703,457
-	-	10,873
<u>\$ 43,348,329</u>	<u>\$ 101,525</u>	<u>\$ 68,810,792</u>
\$ -	\$ 535	\$ 1,812,246
906,708	1,624	2,228,022
-	-	3,771
-	-	5,172,226
-	-	686,597
-	-	47,917
906,708	2,159	9,950,779
42,441,621	-	42,441,621
-	-	5,425,645
-	-	10,893,381
-	99,366	99,366
42,441,621	99,366	58,860,013
<u>\$ 43,348,329</u>	<u>\$ 101,525</u>	<u>\$ 68,810,792</u>

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2008**

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**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS**

**\$ 58,860,013**

**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 \$168,408,072 and the accumulated depreciation is \$39,842,637.

128,565,435

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.

594,938

Establish allowance for doubtful accounts - property taxes receivable

(7,241)

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	\$ (116,085,000)	
Accrued Interest on Bonds	(516,214)	
Unamortized Capitalized Bond Interest	1,917,652	
Unamortized Bond Premium	(3,546,262)	
Unamortized Bond Issuance Costs	1,205,157	
Unamortized Deferred Refunding Loss	646,152	
Unamortized Bond Discount	56,266	
Compensated Absences	(910,110)	(117,232,359)

**TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES**

**\$ 70,780,786**

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2008**

	<u>General</u>	<u>Capital Reserve</u>
<b>REVENUES</b>		
Local Sources	\$ 57,315,446	\$ 416,063
State Sources	13,376,369	-
Federal Sources	<u>702,966</u>	<u>-</u>
<b>TOTAL REVENUES</b>	71,394,781	416,063
<b>EXPENDITURES</b>		
Instructional Services	38,358,262	-
Support Services	19,819,910	25,483
Operation of Noninstructional Services	1,491,198	-
Capital Outlay	-	18,720
Debt Service		
Principal	-	-
Interest	-	-
Refund of Prior Years Revenues	<u>50</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>59,669,420</u>	<u>44,203</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	11,725,361	371,860
<b>OTHER FINANCING SOURCES (USES)</b>		
Bond Issue Proceeds	-	-
Bond Premium	-	-
Bond Discount	-	-
Proceeds from Refunding Bonds	-	-
Payments to Escrow Agent - Refunding Bonds	-	-
Operating Transfers In	160,000	1,811,711
Operating Transfers Out	<u>(11,885,361)</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(11,725,361)</u>	<u>1,811,711</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	2,183,571
<b>FUND BALANCES - BEGINNING</b>	<u>5,425,645</u>	<u>8,709,810</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 5,425,645</u></u>	<u><u>\$ 10,893,381</u></u>

See accompanying notes.

Capital Projects	Nonmajor Funds	Total Governmental Funds
\$ 2,007,045	\$ 232,383	\$ 59,970,937
-	2,090	13,378,459
-	-	702,966
2,007,045	234,473	74,052,362
10,315	-	38,368,577
645,967	190,140	20,681,500
-	236,269	1,727,467
3,967,833	-	3,986,553
-	6,215,000	6,215,000
(4,874)	4,748,077	4,743,203
-	-	50
4,619,241	11,389,486	75,722,350
(2,612,196)	(11,155,013)	(1,669,988)
33,550,000	-	33,550,000
1,904,370	-	1,904,370
-	(22,649)	(22,649)
-	9,995,000	9,995,000
-	(9,782,211)	(9,782,211)
-	10,959,222	12,930,933
(885,572)	-	(12,770,933)
34,568,798	11,149,362	35,804,510
31,956,602	(5,651)	34,134,522
10,485,019	105,017	24,725,491
<u>\$ 42,441,621</u>	<u>\$ 99,366</u>	<u>\$ 58,860,013</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, 2008**

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

\$ 34,134,522

**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	\$ 5,509,798	
Less: Depreciation Expense	(3,255,312)	
Less: Loss on Disposal	<u>(61,974)</u>	2,192,512

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.

154,463

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	6,215,000	
Issuance of Bonds and Refunding Bonds	(43,545,000)	
Payments to Escrow Agent - Refunding Bonds	9,782,211	
Bond Issue Costs - New Issue	601,909	
Bond Premium - New Issue	(1,904,370)	
Bond Discount - New Issue	22,649	
Amortization of Bond Premium	367,375	
Amortization of Bond Discount	(557,988)	
Amortization of Deferred Refunding Loss	(30,769)	
Amortization of Bond Issuance Costs	<u>(132,241)</u>	(29,181,224)

**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, 2008**

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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.

(93,568)

In the statement of activities, certain operating expenses - compensated absences (retirement bonus 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.

(48,662)

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

\$ 7,158,043

**WILSON SCHOOL DISTRICT**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**

**June 30, 2008**

	<u>Enterprise Fund Food Service</u>	<u>Nonmajor Fund (Child Care)</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 336,016	\$ 292,321	\$ 628,337
Intergovernmental Receivables	67,473	7,990	75,463
Other Receivables, Net	4,723	3,967	8,690
Inventories	<u>53,273</u>	<u>-</u>	<u>53,273</u>
<b>TOTAL CURRENT ASSETS</b>	461,485	304,278	765,763
<b>NONCURRENT ASSETS</b>			
Machinery and Equipment, Net	<u>294,258</u>	<u>38,457</u>	<u>332,715</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 755,743</u></u>	<u><u>\$ 342,735</u></u>	<u><u>\$ 1,098,478</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Interfund Balances	\$ (12,286)	\$ 30,363	\$ 18,077
Accounts Payable	8,907	119	9,026
Accrued Salaries and Benefits	3,818	48,378	52,196
Deferred Revenues	<u>43,387</u>	<u>-</u>	<u>43,387</u>
<b>TOTAL LIABILITIES</b>	43,826	78,860	122,686
<b>NET ASSETS</b>			
Invested in Capital Assets	294,258	38,457	332,715
Unrestricted	<u>417,659</u>	<u>225,418</u>	<u>643,077</u>
<b>TOTAL NET ASSETS</b>	<u>711,917</u>	<u>263,875</u>	<u>975,792</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 755,743</u></u>	<u><u>\$ 342,735</u></u>	<u><u>\$ 1,098,478</u></u>



**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2008**

	<u>Enterprise Fund Food Service</u>	<u>Nonmajor Fund (Child Care)</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Food Service Revenue	\$ 1,723,165	\$ -	\$ 1,723,165
Tuition Revenues	-	1,311,291	1,311,291
<b>TOTAL OPERATING REVENUES</b>	1,723,165	1,311,291	3,034,456
<b>OPERATING EXPENSES</b>			
Salaries	867,401	876,378	1,743,779
Employee Benefits	264,101	170,104	434,205
Other Operating Expenses	71,925	141,044	212,969
Supplies	1,243,540	-	1,243,540
Depreciation	58,887	5,125	64,012
<b>TOTAL OPERATING EXPENSES</b>	2,505,854	1,192,651	3,698,505
<b>OPERATING INCOME (LOSS)</b>	(782,689)	118,640	(664,049)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Local Sources	25,427	6,858	32,285
State Sources	133,223	67,119	200,342
Federal Sources	501,391	-	501,391
Gain (Loss) on Asset Disposal	(8,190)	(1,710)	(9,900)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	651,851	72,267	724,118
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	(130,838)	190,907	60,069
Operating Transfers Out	(60,000)	(100,000)	(160,000)
<b>CHANGE IN NET ASSETS</b>	(190,838)	90,907	(99,931)
<b>TOTAL NET ASSETS - BEGINNING</b>	902,755	172,968	1,075,723
<b>TOTAL NET ASSETS - ENDING</b>	\$ 711,917	\$ 263,875	\$ 975,792

**WILSON SCHOOL DISTRICT**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**For the Year Ended June 30, 2008**

	Enterprise Fund Food Service	Nonmajor Fund (Child Care)	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Users	\$ 1,724,498	\$ 1,305,894	\$ 3,030,392
Cash Payments to Employees for Services	(1,139,400)	(1,039,125)	(2,178,525)
Cash Payments to Suppliers for Goods and Services	(1,168,414)	-	(1,168,414)
Cash Payments for Other Operating Expenses	(71,925)	(114,788)	(186,713)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	(655,241)	151,981	(503,260)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Local Sources	9,728	-	9,728
State Sources	131,579	64,098	195,677
Federal Sources	409,957	-	409,957
Operating Transfers Out	(60,000)	(100,000)	(160,000)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	491,264	(35,902)	455,362
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Equipment	(31,201)	(13,557)	(44,758)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Earnings on Investments	15,700	6,858	22,558
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(179,478)	109,380	(70,098)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	515,494	182,941	698,435
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 336,016	\$ 292,321	\$ 628,337

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

For the Year Ended June 30, 2008

	Enterprise Fund Food Service	Nonmajor Fund (Child Care)	Totals
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:</u></b>			
Operating Income (Loss)	\$ (782,689)	\$ 118,640	\$ (664,049)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Net Operating Activities:			
Depreciation	58,887	5,125	64,012
Donated Commodities Used	88,515	-	88,515
Changes in Assets and Liabilities:			
Intergovernmental and Other Receivables	(543)	(5,397)	(5,940)
Inventories	(928)	-	(928)
Interfund Balances	(9,919)	26,138	16,219
Accounts Payable	(11,853)	119	(11,734)
Accrued Salaries and Benefits	2,021	7,356	9,377
Deferred Revenues	1,268	-	1,268
Total Adjustments	127,448	33,341	160,789
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ (655,241)</u></b>	<b><u>\$ 151,981</u></b>	<b><u>\$ (503,260)</u></b>

Noncash, Noncapital Financing Activities:

During the year the District used \$88,515 of food commodities from the Department of Agriculture.

**WILSON SCHOOL DISTRICT**

**STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS**

**June 30, 2008**

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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	<u>\$ 24,746</u>	<u>\$ 220,710</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 24,746</u></u>	<u><u>\$ 220,710</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Other Current Liabilities	<u>\$ -</u>	<u>\$ 220,710</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ -</u></u>	<u><u>\$ 220,710</u></u>
<b>NET ASSETS</b>		
Held in Trust for Scholarships	<u><u>\$ 24,746</u></u>	

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

**For the Year Ended June 30, 2008**

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	<u>Expendable Trust Funds Scholarship</u>
<b>ADDITIONS</b>	
Contributions	\$ 20,242
Earnings on Investments	<u>1,202</u>
<b>TOTAL ADDITIONS</b>	21,444
<b>DEDUCTIONS</b>	
Scholarships	<u>25,255</u>
<b>CHANGE IN NET ASSETS</b>	(3,811)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>28,557</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 24,746</u></u>

## **WILSON SCHOOL DISTRICT**

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

**June 30, 2008**

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, 2008**

**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, 2008**

**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, 2008**

**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, 2008**

**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, 2008, consist of the following:

Purchased food	\$ 34,121
Supplies	12,018
Donated commodities	<u>7,134</u>
	<u><u>\$ 53,273</u></u>

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

June 30, 2008

**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., 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 - 50
Machinery and equipment	5 - 15
Vehicles	5 - 10

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 Board for review. The 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 Board.

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

**June 30, 2008**

**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, 2008 are as follows:

Cash	\$ 927,893
Investments	2,054,012
Pooled cash	61,709,668
Petty cash	<u>2,095</u>
Total	<u>\$ 64,693,668</u>

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

**June 30, 2008**

**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, 2008, \$770,026 of the District's bank balance of \$931,606 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	770,026
	<u>\$ 770,026</u>

Reconciliation to Financial Statements

Uncollateralized amount above	\$ 770,026
Plus: insured amount	161,580
Plus: reconciling items	(3,714)
Carrying amount bank balances	927,892
Plus: pooled cash equivalents, net of \$137,894 reconciling items	61,709,669
petty cash	2,095
	<u>\$ 62,639,656</u>
Total Cash	

Investments

As of June 30, 2008, the District had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposit	6 - 12 months	\$ 41,736
PA School District Liquid Asset Fund		61,336,746
PA School District Max		2,012,276
PA Invest		372,922
		<u>372,922</u>
Total Investments		<u>\$ 63,763,680</u>

**WILSON SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2008**

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

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Reconciliation to Financial Statements

Total investments above	\$ 63,763,680
Less: Deposits in investment pool considered cash equivalents	<u>(61,709,668)</u>
Total Investments Per Financial Statements	<u>\$ 2,054,012</u>

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, 2008, 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.

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

**June 30, 2008**

**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 \$18.55 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, 2008 are as follows:

	Gross Taxes Receivable	Allowance Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Taxes
Real estate/Interims	\$ 724,080	\$ 7,241	\$ 716,839	\$ 121,901	\$ 594,938
Per capita	3,553	-	3,553	3,553	-
Mercantile	455,378	-	455,378	455,378	-
EMS	170,360	-	170,360	170,360	-
Transfer tax	87,574	-	87,574	87,574	-
	<u>\$ 1,440,945</u>	<u>\$ 7,241</u>	<u>\$ 1,433,704</u>	<u>\$ 838,766</u>	<u>\$ 594,938</u>

The deferred revenue balance in the General Fund of \$686,597 consists of deferred real estate taxes of \$594,938, deferred revenue from summer school tuition of \$32,890, deferred revenue from local grants of \$5,000, deferred revenue from camps and clinics of \$17,900, and deferred revenue from sponsorships of \$35,869.

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

June 30, 2008

**NOTE 4 - INTERGOVERNMENTAL RECEIVABLES / PAYABLES**

The following schedule represents net intergovernmental receivables at June 30, 2008:

Name of Government Unit	General Fund	Proprietary	
		Food Service	Child Care
Commonwealth of PA - Retirement	\$ 460,760	\$ -	\$ 1,415
Commonwealth of PA - Social Security	159,149	-	1,606
Commonwealth of PA - VoTech Rental	73,031	-	-
Commonwealth of PA - Project 720	28,892	-	-
Commonwealth of PA - Rental Subsidy	223,929	-	-
Commonwealth of PA - National School Lunch	-	10,365	-
Federal Subsidies - Title I	3,322	-	-
Federal Subsidies - Title II	25,358	-	-
Federal Subsidies - Title III	7,392	-	-
Federal Subsidies - Title V	1,388	-	-
Federal Subsidies - IDEA	561,247	-	-
Federal Subsidies - IDEA Inclusion	20,000	-	-
Federal Subsidies - Access	70,000	-	-
Federal Subsidies - National School Lunch	-	54,156	-
Federal Subsidies - National School Breakfast	-	2,952	-
School District of Philadelphia	17,737	-	-
Other Local Gov't Agencies	19,551	-	-
Wyomissing School District	16,993	-	-
Berks County Intermediate Unit	14,708	-	4,969
	<u>\$ 1,703,457</u>	<u>\$ 67,473</u>	<u>\$ 7,990</u>

The following schedule represents intergovernmental payables at June 30, 2008:

Name of Government Unit	General Fund
Federal Subsidies - Title I	\$ 49
Commonwealth of PA - Dual Enrollment	3,722
	<u>\$ 3,771</u>



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

June 30, 2008

**NOTE 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2008 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	24,921,905	3,986,552	(21,554,995)	7,353,462
Capital assets being depreciated:				
Land improvements	3,624,215	-	-	3,624,215
Buildings and building improvements	122,597,728	20,876,630	-	143,474,358
Machinery and equipment	2,562,062	1,569,687	-	4,131,749
Vehicles	3,321,974	631,924	(763,010)	3,190,888
Totals at historical cost	132,105,979	23,078,241	(763,010)	154,421,210
Less accumulated depreciation for:				
Land improvements	2,937,428	181,211	-	3,118,639
Buildings and building improvements	30,404,589	2,462,037	-	32,866,626
Machinery and equipment	1,245,551	363,093	-	1,608,644
Vehicles	2,700,793	248,971	(701,036)	2,248,728
Total accumulated depreciation	37,288,361	3,255,312	(701,036)	39,842,637
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET</b>	<u>94,817,618</u>	<u>19,822,929</u>	<u>(61,974)</u>	<u>114,578,573</u>
<b>GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET</b>	<u>\$ 126,372,923</u>	<u>\$ 23,809,481</u>	<u>\$ (21,616,969)</u>	<u>\$ 128,565,435</u>
<b>Business-Type Activities</b>				
Capital assets being depreciated:				
Equipment	\$ 1,043,405	\$ 44,758	\$ (52,332)	\$ 1,035,831
Accumulated depreciation for:				
Equipment	681,536	64,012	(42,432)	703,116
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<u>\$ 361,869</u>	<u>\$ (19,254)</u>	<u>\$ (9,900)</u>	<u>\$ 332,715</u>

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

**June 30, 2008**

**NOTE 5 - CHANGES IN CAPITAL ASSETS - CONTINUED**

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

Instruction, Regular	\$ 2,472,099
Instruction, Special	1,526
Support Services	777,798
Non-instructional Services	<u>3,889</u>

<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 3,255,312</u></b>
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**NOTE 6 - LONG-TERM LIABILITIES**

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Long-term liabilities except for compensated absences:

General Obligation Bond - Series of 2008:

The District is liable for general obligation bonds dated February 15, 2008 in the original principal amount of \$9,995,000. 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 2.30% to 3.25%. The proceeds of this Bond were used to partially advance refund the General Obligation Bonds - Second Series of 2002 and to pay debt issuance costs.

\$ 9,990,000

General Obligation Bond - Series of 2007:

The District is liable for general obligation bonds dated July 15, 2007 in the original principal amount of \$33,550,000. Principal maturities occur on June 1 through the year 2026. Interest is payable semi-annually on June 1 and December 1. Interest rates vary from 3.80% to 5.25%. The proceeds of this Bond will be used for capital improvement projects.

33,550,000

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.

20,090,000

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

June 30, 2008

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

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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 2017. 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.

9,975,000

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 2019. 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.

11,665,000

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.

16,870,000

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.

415,000

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 \$116,085,000

**WILSON SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2008**

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

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

	General Obligation Bonds, Series of 2008	General Obligation Bonds, Series of 2007	General Obligation Bonds, Series of 2005	General Obligation Bonds, Series of 2004
2009	\$ 5,000	\$ 50,000	\$ 20,000	\$ 5,000
2010	145,000	5,000	20,000	120,000
2011	170,000	5,000	5,000	135,000
2012	175,000	5,000	5,000	140,000
2013	180,000	100,000	130,000	140,000
2014 - 2018	9,315,000	275,000	11,920,000	9,435,000
2019 - 2023	-	18,670,000	7,990,000	-
2024 - 2026	-	14,440,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	9,990,000	33,550,000	20,090,000	9,975,000
Less: Unamortized discount on Capital Appreciation Bonds	<hr/> -	<hr/> -	<hr/> -	<hr/> -
	<hr/> <u>\$ 9,990,000</u>	<hr/> <u>\$ 33,550,000</u>	<hr/> <u>\$ 20,090,000</u>	<hr/> <u>\$ 9,975,000</u>

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General Obligation Bonds, Second Series of 2003	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
\$ 870,000	\$ 1,915,000	\$ 210,000	\$ 3,275,000	\$ 6,350,000	\$ 4,714,633
895,000	2,000,000	205,000	3,280,000	6,670,000	4,598,925
925,000	2,075,000	-	3,500,000	6,815,000	4,472,098
960,000	2,185,000	-	3,475,000	6,945,000	4,342,984
1,000,000	5,520,000	-	-	7,070,000	4,189,383
5,700,000	3,175,000	-	-	39,820,000	16,153,919
1,315,000	-	-	-	27,975,000	7,808,842
-	-	-	-	14,440,000	1,399,650
11,665,000	16,870,000	415,000	13,530,000	116,085,000	<u>\$ 47,680,434</u>
-	-	-	(1,917,652)	(1,917,652)	
<u>\$ 11,665,000</u>	<u>\$ 16,870,000</u>	<u>\$ 415,000</u>	<u>\$ 11,612,348</u>	<u>\$ 114,167,348</u>	

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

**June 30, 2008**

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

Long-term liability balances and activity for the year ended June 30, 2008 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	\$ 87,645,000	\$ 43,545,000	\$ 15,105,000	\$ 116,085,000	\$ 6,350,000
Other Liabilities:					
Compensated Absences	927,403	177,819	120,974	984,248	74,138
<b>TOTAL GOVERNMENTAL LONG-TERM LIABILITIES</b>	<u>\$ 88,572,403</u>	<u>\$ 43,722,819</u>	<u>\$ 15,225,974</u>	<u>\$ 117,069,248</u>	<u>\$ 6,424,138</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, 2008 was \$4,743,203.

**Defeasance of Debt**

During the year ended June 30, 2008, the District issued \$9,995,000 of general obligation refunding bonds to provide resources to purchase securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of \$8,890,000 of general obligation bonds second series of 2002. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$676,922. This amount is being amortized over the life of the new debt, which is shorter than the life of the refunded debt. This advance refunding was undertaken and resulted in an economic gain of \$370,065 and a cash flow savings of \$370,903.

As of June 30, 2008, outstanding general obligation bonds of the District in the amount of \$8,885,000 were considered defeased with a related \$9,609,100 held in escrow funds.

**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.

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

**June 30, 2008**

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

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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>.

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, 2008, the rate of employer contributions was 7.13% of covered payroll. The 7.13% rate is composed of a pension contribution rate of 6.44% for pension benefits and .69% for healthcare insurance premium assistance. The District's contributions to PSERS for the years ended June 30, 2008, 2007 and 2006 were \$2,461,745, \$1,991,664, and \$1,451,997, 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 towards the cost of medical and prescription drug coverage until eligible for Medicare or death - \$135 per month for certain collective bargaining unit employees; single coverage premiums, including dental, less retiree-paid contributions at the active employee contribution rates for administrators; and single coverage premiums for support staff through June 30, 2008. Support staff who retire on or after July 1, 2008 will contribute toward the monthly premiums at the active employee contribution rates. The cost of retirees' health care benefits is recognized as an expenditure as paid.

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

**June 30, 2008**

**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 upon retirement. 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 \$74,138 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, 2008:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 18,612	\$ 1,811,711
Capital Reserve	1,811,711	-
Nonmajor Governmental Fund - Athletic	-	535
Enterprise Fund - Food Service	12,286	-
Nonmajor Enterprise Fund - Child Care	-	30,363
	<u>\$ 1,842,609</u>	<u>\$ 1,842,609</u>

Interfund receivables/payables consist of shared costs which have not yet been reimbursed as well as the reservation of funds for projected capital needs. All will be transferred within a year.



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

June 30, 2008

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

Interfund transfers are summarized as follows at June 30, 2008:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 160,000	\$ 11,885,361
Capital Reserve	1,811,711	-
Capital Projects	-	885,572
Nonmajor Governmental Fund - Debt Service	10,959,222	-
Enterprise Fund - Food Service	-	60,000
Nonmajor Enterprise Fund - Child Care	-	100,000
	<u>\$ 12,930,933</u>	<u>\$ 12,930,933</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 2007/08 year was \$654,246.

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 2007/08 year was \$359,452.

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

**June 30, 2008**

**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	\$ 37,622,208
Total Liabilities	<u>(26,996,392)</u>
Total Net Assets	<u>\$ 10,625,816</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 2007/08 year.

**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 District expects such amounts, if any, to be immaterial.

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

**June 30, 2008**

**NOTE 14 - COMMITMENTS**

At June 30, 2008, 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>		
Lyons Construction	\$ 7,593,983	\$ 25,961
MBR Construction	1,691,715	13,046
Vision Mechanical, Inc.	463,329	1,390
Worth and Company, Inc.	2,349,245	63,878
<u>New Middle School</u>		
KCBA Architects	3,097,435	846,475
Quandel Group, Inc	965,000	885,936
<u>High School Renovations/Additions</u>		
ECI Construction	1,240,200	517,781
KCBA Architects	147,097	3,274
Pagoda Electrical, Inc.	180,000	37,000
Shannon A. Smith, Inc	251,790	42,106
Vision Mechanical, Inc.	25,000	5,619
<u>Operations Building</u>		
KCBA Architects	<u>166,000</u>	<u>41,500</u>
	<u>\$ 18,170,794</u>	<u>\$ 2,483,966</u>

There are sufficient funds in the capital projects fund at June 30, 2008 to cover remaining commitments.

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

**June 30, 2008**

**NOTE 15 - NEW ACCOUNTING STANDARDS**

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The Government Accounting Standards Board has issued Statement No. 45 - Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions, which is required to be implemented by the District by the year ending June 30, 2009. This statement requires the District to address estimated postemployment liabilities and its respective accounting treatment. The District plans to implement the statement in the year ending June 30, 2009.

Based on actuarial studies performed, the present value of all postemployment benefits other than pensions attributed to the past service of current plan participants as of January 1, 2008, the valuation date, was approximately \$5,800,000. The District has not funded this liability, but rather pays these benefits as they become due.

For the year ending June 30, 2009, the Statement of Net Assets and Statement of Activities will reflect an expense and a corresponding liability for the normal cost (the present value of benefits allocated to the year) and amortization of the unfunded actuarial accrued liability. Depending on the method of amortization selected, the additional expense and liability beyond the amounts paid is expected to be approximately \$356,000 or \$797,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**For the Year Ended June 30, 2008**

<b>REVENUES AND OTHER FINANCING SOURCES</b>	<b>Budgeted Amount</b>	
	<b>Original</b>	<b>Final</b>
<b>REVENUES</b>		
Local Sources	\$ 56,887,508	\$ 56,887,508
State Sources	13,564,795	13,564,795
Federal Sources	745,947	745,947
<b>TOTAL REVENUES</b>	<b>71,198,250</b>	<b>71,198,250</b>
<b>EXPENDITURES AND OTHER FINANCING USES</b>		
<b>EXPENDITURES - INSTRUCTION</b>		
Regular Programs - Elementary/Secondary	30,050,194	30,130,430
Special Programs - Elementary/Secondary	6,866,589	6,865,144
Vocational Education Programs	1,917,018	1,918,700
Other Instructional Programs - Elementary/Secondary	245,711	253,761
<b>TOTAL INSTRUCTION</b>	<b>39,079,512</b>	<b>39,168,035</b>
<b>SUPPORT SERVICES</b>		
Pupil Personnel	2,277,030	2,277,102
Instructional Staff	4,608,518	4,551,741
Administration	4,441,838	4,441,585
Pupil Health	587,524	582,824
Business	757,749	757,749
Operation and Maintenance of Plant Services	6,258,924	6,258,924
Student Transportation Services	1,672,792	1,672,792
Central	107,000	106,750
Other Support Services	205,822	180,074
<b>TOTAL SUPPORT SERVICES</b>	<b>20,917,197</b>	<b>20,829,541</b>
<b>OPERATION OF NONINSTRUCTIONAL SERVICES</b>		
Student Activities	1,453,639	1,456,072
Community Services	91,335	88,035
<b>TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES</b>	<b>1,544,974</b>	<b>1,544,107</b>
Refund of prior year revenues	3,000	3,000
<b>TOTAL EXPENDITURES</b>	<b>61,544,683</b>	<b>61,544,683</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>9,653,567</b>	<b>9,653,567</b>

See notes to required supplementary information.

Actual (GAAP) Basis	Variances Final to Actual
\$ 57,315,446	\$ 427,938
13,376,369	(188,426)
702,966	(42,981)
71,394,781	196,531
29,057,768	1,072,662
7,129,304	(264,160)
1,968,431	(49,731)
202,759	51,002
38,358,262	809,773
2,311,398	(34,296)
4,615,677	(63,936)
4,053,111	388,474
560,219	22,605
777,994	(20,245)
5,544,624	714,300
1,687,505	(14,713)
90,769	15,981
178,613	1,461
19,819,910	1,009,631
1,430,520	25,552
60,678	27,357
1,491,198	52,909
50	2,950
59,669,420	1,875,263
11,725,361	2,071,794

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2008**

	Budgeted Amount	
	Original	Final
<b>OTHER FINANCING SOURCES (USES)</b>		
Budgetary Reserve	(1,000,000)	(1,000,000)
Transfers from Other Funds	146,000	146,000
Transfers to Other Funds	<u>(10,114,170)</u>	<u>(10,114,170)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(10,968,170)</u>	<u>(10,968,170)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (1,314,603)</u>	<u>\$ (1,314,603)</u>

**FUND BALANCE - JULY 1, 2007**

**FUND BALANCE - JUNE 30, 2008**



<u>Actual (GAAP) Basis</u>	<u>Variances Final to Actual</u>
-	1,000,000
160,000	14,000
<u>(11,885,361)</u>	<u>(1,771,191)</u>
<u>(11,725,361)</u>	<u>(757,191)</u>
-	<u>\$ 1,314,603</u>
<u>5,425,645</u>	
<u>\$ 5,425,645</u>	

**WILSON SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2008**

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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.

## **SUPPLEMENTARY INFORMATION**

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2008**

		<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	\$ 44,537,565	\$ 44,336,090	\$ (201,475)
6112	Taxes, Interim Real Estate	908,435	613,842	(294,593)
6113	Public Utility Realty Tax	70,000	68,992	(1,008)
6114	Taxes, Current, Payments in Lieu of Taxes	338	1,015	677
6120	Current Per Capita Taxes, Section 679	120,000	122,251	2,251
6140	Current Act 511 Per Capita Taxes	120,000	122,251	2,251
6143	Current 511 Local Services Taxes	120,000	76,654	(43,346)
6151	Current Act 511 Earned Income Taxes	4,536,566	4,828,528	291,962
6153	Current Act 511 Real Estate Transfer Taxes	1,400,000	959,670	(440,330)
6155	Current Act 511 Business Privilege Taxes	1,800,000	1,894,715	94,715
6400	Delinquent Taxes (All Levies)	600,000	734,471	134,471
	<b>Total</b>	<b>54,212,904</b>	<b>53,758,479</b>	<b>(454,425)</b>
<u>Other</u>				
6510	Earnings from Temporary Deposits and Investments	850,000	1,342,853	492,853
6810	Revenue from other Governments	-	15,871	15,871
6820	Revenue from I.U. - State	22,000	32,401	10,401
6830	Revenue from I.U. - Federal	13,000	13,356	356
6832	Revenue from I.U. - Federal - Special Ed	879,104	899,263	20,159
6910	Rental of Facilities	2,500	10,573	8,073
6920	Donation from Private Source	39,000	50,671	11,671
6940	Tuition from Patrons	712,000	914,556	202,556
6960	Service Provided from Others	19,000	17,698	(1,302)
6980	Community Swim and Physical Fitness	72,000	75,697	3,697
6990	Miscellaneous Revenue	66,000	184,028	118,028
	<b>Total</b>	<b>2,674,604</b>	<b>3,556,967</b>	<b>882,363</b>
	<b>TOTAL REVENUES FROM LOCAL SOURCES</b>	<b>56,887,508</b>	<b>57,315,446</b>	<b>427,938</b>
<b>7000 Revenues from State Sources</b>				
7110	Basic Instructional Subsidy	5,856,553	6,016,216	159,663
7140	Charter Schools	70,000	102,731	32,731
7160	Tuition/Court Placed Institutions	140,000	138,075	(1,925)
7170	School Improvement	9,500	-	(9,500)
7210	Homebound Instruction	475	418	(57)
7220	Vocational Education	24,600	21,540	(3,060)
7240	Driver Education	4,000	4,130	130
7250	Migratory Children Education	-	120	120

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2008**

		Fund Budget	Actual	Variance
<b>7000 Revenues from State Sources - continued</b>				
7270	Special Education of Exceptional Pupils	2,005,123	2,023,004	17,881
7310	Transportation	580,000	627,383	47,383
7320	Rentals and Sinking Fund Payments	1,009,139	920,689	(88,450)
7330	Medical and Dental Services	112,000	112,499	499
7500	Extra Grants	548,940	480,358	(68,582)
7810	Social Security	1,398,753	1,298,050	(100,703)
7820	Retirement	1,305,712	1,233,064	(72,648)
7920	Classrooms for the Future	500,000	398,092	(101,908)
	<b>TOTAL REVENUES FROM STATE SOURCES</b>	13,564,795	13,376,369	(188,426)
<b>8000 Revenues from Federal Sources</b>				
8514	Title I	236,930	241,368	4,438
8515	Title II	125,679	126,791	1,112
8516	LEP/Immigrant	34,957	48,045	13,088
8518	Title V Innovative	5,217	5,206	(11)
8810	Access Medical Assistance Reimbursement	343,164	281,556	(61,608)
	<b>TOTAL REVENUES FROM FEDERAL SOURCES</b>	745,947	702,966	(42,981)
<b>9000 Other Financing Sources</b>				
9359	Other Enterprise Fund Transfers	146,000	160,000	14,000
	<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 71,344,250</u>	<u>\$ 71,554,781</u>	<u>\$ 210,531</u>

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

June 30, 2008

	Athletic	Debt Service	Total Nonmajor Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 59,789	\$ -	\$ 59,789
Investments	41,736	-	41,736
<b>TOTAL ASSETS</b>	<u>\$ 101,525</u>	<u>\$ -</u>	<u>\$ 101,525</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Interfund Payable	\$ 535	\$ -	\$ 535
Accounts Payable	1,624	-	1,624
<b>TOTAL LIABILITIES</b>	2,159	-	2,159
<b>FUND BALANCES</b>			
Debt Service Fund	-	-	-
Athletic	99,366	-	99,366
<b>TOTAL FUND BALANCES</b>	<u>99,366</u>	<u>-</u>	<u>99,366</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 101,525</u>	<u>\$ -</u>	<u>\$ 101,525</u>

**WILSON SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2008**

	<u>Athletic</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>
<b>REVENUES</b>			
Local Sources	\$ 228,528	\$ 3,855	\$ 232,383
State Sources	2,090	-	2,090
<b>TOTAL REVENUES</b>	230,618	3,855	234,473
<b>EXPENDITURES</b>			
Support Services	-	190,140	190,140
Noninstructional Services - Student Activities	236,269	-	236,269
Debt Service - Principal	-	6,215,000	6,215,000
Debt Service - Interest	-	4,748,077	4,748,077
<b>TOTAL EXPENDITURES</b>	236,269	11,153,217	11,389,486
<b>(DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(5,651)	(11,149,362)	(11,155,013)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond Discount	-	(22,649)	(22,649)
Proceeds from Refunding Bonds	-	9,995,000	9,995,000
Payments to Escrow Agent - Refunding Bonds	-	(9,782,211)	(9,782,211)
Transfer from General Fund	-	10,073,650	10,073,650
Transfer from Capital Projects	-	885,572	885,572
<b>NET CHANGE IN FUND BALANCES</b>	(5,651)	-	(5,651)
<b>FUND BALANCES - BEGINNING</b>	105,017	-	105,017
<b>FUND BALANCES - ENDING</b>	\$ 99,366	\$ -	\$ 99,366

**WILSON SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2008**

<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	13-08-490	07/01/07-06/30/08
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	077-08-490	07/01/07-09/30/08
Title V Innovative Education	I	84.298	11-08-490	07/01/07-06/30/08
Title II Improving Teacher Quality	I	84.367	020-08-490	07/01/07-06/30/08
Title II Improving Teacher Quality	I	84.367	020-07-490	07/01/06-06/30/07
Title III Language Instructional LEP	I	84.365	010-08-490	07/01/07-06/30/08
Title III Language Instructional LEP	I	84.365	010-07-490	07/26/06-06/30/07
Passed through the Allegheny Intermediate Unit:				
Individual Disability Education Act - Inclusion	I	84.027		07/01/07-06/30/08
Passed through the Berks County Intermediate Unit:				
Drug Free Schools	I	84.186	100-000814	07/01/07-06/30/08
Individual Disability Education Act	I	84.027	62-01014	07/01/07-06/30/08
Individual Disability Education Act	I	84.027	62-01014	07/01/06-06/30/07
<b>Total U.S. Department of Education</b>				
<b><u>U.S. Department of Welfare</u></b>				
Passed through the Commonwealth of Pennsylvania Department of Education:				
Medical Assistance Program	I	93.778	44-008514	07/01/07-06/30/08
<b>Total U.S. Department of Welfare</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	07/01/07-06/30/08
National School Lunch Program - Federal	I	10.555	N/A	07/01/06-06/30/07
National School Breakfast Program - Federal	I	10.553	N/A	07/01/07-06/30/08
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, 2007</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2008</u>
\$ 233,064	\$ 233,113	\$ -	\$ 233,064	\$ 233,064	\$ (49)
214,129	(4,337)	(4,337)	-	-	-
8,304	4,982	-	8,304	8,304	3,322
5,206	3,818	-	5,206	5,206	1,388
126,791	101,433	-	126,791	126,791	25,358
125,667	33,508	33,508	-	-	-
48,045	40,653	-	48,045	48,045	7,392
41,834	6,953	6,953	-	-	-
20,000	-	-	20,000	20,000	20,000
13,356	13,356	-	13,356	13,356	-
879,263	318,016	-	879,263	879,263	561,247
787,371	289,487	289,487	-	-	-
	1,040,982	325,611	1,334,029	1,334,029	618,658
2,416	2,416	-	2,416	2,416	-
	2,416	-	2,416	2,416	-
N/A	349,970	-	404,126	404,126	54,156
N/A	54,189	54,189	-	-	-
N/A	5,798	-	8,750	8,750	2,952
N/A	87,906	(7,743)	88,515	88,515	(7,134)
	497,863	46,446	501,391	501,391	49,974
	<u>\$ 1,541,261</u>	<u>\$ 372,057</u>	<u>\$ 1,837,836</u>	<u>\$ 1,837,836</u>	<u>\$ 668,632</u>

**WILSON SCHOOL DISTRICT**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2008**

**NOTE 1 - BASIS OF ACCOUNTING**

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The accompanying Schedule of Expenditures of 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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American Institute of Certified Public Accountants Div. of CPA Firms/SEC & Private Practice Sections  
www.herbein.com

**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, 2008, which collectively comprise Wilson School District's basic financial statements and have issued our report thereon dated October 30, 2008. 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 08-1.

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 October 30, 2008.

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.

*Herliken + Company, Inc.*

Reading, Pennsylvania  
October 30, 2008



**HERBEIN+COMPANY, INC.**

CERTIFIED PUBLIC ACCOUNTANTS

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American Institute of Certified Public Accountants Div. of CPA Firms/SEC & Private Practice Sections  
[www.herbein.com](http://www.herbein.com)

**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, 2008. 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, 2008.

### 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.

*Hertlein + Company, Inc.*

Reading, Pennsylvania  
October 30, 2008

**WILSON SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2008**

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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>
84.367	Title II
10.555/10.553	Food Service Cluster

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, 2008**

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#### **Section II - Financial Statement Findings**

##### **08-1 Child Care Fund**

###### Criteria

Accounting tasks such as revenue reconciliations and timely cash deposits play a key role in providing the accuracy of accounting data and information included in interim financial statements presented to the Board.

###### Condition/Cause

During our audit procedures, we noticed that the Child Care Fund was not making timely deposits of cash to the bank. We also noted limited procedures in place regarding the reconciliation of tuition contracts to recorded revenues.

###### Effect

When the Child Care Fund does not make timely deposits, the threat of loss to the District increases. Also, without procedures to reconcile tuition contracts to recorded revenues, the testing of the reasonableness of recorded revenues would be difficult to determine.

###### Recommendation

To strengthen internal controls in the Child Care Fund, we recommend that cash be deposited on a timely basis and that the District develop procedures to properly compare tuition contracts with current revenue collections.

###### 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**  
**For the Year Ended June 30, 2008**

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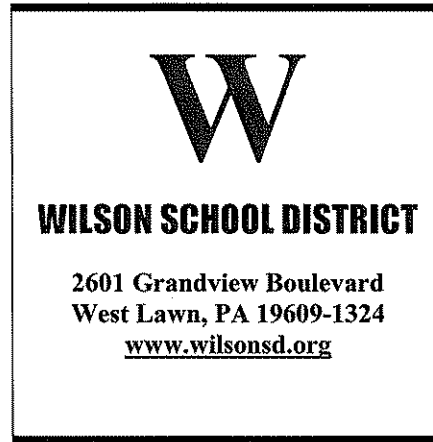
There were no federal award findings in the prior year.

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Director of Pupil Services  
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Director of Technology  
(610) 670-0180, ext. 1226

### **Corrective Action Plan** **2007/2008 Audit Report**

Department of Education:

Wilson School District respectfully submits the following corrective action plan for the year ended June 30, 2008.

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

Audit period: Year Ended June 30, 2008

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

Significant Deficiency

##### **08-1 Child Care Fund**

###### Condition/Cause

The Child Care Fund was not making timely deposits of cash to the bank. Also, limited procedures were in place regarding the reconciliation of tuition contracts to recorded revenues.

###### Effect

When the Child Care Fund does not make timely deposits, the threat of loss to the District increases. Also, without procedures to reconcile tuition contracts to recorded revenues, the testing of the reasonableness of recorded revenues would be difficult to determine.

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The Wilson School District, in partnership with families and the community, is committed to:  
*Educational Excellence today for tomorrow by: Accentuating rigor Building relationships Creating relevance*  
*The ABC's of the 3 R's.*

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### Recommendation

To strengthen internal controls in the Child Care Fund, it is recommended that cash be deposited on a timely basis and that the District develop procedures to properly compare tuition contracts with current revenue collections.

### Management Response

Wilson School District recognizes the importance of timely cash deposits and revenue reconciliations within the Child Care Fund. The Wilson Child Care central office will establish procedures to deposit cash receipts on a daily basis. Contractual tuition data will be entered into the accounts receivable subsidiary ledger within the Child Care Fund's QuickBooks file. Tuition charges and related cash receipts will be accounted for on an individual contract basis thereby providing the Wilson Child Care central office with the ability to perform regular reconciliations of tuition contracts to recorded revenues.



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Thomas Ruth, Ed.D, Assistant Superintendent