



WILSON SCHOOL DISTRICT

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wilson School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wilson School District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, and the schedule of funding progress - postemployment benefits plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wilson School District's basic financial statements. The schedule of revenues and other financing sources - budget and actual - general fund and the schedule of expenditures and other financing uses - budget and actual - general fund are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of revenues and other financing sources - budget and actual - general fund, the schedule of expenditures and other financing uses - budget and actual - general fund, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and other financing sources - budget and actual - general fund, schedule of expenditures and other financing uses - budget and actual - general fund, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Herbein + Company, Inc.

**Reading, Pennsylvania
November 5, 2014**



Thomas (Rudy) Ruth, Ed.D.
Superintendent
Ext. 1115

Steven Gerhard, Ed.D.
Assistant Superintendent
Ext. 1143

Amy Flannery, Ed.D.
Director of Curriculum
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Kate Long, Ed.D.
Director of Pupil Services
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Diane Richards, CPA, M.Ed.
Director of Finance &
Support Services
Ext. 1158

Thomas Tracey
Director of Aquatics
Ext. 3072

Christopher A. Trickett
Director of Technology
Ext. 1103

Kyle Zeiber
Director of Operations
Ext. 1240

Wilson's Mission:
In partnership with parents
and the community, the
Wilson School District
encourages educational
excellence today for tomorrow's
leaders by accentuating rigor,
building relationships
and creating relevance.

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, 2014. 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 2013-14 fiscal year. In total, net position increased by \$5.2 million to \$104.4 million as of June 30, 2014. Net position of governmental activities (which includes the general fund, capital projects fund, and debt service fund) increased by \$5.1 million which represents a 5.2% increase from 2013. Net position of business-type activities (which includes the food service fund and child care fund) increased by \$0.1 million or 5.4% from 2013.
- District-wide revenues for 2013-14 totaled \$93.3 million. General revenues in the form of property and other taxes along with state subsidies and investment earnings accounted for \$76.5 million or 82.0% of all revenues. Program specific revenues accounted for 18.0% of total revenues in the form of charges for services, grants and contributions totaling \$16.8 million.
- The Taxpayer Relief Act of 2006, or more commonly referred to as Act 1, subjects Pennsylvania Public Schools to a real estate property tax cap annually. For fiscal year 2013-14, that cap was 2.0%, or .47 mills. The District increased millage by .34 to 24.0 mills and therefore did not need to include any exceptions approved by the Pennsylvania Department of Education.
- Under the provisions of the Homestead Property Exclusion Program Act and the Taxpayer Relief Act, the School Board passed the 2013-14 Homestead and Farmstead Exclusion Resolution in June 2013 whereby County approved homestead and farmstead property taxpayers received an assessment reduction on the July 1, 2013 real estate tax bills of \$6,075 each, which resulted in a \$145.80 tax reduction per homestead and farmstead. This property tax reduction was the result of the District's allocation of gambling tax funds of \$1,366,204 as well as \$17,471 of Philadelphia tax credit reimbursement funds totaling \$1,383,675 available during the current year for real estate tax reduction.

- Act 1 also requires each school district to offer homestead and farmstead property owners the option of paying the flat rate of their real estate taxes in installments. Act 25 of 2011 broadened the mandatory real estate tax installment option to include small business owners. The District allows all District property owners to choose the installment option, in which three equal installments are due August 31, October 31, and December 31. Approximately 6% of District real estate taxpayers elected the installment method for the 2013-14 fiscal year, 1% over the prior year.
- District-wide expenses for 2013-14 totaled \$88.1 million, of which \$84.5 million or 96.0% was for governmental activities and \$3.6 million or 4.0% related to business-type activities.
- Effective July 1, 2013, the District entered into the Berks County School District Health Trust, a self-insured trust fund in an effort to contain the increasing cost of health insurance. Cost savings related to joining the Trust exceeded \$800,000.
- District-wide salary increases during 2013-14 averaged 2.5%, consistent with that provided in the collective bargaining agreement between the District and the Wilson Education Association which expires on June 30, 2015.
- The required District contribution to the Pennsylvania School Employees Retirement System (PSERS) increased to 16.93% for 2013-14, with significant rate increases projected in future years. As of June 30, 2014, \$4.8 million of the general fund balance is committed by the School Board to be used toward future PSERS contribution increases.
- During 2013-14, net capital additions totaled \$15.2 million, including construction contracts related to the addition of four classrooms built onto each of three elementary buildings (Green Valley, Shiloh Hills and Spring Ridge), the demolition of two closed elementary schools, renovations and improvements to athletic fields and pool facilities and an energy savings performance contract. Commitments remaining on construction contracts as of June 30, 2014 total \$0.7 million.
- During 2013-14, the District refunded several bond issues, realizing a combined cost savings of \$2.1 million. In December 2013, the District issued \$20.2 million of General Obligation Bonds Series C of 2013, for which the proceeds were used to advance refund General Obligation Bonds Series of 2005, and a portion of General Obligation Bonds Series of 2007 realizing a savings of \$1.2 million. In January 2014, the District issued \$10.0 million of General Obligation Bonds Series of 2014, for which the proceeds were used to advance refund a portion of General Obligation Bonds Series of 2007 realizing a savings of \$0.7 million. In February 2014, the District issued \$9.6 million of General Obligation Bonds Series A of 2014, for which the proceeds were used to currently refund General Obligation Bonds Series of 2009, realizing a savings of \$0.2 million.
- As of June 30, 2014, fund balances of governmental funds totaled \$20.9 million. The general fund balance of \$10.3 million consisted of \$4.8 million in committed fund balance for anticipated increases in PSERS contributions, \$1.0 million in assigned fund balance which represents the 2014-15 budgeted deficit, and unassigned fund balance of \$4.5 million. The

capital projects fund had \$10.6 million in restricted fund balance, consisting primarily \$0.1 million of unspent bond funds, and \$10.5 million in reserve funds for capital expenditures.

- Governmental Accounting Standards Board (GASB) Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions* (OPEB), 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, 2012, the District’s actuarial accrued liability for postemployment benefits other than pensions was \$6.6 million. The District has not funded this liability, but rather pays these benefits as they become due. Based on an amortization period not to exceed thirty years, the calculated annual OPEB cost totaled \$0.8 million for the fiscal year ended June 30, 2014. This annual cost, less the District’s actuarial determined contribution of \$0.4 million resulted in an additional liability and expense of \$0.4 million as of and for the year ended June 30, 2014, included in the Statement of Net Position and Statement of Activities, respectively.

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

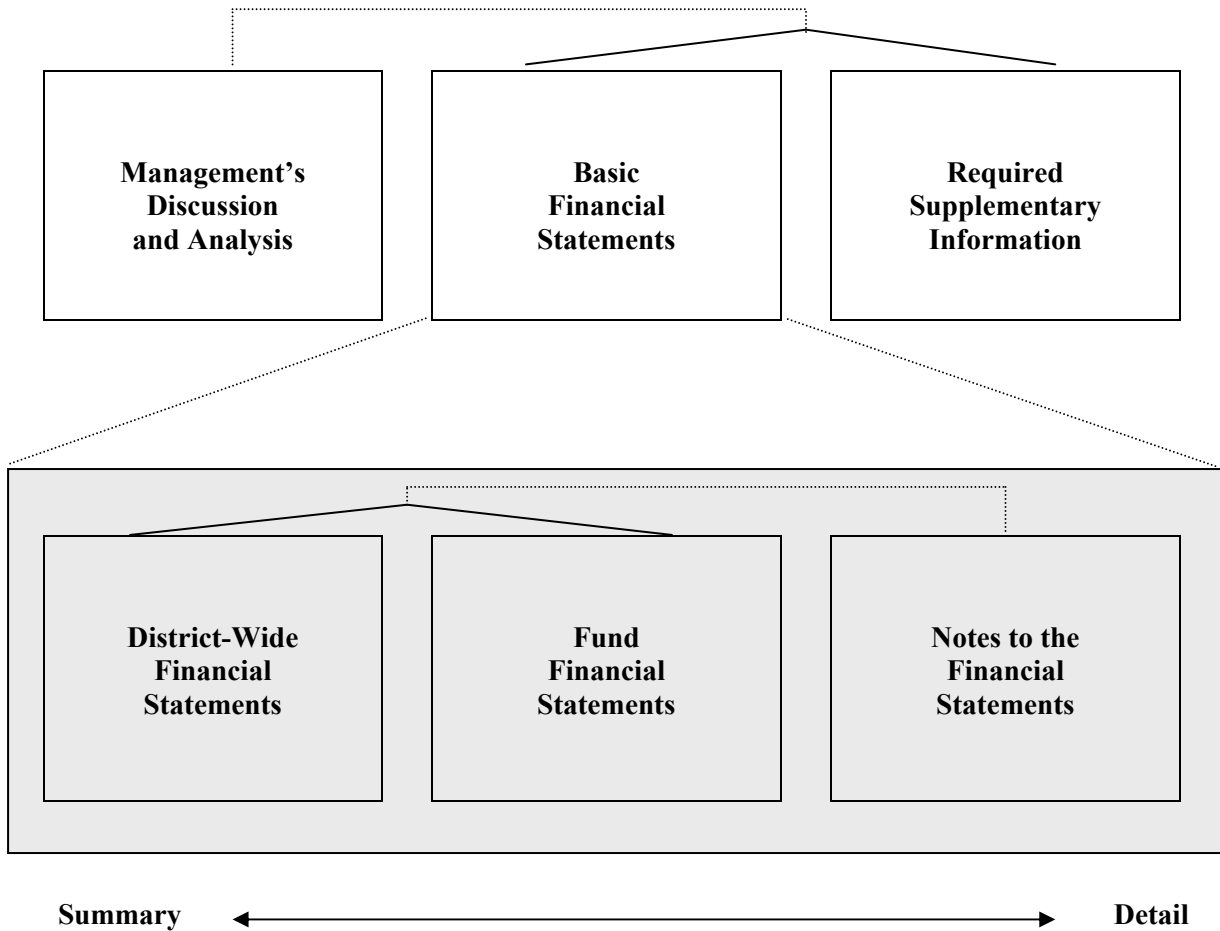


Figure 2 summarizes the major features of the District's financial statements including the portion of the District activity they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each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

Figure 2

<u>Major Features of the District-Wide and Fund Financial Statements</u>				
	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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of net position • Statement of changes in net position
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, current and noncurrent, and deferred inflows and outflows of resources	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or noncurrent liabilities included	All assets and liabilities, both financial and capital, current and noncurrent	All assets and liabilities, both current and noncurrent; 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 Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The Statement of Activities includes all the current year revenue and expenses regardless of when cash is received or paid.

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

The Statement of Activities presents information showing how the District's net position changed during the year. All changes in net position 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 statements, an explanation of the relationship (and differences) between the fund statements and district-wide statements is provided on the reconciliations following the fund statements.

- 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 Position contains information about what the District owns, owes, i.e., assets, liabilities, deferred inflows and outflows of resources and the remaining financial position. The following table is a comparative summary of the District's net position for the fiscal years ended June 30, 2013 and June 30, 2014.

Figure 3
Condensed Statement of Net Position

Fiscal Years Ended June 30, 2013 and June 30, 2014						
	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$44,342,289	\$33,373,144	\$ 1,350,861	\$ 1,309,121	\$45,693,150	\$ 34,682,265
Capital assets	180,159,710	189,938,910	196,517	339,738	180,356,227	190,278,648
Total Assets	224,501,999	223,312,054	1,547,378	1,648,859	226,049,377	224,960,913
Deferred Outflows of Resources	2,178,759	3,269,385	-	-	2,178,759	3,269,385
Current liabilities	11,595,443	12,107,762	142,137	165,005	11,737,580	12,272,767
Noncurrent liabilities	117,169,083	111,451,567	55,551	61,809	117,224,634	111,513,376
Total Liabilities	128,764,526	123,559,329	197,688	226,814	128,962,214	123,786,143
Net Investment in Capital Assets	73,333,663	84,943,002	196,517	339,738	73,530,180	85,282,740
Restricted for Capital Projects	16,541,607	10,557,437	-	-	16,541,607	10,557,437
Unrestricted	8,040,962	7,521,671	1,153,173	1,082,307	9,194,135	8,603,978
Total Net Position	\$97,916,232	\$103,022,110	\$ 1,349,690	\$ 1,422,045	\$99,265,922	\$ 104,444,155

The District's combined net position increased over the course of the fiscal year by \$5.2 million. The District's governmental activities' net position increased \$5.1 million from the combined result of a .34 millage increase with a collection rate of approximately 98.6% and strong fiscal control over expenditures. Net position in business-type activities increased by \$0.1 million which was the result the combined net income of the food service and child care funds before operating transfers of \$0.3 million, less \$0.2 million of operating transfers to the general fund.

Current and other assets decreased by \$11.0 million from the prior year as a result of the decrease in cash for bond principal and interest payments and capital expenditures. Capital assets, net of depreciation, increased by \$9.9 million as a result of \$15.2 million of net capital additions related to the new middle school stadium support facility, elementary classroom additions, renovations to the pool and athletic fields and additions to the transportation fleet and other capital equipment, less current year depreciation of \$5.3 million. The increase in deferred outflows of resources of \$1.1 million is a result of the net increase in the deferred charge on bond refunding related to the issuance of General Obligation Bonds, Series C of 2013, Series of 2014, and Series A of 2014 during 2013-14, which refunded existing General Obligation Bonds Series of 2005, a portion of Series of 2007 and Series of 2009, respectively, for a combined total realized cost savings of \$2.1 million. The overall decrease in liabilities of \$5.2 million is the result of bond principal payments.

The results of operations for the fiscal year ended June 30, 2014 as a whole are reported in the Statement of Activities. Figure 4 is a comparative summary of changes in net position for the years ending June 30, 2013 and June 30, 2014.

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. Program revenues are categorized as charges for services, operating grants and contributions and capital grants and contributions. 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. District-wide revenues totaled \$93.3 million, an increase of \$2.3 million or 2.5% over the prior year, of which governmental activities' revenue increased \$2.4 million or 2.7%, while business-type activities' revenue decreased by \$0.1 million or 3.4%.

District-wide expenses are categorized into six major activities: instruction, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and other. District-wide expenses totaled \$88.1 million, an increase of \$4.4 million or 5.3% over the prior year, of which governmental activities' expenses increased \$4.5 million or 5.6% while business-type activities' expenses decreased \$0.1 million or 1.7%.

Figure 5 depicts the 2013-14 sources of revenues as a percentage of total district-wide revenues and Figure 6 presents the six major categories of expenditures as a percentage of 2013-14 total district-wide expenses.

Figure 4
Changes in Net Position from Operating Results

Fiscal Years Ended June 30, 2013 and June 30, 2014

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues						
Program Revenues						
Charges for services	\$ 1,001,284	\$ 1,180,025	\$ 2,721,809	\$ 2,554,926	\$ 3,723,093	\$ 3,734,951
Operating grants and contributions	9,374,051	10,404,975	1,220,291	1,272,908	10,594,342	11,677,883
Capital grants and contributions	1,441,768	1,383,474	-	-	1,441,768	1,383,474
General Revenues						
Property taxes and other taxes levied for general purposes	66,621,151	67,877,009	-	-	66,621,151	67,877,009
Grants, Subsidies, and Contributions Not Restricted	8,111,022	8,361,170	-	-	8,111,022	8,361,170
Other	692,235	424,635	(181,210)	(194,223)	511,025	230,412
Total Revenues	87,241,511	89,631,288	3,760,890	3,633,611	91,002,401	93,264,899
Expenses						
Instruction	50,056,794	52,623,443	-	-	50,056,794	52,623,443
Instructional student support	8,204,517	7,139,173	-	-	8,204,517	7,139,173
Administrative and financial support services	6,416,296	8,540,555	-	-	6,416,296	8,540,555
Operation and maintenance of plant services	6,586,146	7,578,526	-	-	6,586,146	7,578,526
Pupil transportation	2,512,273	2,675,442	-	-	2,512,273	2,675,442
Other	6,255,425	5,968,271	3,621,024	3,561,256	9,876,449	9,529,527
Total Expense	80,031,451	84,525,410	3,621,024	3,561,256	83,652,475	88,086,666
Increase in Net Position	\$ 7,210,060	\$ 5,105,878	\$ 139,866	\$ 72,355	\$ 7,349,926	\$ 5,178,233

Figure 5
Sources of Revenues for Fiscal Year 2014

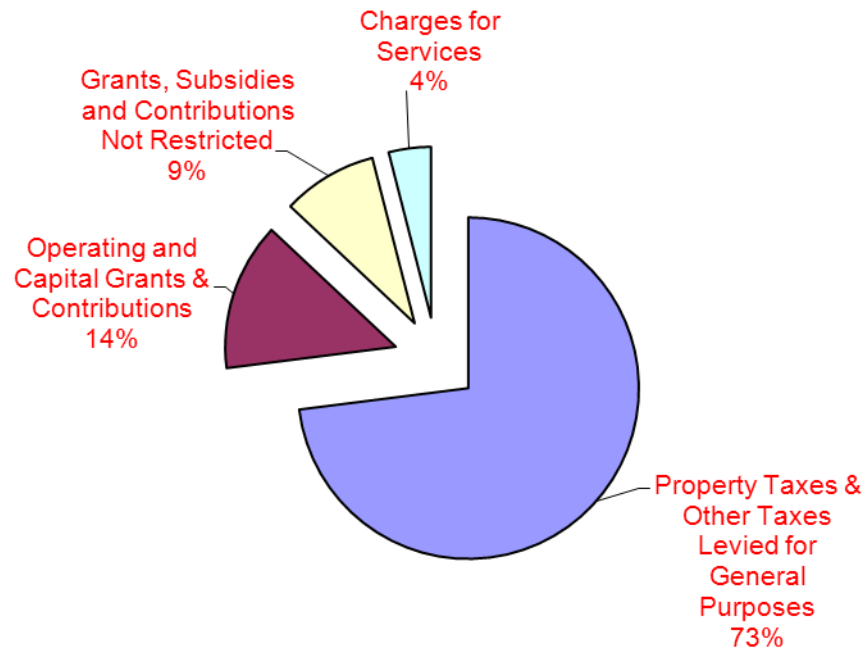


Figure 6
Expenses for Fiscal Year 2014

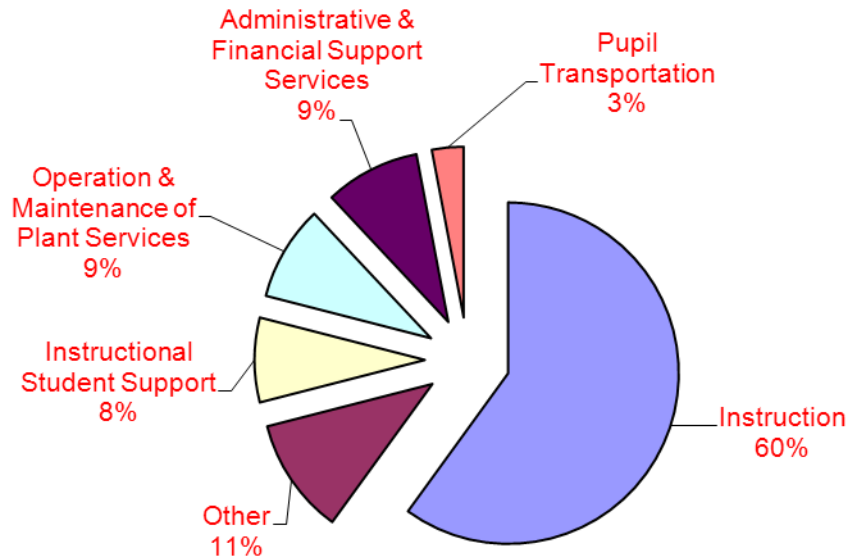


Figure 7 represents the cost of six major District governmental activities: instruction, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). For the year ended, June 30, 2014, general revenue supported 84.7% of governmental activities' costs, and program revenue supported 15.3% of governmental activities' costs.

Figure 7
Net Cost of Governmental Activities

Fiscal Years Ended June 30, 2013 and June 30, 2014				
	Total Cost of Services		Net Cost of Services	
	2013	2014	2013	2014
Instruction	\$ 50,056,794	\$ 52,623,443	\$ 42,576,610	\$ 44,588,466
Instructional Student Support	8,204,517	8,540,555	7,599,396	7,834,186
Administrative and Financial Support Services	6,416,296	7,139,173	6,038,521	6,718,164
Operation and Maintenance of Plant Services	6,586,146	7,578,526	6,307,912	7,159,364
Pupil Transportation	2,512,273	2,675,442	1,417,159	1,511,705
Other	6,255,425	5,968,271	4,274,750	3,745,051
Total	\$ 80,031,451	\$ 84,525,410	\$ 68,214,348	\$ 71,556,936

Figure 8 represents the total cost and net cost (income) of services in the District's business-type activities. Program revenue supported 100% of child care activities and 99.9 % of food services for the year ended June 30, 2014. The current year net income from services of \$0.3 million is primarily the result of a 7.9% increase in food service state and federal grants and a 15.8 % decrease in child care staffing costs, net of a combined 6.1% decrease in charges for services compared to the prior year.

Figure 8
Net Cost (Income) of Business-Type Activities

Fiscal Years Ended June 30, 2013 and June 30, 2014				
	Total Cost of Services		Net Cost (Income) of Services	
	2013	2014	2013	2014
Food Services	\$ 2,637,485	\$ 2,645,060	\$ (49,705)	\$ 3,610
Child Care	983,539	916,196	(271,371)	(270,188)
Total	\$ 3,621,024	\$ 3,561,256	\$ (321,076)	\$ (266,578)

Financial Analysis of the District's Funds

The District's governmental funds include the general fund, capital projects fund, and debt service fund. Figure 9 details the current and prior year end fund balances and change therein for the fiscal year ended June 30, 2014.

Figure 9
Fund Balances

For Fiscal Years Ended June 30, 2013 and June 30, 2014

	Fund Balance		Increase (Decrease)
	2013	2014	
General Fund	\$ 10,271,303	\$ 10,271,303	\$ -
Capital Projects Fund	21,985,147	10,604,329	(11,380,818)
Debt Service Fund	-	-	-
Total	\$ 32,256,450	\$ 20,875,632	\$ (11,380,818)

The District's governmental funds reported combined fund balances as of June 30, 2014 of \$20.9 million which is a decrease of \$11.4 million compared to the prior year. This is due primarily to capital outlay related to construction projects and bond principal and interest payments which are accounted for in expenditures and other financing uses, respectively, net of general fund current year excess of revenues over expenditures transferred to the capital projects fund of \$2.8 million for future capital purchases and projects.

General fund revenues totaled \$89.2 million, an increase of \$2.3 million over the prior year. Local revenues represent 79.1% of total revenues with state and federal revenues contributing 19.9% and 1.0%, respectively. General Fund other financing sources totaled \$0.2 million, expenses totaled \$74.9 million and other financing uses totaled \$14.5 million, which included transfers of \$11.7 million to the debt service fund and \$2.8 million to the capital projects fund.

The capital projects fund had an \$11.4 million net decrease in fund balance, primarily due to \$14.5 million of capital outlays related to construction projects, facilities upgrades, and transportation fleet additions, net of transfers in from the general fund of \$2.8 million, and investment income and donor restricted capital contributions totaling \$0.3 million.

In accordance with GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are required to be classified into the following categories—nonspendable, restricted, committed, assigned and unassigned. As of June 30, 2014, general fund balance of \$10.3 million consisted of \$4.8 million in committed fund balance for anticipated increases in PSERS contributions, \$1.0 million in assigned fund balance which represents the 2014-15 budgeted deficit, and unassigned fund balance of \$4.5 million. The capital projects fund had \$10.6 million in restricted fund balance, consisting primarily \$0.1 million of unspent bond funds, and \$10.5 million in reserve funds for capital expenditures.

Capital Assets and Debt Administration

Capital Assets

In total, net capital assets increased \$9.9 million as a result of \$15.2 million of net capital additions related to the new middle school stadium support facility, elementary classroom additions, renovations and upgrades to athletic fields and pool, additions to the transportation fleet and other capital equipment, less current year depreciation of \$5.3 million. Construction in progress of \$8.1 million as of June 30, 2014 relates to renovations and upgrades to the pool and the energy saving performance contract. Contractual commitments related to capital projects total \$0.7 million as of June 30, 2014.

Figure 10
Capital Assets (net of depreciation)

Fiscal Years Ended June 30, 2013 and June 30, 2014						
	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land	\$ 10,509,771	\$ 10,872,388	\$ -	\$ -	\$ 10,509,771	\$ 10,872,388
Site Improvements	1,557,133	8,698,797	-	-	1,557,133	8,698,797
Building and Building Improvements	154,704,004	156,051,928	40,989	191,725	154,744,993	156,243,653
Machinery and Equipment	4,338,873	4,418,891	155,528	148,013	4,494,401	4,566,904
Vehicles	1,807,673	1,832,790			1,807,673	1,832,790
Construction-in-Progress	7,242,256	8,064,116	-	-	7,242,256	8,064,116
Total	\$ 180,159,710	\$ 189,938,910	\$ 196,517	\$ 339,738	\$ 180,356,227	\$ 190,278,648

Long-term Debt

- Outstanding long-term debt totaling \$104.0 million as of June 30, 2014, consists of General Obligation Bonds of \$102.9 million with varying maturities through year 2026 and long-term compensated absences of \$1.1 million. During 2013-14, the District refunded several bond issues, realizing a combined cost savings of \$2.1 million. In December 2013, the District issued \$20.2 million of General Obligation Bonds Series C of 2013, for which the proceeds were used to advance refund General Obligation Bonds Series of 2005, and a portion of General Obligation Bonds Series of 2007 realizing a savings of \$1.2 million. In January 2014, the District issued \$10.0 million of General Obligation Bonds Series of 2014, for which the proceeds were used to advance refund a portion of General Obligation Bonds Series of 2007 realizing a savings of \$0.7 million. In February 2014, the District issued \$9.6 million of General Obligation Bonds Series A of 2014, for which the proceeds were used to currently refund General Obligation Bonds Series of 2009, realizing a savings of \$0.2 million.

Figure 11
Outstanding Long-Term Debt

For Fiscal Years Ended June 30, 2013 and June 30, 2014

	Total		Change
	2013	2014	
General Obligation Bonds	\$ 109,660,000	\$ 102,930,000	\$ (6,730,000)
Compensated Absences	1,009,757	1,040,463	30,706
Total	\$ 110,669,757	\$ 103,970,463	\$ (6,699,294)

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 Act 1, Pennsylvania Public Schools are subject to a real estate property base tax cap of 2.1% for fiscal years 2014-15 and 1.9% for 2015-16. Due to the District's aid ratio exceeding .4 for both the 2014-15 and the 2015-16 fiscal years, the District's millage is limited to a 2.5% and a 2.3% increase, respectively. The District's 2014-15 millage of 24.25 represented a 1% increase. The District's 2015-16 millage is limited to 24.81 mills. If the District anticipates the need 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 18, 2015.
- All real estate taxpayers have the payment option of three equal installments due August 31, October 31, and December 31. Approximately 6% of eligible District real estate taxpayers elected the installment method for the 2014-15 fiscal year, consistent with the prior year.
- Contractual commitments related to the renovations and upgrades to the pool, elementary classroom additions, and energy savings performance contract total approximately \$0.7 million.
- The District's collective bargaining agreement with the Wilson Education Association provides for a salary freeze for 2014-15 and expires on June 30, 2015. Negotiations began in August 2014.
- The required District contribution to the Pennsylvania School Employees Retirement System increased to 21.4% for 2014-15, with significant rate increases projected in future years. The District has committed approximately \$4.8 million of fund balance in the General Fund for future retirement contribution increases.

- Health Trust insurance premiums for 2014-15 increased by 3.0% over the prior year.
- Although the District has continued to experience commercial assessment appeals requesting assessment reductions, those appeals have decreased in quantity from prior years and the taxable assessed value of real estate is steadily increasing.
- The District will be required to implement the following new GASB Statements in future fiscal years: Statement No. 68—Accounting and Financial Reporting for Pensions is required to be implemented by the year ending June 30, 2015 and Statement No. 71—Pension Transition for Contributions Made Subsequent to the Measurement Date. The District has not yet completed the analysis necessary to estimate the financial statement impact of these new pronouncements.

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 POSITION

June 30, 2014

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and Investments	\$ 28,076,541	\$ 1,119,429	\$ 29,195,970
Restricted Cash	27,340	-	27,340
Internal Balances	6,007	(6,007)	-
Taxes Receivable, Net	1,505,240	-	1,505,240
Intergovernmental Receivables	3,677,230	146,010	3,823,240
Other Receivables	80,786	3,079	83,865
Inventories	-	46,610	46,610
Capital Assets Not Being Depreciated:			
Land	10,872,388	-	10,872,388
Construction in Progress	8,064,116	-	8,064,116
Capital Assets, Net of Accumulated Depreciation:			
Site Improvements	8,698,797	-	8,698,797
Building and Building Improvements	156,051,928	191,725	156,243,653
Machinery and Equipment	4,418,891	148,013	4,566,904
Vehicles	1,832,790	-	1,832,790
TOTAL ASSETS	223,312,054	1,648,859	224,960,913
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Bond Refunding	3,269,385	-	3,269,385
LIABILITIES			
Accounts Payable	2,908,529	28,368	2,936,897
Intergovernmental Payables	448,887	-	448,887
Accrued Salaries and Benefits	8,054,024	27,644	8,081,668
Accrued Interest	518,201	-	518,201
Unearned Revenues	178,121	108,993	287,114
Noncurrent Liabilities			
Amounts Due Within One Year	8,334,258	-	8,334,258
Bonds Payable, Net	100,022,185	-	100,022,185
Postemployment Benefit Obligation	2,098,919	61,809	2,160,728
Long-Term Portion of Compensated Absences	996,205	-	996,205
TOTAL LIABILITIES	123,559,329	226,814	123,786,143
NET POSITION			
Net Investment in Capital Assets	84,943,002	339,738	85,282,740
Restricted for Capital Projects	10,557,437	-	10,557,437
Unrestricted	7,521,671	1,082,307	8,603,978
TOTAL NET POSITION	\$ 103,022,110	\$ 1,422,045	\$ 104,444,155

See accompanying notes.

WILSON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 38,611,459	\$ 14,186	\$ 3,592,035	\$ -	\$ (35,005,238)	\$ -	\$ (35,005,238)
Special	11,359,573	457,448	3,779,166	-	(7,122,959)	-	(7,122,959)
Vocational	2,432,287	-	97,100	-	(2,335,187)	-	(2,335,187)
Other Instructional Programs	188,624	49,910	13,632	-	(125,082)	-	(125,082)
Nonpublic	31,500	-	31,500	-	-	-	-
Total Instructional Services	52,623,443	521,544	7,513,433	-	(44,588,466)	-	(44,588,466)
Support Services:							
Pupil Personnel	2,832,732	-	303,050	-	(2,529,682)	-	(2,529,682)
Instructional Staff	4,848,593	-	241,011	-	(4,607,582)	-	(4,607,582)
Administration	5,872,479	-	337,604	-	(5,534,875)	-	(5,534,875)
Pupil Health	665,474	-	162,308	-	(503,166)	-	(503,166)
Business Services	855,944	-	62,131	-	(793,813)	-	(793,813)
Operation of Plant and Maintenance Services	7,578,526	116,746	302,416	-	(7,159,364)	-	(7,159,364)
Student Transportation Services	2,675,442	155,119	1,008,618	-	(1,511,705)	-	(1,511,705)
Central	410,750	-	21,274	-	(389,476)	-	(389,476)
Other Support Services	193,756	-	-	-	(193,756)	-	(193,756)
Total Support Services	25,933,696	271,865	2,438,412	-	(23,223,419)	-	(23,223,419)
Noninstructional Services:							
Student Activities	2,555,769	375,656	446,771	-	(1,733,342)	-	(1,733,342)
Community Services	85,198	10,960	6,359	-	(67,879)	-	(67,879)
Interest on Long-Term Debt	3,327,304	-	-	1,383,474	(1,943,830)	-	(1,943,830)
Total Noninstructional Services	5,968,271	386,616	453,130	1,383,474	(3,745,051)	-	(3,745,051)
Total Governmental Activities	84,525,410	1,180,025	10,404,975	1,383,474	(71,556,936)	-	(71,556,936)

See accompanying notes.

WILSON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - CONTINUED

For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Services	2,645,060	1,517,763	1,123,687	-	-	(3,610)	(3,610)
Child Care	916,196	1,037,163	149,221	-	-	270,188	270,188
Total Business-Type Activities	3,561,256	2,554,926	1,272,908	-	-	266,578	266,578
Total Primary Government	\$ 88,086,666	\$ 3,734,951	\$ 11,677,883	\$ 1,383,474	(71,556,936)	266,578	(71,290,358)
General Revenues and Transfers:							
Taxes:							
Property Taxes					59,074,847	-	59,074,847
Public Utility Realty, Earned Income, Local Services Tax and Mercantile/Business Privilege Tax					8,802,162	-	8,802,162
Grants, Subsidies, and Contributions Not Restricted for a Specific Program					8,361,170	-	8,361,170
Investment Earnings					115,212	4,169	119,381
Miscellaneous Income					111,031	-	111,031
Transfers					198,392	(198,392)	-
Total General Revenues and Transfers					76,662,814	(194,223)	76,468,591
Change in Net Position					5,105,878	72,355	5,178,233
Net Position - Beginning					97,916,232	1,349,690	99,265,922
Net Position - Ending					\$ 103,022,110	\$ 1,422,045	\$ 104,444,155

See accompanying notes.

WILSON SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2014

	General	Capital Projects	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 19,385,209	\$ 8,691,332	\$ -	\$ 28,076,541
Restricted Cash	-	27,340	-	27,340
Interfund Receivables	10,617	3,142,480	-	3,153,097
Taxes Receivable	1,655,011	-	-	1,655,011
Intergovernmental Receivables	3,677,230	-	-	3,677,230
Other Receivables	80,786	-	-	80,786
TOTAL ASSETS	\$ 24,808,853	\$ 11,861,152	\$ -	\$ 36,670,005
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
LIABILITIES				
Interfund Payables	\$ 3,147,090	\$ -	\$ -	\$ 3,147,090
Accounts Payable	1,651,706	1,256,823	-	2,908,529
Intergovernmental Payables	448,887	-	-	448,887
Accrued Salaries and Benefits	8,098,282	-	-	8,098,282
Unearned Revenues	178,121	-	-	178,121
TOTAL LIABILITIES	13,524,086	1,256,823	-	14,780,909
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	1,013,464	-	-	1,013,464
FUND BALANCES				
Restricted Fund Balance	-	10,604,329	-	10,604,329
Committed Fund Balance	4,774,743	-	-	4,774,743
Assigned Fund Balance	1,000,000	-	-	1,000,000
Unassigned Fund Balance	4,496,560	-	-	4,496,560
TOTAL FUND BALANCES	10,271,303	10,604,329	-	20,875,632
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 24,808,853	\$ 11,861,152	\$ -	\$ 36,670,005

See accompanying notes.

WILSON SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2014

Amounts reported for governmental activities in the statement
of net position (page 3) are different because:

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 6) \$ 20,875,632

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 \$253,277,228 and the accumulated depreciation is \$63,338,318.

189,938,910

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 reported as unavailable revenue in the funds.

863,693

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	\$ (102,930,000)	
Accrued Interest	(518,201)	
Unamortized Bond Premium	(5,541,005)	
Unamortized Bond Discount	158,820	
Deferred Charge on Bond Refunding	3,269,385	
Postemployment Benefit Obligation	(2,098,919)	
Long-Term Portion of Compensated Absences	(996,205)	(108,656,125)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 103,022,110

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2014

	General	Capital Projects	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources	\$ 70,542,797	\$ 373,379	\$ -	\$ 70,916,176
State Sources	17,736,014	-	-	17,736,014
Federal Sources	939,657	-	-	939,657
TOTAL REVENUES	89,218,468	373,379	-	89,591,847
EXPENDITURES				
Instructional Services	48,845,629	-	-	48,845,629
Support Services	23,928,415	135,135	506,499	24,570,049
Operation of Noninstructional Services	2,151,645	-	-	2,151,645
Capital Outlay	-	14,426,957	-	14,426,957
Debt Service				
Principal	-	-	7,695,000	7,695,000
Interest	-	-	4,164,028	4,164,028
Refund of Prior Year Revenues	170	-	-	170
TOTAL EXPENDITURES	74,925,859	14,562,092	12,365,527	101,853,478
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,292,609	(14,188,713)	(12,365,527)	(12,261,631)
OTHER FINANCING SOURCES (USES)				
Issuance of Refunding Bonds	-	-	39,780,000	39,780,000
Bond Premium	-	-	2,445,548	2,445,548
Bond Discount	-	-	(73,915)	(73,915)
Payment to Escrow Agent, Refunding Bonds	-	-	(41,490,787)	(41,490,787)
Sale of Fixed Assets	21,575	-	-	21,575
Operating Transfers In	198,392	2,807,895	11,704,681	14,710,968
Operating Transfers Out	(14,512,576)	-	-	(14,512,576)
TOTAL OTHER FINANCING SOURCES (USES)	(14,292,609)	2,807,895	12,365,527	880,813
NET CHANGE IN FUND BALANCES	-	(11,380,818)	-	(11,380,818)
FUND BALANCES - BEGINNING	10,271,303	21,985,147	-	32,256,450
FUND BALANCES - ENDING	\$ 10,271,303	\$ 10,604,329	\$ -	\$ 20,875,632

See accompanying notes.

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2014

**Amounts reported for governmental activities in the statement
of activities (page 5) are different because:**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (page 8) **\$ (11,380,818)**

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	\$ 15,180,279	
Less: Loss on Disposal	(116,278)	
Less: Depreciation Expense	<u>(5,284,801)</u>	9,779,200

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. Unavailable revenues increased (decreased) by this amount during the year.

(180,356)

Issuance of long-term debt 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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these transactions in the statement of activities is shown below:

Repayment of Bond Principal	7,695,000	
Payment to Escrow Agent, Refunding Bond	41,490,787	
Issuance of Refunding Bonds	(39,780,000)	
Bond Premium Incurred	(2,445,548)	
Bond Discount Incurred	73,915	
Amortization of Bond Premium	785,108	
Amortization of Bond Discount	(24,944)	
Amortization of Deferred Charge on Bond Refunding	<u>(567,531)</u>	7,226,787

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2014

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

76,560

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.

(27,556)

Postemployment benefits are recognized when they are paid on the fund statements. With the implementation of GASB #45, an estimated liability for future benefits due will be phased in over several years. This amount represents the difference between the estimated annual cost and the amount paid as reported in the statement of activities.

(387,939)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 5,105,878

WILSON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2014

	Enterprise Fund Food Service	Enterprise Fund Child Care	Totals
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 650,388	\$ 469,041	\$ 1,119,429
Interfund Receivables	(2,693)	(3,314)	(6,007)
Intergovernmental Receivables	143,404	2,606	146,010
Other Receivables	337	2,742	3,079
Inventories	46,610	-	46,610
TOTAL CURRENT ASSETS	838,046	471,075	1,309,121
NONCURRENT ASSETS			
Building Improvements, Net	-	191,725	191,725
Machinery and Equipment, Net	77,331	70,682	148,013
TOTAL NONCURRENT ASSETS	77,331	262,407	339,738
TOTAL ASSETS	915,377	733,482	1,648,859
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	27,572	796	28,368
Accrued Salaries and Benefits	7,109	20,535	27,644
Unearned Revenues	76,310	32,683	108,993
TOTAL CURRENT LIABILITIES	110,991	54,014	165,005
NONCURRENT LIABILITIES			
Postemployment Benefits	68,981	(7,172)	61,809
TOTAL LIABILITIES	179,972	46,842	226,814
NET POSITION			
Net Investment in Capital Assets	77,331	262,407	339,738
Unrestricted	658,074	424,233	1,082,307
TOTAL NET POSITION	\$ 735,405	\$ 686,640	\$ 1,422,045

See accompanying notes.

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2014

	<u>Enterprise Fund Food Service</u>	<u>Enterprise Fund Child Care</u>	<u>Totals</u>
OPERATING REVENUES			
Food Service Revenue	\$ 1,517,763	\$ -	\$ 1,517,763
Tuition and Fee Revenue	<u>-</u>	<u>1,037,163</u>	<u>1,037,163</u>
TOTAL OPERATING REVENUES	1,517,763	1,037,163	2,554,926
OPERATING EXPENSES			
Salaries	960,462	562,070	1,522,532
Employee Benefits	352,883	181,612	534,495
Postemployment Benefits Expense	3,733	2,525	6,258
Supplies and Other Operating Expenses	1,286,044	157,453	1,443,497
Depreciation	<u>25,258</u>	<u>12,536</u>	<u>37,794</u>
TOTAL OPERATING EXPENSES	<u>2,628,380</u>	<u>916,196</u>	<u>3,544,576</u>
OPERATING INCOME (LOSS)	(1,110,617)	120,967	(989,650)
NONOPERATING REVENUES (EXPENSES)			
Earnings on Investments	2,581	1,588	4,169
State Sources	182,237	149,221	331,458
Federal Sources	941,450	-	941,450
Loss on Disposal of Assets	<u>(16,680)</u>	<u>-</u>	<u>(16,680)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,109,588</u>	<u>150,809</u>	<u>1,260,397</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(1,029)	271,776	270,747
OPERATING TRANSFERS OUT	<u>(60,000)</u>	<u>(138,392)</u>	<u>(198,392)</u>
CHANGE IN NET POSITION	(61,029)	133,384	72,355
NET POSITION - BEGINNING	<u>796,434</u>	<u>553,256</u>	<u>1,349,690</u>
NET POSITION - ENDING	<u><u>\$ 735,405</u></u>	<u><u>\$ 686,640</u></u>	<u><u>\$ 1,422,045</u></u>

See accompanying notes.

WILSON SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2014

	Enterprise Fund Food Service	Enterprise Fund Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 1,523,417	\$ 1,036,794	\$ 2,560,211
Cash Payments to Employees for Services	(1,316,205)	(746,564)	(2,062,769)
Cash Payments for Supplies and Other Operating Expenses	<u>(1,121,113)</u>	<u>(165,603)</u>	<u>(1,286,716)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(913,901)	124,627	(789,274)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	172,461	150,748	323,209
Federal Sources	678,584	-	678,584
Operating Transfers Out	<u>(60,000)</u>	<u>(138,392)</u>	<u>(198,392)</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	791,045	12,356	803,401
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Equipment	(1,788)	(195,907)	(197,695)
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	<u>2,581</u>	<u>1,588</u>	<u>4,169</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(122,063)	(57,336)	(179,399)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>772,451</u>	<u>526,377</u>	<u>1,298,828</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 650,388</u></u>	<u><u>\$ 469,041</u></u>	<u><u>\$ 1,119,429</u></u>

See accompanying notes.

WILSON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED

For the Year Ended June 30, 2014

	Enterprise Fund Food Service	Enterprise Fund Child Care	Totals
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>			
Operating Income (Loss)	\$ (1,110,617)	\$ 120,967	\$ (989,650)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Depreciation	25,258	12,536	37,794
Donated Commodities Used	145,855	-	145,855
Provision for Uncollectible Accounts	-	1,700	1,700
Changes in Assets and Liabilities:			
Intergovernmental and Other Receivables	1,408	(3,167)	(1,759)
Inventories	5,600	-	5,600
Interfund Balances	(4,612)	(4,057)	(8,669)
Accounts Payable	14,722	(11,360)	3,362
Accrued Salaries and Benefits	(2,836)	2,295	(541)
Unearned Revenues	7,588	3,188	10,776
Postemployment Benefits	3,733	2,525	6,258
Total Adjustments	196,716	3,660	200,376
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (913,901)	\$ 124,627	\$ (789,274)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the District used \$145,855 of commodities from the U.S. Department of Agriculture.

WILSON SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2014

	Expendable Trust Funds Scholarship	Agency Funds Student Activities
	<u> </u>	<u> </u>
ASSETS		
CURRENT ASSETS		
Cash and Investments	\$ 25,397	\$ 160,068
	<u> </u>	<u> </u>
TOTAL ASSETS	25,397	<u><u>\$ 160,068</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Other Current Liabilities	-	\$ 160,068
	<u> </u>	<u> </u>
TOTAL LIABILITIES	-	<u><u>\$ 160,068</u></u>
NET POSITION		
Held in Trust for Scholarships	<u><u>\$ 25,397</u></u>	

See accompanying notes.

WILSON SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the Year Ended June 30, 2014

	<u>Expendable Trust Funds Scholarship</u>
ADDITIONS	
Contributions	\$ 20,000
Earnings on Investments	<u>19</u>
TOTAL ADDITIONS	20,019
DEDUCTIONS	
Scholarships	<u>20,000</u>
CHANGE IN NET POSITION	19
NET POSITION - BEGINNING OF YEAR	<u>25,378</u>
NET POSITION - END OF YEAR	<u><u>\$ 25,397</u></u>

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (the primary government) and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, etc.) within its reporting entity. The criteria used by the District for inclusion are financial accountability and the nature and significance of the relationships. In determining financial accountability in a given case, the District reviews the applicability of the following criteria. The District is financially accountable for:

- Organizations that make up the legal District entity.
- Legally separate organizations if District officials appoint a voting majority of the organizations' governing body and the District is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District as defined below.

Impose its will - If the District can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

Financial benefit or burden - exists if the District (1) is entitled to the organization's resources; (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization; or (3) is obligated in some manner for the debt of the organization.

- Organizations that are fiscally dependent on the District. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the District.

Based on the foregoing criteria, the District has determined it has no component units.

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

Joint Venture: The District is a participating member of the Berks Career and Technology Center. See Note 10 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 school 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.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities which rely to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Governmental activities are supported by taxes and intergovernmental revenues while business-type activities are supported by user charges and fees. The statement of activities demonstrates the level to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include charges to customers or others who purchase, use or directly benefit from services or goods provided by a given function or grants and contributions that are restricted to meet the operational or capital requirements of a function. Other items not includable in program revenues are reported as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from the District's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The District Reports the Following Major Governmental Funds:

General Fund: This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Capital Projects Fund: This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds).

Debt Service Fund: This fund accounts for the resources accumulated and payments made for principal and interest on general obligation debt of governmental funds.

The District has the Following Major Enterprise Funds:

Food Service Fund: This fund accounts for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is an enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

Child Care Fund: This fund accounts for all revenues and expenses for the child care program. The child care fund is an enterprise fund where the intent of the governing body is that the costs of providing child care services are covered by user charges and subsidies received.

Additionally, the District Reports the Following Fund Type:

Fiduciary Funds: The District's fiduciary funds are trust funds and agency funds. Trust funds are used to account for assets held by the district under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the District's own programs. The District's only trust funds are private-purpose trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's student activity fund is an agency fund.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*. 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 revenue 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.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting - continued

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The trust fund is reported using the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

E. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund in accordance with the PA School Code of 1949, as amended. Budgetary control is legally maintained at the function level within the General Fund. The PA School Code allows the District board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the school directors approving the transfer.

All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Appropriations, except unexpended grant appropriations and encumbrances, lapse at the end of each fiscal year.

No budget has been adopted for the capital projects funds.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance

1. Cash and Investments

Investments are reported at fair value (generally based on quoted market prices).

The District's reporting entity considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Restricted Cash

The restricted cash balance consists of two escrow accounts with a financial institution restricted for road improvements related to the new middle school project and for the additional four classrooms built onto Green Valley Elementary School as required by agreements with Lower Heidelberg Township.

3. Receivables/Payables

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

4. 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 policy of the District to charge these items to expense upon acquisition.

Inventories of the Enterprise 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, 2014, consist of the following:

Purchased food	\$ 19,549
Supplies	9,658
Donated commodities	<u>17,403</u>
	<u>\$ 46,610</u>

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

5. Capital Assets, Depreciation, and Amortization

The District's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

The District generally capitalizes assets with cost of \$1,500 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

<u>Assets</u>	<u>Years</u>
Site improvements	20
Buildings and building improvements	15 - 65
Machinery and equipment	5 - 20
Vehicles	5 - 10

Interest costs incurred during the construction phase of capital assets are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, which is a deferred charge on bond refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source - property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental and proprietary funds financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

8. Net Position Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted resources to have been depleted before unrestricted resources is applied.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

9. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. The District's policy places no restrictions on the order of the unrestricted fund balances used. The order of the unrestricted fund balances used for disbursements is at the discretion of the finance committee or director of finance.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of school directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The finance committee or the director of finance may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The unassigned fund balance of the general fund at the end of each fiscal year-end shall not be less than three percent of the following year's projected budgeted expenditures. In any fiscal year where the District is unable to maintain this minimum reservation of fund balance as required in this section, the District shall not budget any amount of unassigned fund balance for the purpose of balancing the general fund budget until this level is achieved.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Revenues and Expenditures/Expense

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operations or capital requirements of a particular function or segment. All taxes and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Compensated Absences

Sick Pay

Under the District's bargaining agreement and plans, certain employees accumulate unused sick days up to a maximum of 25 or 100 days, depending upon employment classification. Upon retirement, professional employees are paid for unused sick days at the rate of \$10 - \$45/day, depending upon employment classification.

Vacation Leave

Unused vacation leave can be accumulated by certain employees up to a maximum of 30 days. Employees may receive full payment for up to 30 days of unused vacation days upon termination of employment or retirement. The District maintains records of all employees' accumulated vacation days.

Retirement Benefits

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.

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, ten years of employment in administration by Wilson School District and have attained at least age 52 before retirement. Incentives range from 5 percent to 15 percent 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. Commencing July 1, 2013, administrators with 20 years of employment by the Commonwealth in education, 10 years of employment in administration by Wilson School District, and retire under the rules of the Pennsylvania State Employees Retirement System will be entitled to a one-time retirement payment of \$1,500.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Revenues and Expenditures/Expense - continued

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

H. Other Use of Estimates

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

NOTE 2 - CASH AND INVESTMENTS

The breakdown of total cash and investments on the financial statements at June 30, 2014 is as follows:

Petty Cash	\$ 1,345
Demand Deposits	25,892,616
Pooled cash and investments	<u>3,514,814</u>
	<u>\$ 29,408,775</u>

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does have a policy for custodial credit risk on deposits. At June 30, 2014 the carrying amount of the District's deposits was \$25,892,616 and the bank balance was \$26,188,222. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$25,438,222 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72.

A portion of the District's deposits are in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and are disclosed under investments below.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 2 - CASH AND INVESTMENTS - CONTINUED

Investments

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.

As of June 30, 2014, the District had the following investments:

	<u>Fair Value</u>
Pennsylvania School District Liquid Asset Fund (PSDLAF)	<u>\$ 3,514,814</u>

Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

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, 2014, the District's investments were rated as:

<u>Investment</u>	<u>Standard & Poor's</u>
Pennsylvania School District Liquid Asset Fund	AAA

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 2 - CASH AND INVESTMENTS - CONTINUED

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

NOTE 3 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE

The District has four independently elected tax collectors who have relinquished responsibility for the collection of taxes. The tax collectors have deputized a District approved financial institution for the collection of taxes on their behalf via a lockbox account.

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 Assessment. The District tax rate for the year ended June 30, 2014, was 24.00 mills (\$24.00 per \$1,000 of assessed valuation) as levied by the board of school directors. The schedule for real estate taxes levied for each fiscal year 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 14	-	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 reported as unavailable revenue under deferred inflows of resources in the fund financial statements.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 3 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE - CONTINUED

The balances at June 30, 2014 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Share of Taxes Due to Municipalities	Tax Revenue Recognized	Unavailable Revenue - Taxes
Property tax	\$ 1,231,644	\$ 149,771	\$ 1,081,873	\$ -	\$ 68,409	\$ 1,013,464
Per capita tax	7,231	-	7,231	-	7,231	-
Mercantile/Bus. Privilege tax	55,337	-	55,337	40,366	14,971	-
Earned income tax	299,954	-	299,954	-	299,954	-
Transfer tax	60,845	-	60,845	-	60,845	-
	<u>\$ 1,655,011</u>	<u>\$ 149,771</u>	<u>\$ 1,505,240</u>	<u>\$ 40,366</u>	<u>\$ 451,410</u>	<u>\$ 1,013,464</u>

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES / PAYABLES

The following schedule represents intergovernmental receivables at June 30, 2014:

<u>Name of Government Unit</u>	<u>General Fund</u>	<u>Proprietary</u>	
		<u>Food Service</u>	<u>Child Care</u>
Commonwealth of PA - Retirement	\$ 1,319,164	\$ 131	\$ 954
Commonwealth of PA - Social Security	212,416	59	468
Commonwealth of PA - Migrant Education	80	-	-
Commonwealth of PA - Rental Subsidy	1,205,238	-	-
Commonwealth of PA - National School Lunch	-	11,231	-
Federal Subsidies - Title III	2,632	-	-
Federal Subsidies - IDEA	570,355	-	-
Federal Subsidies - ACCESS	142,458	-	-
Federal Subsidies - National School Lunch	-	131,911	-
Army JROTC	5,778	-	-
Berks Career and Technology Center	17,539	72	-
Berks County Intermediate Unit	28,068	-	1,707
Exeter School District	7,885	-	-
Lower Heidelberg Township	2,817	-	-
Muhlenberg School District	16,215	-	-
Reading School District	10,788	-	-
School District of Philadelphia	44,801	-	-
Spring Township	31,290	-	-
Twin Valley School District	27,501	-	-
Wyomissing Borough	-	-	(523)
Wyomissing School District	32,205	-	-
	<u>\$ 3,677,230</u>	<u>\$ 143,404</u>	<u>\$ 2,606</u>

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES / PAYABLES - CONTINUED

The following schedule represents intergovernmental payables at June 30, 2014:

<u>Name of Government Unit</u>	<u>General Fund</u>
Berks County Intermediate Unit	\$ 34,299
Bucks County Intermediate Unit	336
Capital Area Intermediate Unit	855
Chester County Intermediate Unit	67,234
Conrad Weiser Area School District	114,973
Grove City Area School District	4,935
Lancaster-Lebanon Intermediate Unit	800
Lower Heidelberg Township	13,988
Millcreek Township School District	12,154
PA Department of Revenue	86
PA Department of Labor & Industry	176
PA UC Fund	4,741
Shenandoah Valley School District	350
Sinking Spring Borough	4,575
Spring Township	98,292
Twin Valley School District	3,033
Wyomissing Area School District	60,123
Wyomissing Borough	27,937
	<hr/>
	\$ 448,887

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease	Reclassifications/ Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 10,509,771	\$ -	\$ -	\$ 362,617	\$ 10,872,388
Construction in progress	7,242,256	14,426,957	-	(13,605,097)	8,064,116
Total assets not being depreciated	17,752,027	14,426,957	-	(13,242,480)	18,936,504
Capital assets being depreciated:					
Site improvements	5,340,702	-	-	7,679,606	13,020,308
Buildings and building improvements	203,550,408	-	(513,406)	5,167,936	208,204,938
Machinery and equipment	7,220,539	276,557	(74,187)	394,938	7,817,847
Vehicles	4,820,866	476,765	-	-	5,297,631
Total assets being depreciated	220,932,515	753,322	(587,593)	13,242,480	234,340,724
Less accumulated depreciation for:					
Site improvements	3,783,569	537,942	-	-	4,321,511
Buildings and building improvements	48,846,404	3,656,181	(349,575)	-	52,153,010
Machinery and equipment	2,881,666	639,030	(121,740)	-	3,398,956
Vehicles	3,013,193	451,648	-	-	3,464,841
Total accumulated depreciation	58,524,832	5,284,801	(471,315)	-	63,338,318
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	162,407,683	(4,531,479)	(116,278)	13,242,480	171,002,406
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	\$ 180,159,710	\$ 9,895,478	\$ (116,278)	\$ -	\$ 189,938,910

Business-Type Activities

Capital assets being depreciated:					
Building Improvements	\$ 46,238	\$ 155,365	\$ -	\$ -	\$ 201,603
Machinery and Equipment	1,037,437	42,330	(105,535)	-	974,232
Total assets being depreciated	1,083,675	197,695	(105,535)	-	1,175,835
Accumulated depreciation for:					
Building Improvements	5,249	4,629	-	-	9,878
Machinery and Equipment	881,909	33,165	(88,855)	-	826,219
Total accumulated depreciation	887,158	37,794	(88,855)	-	836,097
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 196,517	\$ 159,901	\$ (16,680)	\$ -	\$ 339,738

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 5 - CHANGES IN CAPITAL ASSETS - CONTINUED

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

Instruction, Regular	\$ 3,521,762
Instruction, Special	1,356
Support Services	1,266,148
Noninstructional Services	<u>495,535</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u><u>\$ 5,284,801</u></u>
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NOTE 6 - LONG-TERM LIABILITIES

Bonds payable are as follows at June 30:

General Obligation Bond - Series A of 2014:

The District is liable for general obligation bonds dated February 18, 2014 in the original principal amount of \$9,600,000. Principal maturities occur on June 1, 2014 through the year 2017. Interest is payable semi-annually on June 1 and December 1. Interest rates vary from 0.18% to 4.00%. The proceeds of this issuance were used to currently refund the outstanding balance on the Series of 2009 General Obligation Bonds as well as pay debt issuance costs. The District realized a savings of \$233,694 as a result of the refunding.

\$ 8,300,000

General Obligation Bond - Series of 2014:

The District is liable for general obligation bonds dated January 3, 2014 in the original principal amount of \$10,000,000. Principal maturities occur on June 1, 2014 through the year 2024. Interest is payable semi-annually on June 1 and December 1. Interest rates vary from 0.25% to 3.10%. The proceeds of this issuance were used to advance refund a portion of the outstanding balance on the Series of 2007 General Obligation Bonds as well as pay debt issuance costs. The District realized a savings of \$665,187 as a result of the refunding.

9,880,000

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES - CONTINUED

General Obligation Bond - Series C of 2013:

The District is liable for general obligation bonds dated December 17, 2013 in the original principal amount of \$20,180,000. Principal maturities occur on June 1, 2014 through the year 2023. Interest is payable semi-annually on June 1 and December 1. Interest rates vary from 0.26% to 5.00%. The proceeds of this issuance were used to advance refund a portion of the outstanding balance on the Series of 2005 General Obligation Bonds, advance refund a portion of the outstanding balance on the Series of 2007 General Obligation Bonds, and pay debt issuance costs. The District realized a savings of \$1,190,002 as a result of the refunding.

19,975,000

General Obligation Bond - Series B of 2013:

The District is liable for general obligation bonds dated February 20, 2013 in the original principal amount of \$11,060,000. Principal maturities occur on May 15, 2014 through the year 2025. Interest is payable semi-annually on May 15 and November 15. Interest rates vary from 1.00% to 4.00%. The proceeds of this bond was used to finance various capital projects including renovations and improvements to existing school buildings and related facilities, athletic and pool facilities, as well as to pay debt issuance costs.

11,055,000

General Obligation Bond - Series A of 2013:

The District is liable for general obligation bonds dated February 20, 2013 in the original principal amount of \$9,415,000. Principal maturities occur on May 15, 2013 through the year 2016. Interest is payable semi-annually on November 15 and May 15. Interest rates vary from 1.00% to 3.00%. The proceeds of this issuance were used to currently refund the outstanding balance on the Series of 2008 General Obligation Bonds as well as pay debt issuance costs. The District realized a savings of \$290,817 as a result of the refunding.

7,555,000

General Obligation Bond - Series of 2012:

The District is liable for general obligation bonds dated June 25, 2012 in the original principal amount of \$22,025,000. Principal maturities occur on May 15, 2013 through the year 2019. Interest is payable semi-annually on November 15 and May 15. Interest rates vary from 0.80% to 5.00%. The proceeds of this issuance were used to currently refund the outstanding balance on the 2nd Series of 2002 General Obligation Bonds, and advance refund the outstanding balance on the Series A of 2003 General Obligation Bonds and a portion of the Series of 2005 General Obligation Bonds, as well as pay debt issuance costs. The District realized a savings of \$905,748 as a result of the refunding.

16,045,000

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES - CONTINUED

General Obligation Bond - Series of 2011:

The District is liable for general obligation bonds dated April 27, 2011 in the original principal amount of \$10,000,000. Principal maturities occur on May 15, 2012 through the year 2019. Interest is payable semi-annually on May 15 and November 15. Interest rates vary from 1.70% to 4.00%. The proceeds of this Bond were used to advance refund a portion of the General Obligation Bonds - 2nd Series of 2002 and a portion of the Series A of 2003, as well as to pay debt issuance costs. The District realized a savings of \$311,317 as a result of the refunding.

4,645,000

General Obligation Bond - Series of 2010:

The District is liable for general obligation bonds dated May 11, 2010 in the original principal amount of \$16,400,000. Principal maturities occur on March 1, 2012 through the year 2023. Interest is payable semi-annually on September 1 and March 1. Interest rates vary from 2.00% to 3.80%. The proceeds of this issuance were used for various capital improvements including the West Middle School and the Transportation Building, as well as to pay debt issuance costs.

16,035,000

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 at 5.25%. The proceeds of this bond were used for capital improvement projects. A portion of this bond was refunded by General Obligation Bond, Series C of 2013 and General Obligation Bond, Series of 2014.

9,440,000

\$ 102,930,000

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES - CONTINUED

The future annual payments required to amortize all bonds payable for the years ending June 30 are as follows:

	General Obligation Bonds, Series A of 2014	General Obligation Bonds, Series of 2014	General Obligation Bonds, Series C of 2013	General Obligation Bonds, Series B of 2013	General Obligation Bonds, Series A of 2013	General Obligation Bonds, Series of 2012
2015	\$ 2,715,000	\$ 95,000	\$ 400,000	\$ 5,000	\$ 3,765,000	\$ 1,115,000
2016	2,760,000	145,000	445,000	5,000	3,790,000	545,000
2017	2,825,000	30,000	4,400,000	5,000	-	75,000
2018	-	145,000	95,000	440,000	-	7,025,000
2019	-	150,000	75,000	450,000	-	7,285,000
2020 - 2024	-	9,315,000	14,560,000	8,865,000	-	-
2025 - 2026	-	-	-	1,285,000	-	-
Total	<u>\$ 8,300,000</u>	<u>\$ 9,880,000</u>	<u>\$ 19,975,000</u>	<u>\$ 11,055,000</u>	<u>\$ 7,555,000</u>	<u>\$ 16,045,000</u>
	General Obligation Bonds, Series of 2011	General Obligation Bonds, Series of 2010	General Obligation Bonds, Series of 2007	Total General Long-Term Debt	Total Interest	
2015	\$ 65,000	\$ 130,000	\$ -	\$ 8,290,000	\$ 3,757,939	
2016	675,000	130,000	-	8,495,000	3,593,662	
2017	1,260,000	65,000	-	8,660,000	3,359,114	
2018	1,300,000	5,000	-	9,010,000	3,125,846	
2019	1,345,000	10,000	-	9,315,000	2,820,030	
2020 - 2024	-	15,695,000	460,000	48,895,000	8,332,594	
2025 - 2026	-	-	8,980,000	10,265,000	692,950	
Total	<u>\$ 4,645,000</u>	<u>\$ 16,035,000</u>	<u>\$ 9,440,000</u>	<u>\$ 102,930,000</u>	<u>\$ 25,682,135</u>	

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES - CONTINUED

Long-term liability balance and activity, except for the postemployment benefit obligation, for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt					
Bonds Payable	\$ 109,660,000	\$ 39,780,000	\$ 46,510,000	\$ 102,930,000	\$ 8,290,000
Less deferred amounts:					
For issuance discounts	(125,843)	(73,915)	(40,938)	(158,820)	-
For issuance premiums	4,914,189	2,445,548	1,818,732	5,541,005	-
Subtotal	114,448,346	42,151,633	48,287,794	108,312,185	8,290,000
Other Liabilities:					
Compensated Absences	1,009,757	197,905	167,199	1,040,463	44,258
 TOTAL GOVERNMENTAL LONG-TERM LIABILITIES	 \$ 115,458,103	 \$ 42,349,538	 \$ 48,454,993	 \$ 109,352,648	 \$ 8,334,258

Payments on bonds and notes payable are made by the debt service fund. The compensated absence liabilities will be liquidated by the general fund. Total interest paid during the year ended June 30, 2014 was \$4,164,028.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES - CONTINUED

Defeasance of Debt

During the year ended June 30, 2012, the District issued \$22,025,000 of general obligation refunding bonds to provide resources to purchase securities that were placed in irrevocable trust for the purpose of generating resources for future debt service payments of \$3,645,000 of General Obligation Bonds Series A of 2003 and \$14,470,000 of General Obligation Bonds Series of 2005. 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 position. As of June 30, 2014, outstanding general obligation bonds of the District in the amount of \$16,075,000 were considered defeased with a related \$15,042,457 held in escrow funds.

During the year ended June 30, 2014, the District issued \$20,180,000 of general obligation refunding bonds to provide resources to purchase securities that were placed in irrevocable trust for the purpose of generating resources for future debt service payments of \$5,230,000 of General Obligation Bonds Series of 2005 and \$15,045,000 of General Obligation Bonds Series of 2007. 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 position. As of June 30, 2014, outstanding general obligation bonds of the District in the amount of \$20,210,000 were considered defeased with a related \$21,498,339 held in escrow funds.

During the year ended June 30, 2014, the District issued \$10,000,000 of general obligation refunding bonds to provide resources to purchase securities that were placed in irrevocable trust for the purpose of generating resources for future debt service payments of \$8,900,000 of General Obligation Bonds Series of 2007. 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 position. As of June 30, 2014, outstanding general obligation bonds of the District in the amount of \$8,900,000 were considered defeased with a related \$9,556,574 held in escrow funds.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 7 - EMPLOYEE RETIREMENT PLANS

Multiple Employer Defined Benefit Pension Plan

Plan Description:

The District contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by the commonwealth of Pennsylvania Public School Employees Retirement System (PSERS). Benefit provisions of the plan are established under the provisions of the PSERS Code ("the Code") and may be amended by an act of the Pennsylvania State Legislature. The plan provides retirement, disability, and death benefits, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of a member's employment in the public school sector. PSERS issues a publicly available financial report that includes financial statements for the plan. That report may be obtained by writing to PSERS, PO Box 125, Harrisburg, PA 17108-0125. The plan is also available on the PSERS website at 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. Active members who joined the system prior to July 22, 1983, contribute at 5.25 percent (Membership Class TC) or at 6.50 percent (Membership Class TD) of the member's qualifying compensation. Members joining PSERS on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class TC) or at 7.50 percent (Membership Class TD) of the member's qualifying compensation. Members joining PSERS after June 30, 2001 and who were active or inactive as of June 30, 2011 contribute at 7.50 percent (automatic Membership Class TD). For all new hires and for members who elected Class TD membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members joining PSERS on or after July 1, 2011 contribute at 7.50 percent (Membership Class TE) or at 10.30 percent (Membership Class TF). Both membership classes TE and TF contain a "shared risk" which allows for an increase in the contribution percentage up to an additional 2.00 percent based on market results.

The contributions required of participating employers are based on an actuarial valuation and is expressed as a percentage of annual covered payroll during the period for which the amount is determined. For the fiscal year ended June 30, 2014, the rate of employer contributions was 16.93 percent of covered payroll. The 16.93 percent rate is composed of a pension contribution, 16.00 percent of pension benefits and 0.93 percent for healthcare insurance premium assistance. The District's contributions to PSERS for the years ended June 30, 2014, 2013, and 2012 were \$6,983,892, \$5,007,598, and \$3,508,398, respectively.

403(b) Tax Shelter Plan

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 8 - POSTEMPLOYMENT BENEFITS

Plan Description

The District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The Plan provides healthcare insurance for eligible retirees and their spouses through the District's health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the union representing the District's employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements also are negotiated between the District and union representatives. The required contribution is based on pay-as-you-go financing. For administrators, the District provides full single premium coverage (less active employee co-pay) for medical, prescription drug and dental insurance. Eligible administrators must have ten years of service with the District and 20 years of PSERS service. The spouse must pay 100 percent of the full premium as determined for the purposes of COBRA, if coverage is elected.

Teachers that have reached twenty years of service with the District and retiring through PSERS, the District contributes \$135 per month for medical and prescription drug coverage. The spouse must pay 102 percent of the full premium as determined for the purpose of COBRA, if coverage is elected.

For eligible support staff retired on or before June 30, 2008, the District pays the full single premium for medical and prescription drug coverage. The spouse must pay 102 percent of the full premium as determined for the purpose of COBRA, if coverage is elected.

For support staff retiring after June 30, 2008 and have reached 20 years of service with the District, the District will contribute the full single premium for medical and prescription drug coverage less the co-pay for an active employee. If the member had reached age 55 and 20 years of service with the District by July 1, 2008 and retires after July 1, 2008, the member contribution for single coverage will not exceed \$50. The spouse must pay 102 percent of the full premium as determined for the purpose of COBRA, if coverage is elected.

For the postemployment benefits mentioned above, if the member does not reach the requirements for the District subsidy but does reach eligibility through PSERS, the member and spouse may continue coverage by paying the full premium as determined for the purpose of COBRA. The duration of all of the District's postemployment benefits mentioned above is until the member reaches Medicare eligibility. Spouse coverage ends at age 65 if the spouse is older than the member. For the fiscal year ended June 30, 2014, the District contributed \$423,952 (as estimated by the actuary) to the post retirement plans related to retirees.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 8 - POSTEMPLOYMENT BENEFITS - CONTINUED

Annual OPEB Cost and Net OPEB Obligation:

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

Annual required contribution	\$ 847,106
Interest on net OPEB obligation	79,494
Adjustment to annual required contribution	(108,451)
Annual OPEB Cost	<u>818,149</u>
Contributions made (estimated)	(423,952)
Estimated increase in net OPEB obligation	<u>394,197</u>
Net OPEB obligation - beginning of year	<u>1,766,531</u>
Net OPEB obligation - end of year	<u><u>\$ 2,160,728</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 818,149	51.8%	\$ 2,160,728
6/30/2013	825,534	45.4%	1,766,531
6/30/2012	750,000	58.1%	1,316,117

Funded Status and Funding Progress:

As of January 1, 2012, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$6,595,790, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,595,790. The covered payroll (annual payroll of active employees covered by the plan) was \$35,335,991, and the ratio of the UAAL to the covered payroll was 18.67 percent.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 8 - POSTEMPLOYMENT BENEFITS - CONTINUED

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about actuarial value of plan assets and actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent initially, decreasing 0.5 percent per year to an ultimate rate of 5.5 percent in 2016 and 5.3 percent in 2017 to 4.2 percent in 2089 and later. The unfunded actuarial accrued liability is being amortized using single period amortization as of the end of the year based on level dollar, 30-year open period.

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a summary of interfund receivables and payables at June 30, 2014:

	Interfund Receivables	Interfund Payables
General Fund	\$ 10,617	\$ 3,147,090
Capital Projects Fund	3,142,480	-
Enterprise Fund - Food Service	(2,693)	-
Enterprise Fund - Child Care	(3,314)	-
	<u>\$ 3,147,090</u>	<u>\$ 3,147,090</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, 2014

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - CONTINUED

Interfund transfers are summarized as follows at June 30, 2014:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 198,392	\$ 14,512,576
Capital Projects Fund	2,807,895	-
Debt Service Fund	11,704,681	-
Enterprise Fund - Food Service	-	60,000
Enterprise Fund - Child Care	-	138,392
	<u>\$ 14,710,968</u>	<u>\$ 14,710,968</u>

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

NOTE 10 - 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 2013/2014 year was \$886,493.

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 were 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 2013/2014 year was \$357,822.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 10 - JOINT VENTURE - CONTINUED

Summary financial information as of June 30, 2013 (the most recent information available) is as follows:

Berks Career & Technology Center (Governmental Activities)	
Total Assets and Deferred Outflows of Resources	\$ 32,748,687
Total Liabilities	<u>16,457,162</u>
Total Net Position	<u>\$ 16,291,525</u>

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

NOTE 11 - RISK MANAGEMENT

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 2013/2014 year. The District has no unfunded liability.

NOTE 12 - CONTINGENT LIABILITIES

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, 2014

NOTE 13 - COMMITMENTS

At June 30, 2014, 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>
Performance Contract	\$ 1,216,000	\$ 402,500
Elementary Classroom Additions	3,735,774	98,950
Pool Renovations	<u>7,247,970</u>	<u>188,706</u>
	<u>\$ 12,199,744</u>	<u>\$ 690,156</u>

The District intends to use capital projects funds to satisfy the remaining commitments.

NOTE 14 - FUND BALANCE

Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2013 was as follows:

General Fund

The general fund has committed funds of \$4,774,743 for retirement rate increases, an assigned fund balance of \$1,000,000 representing the 2014/2015 budgeted deficit, and unassigned fund balance of \$4,496,560. The commitment was authorized by the board of school directors' motion to set aside resources to fund anticipated increases in PSERS contributions.

Capital Projects

The capital projects fund has restricted funds of \$10,604,329 consisting of \$84,828 of unspent bond funds and \$10,519,501 comprised of unspent cumulative transfers from the general fund authorized by the board of school directors for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 68, Accounting and Financial Reporting for Pensions, which is required to be implemented by the year ending June 30, 2015. The objective of this statement is to improve accounting and financial reporting by governments for pensions. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. This statement also enhances note disclosure and required supplementary information for government pension plans. This pronouncement applies to employers that have a legal obligation to make contributions directly to a pension plan.
- Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68 will be implemented at the same time of implementation of 68.

Although the District has not yet completed the analyses necessary to determine the financial statement impact of these new pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION

WILSON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
For the Year Ended June 30, 2014

	Budgeted Amount		Actual	Variances
	Original	Final	(GAAP) Basis	Final to Actual
REVENUES AND OTHER FINANCING SOURCES				
REVENUES				
Local Sources	\$ 69,436,187	\$ 69,436,187	\$ 70,542,797	\$ 1,106,610
State Sources	17,887,803	17,887,803	17,736,014	(151,789)
Federal Sources	1,077,477	1,077,477	939,657	(137,820)
TOTAL REVENUES	88,401,467	88,401,467	89,218,468	817,001
EXPENDITURES AND OTHER FINANCING USES				
EXPENDITURES - INSTRUCTION				
Regular Programs - Elementary/Secondary	35,460,254	35,395,531	34,889,360	506,171
Special Programs - Elementary/Secondary	11,817,641	11,796,668	11,308,821	487,847
Vocational Education Programs	2,437,670	2,437,670	2,428,828	8,842
Other Instructional Programs - Elementary/Secondary	219,765	217,032	187,120	29,912
Nonpublic School Programs	33,000	33,000	31,500	1,500
TOTAL INSTRUCTION	49,968,330	49,879,901	48,845,629	1,034,272
SUPPORT SERVICES				
Pupil Personnel	3,043,566	3,044,715	2,809,457	235,258
Instructional Staff	4,759,075	4,878,578	4,647,164	231,414
Administration	5,027,686	4,966,209	4,770,070	196,139
Pupil Health	710,403	710,403	660,082	50,321
Business	888,381	887,622	849,284	38,338
Operation and Maintenance of Plant Services	7,286,850	7,287,150	7,104,405	182,745
Student Transportation Services	2,604,696	2,603,696	2,483,303	120,393
Central	399,886	443,586	410,894	32,692
Other Support Services	233,300	219,230	193,756	25,474
TOTAL SUPPORT SERVICES	24,953,843	25,041,189	23,928,415	1,112,774
OPERATION OF NONINSTRUCTIONAL SERVICES				
Student Activities	2,086,309	2,097,762	2,066,447	31,315
Community Services	104,379	104,379	85,198	19,181
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	2,190,688	2,202,141	2,151,645	50,496
Refund of Prior Year Revenues	-	-	170	(170)
TOTAL EXPENDITURES	77,112,861	77,123,231	74,925,859	2,197,372
EXCESS OF REVENUES OVER EXPENDITURES	11,288,606	11,278,236	14,292,609	3,014,373
OTHER FINANCING SOURCES (USES)				
Sale of Fixed Assets	-	-	21,575	21,575
Operating Transfers In	186,000	186,000	198,392	12,392
Operating Transfers Out	(11,711,923)	(11,711,923)	(14,512,576)	(2,800,653)
Budgetary Reserve	(1,000,000)	(989,630)	-	989,630
TOTAL OTHER FINANCING SOURCES (USES)	(12,525,923)	(12,515,553)	(14,292,609)	(1,777,056)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (1,237,317)	\$ (1,237,317)	-	\$ 1,237,317
FUND BALANCE - BEGINNING OF YEAR			10,271,303	
FUND BALANCE - END OF YEAR			\$ 10,271,303	

See note to required supplementary information

WILSON SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS - POSTEMPLOYMENT BENEFITS PLAN

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Governmental Activities	1/1/2012	\$ -	\$ 6,472,625	\$ 6,472,625	0.00%	\$ 34,986,866	18.50%
	1/1/2010	-	5,992,703	5,992,703	0.00%	32,800,618	18.27%
	1/1/2008	-	5,602,068	5,602,068	0.00%	30,150,998	18.58%
Business-Type Activities	1/1/2012	-	123,165	123,165	0.00%	349,125	35.28%
	1/12010	-	174,342	174,342	0.00%	299,548	58.20%
	1/1/2008	-	188,561	188,561	0.00%	377,765	49.91%
Total	1/1/2012	-	6,595,790	6,595,790	0.00%	35,335,991	18.67%
	1/1/2010	-	6,167,045	6,167,045	0.00%	33,100,166	18.63%
	1/1/2008	-	5,790,629	5,790,629	0.00%	30,528,763	18.97%

WILSON SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

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.

SUPPLEMENTARY INFORMATION

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2014

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6000 Revenues from Local Sources				
<u>Taxes</u>				
6111	Taxes, Current Real Estate	\$ 57,040,397	\$ 57,780,194	\$ 739,797
6112	Taxes, Interim Real Estate	205,000	268,269	63,269
6113	Public Utility Realty Tax	83,396	82,958	(438)
6114	Taxes, Current, Payments in Lieu of Taxes	1,015	1,015	-
6120	Current Per Capita Taxes, Section 679	120,000	119,054	(946)
6140	Current Act 511 Per Capita Taxes	120,000	119,054	(946)
6143	Current 511 Local Services Taxes	110,000	98,813	(11,187)
6151	Current Act 511 Earned Income Taxes	5,000,000	5,449,388	449,388
6153	Current Act 511 Real Estate Transfer Taxes	700,000	639,647	(60,353)
6155	Current Act 511 Mercantile/Business Privilege Taxes	2,000,000	2,292,232	292,232
6400	Delinquent Taxes (All Levies)	1,750,000	1,206,740	(543,260)
	Total	67,129,808	68,057,364	927,556
<u>Other</u>				
6510	Earnings from Temporary Deposits and Investments	100,000	76,419	(23,581)
6700	Revenue from District Activities	307,500	350,185	42,685
6810	Revenue from other Governments	67,000	67,899	899
6832	Revenue from I.U. - Federal - Special Education	820,065	849,413	29,348
6910	Rental of Facilities	98,500	116,746	18,246
6920	Donation from Private Source	120,000	99,513	(20,487)
6940	Tuition from Patrons	419,435	511,058	91,623
6950	Advertising Income	21,250	2,125	(19,125)
6960	Services Provided other Local Gov't Units	102,629	155,119	52,490
6980	Community/Age Group Swim	56,000	23,199	(32,801)
6990	Miscellaneous Revenue	194,000	233,757	39,757
	Total	2,306,379	2,485,433	179,054
	TOTAL REVENUES FROM LOCAL SOURCES	69,436,187	70,542,797	1,106,610
7000 Revenues from State Sources				
7110	Basic Instructional Subsidy	6,791,579	6,822,186	30,607
7160	Tuition/Court Placed Institutions	150,000	155,309	5,309
7250	Migratory Children	-	80	80
7270	Special Education of Exceptional Pupils	2,058,998	2,070,141	11,143
7310	Transportation	790,800	819,612	28,812
7320	Rentals and Sinking Fund Payments	1,388,631	1,383,474	(5,157)
7330	Medical and Dental Services	113,500	109,522	(3,978)
7340	Property Tax Reduction Allocation	1,383,675	1,383,675	-
7500	Extra Grants	153,179	153,179	-
7810	Social Security	1,558,720	1,472,853	(85,867)
7820	Retirement	3,498,721	3,365,983	(132,738)
	TOTAL REVENUES FROM STATE SOURCES	17,887,803	17,736,014	(151,789)

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2014

		Budget	Actual	Variance
8000 Revenues from Federal Sources				
8514	Title I	555,552	515,307	(40,245)
8515	Title II	109,257	105,808	(3,449)
8516	LEP/Immigrant	37,668	29,935	(7,733)
8810	Access Medical Assistance Reimbursement	375,000	253,482	(121,518)
8820	Access Medical Assistance Reimbursement	-	35,125	35,125
	TOTAL REVENUES FROM FEDERAL SOURCES	1,077,477	939,657	(137,820)
9000 Other Financing Sources				
9359	Other Enterprise Fund Transfers	186,000	198,392	12,392
9400	Proceeds from Sale of Fixed Assets	-	21,575	21,575
	TOTAL REVENUES FROM OTHER FINANCING SOURCES	186,000	219,967	33,967
	TOTAL REVENUES	<u>\$ 88,587,467</u>	<u>\$ 89,438,435</u>	<u>\$ 850,968</u>

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2014

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
1000 Instruction				
1100	Regular Programs	\$ 35,395,531	\$ 34,889,360	\$ 506,171
1200	Special Programs	11,796,668	11,308,821	487,847
1300	Vocational Education Program	2,437,670	2,428,828	8,842
1400	Other Instructional Programs	217,032	187,120	29,912
1500	Nonpublic Schools	<u>33,000</u>	<u>31,500</u>	<u>1,500</u>
	Total Instruction	49,879,901	48,845,629	1,034,272
2000 Support Services				
2100	Pupil Personnel	3,044,715	2,809,457	235,258
2200	Instructional Staff	4,878,578	4,647,164	231,414
2300	Administration	4,966,209	4,770,070	196,139
2400	Pupil Health	710,403	660,082	50,321
2500	Business	887,622	849,284	38,338
2600	Operation and Maintenance of Plant Services	7,287,150	7,104,405	182,745
2700	Student Transportation Services	2,603,696	2,483,303	120,393
2800	Central	443,586	410,894	32,692
2900	Other Support Services	<u>219,230</u>	<u>193,756</u>	<u>25,474</u>
	Total Support Services	25,041,189	23,928,415	1,112,774
3000 Operation of Noninstructional Services				
3200	Student Activities	2,097,762	2,066,447	31,315
3300	Community Services	<u>104,379</u>	<u>85,198</u>	<u>19,181</u>
	Total Operation of Noninstructional Services	2,202,141	2,151,645	50,496
5000 Other Financing Uses				
5100	Refund of Prior Year Revenues	-	170	(170)
5200	Fund Transfers	11,711,923	14,512,576	(2,800,653)
5900	Budgetary Reserve	<u>989,630</u>	<u>-</u>	<u>989,630</u>
	Total Other Financing Uses	<u>12,701,553</u>	<u>14,512,746</u>	<u>(1,811,193)</u>
	TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 89,824,784</u>	<u>\$ 89,438,435</u>	<u>\$ 386,349</u>

WILSON SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

<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>	<u>Program or Award Amount</u>	<u>Total Received for Year</u>	<u>Accrued or (Unearned) Revenue at July 1, 2013</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Unearned) Revenue at June 30, 2014</u>
<u>U.S. Department of Education</u>										
Passed through the State Department of Education:										
Title I - Grants to Local Education Agencies - Basic	I	84.010	013-14-490	07/01/13-09/30/14	\$ 515,965	\$ 515,965	\$ -	\$ 515,307	\$ 515,307	\$ (658)
Title I - Grants to Local Education Agencies - Basic	I	84.010	013-13-490	07/02/12-09/30/13	584,792	73,150	73,150	-	-	-
Total Title I						589,115	73,150	515,307	515,307	(658)
Title II(a) Improving Teacher Quality	I	84.367	020-14-490	07/01/13-09/30/14	105,808	105,808	-	105,808	105,808	-
Title III Language Instructional LEP	I	84.365	010-14-490	07/01/13-09/30/14	40,954	27,303	-	29,935	29,935	2,632
Title III Language Instructional LEP	I	84.365	010-13-490	07/02/12-09/30/13	39,651	5,287	5,287	-	-	-
Total Title III						32,590	5,287	29,935	29,935	2,632
Passed through the Berks County Intermediate Unit:										
IDEA Cluster										
IDEA - B Special Education Grants to States	I	84.027	62-014-14	07/01/13-06/30/14	846,286	275,931	-	846,286	846,286	570,355
IDEA - B Special Education Grants to States	I	84.027	62-013-14	07/01/12-06/30/13	901,169	638,813	638,813	-	-	-
Section 619 IDEA - B Special Education Grants to States	I	84.173	N/A	07/01/13-06/30/14	3,127	3,127	-	3,127	3,127	-
Total IDEA Cluster						917,871	638,813	849,413	849,413	570,355
TOTAL U.S. DEPARTMENT OF EDUCATION						1,645,384	717,250	1,500,463	1,500,463	572,329
<u>U.S. Department of Health and Human Services</u>										
Passed through the Pennsylvania Department of Welfare:										
Medical Reimbursement for Administration, Revenue Code 8820	I	93.778	44-008514	07/01/13-06/30/14	35,125	26,667	-	35,125	35,125	8,458
Medical Reimbursement for Administration, Revenue Code 8820	I	93.778	44-008514	07/01/12-06/30/13	9,905	4,574	4,574	-	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						31,241	4,574	35,125	35,125	8,458
<u>U.S. Department of Agriculture</u>										
Child Nutrition Cluster										
Passed through the State Department of Education:										
National School Lunch Program	I	10.555	N/A	07/01/13-06/30/14	N/A	606,408	-	725,481	725,481	119,073
National School Lunch Program	I	10.555	N/A	07/01/12-06/30/13	N/A	12,977	12,977	-	-	-
School Breakfast Program	I	10.553	N/A	07/01/13-06/30/14	N/A	57,276	-	70,114	70,114	12,838
School Breakfast Program	I	10.553	N/A	07/01/12-06/30/13	N/A	1,922	1,922	-	-	-
Passed through the PA Department of Agriculture:										
National School Lunch Program	I	10.555	N/A	07/01/13-06/30/14	N/A	155,126	(8,132)	145,855	145,855	(17,403)
TOTAL CHILD NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE						833,709	6,767	941,450	941,450	114,508
TOTAL FEDERAL AWARDS						\$ 2,510,334	\$ 728,591	\$ 2,477,038	\$ 2,477,038	\$ 695,295

Source Codes: I = Indirect, D = Direct

WILSON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

NOTE 1 - BASIS OF ACCOUNTING

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.

NOTE 2 - FOOD COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2014, the District had \$17,403 of food commodity inventory.

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

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

We have audited, in accordance with the 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, 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, 2014, and the related notes to the financial statements, which collectively comprise Wilson School District's basic financial statements and have issued our report thereon dated November 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wilson School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Wilson School District's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Herbein + Company, Inc.

Reading, Pennsylvania
November 5, 2014

Independent Auditor's Report on Compliance For Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Wilson School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Wilson School District's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Wilson School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Wilson School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wilson School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Herbein + Company, Inc.

**Reading, Pennsylvania
November 5, 2014**

WILSON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
Material weakness (es) identified? yes X no
Significant deficiency (ies) identified not considered to be
material weaknesses? yes X 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: Unmodified

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>
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<u>Child Nutrition Cluster</u>	
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10.553	School Breakfast Program
10.555	National School Lunch Program

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
For the Year Ended June 30, 2014

Section II - Financial Statement Findings

There were no financial statement findings.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported.

WILSON SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported.