

WILSON SCHOOL DISTRICT
FINANCIAL AND COMPLIANCE REPORT
Year Ended June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Wilson School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Wilson School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wilson School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the financial statements, Wilson School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, beginning with the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2011 on our consideration of Wilson School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the general fund and schedule of funding progress - post-employment 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.

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 schedule of expenditures and other financing uses - budget and actual - general fund, are presented for 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, 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 financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Herbein + Company, Inc.

Reading, Pennsylvania

November 9, 2011



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Assistant Superintendent
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Director of Extracurricular Activities
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Director of Finance &
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Director of Curriculum,
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Ext. 1149

Georgann Syphard
Director of Pupil Services
Ext. 1124

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, 2011. 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 2010-11 fiscal year. In total, net assets increased by \$4.0 million. Net assets of governmental activities (which includes the general fund, capital projects fund, and debt service fund) increased by \$4.2 million which represents a 5.1% increase from 2010. Net assets of business-type activities (which includes the food service fund and child care fund) decreased by \$0.2 million or 15.1% from 2010.
- General revenues in the form of property and other taxes along with state subsidies and investment earnings accounted for \$69.0 million or 81.1% of all revenues. Program specific revenues accounted for 18.9% of total revenues in the form of charges for services, with grants and contributions totaling \$16.0 million.
- The District had total expenses of \$80.9 million, of which \$76.5 million was for governmental activities and \$4.4 million was for business-type activities.
- The required District contribution to the Pennsylvania School Employees Retirement System (PSERS) increased to 5.64% for 2010-11, with significant rate increases projected in future years. The excess of revenue over expenditures of \$2.4 million for the year ended June 30, 2011 in the general fund was committed by the School Board to be used toward future PSERS contribution increases.
- The newly constructed West Middle School and transportation facility opened in August 2010 as anticipated. In conjunction with the opening of the new middle school, the District reconfigured the grade levels serviced in the District's various buildings. All elementary buildings now provide all-day kindergarten and serve primary grade levels through the fifth grade. The West Middle School and the Southern Middle School (formerly Southern Jr. High) serve sixth through eighth grades, with the Senior High School consisting of grades nine through twelve.

- During the fiscal year, net capital assets increased \$3.5 million related to capital projects including the new middle school, the new transportation facility and additions to the transportation fleet and other equipment. Contractual commitments related to the new middle school, high school café and science rooms, new transportation facility and paving projects total approximately \$0.8 million.
- In April 2011, the District issued \$10.0 million of Series of 2011 General Obligation Bonds, for which the proceeds were used to advance refund a portion of the General Obligation Bonds - 2nd Series of 2002 and a portion of the General Obligation Bonds - Series A of 2003, realizing a savings of \$0.3 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. That cap was 2.9% for fiscal year 2010-11. The District's 2010-11 millage of 21.95 included exceptions of .6 mills approved by the Pennsylvania Department of Education.
- Under the provisions of the Homestead Property Exclusion Program Act and the Taxpayer Relief Act, the Board passed the 2010-2011 Homestead and Farmstead Exclusion Resolution in June 2010 whereby County approved homestead and farmstead property taxpayers received an assessment reduction on the July 1, 2010 real estate tax bills of \$6,556 each, which resulted in a \$143.90 tax reduction per homestead and farmstead. This property tax reduction was the result of the District's allocation of gambling tax funds of \$1,366,110 as well as \$19,358 of Philadelphia tax credit reimbursement funds and remaining undistributed 2009-10 property tax reduction funds of \$82 totaling \$1,385,550 paid to the District by the Pennsylvania Department of Education.
- Act 1 also requires each district to offer homestead and farmstead property owners the option of paying the flat rate of their real estate taxes in installments. Eligible real estate taxpayers have the payment option of three equal installments due July 31, September 30, and November 30. Approximately 5% of eligible District real estate taxpayers elected the installment method for the 2010-11 fiscal year, compared to 4% in the prior year.
- The District implemented the new Government Accounting Standards Board (GASB) Statement No. 54—Fund Balance Reporting and Governmental Fund Type Definitions effective July 1, 2010. The Statement's clarification of special revenue fund types resulted in the restatement of the District's general fund beginning fund balance to include the athletic fund beginning fund balance of \$70,915 and the restatement of the capital projects fund beginning fund balance to include the capital reserve fund beginning fund balance of \$8.8 million. This Statement also requires the classification of fund balances into the following categories – nonspendable, restricted, committed, assigned and unassigned. The definitions of these categories are fully explained in Note 1, Summary of Significant Accounting Policies in the Notes to the Basic Financial Statements. As of June 30, 2011, the general fund has \$4.8 million in committed fund balance for anticipated increases in PSERS contributions, \$1.5 million in assigned fund balance

which represents the 2011-12 budgeted deficit, and unassigned fund balance of \$4.0 million. The capital projects fund has \$2.7 million in restricted fund balance, consisting primarily of unspent bond funds, and \$8.2 million in assigned funds for capital expenditures.

- GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions (OPEB), implemented in the 2008-09 fiscal year, 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, 2010, the present value of the District’s postemployment benefits other than pensions was approximately \$6.2 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 \$.8 million for the fiscal year ended June 30, 2011. This annual cost, less the District’s actuarial determined contribution of \$.4 million, resulted in an additional liability and expense of \$.4 million as of and for the year ended June 30, 2011, included in the Statement of Net Assets 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

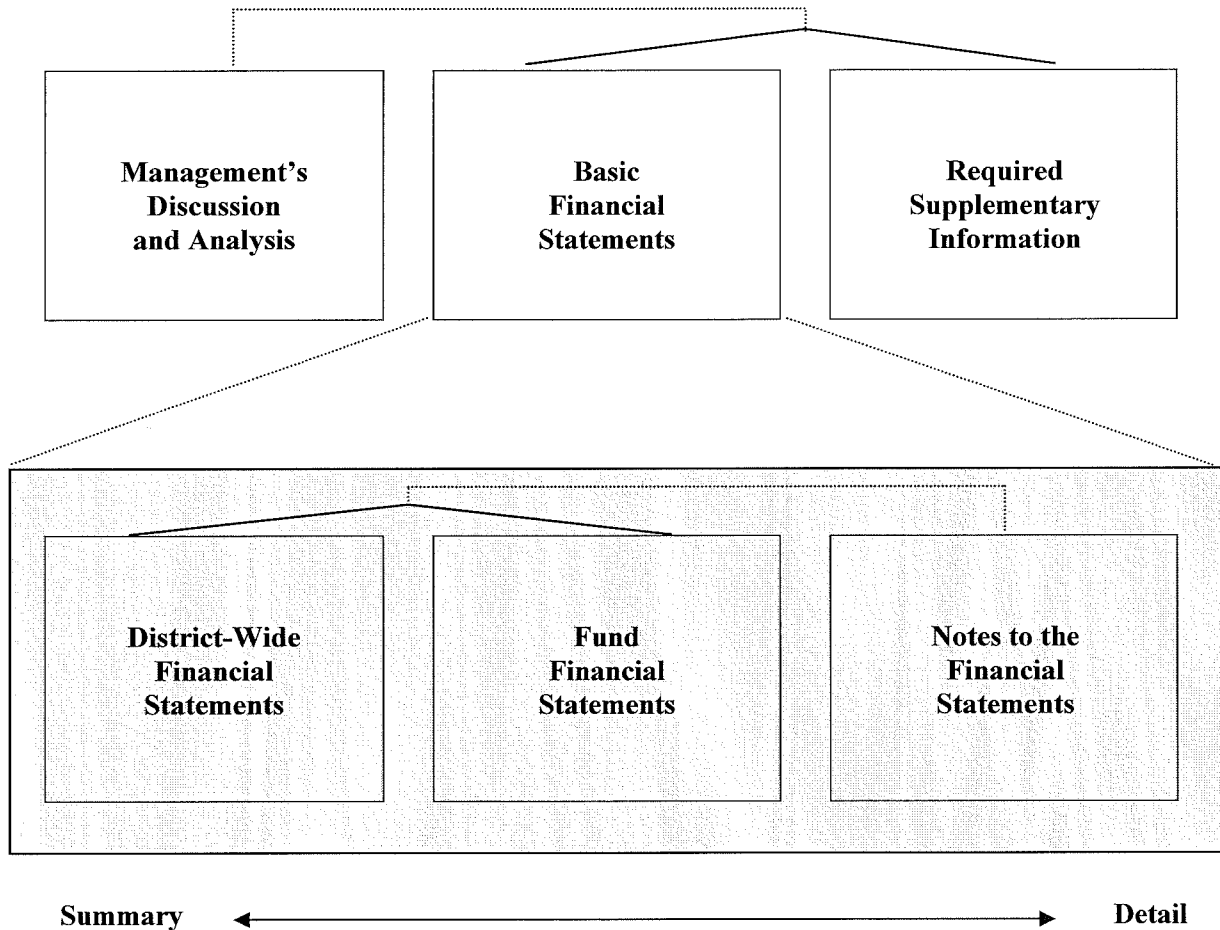


Figure 2 summarizes the major features of the District's financial statements including the portion of the District activity they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each 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 assets • 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 fund net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of net assets • Statement of changes in net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all the District's assets and liabilities. The Statement of Activities includes all the current year revenue and expenses regardless of when cash is received or paid.

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

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

Both statements report two activities:

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

Fund Financial Statements

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

- **Governmental Funds** – Most of the District's basic services are included in governmental funds that focus on how money flows into and out of these funds and the balances left at the year-end for future spending. The governmental fund financial statements provide a detailed short-term view of the general operations and the basic services provided and provide some direction as to whether there will be more or fewer resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the district-wide statement, additional information at the bottom of the governmental funds statements explains the relationship (and differences) between them.

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

Financial Analysis of the District as a Whole

The Statement of Net Assets contains information about what the District owns, owes, i.e., assets and liabilities, and what is left after assets are used to satisfy liabilities. The following table is a comparative summary of the District's net assets for the fiscal years ended June 30, 2010 and June 30, 2011.

Figure 3
Condensed Statement of Net Assets

Fiscal Years Ended June 30, 2010 and June 30, 2011						
	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$ 41,106,998	32,103,100	\$ 1,248,038	\$ 1,041,881	\$ 42,355,036	\$ 33,144,981
Capital assets	176,495,770	179,983,031	223,726	176,068	176,719,496	180,159,099
Total Assets	217,602,768	212,086,131	1,471,764	1,217,949	219,074,532	213,304,080
Current liabilities	19,375,322	16,069,413	242,933	156,136	19,618,255	16,225,549
Long-term liabilities	116,107,866	109,688,548	16,052	31,811	116,123,918	109,720,359
Total Liabilities	135,483,188	125,757,961	258,985	187,947	135,742,173	125,945,908
Net Assets:						
Invested in capital assets, net of related debt	62,207,127	66,805,803	223,726	176,068	62,430,853	66,981,871
Restricted	3,490,755	998,749	-	-	3,490,755	998,749
Unrestricted	16,421,698	18,523,618	989,053	853,934	17,410,751	19,377,552
Total Net Assets	\$ 82,119,580	86,328,170	\$ 1,212,779	\$ 1,030,002	\$ 83,332,359	\$ 87,358,172

The District's combined net assets increased over the course of the fiscal year by \$4.0 million. The District's governmental activities' net assets increased \$4.2 million from the combined result of a 1.2 millage increase, a 2.6% decreased final PSERS contribution rate compared to that originally provided by the Pennsylvania Department of Education and strong fiscal control over expenditures. Net assets in business-type activities decreased by \$0.2 million which was the net result of a nearly break-even business-type income--\$.1 million food service fund income offset by a child care fund \$.1 million loss--less \$0.2 million of operating transfers to the general fund.

The significant changes in current and other assets, capital assets and current and noncurrent liabilities are related to the new middle school and new transportation facility construction projects, and the related spend down of prior year bond issue proceeds. In April 2011, the District issued \$10.0 million of Series of 2011 General Obligation Bonds, for which the proceeds were used to advance refund a portion of the General Obligation Bonds - 2nd Series of 2002 and a portion of the General Obligation Bonds - Series A of 2003, realizing a savings of \$0.3 million. Cash and investments decreased by \$10.4 million from the prior year primarily due to bond principal and interest payments and capital expenditures. Capital assets, net of depreciation increased \$3.5 million, with \$7.9 million in current year capital outlays related to the new middle school, the new transportation facility, additions to the transportation fleet and other capital costs. Current liabilities decreased by \$3.4 million due to the near completion of significant construction projects.

Restricted net assets of \$1.0 million are restricted for capital projects' expenditures. Unrestricted net assets in governmental activities total \$18.5 million, consisting of \$8.2 million of reserves for capital purchases/construction projects and general funds of \$10.3 million, or 12.1% of the District's total 2011-12 general fund budget, available to be used at the discretion of the Board of Directors.

The results of operations for the fiscal year ended June 30, 2011 as a whole are reported in the Statement of Activities. Figure 4 is a comparative summary of changes in net assets for the years ending June 30, 2010 and June 30, 2011. Revenues are defined as either program or general revenues. Program revenues are generated by the services themselves or provided externally for use in a particular function. Program revenues reduce the net expense to the public. General revenues include the basic education subsidy provided by the State of Pennsylvania, local taxes assessed to community taxpayers, and other general revenues the District uses to finance the total net cost of programs.

Figure 4
Changes in Net Assets from Operating Results

Fiscal Years Ended June 30, 2010 and June 30, 2011

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues						
Program Revenues						
Charges for services	\$ 1,036,519	\$ 1,084,748	\$ 3,358,021	\$ 3,421,434	\$ 4,394,540	\$ 4,506,182
Operating grants and contributions	9,735,987	9,164,747	950,097	1,000,715	10,686,084	10,165,462
Capital grants and contributions	1,562,204	1,363,665	-	-	1,562,204	1,363,665
General Revenues						
Property taxes and other taxes levied for general purposes	58,707,740	61,162,487	-	-	58,707,740	61,162,487
State formula aid	7,580,069	7,556,269	-	-	7,580,069	7,556,269
Other	1,148,840	426,094	(173,235)	(186,396)	975,605	239,698
Total Revenues	79,771,359	80,758,010	4,134,883	4,235,753	83,906,242	84,993,763
Expenses						
Instruction	44,936,241	46,117,506	-	-	44,936,241	46,117,506
Instructional student support	8,053,052	8,158,120	-	-	8,053,052	8,158,120
Administrative and financial support services	5,937,943	6,451,555	-	-	5,937,943	6,451,555
Operation and maintenance of plant services	6,333,006	6,849,026	-	-	6,333,006	6,849,026
Pupil transportation	1,501,060	2,037,171	-	-	1,501,060	2,037,171
Other	6,975,551	6,936,042	4,106,423	4,418,530	11,081,974	11,354,572
Total Expense	73,736,853	76,549,420	4,106,423	4,418,530	77,843,276	80,967,950
Increase (Decrease) in Net Assets	\$ 6,034,506	\$ 4,208,590	\$ 28,460	\$ (182,777)	\$ 6,062,966	\$ 4,025,813

Figure 5
Sources of Revenues for Fiscal Year 2011

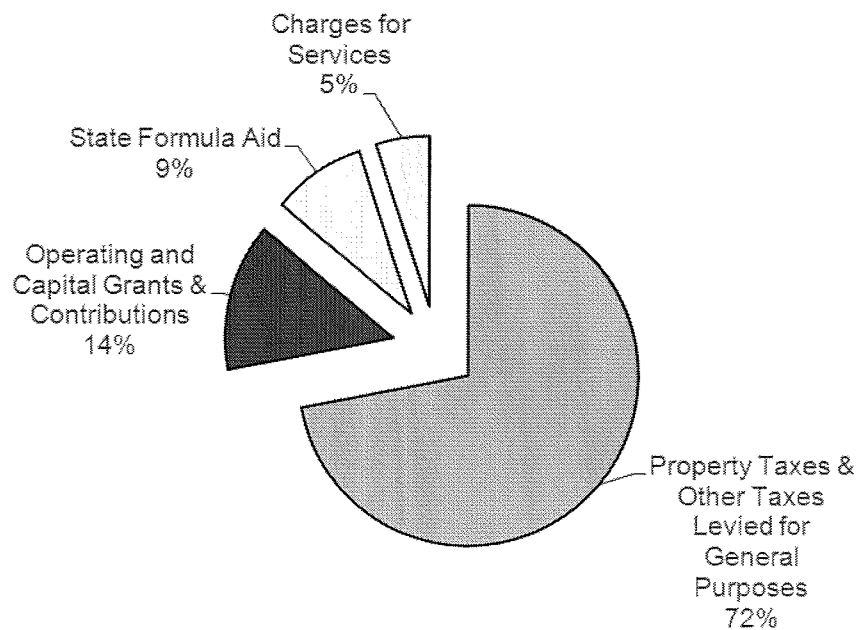
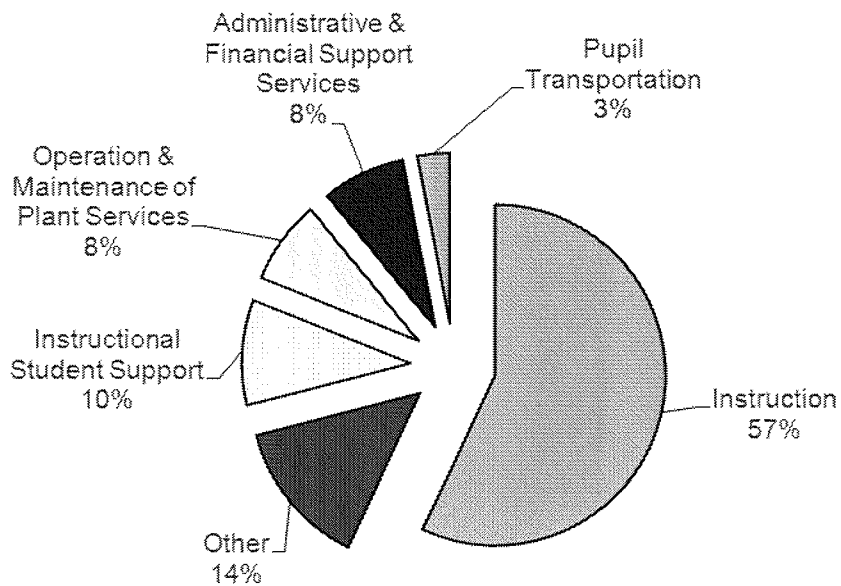


Figure 6
Expenses for Fiscal Year 2011



The District maintained its sound financial position during the 2010-11 fiscal year, from the combined result of a 1.2 millage increase with a collection rate of approximately 97%, a 2.6% decreased final PSERS contribution rate compared to that originally provided by the Pennsylvania Department of Education and strong fiscal control over expenditures.

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, 2011, general revenue supported 84% of governmental activities' costs, and program revenue supported 16% of governmental activities' costs.

Figure 7
Net Cost of Governmental Activities

Fiscal Years Ended June 30, 2010 and June 30, 2011				
	Total Cost of Services		Net Cost of Services	
	2010	2011	2010	2011
Instruction	\$ 44,936,241	\$ 46,117,506	\$ 36,513,955	\$ 38,694,993
Instructional Student Support	8,053,052	8,158,120	7,280,364	7,533,474
Administrative and Financial Support Services	5,937,943	6,451,555	5,741,152	6,152,865
Operation and Maintenance of Plant Services	6,333,006	6,849,026	6,161,878	6,267,999
Pupil Transportation	1,501,060	2,037,171	649,368	1,172,734
Other	6,975,551	6,936,042	5,055,426	5,114,195
Total	\$ 73,736,853	\$ 76,549,420	\$ 61,402,143	\$ 64,936,260

Figure 8 represents the total cost and net cost (income) of services in the District's business-type activities. Program revenue supported 100% of the food services activities and 95% of child care activities for the year ended June 30, 2011. The current year net cost of services of \$3,619 is a result of a \$0.3 million increase in operating costs primarily due to a 27% increase in child care staffing costs, net of a 2% increase in charges for services, a 5% increase in state and federal grants over the prior year as a result of expanded programs and rate increases.

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

Fiscal Years Ended June 30, 2010 and June 30, 2011				
	Total Cost of Services		Net Cost (Income) of Services	
	2010	2011	2010	2011
Food Services	\$ 2,600,837	\$ 2,669,527	\$ (140,623)	\$ 91,977
Child Care	1,505,586	1,749,003	(61,072)	(88,358)
Total	\$ 4,106,423	\$ 4,418,530	\$ (201,695)	\$ 3,619

Financial Analysis of the District's Funds

The District's governmental funds include the general fund, capital projects fund, and debt service fund. With the implementation of the new GASB Statement No. 54—Fund Balance Reporting and Governmental Fund Type Definitions effective July 1, 2010, the clarification of special revenue fund types impacted the fund financial statements by requiring the restatement of the beginning fund balance in the general fund to include the July 1, 2010 athletic fund \$70,915 fund balance and the restatement of the beginning fund balance of the capital projects fund to include the July 1, 2010 capital reserve \$8.8 million fund balance.

Figure 9 details the current and prior year end restated fund balances and change therein for the fiscal year ended June 30, 2011.

Figure 9
Fund Balances

For Fiscal Years Ended June 30, 2010 and June 30, 2011

	Fund Balance		Increase (Decrease)
	2010 (as restated)	2011	
General Fund	\$ 7,867,930	\$ 10,271,303	\$ 2,403,373
Capital Projects Fund	18,721,438	10,879,888	(7,841,550)
Total	\$ 26,589,368	\$ 21,151,191	\$ (5,438,177)

The District's governmental funds reported combined fund balances as of June 30, 2011 of \$21.2 million which is a decrease of \$5.4 million compared to the prior year, due primarily to capital outlay related to ongoing construction projects and bond principal and interest payments, which are accounted for in expenditures and other financing uses, respectively, and effectively decreased the fund balance in the governmental funds. General fund revenues totaled \$80.4 million, expenses totaled \$66.5 million and other financing uses totaled \$11.5 million for the year ended June 30, 2011. The net increase in general fund balance of \$2.4 million was committed by the Board of Directors to be used toward future PSERS contribution increases.

The implementation of GASB Statement No. 54—Fund Balance Reporting and Governmental Fund Type Definitions also established a hierarchy for classifying fund balances into specifically defined classifications--nonspendable, restricted, committed, assigned and unassigned effective for the June 30, 2011 reporting period. The definitions of these categories are fully explained in Note 1, Summary of Significant Accounting Policies in the Notes to the Basic Financial Statements. As of June 30, 2011, the general fund has \$4.8 million in committed fund balance for anticipated increases in PSERS contributions, \$1.5 million in assigned fund balance which represents the 2011-12 budgeted deficit, and unassigned fund balance of \$4.0 million. The capital projects fund has \$2.7 million in restricted fund balance, consisting primarily of unspent bond funds and \$8.2 million in assigned funds for capital expenditures.

The capital projects fund had a \$7.8 million net decrease, due to \$7.9 million of capital outlays related to construction projects and facilities upgrades and repairs, net of \$.1 million of investment earnings.

Capital Asset and Debt Administration

Capital Assets

In total, net capital assets increased \$3.5 million due to construction projects, and additions to the transportation fleet and other equipment. Total depreciation expense for the year was \$4.5 million, which is a 28% increase over the prior year. Construction in progress of \$.4 million as of June 30, 2011 relates to various District projects including paving, utilization studies and athletic field studies.

Figure 10
Capital Assets (net of depreciation)

Fiscal Years Ended June 30, 2010 and June 30, 2011						
	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$ 7,065,285	\$ 10,509,771	\$ -	\$ -	\$ 7,065,285	\$ 10,509,771
Site Improvements	811,980	1,223,233	-	-	811,980	1,223,233
Building and Building Improvements	112,487,686	161,789,475	10,353	10,046	112,498,039	161,799,521
Machinery and Equipment	2,219,636	4,473,800	213,373	166,022	2,433,009	4,639,822
Vehicles	1,317,956	1,633,257	-	-	1,317,956	1,633,257
Construction-in-Progress	52,593,227	353,495	-	-	52,593,227	353,495
Total	\$ 176,495,770	\$179,983,031	\$ 223,726	\$ 176,068	\$176,719,496	\$ 180,159,099

Long-term Debt

During the fiscal year ended June 30, 2011, the District issued the Series 2011 General Obligation of \$10.0 million for which the proceeds were used to advance refund a portion of the General Obligation Bonds - 2nd Series of 2002 and a portion of the General Obligation Bonds - Series A of 2003, realizing a savings of \$0.3 million. Bond principal payments for the year totaled \$6.8 million and interest payments totaled \$4.9 million. Compensated absences, which relate to accrued unused accumulated employee sick leave and retirement bonuses, increased by 3% based on service requirement and eligibility calculations as of June 30, 2011.

Figure 11
Outstanding Long-Term Debt

For Fiscal Years Ended June 30, 2010 and June 30, 2011			
	Total		Change
	2010	2011	
General Obligation Bonds	\$ 119,800,000	\$ 113,500,000	\$ (6,300,000)
Compensated Absences	918,714	950,288	31,574
Total	\$ 120,718,714	\$ 114,450,288	\$ (6,268,426)

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 1.4% and 1.7% for fiscal years 2011-12 and 2012-13, respectively. Due to the District's aid ratio exceeding .4 for both the 2011-12 and the 2012-13 fiscal years, the District's millage is limited to a 1.6% and 2.0% increase, respectively. The District's 2011-12 millage of 23.31 included exceptions of 1.36 mills approved by the Pennsylvania Department of Education. The District's 2012-13 millage is limited to 23.78 mills. If the District anticipates needing to exceed the cap, it must have exceptions approved through the courts or the Pennsylvania Department of Education or seek voter approval. The adoption of the preliminary budget is due January 17, 2012.
- Contractual commitments related to the new middle school, high school café and science rooms, and new transportation facility and district paving total approximately \$0.8 million.
- District-wide employee wage freezes were implemented during the fiscal year 2011-12, as a cost containment effort.
- The collective bargaining agreement with the Wilson Education Association expires on June 30, 2012. Negotiations began in August 2011.

- The required District contribution to the Pennsylvania School Employees Retirement System increased to 8.65% for 2011-12, 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.
- The increasing cost of health insurance will continue to impact the District's finances. The one-year contracts with American Sentinel and Capital Blue Cross expire on June 30, 2012 and renewal rates are currently being sought.
- Due to the current economic downturn, the District has experienced higher than normal commercial assessment appeals requesting assessment reductions, which has a potential negative impact on the real estate tax base.
- The District will be required to implement the following new GASB Statements in future fiscal years: Statement No. 57--OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, by the year ended June 30, 2012; Statement No. 60--Service Concession Arrangements, by the year ended June 30, 2013; Statement No. 61--The Financial Reporting Entity - Omnibus, by the year ended June 30, 2013; Statement No. 63--Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position, by the year ended June 30, 2013. 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.

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WILSON SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business- Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 25,283,566	\$ 847,566	\$ 26,131,132
Taxes Receivable, Net	2,703,117	-	2,703,117
Internal Balances	17,539	(17,539)	-
Intergovernmental Receivables	2,878,632	131,016	3,009,648
Other Receivables, Net	14,660	24,021	38,681
Inventories	-	56,817	56,817
TOTAL CURRENT ASSETS	30,897,514	1,041,881	31,939,395
CAPITAL ASSETS			
Land	10,509,771	-	10,509,771
Site Improvements, Net of Depreciation	1,223,233	-	1,223,233
Building and Building Improvements, Net of Depreciation	161,789,475	10,046	161,799,521
Machinery and Equipment, Net of Depreciation	4,473,800	166,022	4,639,822
Vehicles, Net of Depreciation	1,633,257	-	1,633,257
Construction in Progress	353,495	-	353,495
TOTAL CAPITAL ASSETS	179,983,031	176,068	180,159,099
OTHER NONCURRENT ASSETS			
Bond Issuance Costs, Net of Amortization	1,199,312	-	1,199,312
Restricted Cash	6,274	-	6,274
TOTAL OTHER NONCURRENT ASSETS	1,205,586	-	1,205,586
TOTAL ASSETS	\$ 212,086,131	\$ 1,217,949	\$ 213,304,080

See accompanying notes.

	Governmental Activities	Business- Type Activities	Total
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 1,718,540	\$ 24,269	\$ 1,742,809
Intergovernmental Payables	409,569	-	409,569
Accrued Salaries and Benefits	5,961,810	58,544	6,020,354
Accrued Interest	629,058	-	629,058
Deferred Revenues	249,620	73,323	322,943
Current Portion of Compensated Absences	50,816	-	50,816
Current Portion of Bonds Payable	7,050,000	-	7,050,000
TOTAL CURRENT LIABILITIES	16,069,413	156,136	16,225,549
NONCURRENT LIABILITIES			
Bonds Payable	106,450,000	-	106,450,000
Bond Discount, Net of Amortization	(171,174)	-	(171,174)
Bond Premium, Net of Amortization	2,736,152	-	2,736,152
Unamortized Bond Interest	(170,015)	-	(170,015)
Deferred Refunding Loss, Net of Amortization	(1,025,731)	-	(1,025,731)
Post-Employment Benefits	969,844	31,811	1,001,655
Long-Term Portion of Compensated Absences	899,472	-	899,472
TOTAL NONCURRENT LIABILITIES	109,688,548	31,811	109,720,359
TOTAL LIABILITIES	125,757,961	187,947	125,945,908
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	66,805,803	176,068	66,981,871
Restricted for Capital Projects, Net of Related Debt	998,749	-	998,749
Unrestricted	18,523,618	853,934	19,377,552
TOTAL NET ASSETS	86,328,170	1,030,002	87,358,172
TOTAL LIABILITIES AND NET ASSETS	\$ 212,086,131	\$ 1,217,949	\$ 213,304,080

WILSON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 34,480,185	\$ 13,523	\$ 3,307,378	\$ -	\$ (31,159,284)	\$ -	\$ (31,159,284)
Special	9,227,517	503,444	3,465,483	-	(5,258,590)	-	(5,258,590)
Vocational	2,217,456	-	47,574	-	(2,169,882)	-	(2,169,882)
Other Instructional Programs	168,359	53,400	7,722	-	(107,237)	-	(107,237)
Nonpublic	23,989	-	23,989	-	-	-	-
Total Instructional Services	46,117,506	570,367	6,852,146	-	(38,694,993)	-	(38,694,993)
Support Services:							
Pupil Personnel	2,696,358	-	258,098	-	(2,438,260)	-	(2,438,260)
Instructional Staff	4,567,263	-	222,003	-	(4,345,260)	-	(4,345,260)
Administration	5,073,523	-	260,630	-	(4,812,893)	-	(4,812,893)
Pupil Health	685,593	-	144,545	-	(541,048)	-	(541,048)
Business Services	1,161,909	-	34,014	-	(1,127,895)	-	(1,127,895)
Operation of Plant and Maintenance Services	6,849,026	33,843	547,184	-	(6,267,999)	-	(6,267,999)
Student Transportation Services	2,037,171	90,957	773,480	-	(1,172,734)	-	(1,172,734)
Central	216,123	-	4,046	-	(212,077)	-	(212,077)
Other Support Services	208,906	-	-	-	(208,906)	-	(208,906)
Total Support Services	23,495,872	124,800	2,244,000	-	(21,127,072)	-	(21,127,072)
Noninstructional Services:							
Student Activities	1,837,616	349,329	65,978	-	(1,422,309)	-	(1,422,309)
Community Services	74,178	40,252	2,623	-	(31,303)	-	(31,303)
Interest on Long-Term Debt	5,024,248	-	-	1,363,665	(3,660,583)	-	(3,660,583)
Total Noninstructional Services	6,936,042	389,581	68,601	1,363,665	(5,114,195)	-	(5,114,195)
Total Governmental Activities	76,549,420	1,084,748	9,164,747	1,363,665	(64,936,260)	-	(64,936,260)
Business-Type Activities:							
Food Services	2,669,527	1,851,736	909,768	-	-	91,977	91,977
Child Care	1,749,003	1,569,698	90,947	-	-	(88,358)	(88,358)
Total Business-Type Activities	4,418,530	3,421,434	1,000,715	-	-	3,619	3,619
Total Primary Government	<u>\$ 80,967,950</u>	<u>\$ 4,506,182</u>	<u>\$ 10,165,462</u>	<u>\$ 1,363,665</u>	(64,936,260)	3,619	(64,932,641)
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes					53,508,689	-	53,508,689
Public Utility Realty, Earned Income, LST Tax and Mercantile Taxes Levied for General Purposes, Net					7,653,798	-	7,653,798
Grants, Subsidies and Contributions Not Restricted					7,556,269	-	7,556,269
Investment Earnings					159,920	2,414	162,334
Miscellaneous Income					80,174	(2,810)	77,364
Transfers					186,000	(186,000)	-
Total General Revenues and Transfers					<u>69,144,850</u>	<u>(186,396)</u>	<u>68,958,454</u>
Change in Net Assets					4,208,590	(182,777)	4,025,813
Net Assets - Beginning					82,119,580	1,212,779	83,332,359
Net Assets - Ending					<u>\$ 86,328,170</u>	<u>\$ 1,030,002</u>	<u>\$ 87,358,172</u>

See accompanying notes.

WILSON SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 14,152,254	\$ 11,131,313	\$ -	\$ 25,283,567
Restricted Cash	-	6,274	-	6,274
Taxes Receivable, Net	2,719,725	-	-	2,719,725
Interfund Receivables	17,539	-	-	17,539
Intergovernmental Receivables	2,878,632	-	-	2,878,632
Other Receivables, Net	14,660	-	-	14,660
TOTAL ASSETS	<u>\$ 19,782,810</u>	<u>\$ 11,137,587</u>	<u>\$ -</u>	<u>\$ 30,920,397</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,460,841	\$ 257,699	\$ -	\$ 1,718,540
Intergovernmental Payables	409,569	-	-	409,569
Accrued Salaries and Benefits	6,012,627	-	-	6,012,627
Deferred Revenues	1,628,470	-	-	1,628,470
TOTAL LIABILITIES	9,511,507	257,699	-	9,769,206
FUND BALANCES				
Restricted Fund Balance	-	2,690,753	-	2,690,753
Committed Fund Balance	4,774,743	-	-	4,774,743
Assigned Fund Balance	1,470,000	8,189,135	-	9,659,135
Unassigned Fund Balance	4,026,560	-	-	4,026,560
TOTAL FUND BALANCES	<u>10,271,303</u>	<u>10,879,888</u>	<u>-</u>	<u>21,151,191</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,782,810</u>	<u>\$ 11,137,587</u>	<u>\$ -</u>	<u>\$ 30,920,397</u>

See accompanying notes.

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WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2011

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 21,151,191**

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$229,727,819 and the accumulated depreciation is \$49,744,788. 179,983,031

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 1,378,850

Establish allowance for doubtful accounts - property taxes receivable (16,608)

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	\$ (113,500,000)	
Accrued Interest on Bonds	(629,058)	
Unamortized Capitalized Bond Interest	170,015	
Unamortized Bond Premium	(2,736,152)	
Unamortized Bond Issuance Costs	1,199,312	
Unamortized Deferred Refunding Loss	1,025,731	
Unamortized Bond Discount	171,174	
Compensated Absences	(899,472)	
Post-Employment Benefits	(969,844)	(116,168,294)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 86,328,170**

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2011

	General	Capital Projects	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources	\$ 63,429,825	\$ 79,158	\$ -	\$ 63,508,983
State Sources	14,718,234	-	-	14,718,234
Federal Sources	2,215,722	-	-	2,215,722
TOTAL REVENUES	80,363,781	79,158	-	80,442,939
EXPENDITURES				
Instructional Services	42,538,774	-	-	42,538,774
Support Services	22,061,699	1,152,865	141,123	23,355,687
Operation of Noninstructional Services	1,872,726	-	-	1,872,726
Capital Outlay	-	6,767,843	-	6,767,843
Debt Service				
Principal	-	-	6,805,000	6,805,000
Interest	-	-	4,873,807	4,873,807
Refund of Prior Years Revenues	349	-	-	349
TOTAL EXPENDITURES	66,473,548	7,920,708	11,819,930	86,214,186
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,890,233	(7,841,550)	(11,819,930)	(5,771,247)
OTHER FINANCING SOURCES (USES)				
Proceeds from Bond Refunding	-	-	10,000,000	10,000,000
Bond Premium	-	-	287,732	287,732
Payment to Escrow Agent, Refunding Bond	-	-	(10,146,609)	(10,146,609)
Sale of Fixed Assets	5,947	-	-	5,947
Operating Transfers In	186,000	-	11,678,807	11,864,807
Operating Transfers Out	(11,678,807)	-	-	(11,678,807)
TOTAL OTHER FINANCING SOURCES (USES)	(11,486,860)	-	11,819,930	333,070
NET CHANGE IN FUND BALANCES	2,403,373	(7,841,550)	-	(5,438,177)
FUND BALANCES - BEGINNING AS RESTATED	7,867,930	18,721,438	-	26,589,368
FUND BALANCES - ENDING	\$ 10,271,303	\$ 10,879,888	\$ -	\$ 21,151,191

See accompanying notes.

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2011

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (5,438,177)**

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

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

Capital Outlays	\$ 7,942,260	
Less: Depreciation Expense	<u>(4,454,999)</u>	3,487,261

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

123,473

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

Repayment of Bond Principal	6,805,000	
Payment to Escrow Agent, Refunding Bond	10,146,609	
Proceeds from Bond Refunding	(10,000,000)	
Bond Issuance Costs - New Issue	141,123	
Bond Premium - New Issue	(287,732)	
Amortization of Bond Premium	294,000	
Amortization of Bond Discount	(374,202)	
Amortization of Deferred Refunding Loss	(112,450)	
Amortization of Bond Issuance Costs	<u>(139,131)</u>	6,473,217

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2011

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

(70,239)

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.

(32,564)

Post-employment 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.

(334,381)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 4,208,590

WILSON SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS

June 30, 2011

	Enterprise Fund Food Service	Nonmajor Fund (Child Care)	Totals
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 661,864	\$ 185,702	\$ 847,566
Intergovernmental Receivables	113,935	17,081	131,016
Other Receivables, Net	2,387	21,634	24,021
Inventories	56,817	-	56,817
TOTAL CURRENT ASSETS	835,003	224,417	1,059,420
NONCURRENT ASSETS			
Building Improvements, Net	-	10,046	10,046
Machinery and Equipment, Net	141,894	24,128	166,022
TOTAL NONCURRENT ASSETS	141,894	34,174	176,068
TOTAL ASSETS	\$ 976,897	\$ 258,591	\$ 1,235,488
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Interfund Payable	\$ 7,725	\$ 9,814	\$ 17,539
Accounts Payable	22,110	2,159	24,269
Accrued Salaries and Benefits	8,521	50,023	58,544
Deferred Revenues	59,968	13,355	73,323
TOTAL CURRENT LIABILITIES	98,324	75,351	173,675
NONCURRENT LIABILITIES			
Post-Employment Benefits	44,490	(12,679)	31,811
TOTAL LIABILITIES	142,814	62,672	205,486
NET ASSETS			
Invested in Capital Assets	141,894	34,174	176,068
Unrestricted	692,189	161,745	853,934
TOTAL NET ASSETS	834,083	195,919	1,030,002
TOTAL LIABILITIES AND NET ASSETS	\$ 976,897	\$ 258,591	\$ 1,235,488

See accompanying notes.

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2011

	Enterprise Fund Food Service	Nonmajor Fund (Child Care)	Totals
OPERATING REVENUES			
Food Service Revenue	\$ 1,851,736	\$ -	\$ 1,851,736
Tuition and Fee Revenue	-	1,569,699	1,569,699
TOTAL OPERATING REVENUES	1,851,736	1,569,699	3,421,435
OPERATING EXPENSES			
Salaries	1,009,118	1,370,707	2,379,825
Employee Benefits	258,281	240,225	498,506
Supplies and Other Operating Expenses	1,358,923	129,772	1,488,695
Depreciation	43,205	8,299	51,504
TOTAL OPERATING EXPENSES	2,669,527	1,749,003	4,418,530
OPERATING LOSS	(817,791)	(179,304)	(997,095)
NONOPERATING REVENUES (EXPENSES)			
Earnings on Investments	2,414	-	2,414
State Sources	152,322	90,946	243,268
Federal Sources	757,446	-	757,446
Gain (Loss) on Disposal of Assets	-	(2,810)	(2,810)
TOTAL NONOPERATING REVENUES (EXPENSES)	912,182	88,136	1,000,318
INCOME BEFORE OPERATING TRANSFERS	94,391	(91,168)	3,223
OPERATING TRANSFERS OUT	(60,000)	(126,000)	(186,000)
CHANGE IN NET ASSETS	34,391	(217,168)	(182,777)
TOTAL NET ASSETS - BEGINNING	799,692	413,087	1,212,779
TOTAL NET ASSETS - ENDING	\$ 834,083	\$ 195,919	\$ 1,030,002

See accompanying notes.

WILSON SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2011

	Enterprise Fund Food Service	Nonmajor Fund (Child Care)	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 1,857,728	\$ 1,585,259	\$ 3,442,987
Cash Payments to Employees for Services	(1,257,768)	(1,654,823)	(2,912,591)
Cash Payments for Supplies and Other Operating Expenses	(1,242,100)	(160,497)	(1,402,597)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(642,140)	(230,061)	(872,201)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	154,091	93,189	247,280
Federal Sources	637,407	-	637,407
Operating Transfers Out	(60,000)	(122,700)	(182,700)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	731,498	(29,511)	701,987
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Equipment	-	(6,656)	(6,656)
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	2,414	-	2,414
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	91,772	(266,228)	(174,456)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	570,092	451,930	1,022,022
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 661,864	\$ 185,702	\$ 847,566

WILSON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED

For the Year Ended June 30, 2011

	Enterprise Fund Food Service	Nonmajor Fund (Child Care)	Totals
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Loss	\$ (817,791)	\$ (179,304)	\$ (997,095)
Adjustments to Reconcile Operating Income (Loss) to Net Cash From Net Operating Activities:			
Depreciation	43,205	8,299	51,504
Donated Commodities Used	121,357	-	121,357
Changes in Assets and Liabilities:			
Intergovernmental and Other Receivables	1,674	13,411	15,085
Inventories	5,953	-	5,953
Interfund Balances	25,502	(23,467)	2,035
Accounts Payable	(7,181)	(7,258)	(14,439)
Accrued Salaries and Benefits	(31,208)	(44,312)	(75,520)
Deferred Revenues	1,012	2,148	3,160
Post-Employment Benefits	15,337	422	15,759
Total Adjustments	<u>175,651</u>	<u>(50,757)</u>	<u>124,894</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (642,140)</u>	<u>\$ (230,061)</u>	<u>\$ (872,201)</u>

Noncash, Noncapital Financing Activities:

During the year the District used \$121,357 of food commodities from the Department of Agriculture.

WILSON SCHOOL DISTRICT

**STATEMENT OF NET ASSETS
FIDUCIARY FUNDS**

June 30, 2011

	<u>Expendable Trust Funds Scholarship</u>	<u>Agency Funds Student Activities</u>
ASSETS		
CURRENT ASSETS		
Cash and Investments	<u>\$ 16,514</u>	<u>\$ 153,219</u>
TOTAL ASSETS	<u><u>\$ 16,514</u></u>	<u><u>\$ 153,219</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Other Current Liabilities	<u>\$ -</u>	<u>\$ 153,219</u>
TOTAL LIABILITIES	<u><u>\$ -</u></u>	<u><u>\$ 153,219</u></u>
NET ASSETS		
Held in Trust for Scholarships	<u><u>\$ 16,514</u></u>	

WILSON SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS

For the Year Ended June 30, 2011

	Expendable Trust Funds Scholarship
	<hr/>
ADDITIONS	
Contributions	\$ 20,000
Earnings on Investments	<hr/> 5
	<hr/>
TOTAL ADDITIONS	20,005
	<hr/>
DEDUCTIONS	
Scholarships	<hr/> 25,000
	<hr/>
CHANGE IN NET ASSETS	(4,995)
	<hr/>
NET ASSETS - BEGINNING OF YEAR	21,509
	<hr/>
NET ASSETS - END OF YEAR	<u><u>\$ 16,514</u></u>

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

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

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

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

Use of Estimates

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

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units for which the District may or may not be financially accountable, and as such, be includable within the District's financial statements. The District is financially accountable if it appoints a voting majority of the organization governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or improve specific financial burden on the District. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete.

Based upon the application of these criteria, the District has determined it has no component units.

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

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

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

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent, on fees and charges for support.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or the extent it is covered by the general revenues of the District.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are food service charges and child care tuition. Operating expenses for the District's enterprise funds include salaries, benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Accounting

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

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

1. General Fund - This is the general operating fund of the District. All activities of the District are accounted for through this fund except for those required to be accounted for in another fund.
2. Capital Projects Fund - This Fund accounts for the financial resources to be used for the acquisition or construction of capital facilities and capital assets (other than those financed by the proprietary fund).

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

1. Enterprise Fund - This fund is used to account for the District's food service operations that are financed and operated in a manner similar to private business enterprises. The Fund accounts for all revenues, food purchases, and costs and expenses for the Food Service Program. The food service is a major enterprise fund of the District.

FIDUCIARY FUNDS - Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose 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 the private-purpose trusts and are scholarship funds that benefit the students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds consist of student activity funds.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statement

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgetary Data

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

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

Investments and Cash Equivalents

The District complies with standards and requires investments to be reported at fair value. The value used by the District is the quoted market price.

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

Receivables/Payables

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

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Inventories

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

Inventories of the food service fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2011, consist of the following:

Purchased food	\$ 31,596
Supplies	11,593
Donated commodities	<u>13,628</u>
	<u>\$ 56,817</u>

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,500 or greater depending upon the class of the asset and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

<u>Assets</u>	<u>Years</u>
Site improvements	20
Building and improvements	15 - 50
Machinery and equipment	5 - 15
Vehicles	5 - 10

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

Long-Term Obligations

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

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

Revenues from State and Federal Sources

Revenues from federal and state agencies designated for payment of specific District expenditures are recognized in the General Fund when the related expenditures are incurred. Any excess of revenues or expenditures at the fiscal year-end is recorded as deferred revenue or a receivable, respectively.

Net Assets for Government-Wide Financial Statements and Proprietary Fund Statements

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance - Amounts that are not in a spendable form such as inventory and prepaid expenses or are required to be maintained intact such as the principal of an endowment. The nonspendable portion of fund balance must be identified before any other categories are determined.

Restricted Fund Balance - Amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed Fund Balance - Amounts that can be used only for a specific purpose determined by a formal action of the board of school directors, the government's highest level of decision-making authority. The formal action to commit fund balance to a specific purpose must occur prior to the end of the reporting period, but the amount which will be subject to the constraint may be determined in the subsequent period. Committed funds may only be changed or lifted by the same formal action taken to commit them.

Assigned Fund Balance - Amounts that the school district intends to use for a specific purpose. Assignments of fund balance are made by the finance committee or the director of finance.

Unassigned Fund Balance - Amounts that are not included within any other classification noted. Unassigned amounts are the portion of fund balance not obligated or specifically designated and is available for any purpose. Positive amounts are reported only in the General Fund. 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.

Use of Restricted Resources:

Any expenditure incurred for a purpose in which restricted and unrestricted fund balance amounts are available are satisfied through restricted fund balance amounts before unrestricted fund balance amounts. When an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned or unassigned fund balances, there are no restrictions placed on the order of the unrestricted fund balances used. Order of the unrestricted fund balances used for disbursements is at the discretion of the finance committee or the director of finance.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - CASH AND INVESTMENTS

Deposits

Restricted Cash

Restricted cash represents an escrow account balance with a financial institution restricted for road improvements related to the new middle school project as required by an agreement with Lower Heidelberg Township.

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, 2011 the carrying amount of the District's deposits was \$2,187,787 and the bank balance was \$2,221,030. Of the bank balance, \$998,974 was covered by federal depository insurance, and \$1,222,056 was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the District's name.

A portion of the District's deposits are in the Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, the funds acts like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit.

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 or approved collateral as provided by law.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 2 - CASH AND INVESTMENTS - CONTINUED

As of June 30, 2011, the District had the following investments:

	<u>Fair Value</u>
Pennsylvania School District Liquid Asset Fund (PSDLAF)	<u>\$ 24,439,787</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, 2011, the District's investments were rated as:

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

Concentration of Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit 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.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 3 - REAL ESTATE TAXES RECEIVABLE AND DEFERRED REVENUE

Property taxes are levied on July 1 on the assessed value listed as of that date for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. The tax rate for the year was \$21.95 per \$1,000 of assessed valuation.

The property tax calendar is as follows:

July 1	-	Full year tax assessed for current year.
July 1 - August 31	-	Discount period during which a 2% discount is allowed.
September 1 - October 31	-	Face amount of tax is due.
November 1 - January 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 deferred in the fund financial statements.

The balances at June 30, 2011 are as follows:

	Gross Taxes Receivable	Allowance Uncollectible Taxes	Net Estimated to be Collectible	Share of Taxes Due to Municipalities	Tax Revenue Recognized	Deferred Taxes
Real estate/Interims	\$ 1,660,829	\$ 16,608	\$ 1,644,221	\$ -	\$ 265,371	\$ 1,378,850
Per capita	6,723	-	6,723	-	6,723	-
Mercantile/Bus. Privilege	828,096	-	828,096	409,558	418,538	-
Earned income tax	77,340	-	77,340	-	77,340	-
Transfer tax	146,737	-	146,737	-	146,737	-
	<u>\$ 2,719,725</u>	<u>\$ 16,608</u>	<u>\$ 2,703,117</u>	<u>\$ 409,558</u>	<u>\$ 914,709</u>	<u>\$ 1,378,850</u>

The deferred revenue balance in the General Fund of \$1,628,470 consists of deferred real estate taxes of \$1,378,850, deferred revenue from sponsorships of \$191,002, deferred revenue from summer school tuition of \$27,950, deferred revenue from camps and clinics of \$19,398, and deferred revenue from a grant of \$11,270.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES / PAYABLES

The following schedule represents net intergovernmental receivables at June 30, 2011:

Name of Government Unit	General Fund	Proprietary	
		Food Service	Child Care (Nonmajor Fund)
Commonwealth of PA - Retirement	\$ 435,290	\$ 44	\$ 1,555
Commonwealth of PA - Social Security	172,083	58	1,017
Commonwealth of PA - Dual Enrollment	2,663	-	-
Commonwealth of PA - Rental Subsidy	1,130,805	-	-
Commonwealth of PA - Transportation	1,804	-	-
Commonwealth of PA - National School Lunch	-	13,111	-
Federal Subsidies - Title I	440,059	-	-
Federal Subsidies - Title II	137,321	-	-
Federal Subsidies - Title III	35,861	-	-
Federal Subsidies - IDEA	290,822	-	-
Federal Subsidies - ARRA - IDEA	69,672	-	-
Federal Subsidies - National School Lunch	-	99,569	-
School District of Philadelphia	40,786	-	-
Township of Spring	21,311	-	-
Wyomissing School District	13,376	-	-
Upper Darby School District	69,377	-	-
Lehigh Valley Charter High School	6	-	-
Army JROTC	6,875	-	-
Lower Heidelberg Township	2,233	-	-
Berks County Intermediate Unit	1,444	-	-
Berks Career and Technology Center	6,844	1,153	14,509
	<u>\$ 2,878,632</u>	<u>\$ 113,935</u>	<u>\$ 17,081</u>

The following schedule represents intergovernmental payables at June 30, 2011:

Name of Government Unit	General Fund
Township of Spring	\$ 204,902
Borough of Wyomissing	153,600
Borough of Sinking Spring	28,582
Lower Heidelberg Township	22,474
PA Department of Revenue	11
	<u>\$ 409,569</u>

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WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

Governmental Activities

	Beginning Balance	Increase	Decrease/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 7,065,285	\$ -	\$ 3,444,486	\$ 10,509,771
Construction in progress	52,593,227	6,767,227	(59,006,959)	353,495
Capital assets being depreciated:				
Site improvements	4,280,389	-	508,836	4,789,225
Buildings and building improvements	150,506,027	-	52,758,081	203,264,108
Machinery and equipment	3,828,231	520,662	2,295,556	6,644,449
Vehicles	3,629,689	654,371	(117,289)	4,166,771
Total at historical cost	162,244,336	1,175,033	55,445,184	218,864,553
Less accumulated depreciation for:				
Site improvements	3,468,409	97,583	-	3,565,992
Buildings and building improvements	38,018,341	3,456,292	-	41,474,633
Machinery and equipment	1,608,595	562,054	-	2,170,649
Vehicles	2,311,733	339,070	(117,289)	2,533,514
Total accumulated depreciation	45,407,078	4,454,999	(117,289)	49,744,788
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	116,837,258	(3,279,966)	55,562,473	169,119,765
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	\$ 176,495,770	\$ 3,487,261	\$ -	\$ 179,983,031
Business-Type Activities				
Capital assets being depreciated:				
Building Improvements	\$ 10,495	\$ 1,600	\$ -	\$ 12,095
Equipment	988,197	5,056	(8,181)	985,072
Total at historical cost	998,692	6,656	(8,181)	997,167
Accumulated depreciation for:				
Building Improvements	142	1,907	-	2,049
Equipment	774,824	49,597	(5,371)	819,050
Total accumulated depreciation	774,966	51,504	(5,371)	821,099
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 223,726	\$ (44,848)	\$ (2,810)	\$ 176,068

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 - CHANGES IN CAPITAL ASSETS - CONTINUED

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

Instruction, Regular	\$ 3,371,916
Instruction, Special	1,568
Support Services	1,048,645
Noninstructional Services	<u>32,870</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 4,454,999</u>

NOTE 6 - LONG-TERM LIABILITIES

Long-term liabilities except for compensated absences:

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.

\$ 10,000,000

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.

16,400,000

General Obligation Bond - Series of 2009:

The District is liable for general obligation bonds dated May 15, 2009 in the original principal amount of \$10,190,000. Principal maturities occur on May 15 through the year 2017. Interest is payable semi-annually on November 15 and May 15. Interest rates vary from 2.00% to 3.00%. The proceeds of this Bond were used to currently refund the General Obligation Bonds - Series of 2004 and to pay debt issuance costs.

10,060,000

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 6 - LONG-TERM LIABILITIES - CONTINUED

General Obligation Bond - Series of 2008:

The District is liable for general obligation bonds dated February 15, 2008 in the original principal amount of \$9,995,000. Principal maturities occur on May 15 through the year 2016. Interest is payable semi-annually on November 15 and May 15. Interest rates vary from 2.30% to 3.25%. The proceeds of this Bond were used to partially advance refund the General Obligation Bonds - Second Series of 2002 and to pay debt issuance costs.

9,670,000

General Obligation Bond - Series of 2007:

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

33,490,000

General Obligation Bond - Series of 2005:

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

20,045,000

General Obligation Bond - Series A of 2003:

The District is liable for general obligation bonds dated December 1, 2003 in the original principal amount of \$14,995,000. Principal maturities occur on May 15 through the year 2019. Interest is payable semi-annually on May 15 and November 15. Interest rates vary from 1.00% to 5.00%. The proceeds of this Bond were used for capital improvement projects and to pay debt issuance costs.

4,500,000

General Obligation Bond - Second Series of 2002:

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

5,860,000

General Obligation Bond - Series of 1993:

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

3,475,000

\$113,500,000

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

NOTE 6 - LONG-TERM LIABILITIES - CONTINUED

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

	General Obligation Bonds, Series of 2011	General Obligation Bonds, Series of 2010	General Obligation Bonds, Series of 2009	General Obligation Bonds, Series of 2008	General Obligation Bonds, Series of 2007	General Obligation Bonds, Series of 2005	General Obligation Bonds, Series A of 2003	General Obligation Bonds, Second Series of 2002	General Obligation Bonds, Series of 1993	Total General Long-Term Debt	Total Interest
2012	\$ 25,000	\$ 125,000	\$ 210,000	\$ 175,000	\$ 5,000	\$ 5,000	\$ 855,000	\$ 2,175,000	\$ 3,475,000	\$ 7,050,000	\$ 4,636,410
2013	3,455,000	120,000	210,000	180,000	100,000	130,000	1,000,000	2,280,000	-	7,475,000	4,491,702
2014	1,875,000	120,000	1,215,000	1,815,000	65,000	210,000	1,040,000	1,405,000	-	7,745,000	4,240,675
2015	65,000	130,000	2,735,000	3,720,000	10,000	315,000	1,080,000	-	-	8,055,000	3,967,514
2016	675,000	130,000	2,805,000	3,780,000	10,000	380,000	525,000	-	-	8,305,000	3,712,985
2017 - 2021	3,905,000	9,470,000	2,885,000	-	8,750,000	19,005,000	-	-	-	44,015,000	13,594,593
2022 - 2026	-	6,305,000	-	-	24,550,000	-	-	-	-	30,855,000	4,004,942
Total	10,000,000	16,400,000	10,060,000	9,670,000	33,490,000	20,045,000	4,500,000	5,860,000	3,475,000	113,500,000	\$ 38,648,821
Less: Unamortized discount on Capital Appreciation Bonds	-	-	-	-	-	-	-	-	(170,015)	(170,015)	
	<u>\$ 10,000,000</u>	<u>\$ 16,400,000</u>	<u>\$ 10,060,000</u>	<u>\$ 9,670,000</u>	<u>\$ 33,490,000</u>	<u>\$ 20,045,000</u>	<u>\$ 4,500,000</u>	<u>\$ 5,860,000</u>	<u>\$ 3,304,985</u>	<u>\$ 113,329,985</u>	

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 6 - LONG-TERM LIABILITIES - CONTINUED

Long-term liability balances and activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt					
Bonds Payable	\$ 119,800,000	\$ 505,000	\$ 6,805,000	\$ 113,500,000	\$ 7,050,000
Bond Discounts	(189,891)	-	(18,717)	(171,174)	-
Bond Premiums	2,959,594	287,732	511,174	2,736,152	-
Unamortized Interest	(525,500)	-	(355,485)	(170,015)	-
Deferred Charges	(633,707)	(504,474)	(112,450)	(1,025,731)	-
Other Liabilities:					
Compensated Absences	918,714	150,119	118,545	950,288	50,816
TOTAL GOVERNMENTAL LONG-TERM LIABILITIES	<u>\$ 122,329,210</u>	<u>\$ 438,377</u>	<u>\$ 6,948,067</u>	<u>\$ 115,819,520</u>	<u>\$ 7,100,816</u>

Payments on bonds and notes payable are made by the debt service fund. The compensated absence liabilities will be liquidated by several of the governmental funds. Total interest paid during the year ended June 30, 2011 was \$4,873,807.

Defeasance of Debt

During the year ended June 30, 2008, the District issued \$9,995,000 of general obligation refunding bonds to provide resources to purchase securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of \$8,890,000 of general obligation bonds second series of 2002. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. As of June 30, 2011, outstanding general obligation bonds of the District in the amount of \$8,890,000 were considered defeased with a related \$9,077,900 held in escrow funds.

During the year ended June 30, 2011, 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 \$5,020,000 of general obligation bonds second series of 2002 and \$4,475,000 of general obligation bonds series A of 2003. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. As of June 30, 2011, outstanding general obligation bonds of the District in the amount of \$9,495,000 were considered defeased with a related \$10,146,609 held in escrow funds.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 7 - EMPLOYEE RETIREMENT PLANS

Plan Description:

The District contributes to a governmental cost-sharing multiple-employer defined pension plan administered by the commonwealth of Pennsylvania Public School Employees Retirement System (PSERS). Benefit provisions of the plan are established under the provisions of the PSERS Code ("the Code") and may be amended by an act of the Pennsylvania State Legislature. The Plan provides retirement, disability, and death benefits, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of a member's employment in the public school sector. PSERS issues a publicly available financial report that includes financial statements for the plan. That report may be obtained by writing to 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 members, employers and the commonwealth. 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 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.

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, 2011, the rate of employer contributions was 5.64 percent of covered payroll. The 5.64 percent rate is composed of a pension contribution, 5% of pension benefits and 0.64 percent for healthcare insurance premium assistance. The District's contributions to PSERS for the years ended June 30, 2011, 2010 and 2009 were \$2,341,617, \$1,939,636 and \$1,861,990, respectively, which is equal to the required contribution.

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. The District does not contribute to the Plan.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 8 - POST-EMPLOYMENT 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 and the District is implementing GASB Statement 45 prospectively.

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 the full premium as determined for the purposes of COBRA, if coverage is elected.

For eligible teachers retired on or before July 1, 1998 and 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 the full premium as determined for the purpose of COBRA, if coverage is elected.

For teachers retiring after July 1, 1998 and have reached ten years of service with the District and 20 years of PSERS service, the District contributes \$135 per month for medical and prescription drug coverage. The spouse must pay 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 the full premium as determined for the purpose of COBRA, if coverage is elected.

For the post-employment 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 post employment 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, 2011, the District contributed \$405,599 (as estimated by the actuary) to the post retirement plans related to retirees.

WILSON SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 8 - POST-EMPLOYMENT BENEFITS - CONTINUED

Annual OPEB Cost and Net OPEB Obligation:

The District's annual other post-employment 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 thirty 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	\$ 766,419
Interest on net OPEB obligation	29,318
Adjustment to annual required contribution	(39,998)
Annual OPEB Cost	755,739
Contributions made (estimated)	(405,599)
Estimated increase in net OPEB obligation	350,140
Net OPEB obligation - beginning of year	651,515
Net OPEB obligation - end of year	<u>\$ 1,001,655</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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 725,620	50.9%	\$ 356,390
6/30/2010	719,779	59.0%	651,515
6/30/2011	755,739	53.7%	1,001,655

Funded Status and Funding Progress:

As of January 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$6,167,045, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,167,045. The covered payroll (annual payroll of active employees covered by the Plan) was \$33,100,166, and the ratio of the UAAL to the covered payroll was 18.63%.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 8 - POST-EMPLOYMENT 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, 2010 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 2014 and 5.3 percent in 2015 to 4.2 percent in 2099 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 - SPECIAL TERMINATION BENEFITS

a. Retirement Bonuses

The District pays retirement bonuses to certain long-term employees based on years of service and employee classification. These bonuses vary from \$200 - \$340 per year for every year of service that exceeds the service requirement. Service requirements vary from 10 to 17 years. An accrual of \$238,290 has been made to the government-wide statements, included as compensated absences.

b. Unused Sick Leave

The District reimburses certain employees for unused accumulated sick leave upon retirement. Reimbursement varies from \$10 - \$45 per day with a maximum of 25 or 100 days, depending upon employment classification. An accrual of the expense of \$661,182 has been made to the government-wide statements, included as compensated absences, with an estimated current portion of \$50,816 expensed in the general fund.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 9 - SPECIAL TERMINATION BENEFITS - CONTINUED

c. Retirement Incentive

Administrators receive retirement incentives from the District if they meet all of the following requirements: 20 years of employment by the Commonwealth in education, 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.

NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The following is a summary of interfund receivables and payables at June 30, 2011:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 17,539	\$ -
Enterprise Fund - Food Service	-	7,725
Nonmajor Enterprise Fund - Child Care	-	9,814
	<u>\$ 17,539</u>	<u>\$ 17,539</u>

Interfund receivables/payables consist of shared costs which have not yet been reimbursed. All will be transferred within a year.

Interfund transfers are summarized as follows at June 30, 2011:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 186,000	\$ 11,678,807
Debt Service	11,678,807	-
Enterprise Fund - Food Service	-	60,000
Nonmajor Enterprise Fund - Child Care	-	126,000
	<u>\$ 11,864,807</u>	<u>\$ 11,864,807</u>

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

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 11 - JOINT VENTURE

The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career & Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2010/2011 year was \$840,339.

During the year ended June 30, 1998, Berks Career Vocational Technical School Authority issued \$34,850,000 of General Obligation Bonds and lent the proceeds to Berks Career & Technology Center. The proceeds are being used to renovate and build an addition to Berks Career & Technology Center's facilities. Each member district adopted a resolution approving the project and the project's maximum cost. Under the amended Articles of Agreement, each member district is required to pay from current revenues its annual share of the sublease rental based on the District's share of taxable real estate to the total market valuation of the taxable real estate of all participating school districts. The District's share for the 2010/2011 year was \$354,174.

Summary financial information as of June 30, 2010 (most recent available) is as follows:

<u>Berks Career & Technology Center (Governmental Activities)</u>	
Total Assets	\$ 34,442,535
Total Liabilities	<u>22,275,152</u>
Total Net Assets	<u>\$ 12,167,383</u>

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

NOTE 12 - 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 2010/2011 year.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 13 - 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.

NOTE 14 - COMMITMENTS

At June 30, 2011, 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>
District Paving	\$ 392,330	\$ 392,330
New Middle School	48,164,427	406,902
High School Café and Science Rooms	1,076,602	19,679
Transportation Facility	<u>2,119,628</u>	<u>4,055</u>
	<u><u>\$ 51,752,987</u></u>	<u><u>\$ 822,966</u></u>

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

In relation to road improvements included with the new middle school project, the District has executed an irrevocable letter of credit in the amount of \$326,606 for the benefit of the PA Department of Transportation to ensure completion of road improvements agreed upon by the District. The letter of credit is in effect until April 2013 and was reduced by 80 percent, to \$65,321, effective October 4, 2011.

WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 15 - FUND BALANCE

Effective July 1, 2010, the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to be in conformity with generally accepted accounting principles. The statement clarified the use of special revenue fund types resulting in a restatement of the District's beginning fund balance for the general fund to include the athletic fund balance of \$70,915 and the capital projects fund to include the capital reserve fund balance of \$8,817,371. The athletic fund and capital reserve fund no longer meet the definition of special revenue funds.

The statement also established a hierarchy for classifying fund balances into specifically defined classifications resulting in the District adopting a fund balance policy effective for the June 30, 2011 reporting period. 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, 2011 was as follows:

General Fund

The general fund has committed funds of \$4,774,743 for retirement rate increases, an assigned fund balance of \$1,470,000 representing the 2011/2012 budgeted deficit, and unassigned fund balance of \$4,026,560. 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 \$2,690,753, consisting primarily of unspent bond funds, and assigned funds of \$8,189,135 designated by the board of school directors for the acquisition or construction of capital facilities and capital assets.

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans which is required to be implemented by the year ended June 30, 2012. The objective of this statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans.
 - Statement No. 60, Service Concession Arrangements which is required to be implemented by the year ended June 30, 2013. The objective of this statement is to address how to account for and report service concession arrangements, a type of public-private or public-public partnership that governments are increasingly entering into. At this time, the District does not have any service concession arrangements in place.
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WILSON SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED

- Statement No 61, The Financial Reporting Entity - Omnibus which is required to be implemented by the year ended June 30, 2013. The objective of this statement is to improve financial reporting for a governmental financial reporting entity to better meet user needs and address reporting entity issues. This statement modifies certain requirements for inclusion of component units in the financial reporting entity, and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. The statement also clarifies the reporting of equity interests in legally separate organizations.
- Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position which is required to be implemented by the year ended June 30, 2013. The objective of this statement is to provide a framework that will serve to standardize the presentation of deferred balances and their effects on a government's net position and address uncertainty related to their display.

The District has not yet completed the analysis necessary to estimate the financial statement impact of these new pronouncements.

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REQUIRED SUPPLEMENTARY INFORMATION

WILSON SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

For the Year Ended June 30, 2011

REVENUES AND OTHER FINANCING SOURCES	Budgeted Amount		Actual (GAAP) Basis	Variances Final to Actual
	Original	Final		
REVENUES				
Local Sources	\$ 62,968,748	\$ 62,968,748	\$ 63,429,825	\$ 461,077
State Sources	15,929,459	15,929,459	14,718,234	(1,211,225)
Federal Sources	2,267,681	2,267,681	2,215,722	(51,959)
TOTAL REVENUES	81,165,888	81,165,888	80,363,781	(802,107)
EXPENDITURES AND OTHER FINANCING USES				
EXPENDITURES - INSTRUCTION				
Regular Programs - Elementary/Secondary	32,837,243	32,911,741	30,966,255	1,945,486
Special Programs - Elementary/Secondary	9,386,934	9,385,147	9,171,450	213,697
Vocational Education Programs	2,210,014	2,210,014	2,209,739	275
Other Instructional Programs - Elementary/Secondary	263,725	263,735	167,341	96,394
Nonpublic School Programs	56,923	56,923	23,989	32,934
TOTAL INSTRUCTION	44,754,839	44,827,560	42,538,774	2,288,786
SUPPORT SERVICES				
Pupil Personnel	2,771,995	2,764,725	2,676,710	88,015
Instructional Staff	4,731,401	4,685,324	4,319,235	366,089
Administration	5,050,172	4,941,754	4,759,268	182,486
Pupil Health	773,737	774,955	680,107	94,848
Business	873,401	873,401	807,218	66,183
Operation and Maintenance of Plant Services	7,370,563	7,371,063	6,412,196	958,867
Student Transportation Services	1,957,768	1,957,768	1,982,469	(24,701)
Central	136,900	221,714	215,590	6,124
Other Support Services	234,450	234,450	208,906	25,544
TOTAL SUPPORT SERVICES	23,900,387	23,825,154	22,061,699	1,763,455
OPERATION OF NONINSTRUCTIONAL SERVICES				
Student Activities	1,941,682	1,944,194	1,798,708	145,486
Community Services	104,261	104,261	74,018	30,243
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	2,045,943	2,048,455	1,872,726	175,729
Refund of Prior Year Revenues	-	-	349	(349)
TOTAL EXPENDITURES	70,701,169	70,701,169	66,473,548	4,227,621
EXCESS OF REVENUES OVER EXPENDITURES	10,464,719	10,464,719	13,890,233	3,425,514

See note to required supplementary information.

WILSON SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - CONTINUED

For the Year Ended June 30, 2011

	Budgeted Amount		Actual (GAAP) Basis	Variances Final to Actual
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	5,947	5,947
Transfers from Other Funds	186,000	186,000	186,000	-
Transfers to Other Funds	(11,650,719)	(11,650,719)	(11,678,807)	(28,088)
Budgetary Reserve	(1,000,000)	(1,000,000)	-	1,000,000
TOTAL OTHER FINANCING SOURCES (USES)	(12,464,719)	(12,464,719)	(11,486,860)	977,859
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (2,000,000)</u>	<u>\$ (2,000,000)</u>	2,403,373	<u>\$ 4,403,373</u>
FUND BALANCE - JULY 1, 2010, as restated			<u>7,867,930</u>	
FUND BALANCE - JUNE 30, 2011			<u><u>\$ 10,271,303</u></u>	

WILSON SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS -
POST EMPLOYMENT BENEFITS PLAN

June 30, 2011

	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	1/1/2010	\$ -	\$ 5,992,703	\$ 5,992,703	0.00%	\$ 32,800,618	18.27%
Business-Type Activities	1/12010	-	174,342	174,342	0.00%	299,548	58.20%
Total	1/1/2010	<u>\$ -</u>	<u>\$ 6,167,045</u>	<u>\$ 6,167,045</u>	<u>0.00%</u>	<u>\$ 33,100,166</u>	<u>18.63%</u>

	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	1/1/2008	\$ -	\$ 5,602,068	\$ 5,602,068	0.00%	\$ 30,150,998	18.58%
Business-Type Activities	1/1/2008	-	188,561	188,561	0.00%	377,765	49.91%
Total	1/1/2008	<u>\$ -</u>	<u>\$ 5,790,629</u>	<u>\$ 5,790,629</u>	<u>0.00%</u>	<u>\$ 30,528,763</u>	<u>18.97%</u>

WILSON SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

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.

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SUPPLEMENTARY INFORMATION

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2011

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6000 Revenues from Local Sources				
<u>Taxes</u>				
6111	Taxes, Current Real Estate	\$ 51,488,750	\$ 51,594,442	\$ 105,692
6112	Taxes, Interim Real Estate	320,000	401,210	81,210
6113	Public Utility Realty Tax	75,562	78,776	3,214
6114	Taxes, Current, Payments in Lieu of Taxes	1,015	1,015	-
6120	Current Per Capita Taxes, Section 679	124,000	122,301	(1,699)
6140	Current Act 511 Per Capita Taxes	124,000	122,301	(1,699)
6143	Current 511 Local Services Taxes	120,000	115,475	(4,525)
6151	Current Act 511 Earned Income Taxes	4,665,000	4,840,470	175,470
6153	Current Act 511 Real Estate Transfer Taxes	600,000	632,769	32,769
6155	Current Act 511 Business Privilege Taxes	1,750,000	1,740,691	(9,309)
6400	Delinquent Taxes (All Levies)	1,100,000	1,389,564	289,564
	Total	60,368,327	61,039,014	670,687
<u>Other</u>				
6510	Earnings from Temporary Deposits and Investments	200,000	80,762	(119,238)
6700	Revenue from District Activities	330,500	296,883	(33,617)
6810	Revenue from other Governments	62,000	63,366	1,366
6830	Revenue from I.U. - Federal	13,950	-	(13,950)
6832	Revenue from I.U. - Federal - Special Ed	1,040,000	976,829	(63,171)
6910	Rental of Facilities	54,000	33,843	(20,157)
6920	Donation from Private Source	21,000	110,526	89,526
6940	Tuition from Patrons	562,500	568,493	5,993
6950	Advertising Income	8,500	833	(7,667)
6960	Services Provided other Local Gov't Units	107,971	90,958	(17,013)
6980	Community Swim and Physical Fitness	64,000	56,908	(7,092)
6990	Miscellaneous Revenue	136,000	111,410	(24,590)
	Total	2,600,421	2,390,811	(209,610)
	TOTAL REVENUES FROM LOCAL SOURCES	62,968,748	63,429,825	461,077
7000 Revenues from State Sources				
7110	Basic Instructional Subsidy	6,355,267	5,789,529	(565,738)
7140	Charter Schools	200,000	146,180	(53,820)
7160	Tuition/Court Placed Institutions	150,000	235,090	85,090
7170	School Improvement	5,000	-	(5,000)
7240	Driver Education	4,100	-	(4,100)

WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2011

		Budget	Actual	Variance
7000 Revenues from State Sources - continued				
7270	Special Education of Exceptional Pupils	2,057,075	2,070,141	13,066
7310	Transportation	690,000	683,605	(6,395)
7320	Rentals and Sinking Fund Payments	1,332,875	1,363,665	30,790
7330	Medical and Dental Services	114,000	112,625	(1,375)
7340	Property Tax Reduction Allocation	1,385,468	1,385,468	-
7500	Extra Grants	415,767	392,043	(23,724)
7502	Dual Enrollment	7,000	3,481	(3,519)
7810	Social Security	1,536,361	1,436,008	(100,353)
7820	Retirement	1,676,546	1,100,399	(576,147)
	TOTAL REVENUES FROM STATE SOURCES	15,929,459	14,718,234	(1,211,225)
8000 Revenues from Federal Sources				
8514	Title I	447,946	440,059	(7,887)
8515	Title II	135,113	137,321	2,208
8516	LEP/Immigrant	33,349	29,414	(3,935)
8701	ARRA IDEA Part B	355,043	325,713	(29,330)
8703	ARRA Title I Part A	-	3,780	3,780
8708	ARRA SFS Fund	796,230	801,571	5,341
8709	ARRA Education Jobs Fund	-	474,517	474,517
8810	Access Medical Assistance Reimbursement	500,000	3,347	(496,653)
	TOTAL REVENUES FROM FEDERAL SOURCES	2,267,681	2,215,722	(51,959)
9000 Other Financing Sources				
9359	Other Enterprise Fund Transfers	186,000	186,000	-
9400	Proceeds from Sale of Capital Assets	-	5,947	5,947
	TOTAL REVENUES FROM OTHER FINANCING SOURCES	186,000	191,947	5,947
	TOTAL REVENUES	<u>\$ 81,351,888</u>	<u>\$ 80,555,728</u>	<u>\$ (796,160)</u>

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WILSON SCHOOL DISTRICT

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

For the Year Ended June 30, 2011

		Budget	Actual	Variance
1000 Instruction				
1100	Regular Programs	\$ 32,911,741	\$ 30,966,255	\$ 1,945,486
1200	Special Programs	9,385,147	9,171,450	213,697
1300	Vocational Education Program	2,210,014	2,209,739	275
1400	Other Instructional Programs	263,735	167,341	96,394
1500	Nonpublic Schools	56,923	23,989	32,934
	Total Instruction	44,827,560	42,538,774	2,288,786
2000 Support Services				
2100	Pupil Personnel	2,764,725	2,676,710	88,015
2200	Instructional Staff	4,685,324	4,319,235	366,089
2300	Administration	4,941,754	4,759,268	182,486
2400	Pupil Health	774,955	680,107	94,848
2500	Business	873,401	807,218	66,183
2600	Operation and Maintenance of Plant Services	7,371,063	6,412,196	958,867
2700	Student Transportation Services	1,957,768	1,982,469	(24,701)
2800	Central	221,714	215,590	6,124
2900	Other Support Services	234,450	208,906	25,544
	Total Support Services	23,825,154	22,061,699	1,763,455
3000 Operation of Noninstructional Services				
3200	Student Activities	1,944,194	1,798,708	145,486
3300	Community Services	104,261	74,018	30,243
	Total Operation of Noninstructional Services	2,048,455	1,872,726	175,729
5000 Other Financing Uses				
5100	Refund of Prior Year Revenues	-	349	(349)
5200	Fund Transfers	11,650,719	11,678,807	(28,088)
5900	Budgetary Reserve	1,000,000	-	1,000,000
	Total Other Financing Uses	12,650,719	11,679,156	971,563
	TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 83,351,888	\$ 78,152,355	\$ 5,199,533

WILSON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2011

Grantor/Program Title	Source Code	Federal CFDA Number	Federal Pass-Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for Year	Accrued or (Deferred) Revenue at July 1, 2010	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2011
U.S. Department of Education										
Passed through the Commonwealth of Pennsylvania Department of Education:										
Title I Cluster										
Title I - Grants to Local Education Agencies - Basic	I	84.010	13-11-490	07/01/10-09/30/11	\$ 440,059	\$ -	\$ -	\$ 440,059	\$ 440,059	\$ 440,059
Title I - Grants to Local Education Agencies - Basic	I	84.010	13-10-490	07/01/09-09/30/10	447,862	89,505	89,505	-	-	-
ARRA Title I Supplement - Grants to Local Education Agencies	I	84.389	127-10-490	05/15/09-09/30/10	240,923	12,939	9,159	3,780	3,780	-
Title I - Grants to Local Education Agencies - Academic Achievement	I	84.010	077-10-490	07/01/09-09/30/11	10,400	10,400	10,400	-	-	-
Total Title I Cluster						112,844	109,064	443,839	443,839	440,059
Title II(a) Improving Teacher Quality										
Title II(a) Improving Teacher Quality	I	84.367	020-11-490	07/01/10-09/30/11	137,321	-	-	137,321	137,321	137,321
Title II(a) Improving Teacher Quality	I	84.367	020-10-490	07/01/09-09/30/10	135,113	36,030	36,030	-	-	-
Title III Language Instructional LEF										
Title III Language Instructional LEF	I	84.365	010-11-490	08/13/10-09/30/11	29,734	-	-	14,639	14,639	14,639
Title III Language Instructional LEF	I	84.365	010-10-490	08/13/09-09/30/10	33,349	12,127	18,574	14,775	14,775	21,222
ARRA - State Fiscal Stabilization Fund - Education State Grants										
ARRA - State Fiscal Stabilization Fund - Education State Grants	I	84.394	126-11-490	07/01/10-06/30/11	801,571	801,571	-	801,571	801,571	-
ARRA - State Fiscal Stabilization Fund - Education State Grants	I	84.394	126-10-490	07/01/09-06/30/10	784,660	130,777	130,777	-	-	-
ARRA Education Jobs Fund										
ARRA Education Jobs Fund	I	84.410	140-11-0147	08/10/10-03/31/11	474,517	474,517	-	474,517	474,517	-
Passed through the Berks County Intermediate Unit:										
IDEA Cluster										
IDEA - B Special Education Grants to States	I	84.027	62-011-14	07/01/10-06/30/11	976,829	686,007	-	976,829	976,829	290,822
IDEA - B Special Education Grants to States	I	84.027	62-010-14	07/01/09-06/30/10	989,892	305,592	305,592	-	-	-
ARRA IDEA - B Special Education Grants to States	I	84.391	128-100014	02/17/09-09/30/11	1,238,671	508,834	252,793	325,713	325,713	69,672
Total IDEA Cluster						1,500,433	558,385	1,302,542	1,302,542	360,494
Total U.S. Department of Education						3,068,299	852,830	3,189,204	3,189,204	973,735
U.S. Department of Welfare										
Passed through the Commonwealth of Pennsylvania Department of Education:										
Medical Assistance Program	I	93.778	44-008514	07/01/10-06/30/11	3,347	3,347	-	3,347	3,347	-
Total U.S. Department of Welfare						3,347	-	3,347	3,347	-
U.S. Department of Agriculture										
Passed through the Commonwealth of Pennsylvania Department of Agriculture:										
Child Nutrition Cluster										
National School Lunch Program	I	10.555	N/A	07/01/10-06/30/11		487,400	-	576,266	576,266	88,866
National School Lunch Program	I	10.555	N/A	07/01/09-06/30/10	N/A	89,219	89,219	-	-	-
School Breakfast Program	I	10.553	N/A	07/01/10-06/30/11		49,120	-	59,823	59,823	10,703
School Breakfast Program	I	10.553	N/A	07/01/09-06/30/10	N/A	11,669	11,669	-	-	-
Passed through the Commonwealth of Pennsylvania Department of Agriculture:										
Donated Commodities	I	10.555	N/A	07/01/10-06/30/11	N/A	118,051	(16,934)	121,357	121,357	(13,628)
Total Child Nutrition Cluster And Total U.S. Department of Agriculture						755,459	83,954	757,446	757,446	85,941
TOTAL FEDERAL AWARDS						\$ 3,827,105	\$ 936,784	\$ 3,949,997	\$ 3,949,997	\$ 1,059,676

Source Codes: I = Indirect, D = Direct

WILSON SCHOOL DISTRICT

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2011

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.



HERBEIN+COMPANY, INC.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information Wilson School District as of and for the year ended June 30, 2011, which collectively comprise Wilson School District's basic financial statements and have issued our report thereon dated November 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Wilson School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Wilson School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wilson School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wilson School District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

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

We noted certain other matters that we reported to management of Wilson School District in a separate letter dated November 9, 2011.

This report is intended solely for the information and use of management, others within the organization, the board of school directors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Herbein + Company, Inc.

Reading, Pennsylvania
November 9, 2011



HERBEIN+COMPANY, INC.

CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Auditor's Report on Compliance with Requirements That Could
Have a Direct and Material Effect on Each Major Program and on Internal
Control Over Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited 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, 2011. Wilson School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Wilson School District's management. Our responsibility is to express an opinion on Wilson School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and 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. Our audit does not provide a legal determination on Wilson School District's compliance with those requirements.

In our opinion, Wilson School District complied, in all material respects, with the 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, 2011.

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Internal Control Over Compliance

Management of Wilson School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wilson School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, the board of school directors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Herbein + Company, Inc.

Reading, Pennsylvania
November 9, 2011

WILSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified
Internal control over financial reporting:
Material weakness (es) identified? _____ yes X no
Significant deficiency (ies) identified not considered to be
material weaknesses? _____ 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: Unqualified
Any audit findings disclosed that are required to be
reported in accordance with Circular A-133, Section .510(a)? _____ yes X no

Identification of major program(s):

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA State Fiscal Stabilization Fund - Education State Grants
84.410	Education Jobs Fund

Child Nutrition Cluster

10.555	National School Lunch Program
10.555	Donated Commodities
10.553	School Breakfast Program

IDEA Cluster

84.027	IDEA - B Special Education Grants to States
84.391	ARRA IDEA - B Special Education Grants to States

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

WILSON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the Year Ended June 30, 2011

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, 2011

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported.