



Boyertown Area School District, Pennsylvania

Comprehensive Annual Financial Report

**For the fiscal year ended
June 30, 2011**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Boyertown Area School District, Pennsylvania
For the Fiscal Year Ended June 30, 2011



Prepared by: Carol Pitts

INTRODUCTORY SECTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE BOYERTOWN AREA SCHOOL DISTRICT, PENNSYLVANIA
FOR THE YEAR ENDED JUNE 30, 2011

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BOYERTOWN AREA SCHOOL DISTRICT

EDUCATION CENTER

"to enable all students to succeed in a changing world"

December 13, 2011

To the Board of School Directors and the Citizens of Boyertown Area School District:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Boyertown Area School District, Pennsylvania, for the fiscal year ended June 30, 2011. The District's Business Office prepared this CAFR. Responsibility for both accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the School District. We believe the data as presented is accurate in all material respects. It is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain a clear understanding of the School District's financial affairs have been included.

The organization, form, contents of this CAFR, the accompanying financial statements, and the statistical tables were prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA), the American Institute of Certified Public Accountants (AICPA), and the Public School Code of 1949, as amended, of the Commonwealth of Pennsylvania.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Boyertown Area School District's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

This CAFR includes all funds of the School District, consistent with the guidance contained in GASB 14, *The Financial Reporting Entity*, and GASB 39, *Determining Whether Certain Organizations Are Component Units*. The criteria used by the School District to evaluate whether additional entities should be included in the School District's reporting entity as component units includes whether the School District can impose its will on these entities and whether these entities bring the School District financial benefit or burden.

A related organization excluded is the Berks Career and Technology Center (Vo-Tech). A joint board consisting of school directors from each member district runs the Vo-Tech. Each member district pays a share of the operating costs, debt, and approves the Vo-Tech's budget. Since the School District cannot impose its will or have a voting majority, the Vo-Tech is considered a joint venture.

Local Economy

The Boyertown Area School District is situated on the northwestern edge of the greater Philadelphia suburban sprawl in southeastern Pennsylvania. About 45 miles northwest of Philadelphia, it is just 20 miles south of Allentown and 20 miles east of Reading, straddling the Montgomery-Berks County line. When it was formed as a jointure in 1953 it was one of the largest school districts in the state, covering nearly 100 square miles. It encompasses Colebrookdale, Douglass, Earl, and Washington Townships and the Boroughs of Bally, Bechtelsville, and Boyertown in Berks County plus the Townships of Douglass, New Hanover, and Upper Frederick in Montgomery County. The population in the District is over 40,000. With room for growth in the northern and eastern regions of the District, it is expected the population will increase in the future.

The District has been shifting from a predominance of farming and blue-collar homes to a suburban-type community. The preponderance of "new-comers" finds their employment outside the District boundaries in the King of Prussia, Exton, Allentown or Reading areas. The fairly recent modernization of U.S. Route 422, a major artery into the Philadelphia area, which just barely brushes the southern edge of the District, has caused more rapid growth on the eastern, or Montgomery County, side. Pennsylvania Routes 100 and 73 provide the other major traffic arteries across the District.

Approximately 7,087 students in the District are educated in ten modern buildings. Seven K-6 elementary schools funnel students into one of two 7-9 junior high schools. There is one senior high school serving grades 10, 11, and 12. Geographic size makes school bus transportation a fact of life for better than 90% of the student body at all levels, as presented by the map on the next page. The shaded area of the map is the area of the Boyertown Area School District. The blue line that circles the District represents the ten-mile radius beyond the District's boundaries. According to policy, the District "will provide transportation for resident students who attend non-public schools not operated for profit located within the District geographic boundaries or outside the boundaries via the nearest paved public highway when the distance does not exceed ten miles from the district boundaries."

Student population has been stable with variations less than 100 students per year. With the possibility of new home construction dependent on the economic climate the student population could increase.

The District's tax base has leveled due to the recessionary economy experienced recently. New home construction on open land has slowed considerably. Due to the real estate market the District has experienced a high level of assessment appeals. Due to the economy, current property tax collections were down in 2010-2011. The District has a delinquent tax program which mitigated the decrease in collections. In addition, socioeconomic indices for per capita income and property values are very favorable relative to other areas of the State.

It appears that there may be construction of one or more major retailers within the District's boundaries. There is a Walmart on Route 100 and a Giant grocery store near the intersection of Routes 100 and 73. These facilities have added value to the tax rolls as well as created new jobs for the local economy. The adverse effect of these major retailers would be that they could possibly put the local stores out of business and cause congestion on an already heavily traveled infrastructure. A shopping center is expected to be constructed at Routes 73 & 663, tentatively housing a Home Improvement Warehouse and a major grocery store.

Although the current economic downturn has affected the local economy, the unemployment rate in the district is below the national average.



Long-term Financial Planning

The District has experienced moderate growth in student population over the last decade. A shift in population now has a majority of students attending from the eastern side of the District (Montgomery County) which is served by three of the District's ten schools. To address overcrowding and to maintain balanced classroom population, a redistricting plan has been implemented. The District continues to monitor population trends and housing development.

The Commonwealth of Pennsylvania has addressed real estate tax reform through the passage of 2006 Special Session, Act 1. Each public school in the Commonwealth must abide by Act 1. The District had the opportunity to swap education funding from the current property tax method to an increased income tax through a voter referendum in May 2007 but the measure was soundly rejected. Act 1 also provides a published index that would allow school districts to raise taxes as needed up to the index before voter approval would be sought to approve

tax increases above the index. Act 1 also provides for the distribution of gambling revenues to school districts for the purpose of lowering the property tax to qualified homeowners. Again, no additional funds would be received by the school district for education. Currently, the state funds approximately 30% of the District's programs.

Cash Management Policies and Practices

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, obligations of U.S. instrumentalities, obligations of other governmental units within the Commonwealth of Pennsylvania, and in an investment pool. The maturities of investments range from six months to about five years. Investment income includes appreciation/depreciation in the fair value of investments. Increases in fair value during the year do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments, that the government intends to hold to maturity.

Risk Management

The District purchases commercial insurance for areas of potential losses. Additional information on the District's risk management activities can be found in Note II.M of the notes to the financial statements.

Effective July 1, 2010, the District began to self-insure the medical benefits of the District's employees. The District has stop-loss insurance which covers any single medical claim in excess of \$150,000. Initial results of the funding change have been positive.

Initiatives

Co-Curricular

The School District is committed to a broad range of co-curricular activities for all students in grades kindergarten through twelfth grade. These programs range from athletics to music, theater and arts, service clubs and various other clubs and programs. Present offerings include:

Music and Theater	Athletics	Service & School Clubs	
Band Front	Baseball	Academic Challenge	Math Club
Chamber Choir	Basketball	Action Flicks	National Honor Society
Concert Choir	Cheerleading	All Sports Club	Newspaper
Jazz Ensemble	Cross Country	Arts / Crafts Club	Photography Club
Marching Band	Field Hockey	Builders Club	SADD – Students Against
Productions	Football	Chess Club	Drunk Driving
Senior Class Play	Golf	Diversity Club	SAVE – Students Against
Orchestra	Lacrosse	FBLA – Future Business	Violation of the Earth
Treble Singers	Soccer	Leaders of America	Science Olympiad
Vocal Ensemble	Softball	FHCC – Future Health	Sign Club
	Swimming	Career Club	Student Council
	Tennis	Games Club	Support Our Troops
	Track	Japanese Garden	TSA – Technology Student
	Wrestling	Juggling	Association
		Key Club	Virtual Stock Market
		Leo Club	Yearbook Clubs
		Library Club	

The District has strived to become a “No Place for Hate” School District, being recognized as the first school district in the state to have all of the District's ten schools designated. Various diversity activities are held at the building and district levels.

Instructional Services

The School District's Instructional Program is divided into Elementary Education: grades K-6 at seven sites; Junior High School: grades 7-9 at two sites; Senior High School: grades 10-12 at one site. Responsibility for administration and instructional leadership of the individual schools in the District is entrusted to the following building principals for the 2010-2011 school year:

Boyertown Elementary School	Mr. Gregory M. Miller
Colebrookdale Elementary School	Mr. Michael Stoudt
Earl Elementary School	Dr. Craig K. Zerr
Gilbertsville Elementary School	Mrs. Melissa Woodard
New Hanover-Upper Frederick Elem. School	Mrs. Kelly Mason
Pine Forge Elementary School	Mrs. Laura Heineck
Washington Elementary School	Mr. Christopher J. Iacobelli
Junior High East	Mr. Andrew Ruppert
Junior High West	Mr. Gregory S. Galtere
Senior High School	Mr. Brett Cooper

The instructional program includes the following subject areas:

Art	Mathematics
Business Education	Music
NJROTC	Science
Family/Consumer Science	Social Studies
World Language	Technology Education
Reading/Language Arts/English	Telecommunications
Library	Health and Physical Education

All curriculums indicate what the District expects students to know and to demonstrate as skills. Curriculums are provided to each teacher with additional copies at each building level. Curriculums have been adopted based on State Academic Standards and are being implemented in each area. Curriculum information and our graduation requirements are available at individual buildings.

The School District is very proud that all curriculums have been written by teams of staff members to meet the various needs of today's learners. The District believes that over the next five to six years it must continue to focus attention on the evolving State Standards and assure that the District's curriculum and instructional programs meet the needs of all students.

Remediation Program

In conjunction with state regulations, our District provides a remediation program for students in grades one through nine in all schools. The purpose of this program is to help students achieve state academic standards. The remediation program functions in various ways depending upon the grade level and individual needs of the students.

District Technology Program

The School District submitted the state mandated Technology Plan in September 2009. The three-year plan is a reporting mechanism used by the state to determine the uses of technology within the School District, which allows them to track the changing technology trends in education. It is used by the District as a blueprint for future technology implementation. District technology initiatives that have been completed or are currently being implemented:

- The implementation of various technologies such as Smart Boards to support learning
- The integration of various technologies into the curriculum
- The use of technology as a collaboration tool
- The development of the district intranet
- The exploration of cyber schooling options for students
- The purchase of software to support and enhance the curriculum
- The purchase of software for student grading, attendance, and parent communication

The District will continue to place and upgrade computers in classrooms and subject areas. The continued purchase of software programs for curriculum areas and for instructional management is essential. Access to computers for teachers and the replacement and upgrade of all technology will aid in instruction. Currently, the District has more than 3,000 computers in place as well as peripherals, network, distance learning equipment, television equipment, and technology curriculums. The District participates in the Children's Internet Protection Act established by the Federal Government.

Special Education Services

The Boyertown Area School District provides special education services and gifted support services to more than 1,400 students, or 21% of the total student enrollment. Of this, the percentage of disabled students is 17% which is consistent with the statewide average. The District has more than 270 gifted students – approximately 4% of total enrollment. The number of students in out-of-district placements is approximately 80.

Special Education Programs in Boyertown serve students that are mildly to severely mentally retarded, hearing impaired, speech/language impaired, visually impaired, learning disabled, emotionally disturbed, physically disabled, other health impaired, brain damaged, autistic and gifted. Each neighborhood school operates its own program with the exception of district life skills support programs offered at Colebrookdale Elementary School, Junior High School East, and the Senior High School. In 2009-2010 the District implemented a 3rd through 6th grade autistic program at Washington Elementary School. The district now serves autistic students kindergarten through 6th grade.

District Program of Assessment

The School District has in place a standardized assessment system with a broad range of assessment instruments – kindergarten through twelfth grade. This system is meant to be an addition to classroom and building assessments that are in place as part of the District's curriculums. The District uses standardized tests primarily to provide parents, teachers, and administrators with information to help diagnose skill and learning deficiencies for individual students. In addition, information from standardized test results, grouped by school, grade, and subject, are provided to the administration, the school board and to the public as a means of accountability and to focus discussion regarding additions and revisions to the instructional program.

Vocational/Technical Support

As part of its educational program, the School District provides tenth, eleventh, and twelfth grade students with the opportunity to participate in vocational and technical education at the Berks Career and Technical Center (BCTC). The BCTC offers half-day classes in three-year vocational/technical programs, which prepare students for skilled work experiences after graduation and for future education in college, or technical school programs. During the 2010-2011 school year, approximately 230 Boyertown Area School District students, or approximately 14% of the high school enrollment, attend BCTC East or West Campus. They participate in one of the following programs:

Auto Collision Repair Tech.	Electronic Technology
Automotive Technology	Health Occupations
Building Construction Occ.	Health Related Technology
Cabinetmaking	Heavy Equipment Technology
CAD	Horticulture
Carpentry	HVAC/R
CIS-Applications	Machinist/Toolmaker
CIS-Programming	Masonry
Commercial Art	Occupational Child Development
Commercial Photography	Painting and Decorating
Computer Information Services	Plumbing and Heating
Computerized Machine Technology	Pre-Engineering
Cosmetology	Pre-Vocational
Culinary Arts	Printing Technology
Dental Occupations	Protective Services
Diesel Technology	Recreational/Power Equip. Tech.
Drafting Design Technology	Robotics and Automation Tech.
Electrical Occupations	Service Occupations
	Welding

Strategic Plan Goals

The School District Strategic Plan – 2006/2012 was approved by the Board of School Directors in September 2006, after a series of public meetings and a community needs assessment. Various working committees prepared the following goals during the course of the Plan's development. Such goals have served as the focus of District efforts over the last 6 years.

1. All students (100%) will be proficient in Reading, as measured by the annual state-wide PSSA assessments by 2012, increasing incrementally by a minimum of 5% at each level.
2. All students (100%) will read on grade level by the end of third grade as measured by guided reading levels and DIBELS assessments. The number of proficient students will increase each year, K-3, until 100% is reached.
3. All students (100%) will be proficient in Mathematics, as measured by the annual state-wide PSSA assessments by 2012, increasing incrementally by a minimum of 4% at the elementary and junior high and 8% at the senior high.
4. All students (100%) will be proficient in Science, as measured by the annual state-wide PSSA assessments by 2012, increasing incrementally by an amount to be determined.
5. All students (100%) will be proficient in writing, as measured by the annual state-wide PSSA assessments by 2012, increasing incrementally by an amount to be determined.

6. The reading, writing, math and science achievement of all students will be documented, analyzed and monitored in order to address individual needs with research-based, academic interventions.

Pension

The District participates in the Public School Employees Retirement System. Currently, the District pays 5.64% of payroll costs. The rate rises to 8.65% for 2011 – 2012. Projected rates are for 12.19% for 2012-2013 and 16.69% for 2013-2014 and 21.18% for 2014-2015. In order to minimize the impact of the significant increase in the retirement rate in 2012-13, the district plans to budget for retirement at a higher than actual rate through 2012-13 with the intent of designating fund balance for the purpose of offsetting increased contributions for retirement. Additional information on the District's pension can be found in Note II.I of the notes to the financial statements.

Accounting System and Budgetary Control

All governmental and agency funds utilize the modified accrual basis of accounting with revenue being recorded when susceptible to accrual, both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are generally recognized when the related fund liability is incurred except for: (1) disbursements for inventory type items, which are expenditures at the time of purchase, and (2) principal and interest on general long-term debt which is recognized when due. Financial statements for the Proprietary Fund are maintained on the accrual basis of accounting, with revenue recognized when earned and expenses recorded when incurred.

In developing and evaluating the School District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements; and (3) maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the School District's internal accounting controls: (1) adequately safeguard assets; (2) provide reasonable assurance of proper recording of financial transactions; and (3) maintain accountability for assets.

The School District maintains budgetary controls, which ensures compliance with legal provisions embodied in the annual appropriated budget that is adopted by the Board of School Directors by June 30th of each year. The Business Office maintains budgetary control at the major expenditure classification through monitoring and review. Appropriations lapse at the close of the fiscal year to the extent that they have not been expended.

Legal budgetary control is maintained at the sub function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular line of expenditure by legislative action in accordance with the PA School Code. Management may amend the budget at the sub function/sub object level without School Board approval.

Independent Audit

The School District had an independent audit of all its funds performed for the year ended June 30, 2011. The report of our certified public accountants, Major & Mastro, LLC, appears in the Financial Section of this CAFR.

Acknowledgements

The completion of this CAFR represents the ninth time the School District has prepared such a report and demonstrates a commitment to continue the excellence in financial reporting. The preparation of the CAFR was made possible by the dedicated service of the Business Office. They have our sincere appreciation for the contributions made in the preparation of this report, as well as all additional individuals who assisted in this effort. Appreciation is also expressed to the Superintendent and the Board of School Directors for their cooperation and outstanding assistance in matters pertaining to the financial affairs of the School District.

Sincerely,



Carol J. Pitts
Director of Business Services



David A. Szablowski
Assistant to the Superintendent
for Business Affairs

Boyertown Area School District

List of Principal Officials

June 30, 2011

Board of Education

Gwen W. Semmens	President
Donna L. Usavage.....	Vice-President
David A. Szablowski *	Secretary
John R. Crossley	Member
Linda A. Curry	Member
Ruth A. Dierolf	Member
Robert J. Haas	Member
Barbara W. Hartford	Member
Joseph M. Nichols.....	Member
Albert E. Turchanik.....	Member

**Non-voting*

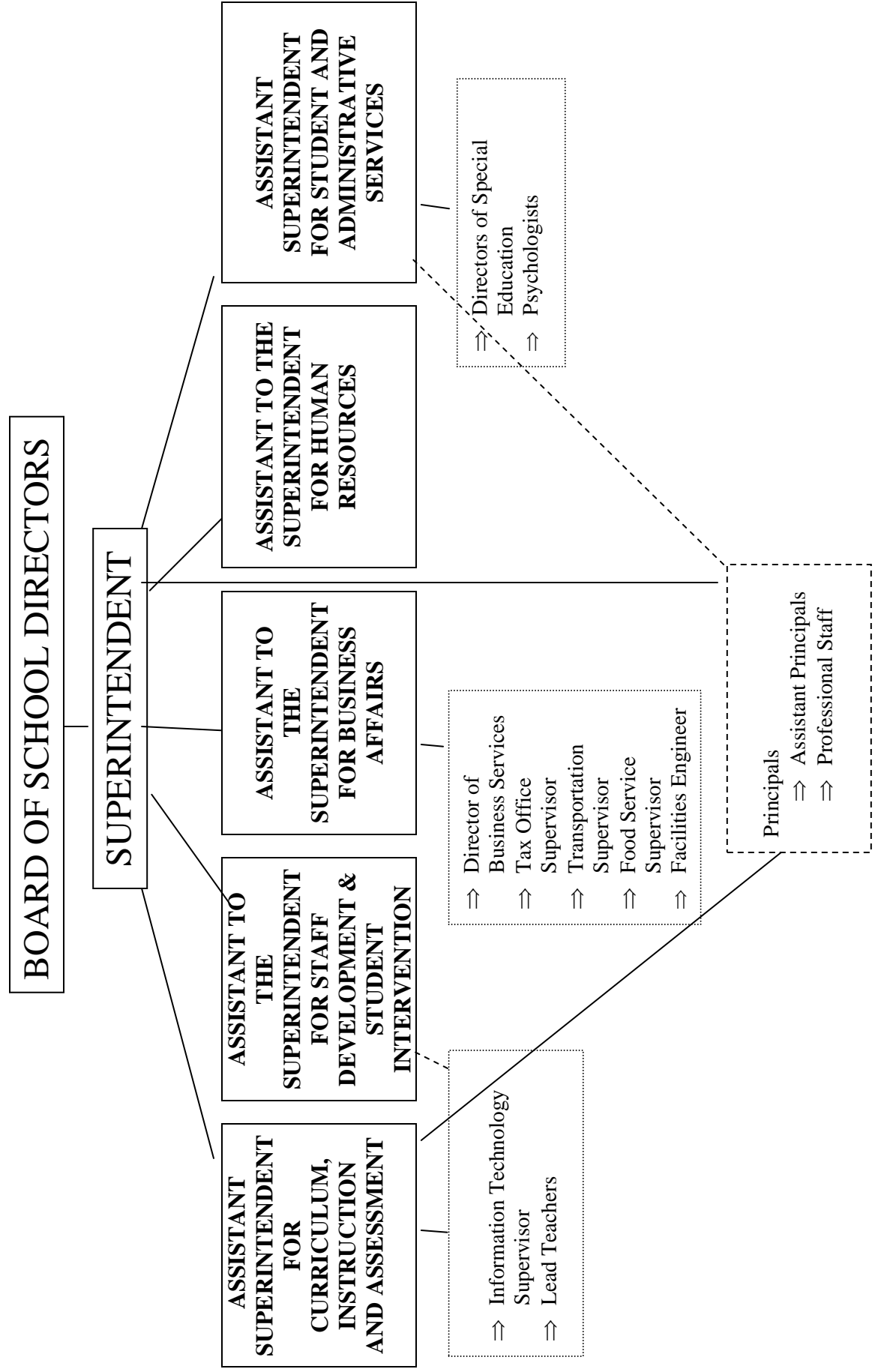
Other Board Services

Fox Rothschild, LLC	Solicitor
Carol J. Pitts.....	Treasurer
Major & Mastro, LLC	Independent Auditors

Central Administrative Officials

Dion E. Betts, Ed.D.	Superintendent
Karen M. Beerer, Ed.D.	Assistant Superintendent for Curriculum, Instruction & Assessment
Robert L. Scoboria	Assistant Superintendent for Student & Administrative Services
David A. Szablowski.....	Assistant to the Superintendent for Business Affairs
Stephen E. Katch	Assistant to the Superintendent for Human Resources
Susan D. Kinney	Assistant to the Superintendent for Staff Development

ORGANIZATIONAL CHART BOYERTOWN AREA SCHOOL DISTRICT





INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors
BOYERTOWN AREA SCHOOL DISTRICT
Boyertown, 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 BOYERTOWN AREA SCHOOL DISTRICT, as of and for the year ended June 30, 2011, which collectively comprise BOYERTOWN AREA SCHOOL DISTRICT's basic financial statements as listed in the table of contents. These financial statements are the responsibility of BOYERTOWN AREA SCHOOL DISTRICT's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the BOYERTOWN AREA 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011, on our consideration of BOYERTOWN AREA 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 3 through 9 and pages 41 through 43, respectively, 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 BOYERTOWN AREA SCHOOL DISTRICT's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, combining schedule of private purpose trust fund subfunds and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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 State, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, combining schedule of private purpose trust fund subfunds 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 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 financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

December 13, 2011

MAJOR & MASTRO, LLC
Certified Public Accountants

A handwritten signature in black ink that reads "Major & Mastro LLC". The signature is written in a cursive, stylized font.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Unaudited

The Boyertown Area School District's (the "District") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Highlights

The District's net assets increased by \$4,415,471 (or 13.24%) for the year ending June 30, 2011, and \$3,964,361 for the year ending June 30, 2010. During the year ending June 30, 2011, the governmental net assets increased by \$4,384,106 (or 13.26%) and the business-type net assets increased by \$31,365 (or 11.31%). The gain of net assets was due partly to favorable budget results, the investment into District buildings through the Capital Projects fund; the retirement of \$7.47 million in District debt and the budgeting of retirement at a rate of 8.22% while the mandated rate was 5.64% with the intent to fund projected rate increases. Overall the District projects a stable financial future based on conservative budgeting.

Future increases in the State mandated retirement contributions for each employee are a major concern for all school districts in Pennsylvania. The contribution rate is an uncontrollable expenditure for public schools. The mandated retirement contribution was 4.78% in 2009-2010 and increased to 5.64 % for 2010-2011. This rate will increase to 8.65% in 2011-2012, but significant increases are currently projected to 12.19% for 2012-2013, 16.69% in 2013-2014, and 21.18% in 2014-2015.

Health Care continues to be a major expenditure with 2010-2011 costs managed through self-insurance, the examination of benefits and an increased contribution from employees toward their benefits. The Boyertown Area School District was a member of the Berks County Schools Health Insurance Consortium until June 30, 2010, when the District decided to implement a self-insured funding model in an effort to control healthcare costs.

During the 2004-2005 fiscal year the District recognized a loss of investment due to a defaulted bond investment which significantly reduced the net assets of the District. Litigation is on-going to recover additional District losses, with approximately 75% of the lost investments recovered through the 2010-2011 fiscal year.

Capital Projects were a major expenditure during the 2010-2011 fiscal year, with the completion of the several capital investments in the District's buildings, including upgrading of roofs, paving and other building improvements and energy-saving measures.

Using this Annual Report

The focus of general-purpose financial statements prior to GASB-34 implementation in the 2001-2002 fiscal year was on summarized fund type information. The current (and clearly preferable) focus is on both the District as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the District's accountability.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns, which add to a total for the primary government. The focus of the Statement of Net Assets (the "unrestricted net assets") is designed to be similar to a bottom line for the District and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are provided by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

The governmental activities reflect the District's basic service, including instruction, instructional support, administration, and transportation. Property taxes, earned income tax and state subsidies finance the majority of these services. The business-type activities reflect private sector type operations (Food service), where the fee for service typically covers all or most of the cost of operation including depreciation.

Over time, increases and decreases in the District's net assets are an indication of whether its financial health is improving or deteriorating, respectively.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds rather than fund types. The governmental major fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the fund financial statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

The fund financial statements also allow the government to address its fiduciary (or trust funds) summarized by type (pension, investment and private-purpose trusts). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the government-wide financial statements.

While the Food Service column on the proprietary fund financial statements is the same as the business-type column at the government-wide financial statement, the governmental major funds total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the governmental activities column (in the government-wide statements). Adjustment between the business-type presentations (government-wide and major fund totals) will typically only occur if there is a need to redistribute excess income/loss for the Internal Service Funds to the customers (including business-type activities) and adjustments, if necessary, will be reflected on the bottom of the fund financial statements.

Government-wide Statement

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets.

Table 1
Condensed Statement of Net Assets
Fiscal year ended June 30,

	2011			2010		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets						
Current and other assets	\$ 35,402,304	\$ 286,869	\$35,689,173	\$ 35,399,087	\$ 209,113	\$35,608,200
Capital assets	56,405,206	80,656	56,485,862	58,173,907	113,973	58,287,880
Total assets	<u>\$ 91,807,510</u>	<u>\$ 367,525</u>	<u>\$92,175,035</u>	<u>\$ 93,572,994</u>	<u>\$ 323,086</u>	<u>\$93,896,080</u>
Liabilities						
Current and other liabilities	\$ 14,418,809	\$ 58,954	\$14,477,763	\$ 14,051,377	\$ 45,880	\$14,097,257
Long-term liabilities	39,929,495		39,929,495	46,446,517		46,446,517
Total liabilities	<u>54,348,304</u>	<u>58,954</u>	<u>54,407,258</u>	<u>60,497,894</u>	<u>45,880</u>	<u>60,543,774</u>
Net Assets:						
Invested in capital assets, net of related debt	17,502,296	80,656	17,582,952	11,633,324	113,973	11,747,297
Restricted	6,499,596		6,499,596	10,170,644		10,170,644
Unrestricted	13,457,314	227,915	13,685,229	11,271,132	163,233	11,434,365
Total net assets	<u>37,459,206</u>	<u>308,571</u>	<u>37,767,777</u>	<u>33,075,100</u>	<u>277,206</u>	<u>33,352,306</u>
Total liabilities and net assets	<u>\$ 91,807,510</u>	<u>\$ 367,525</u>	<u>\$92,175,035</u>	<u>\$ 93,572,994</u>	<u>\$ 323,086</u>	<u>\$93,896,080</u>

A significant amount of the District's net assets are invested in capital assets (buildings, land, and equipment) but the majority of the capital assets were financed with debt. The restricted amounts are set aside to fund future purchases or capital projects as planned by the District. See the Statement of Net Assets for more detailed information.

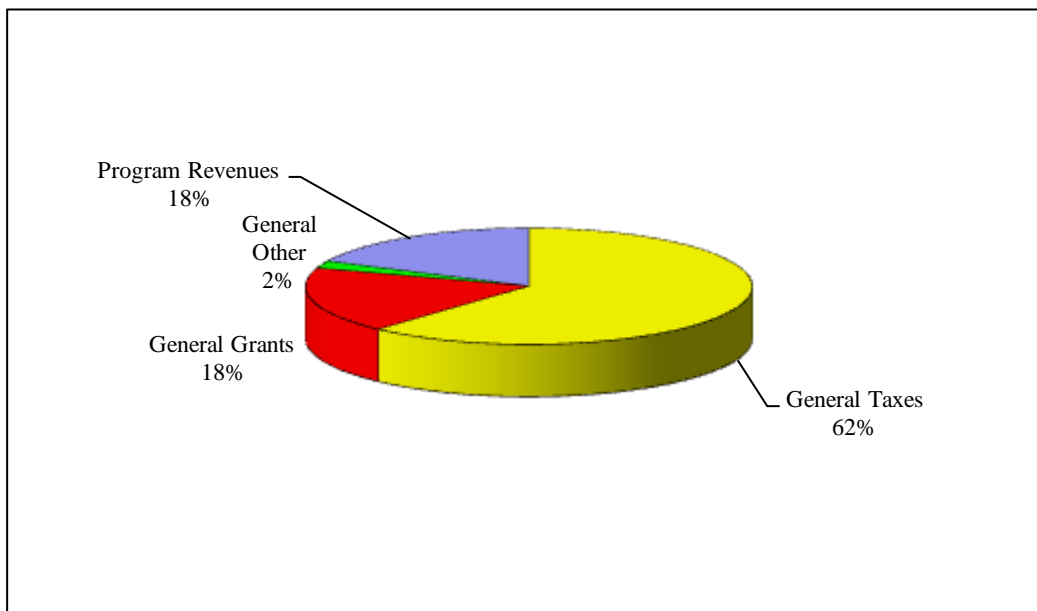
Statement of Activities

The following table reflects the revenues and expenses for the current and prior years.

Table 2
Condensed Changes in Statement of Net Assets
Fiscal year ended June 30,

	2011			2010		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 465,578	\$ 1,958,951	\$ 2,424,529	\$ 516,300	\$ 1,981,147	\$ 2,497,447
Operating grants and contributions	15,811,426	818,978	16,630,404	14,654,002	824,154	15,478,156
General revenues						
Taxes	56,052,700		56,052,700	53,229,045		53,229,045
Grants	16,617,865		16,617,865	16,023,641		16,023,641
Investment earnings	636,602	556	637,158	788,060	1,048	789,108
Miscellaneous	1,203,618		1,203,618	2,764,129		2,764,129
Total Revenues	90,787,789	2,778,485	93,566,274	87,975,177	2,806,349	90,781,526
Expenses						
Instruction						
Regular programs	40,506,289		40,506,289	38,086,627		38,086,627
Special programs	12,907,220		12,907,220	12,070,439		12,070,439
Vocational programs	1,717,738		1,717,738	1,706,563		1,706,563
Other instructional programs	344,863		344,863	437,921		437,921
Adult education programs	14,590		14,590	15,968		15,968
Support services						
Pupil personnel services	2,474,486		2,474,486	2,438,742		2,438,742
Instructional staff services	4,124,145		4,124,145	4,401,461		4,401,461
Administrative services	5,568,070		5,568,070	5,530,584		5,530,584
Pupil health	865,772		865,772	816,872		816,872
Business services	1,074,679		1,074,679	991,339		991,339
Operation of maintenance of plant services	6,890,644		6,890,644	6,900,033		6,900,033
Pupil transportation	5,589,257		5,589,257	5,742,902		5,742,902
Central services	889,972		889,972	1,323,695		1,323,695
Other support services	95,370		95,370	91,410		91,410
Non-instructional services						
Food service		2,664,526	2,664,526		2,748,204	2,748,204
Student activities	1,193,690		1,193,690	1,177,460		1,177,460
Community services	39,963		39,963	24,690		24,690
Interest on long-term debt	2,189,529		2,189,529	2,312,255		2,312,255
Total Expenses	86,486,277	2,664,526	89,150,803	84,068,961	2,748,204	86,817,165
Increase (decrease) in net assets before transfers	4,301,512	113,959	4,415,471	3,906,216	58,145	3,964,361
Transfers	82,594	(82,594)	-	82,594	(82,594)	-
Increase (decrease) in net assets	4,384,106	31,365	4,415,471	3,988,810	(24,449)	3,964,361
Net Assets, beginning of year	33,075,100	277,206	33,352,306	29,086,290	301,655	29,387,945
Net assets, end of year	\$ 37,459,206	\$ 308,571	\$ 37,767,777	\$ 33,075,100	\$ 277,206	\$ 33,352,306

The District's reliance upon tax revenues is demonstrated by the graph below.



The District Funds

Governmental Funds

As of the year-end, the governmental funds reported a combined fund balance of \$19,199,456, which is a decrease from the prior year of \$2,103,696 (or 9.88%). Of the \$19,199,456, the General fund balance is \$9,673,372, which is an increase of \$1,693,836 over the prior year. The major contributor to the General fund balance increase is the budgeting of retirement at 8.22% while the mandated retirement rate was 5.64% with the intent of funding projected significant retirement rate increases. The Debt Service fund balance is at \$4,011,923, which is a decrease of \$4,448,331 from the prior year due to an inter-fund transfer for capital project of \$1.85 million and defeasance of \$2.785 million of General Obligation Bonds with the previously realized settlement proceeds from the Hummelstown Litigation. The non-major funds report total fund balance of \$5,514,161, which is an increase of \$650,799 from the prior year. The general fund unassigned balance represents 7.38 percent of the total general fund expenditures. The School board of Directors has committed fund balance of \$3,200,000 for the purpose of phasing in tax increases for pension liabilities.

General Fund Budgetary Highlights

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. A schedule showing the District's original and final budget amounts compared with the amounts actually incurred and recognized is provided on page 42.

The General Fund actual amount of revenue received was less than the final revenue budget by \$112,968 (0.13%) predominantly due to less than anticipated local property tax collections, offset by higher than expected collections of delinquent real estate taxes. The decrease in real estate tax revenue received is due to the appeal of current assessments based on a depressed market value.

The General Fund actual amount of expenditures was less than the final expenditure budget by \$1,855,215 (2.09%). The primary reason for the positive variance is that retirement was budgeted at a higher rate than mandated with the intent to commit a portion of fund balance (\$1.2 million) for projected increases in mandated retirement contribution. Special Education program expenditures were overspent due to settlements, an increase in the Special Education student population and increased Special Education transportation and tuition for out-

placed students. The savings in utility expenses were attributed to the District's energy savings initiatives implemented in previous years.

Capital assets and debt administration

Capital Assets

As of year-end, the District's investment in capital assets for its governmental and business-type activities amounts to \$56,485,862, which represents a net decrease (additions less retirements and depreciation) of \$1,802,018 or 3.09% from the end of last year. This is mainly due to the limited investment in renovation projects throughout the District less the depreciation on the existing assets. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note II.D).

Boyertown Area School District's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 609,177	\$ 609,177	\$	\$
Construction in progress	299,907	360,693		
Site improvements	1,634,296	1,789,797		
Buildings and improvements	51,323,610	52,732,355		
Furniture and equipment	<u>2,538,216</u>	<u>2,681,885</u>	<u>80,656</u>	<u>113,973</u>
Total	<u>\$ 56,405,206</u>	<u>\$ 58,173,907</u>	<u>\$ 80,656</u>	<u>\$ 113,973</u>

Debt Outstanding

As of year-end, the District had \$40,275,000 in debt (bonds and notes) outstanding compared to \$47,745,000 last year. This represents a decrease of \$7,470,000 or 15.65%. Detailed information regarding long-term debt activity is included in the notes to the basic financial statements (Note II.E).

Factors Expected to have an Effect on Future Operations

The recent moderate growth the District has experienced has slowed significantly due to the world-wide economic down-turn. The growth patterns in student population continue to shift toward the Montgomery County portion of the District, causing an overpopulation of students in the buildings that serve the eastern portion of the District. A redistricting plan was implemented for the 2009-2010 school year. Further growth will cause additional student redistricting, transportation adjustments and possibly building renovations. The economic slowdown continues to impact revenue forecasts negatively. The current economic conditions also impact interest rates and possible new housing starts. Continued economic decline could cause the District to scale down educational program offerings or seek additional resources.

The Commonwealth of Pennsylvania has addressed real estate tax reform through the passage of 2006 Special Session, Act 1. Each public school in the Commonwealth must abide by Act 1. Act 1 will always have an impact on the District as tax increases could be limited without the approval of a voter referendum.

Litigation progresses as a way to recover the lost investment of the Hummlestown General Authority bonds, which defaulted in September 2004. Additional settlements are expected to be realized in 2011-2012.

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BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 12,954,238	\$ 211,430	\$ 13,165,668
Investments	15,029,046		15,029,046
Taxes receivable, net of allowance of \$48,683	3,064,639		3,064,639
Due from other governments	3,591,225	18,216	3,609,441
Other receivables	224,982	3,055	228,037
Inventories	14,554	54,168	68,722
Prepaid expenses	51,317		51,317
Deferred charges	472,303		472,303
Total current assets	35,402,304	286,869	35,689,173
Noncurrent assets			
Land	609,177		609,177
Construction in progress	299,907		299,907
Site improvements	4,768,425		4,768,425
Buildings and building improvements	95,493,432		95,493,432
Furniture and equipment	10,985,026	1,721,161	12,706,187
Accumulated depreciation	(55,750,761)	(1,640,505)	(57,391,266)
Total noncurrent assets	56,405,206	80,656	56,485,862
Total assets	\$ 91,807,510	\$ 367,525	\$ 92,175,035
Liabilities			
Current liabilities			
Accounts payable	\$ 1,347,951		\$ 1,347,951
Accrued salaries and benefits	3,551,510		3,551,510
Payroll deductions and withholdings	4,489,029		4,489,029
Accrued interest	507,606		507,606
Unearned revenue	61,023	58,954	119,977
Estimated insurance claims	370,573		370,573
Other liabilities	70,581		70,581
Current portion of compensated absences	7,390		7,390
Current portion of bonds and notes payable	4,013,146		4,013,146
Total current liabilities	14,418,809	58,954	14,477,763
Noncurrent liabilities			
Bonds and notes payable	37,916,252		37,916,252
Other post-employment benefits	1,872,835		1,872,835
Compensated absences	140,408		140,408
Total noncurrent liabilities	39,929,495	-	39,929,495
Total liabilities	54,348,304	58,954	54,407,258
Net Assets			
Invested in capital assets, net of related debt	17,502,296	80,656	17,582,952
Restricted for			
Capital projects	2,487,673		2,487,673
Debt service	4,011,923		4,011,923
Unrestricted	13,457,314	227,915	13,685,229
Total net assets	37,459,206	308,571	37,767,777
Total liabilities and net assets	\$ 91,807,510	\$ 367,525	\$ 92,175,035

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

Functions/Programs	Program revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction							
Regular programs	\$ 40,506,289	\$ 4,569	\$ 3,591,826	\$	\$ (36,909,894)	\$	\$ (36,909,894)
Special programs	12,907,220	33,460	5,288,269		(7,585,491)		(7,585,491)
Vocational programs	1,717,738				(1,717,738)		(1,717,738)
Other instructional programs	344,863	18,494	741,335		414,966		414,966
Adult education programs	14,590	13,850	472		(268)		(268)
Support services							
Pupil personnel services	2,474,486		115,761		(2,358,725)		(2,358,725)
Instructional staff services	4,124,145		151,838		(3,972,307)		(3,972,307)
Administration services	5,568,070	102,438	249,985		(5,215,647)		(5,215,647)
Pupil health	865,772		173,804		(691,968)		(691,968)
Business services	1,074,679	22,526	38,170		(1,013,983)		(1,013,983)
Operation and maintenance of plant services	6,890,644	143,474	200,125		(6,547,045)		(6,547,045)
Pupil transportation	5,589,257		2,893,007		(2,696,250)		(2,696,250)
Central services	889,972		28,891		(861,081)		(861,081)
Other support services	95,370				(95,370)		(95,370)
Non-instructional services							
Student activities	1,193,690	115,091	44,217		(1,034,382)		(1,034,382)
Community services	39,963	11,676	1,061		(27,226)		(27,226)
Interest on long-term debt	2,189,529		2,292,665		103,136		103,136
Total governmental activities	86,486,277	465,578	15,811,426	-	(70,209,273)	-	(70,209,273)
Business-type activities:							
Food service	2,664,526	1,958,951	818,978			113,403	113,403
Total primary government	\$ 89,150,803	\$ 2,424,529	\$ 16,630,404	\$ -	(70,209,273)	113,403	(70,095,870)
General revenues:							
Property taxes, levied for general purposes, net					47,082,240		47,082,240
Per capita tax					276,571		276,571
Local Services Tax					71,719		71,719
Real estate transfer tax					772,978		772,978
Earned income tax					5,294,300		5,294,300
Delinquent taxes					2,478,954		2,478,954
Public utility taxes					75,739		75,739
Payment in lieu of taxes					199		199
Grants and entitlements not restricted to specific programs					16,617,865		16,617,865
Investment earnings					636,602	556	637,158
Miscellaneous					1,203,618		1,203,618
Transfers					82,594	(82,594)	-
Total general revenues and transfers					74,593,379	(82,038)	74,511,341
Change in net assets					4,384,106	31,365	4,415,471
Net assets beginning of year					33,075,100	277,206	33,352,306
Net assets, end of year					\$ 37,459,206	\$ 308,571	\$ 37,767,777

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,670,713	\$ 774,083	\$ 4,491,049	\$ 11,935,845
Investments	8,692,174	3,237,840	863,767	12,793,781
Taxes receivable, net of allowance of \$48,683	3,064,639			3,064,639
Due from other governments	3,591,225			3,591,225
Due from other funds			979,596	979,596
Other receivables	196,962		28,020	224,982
Inventory	14,554			14,554
Prepaid items	50,873		444	51,317
Total assets	\$ 22,281,140	\$ 4,011,923	\$ 6,362,876	\$ 32,655,939
Liabilities and fund balance				
Liabilities				
Due to other funds	\$ 682,705	\$	\$ 303,977	\$ 986,682
Accounts payable	803,213		544,738	1,347,951
Accrued salaries and benefits	3,551,510			3,551,510
Payroll deductions & withholdings	4,489,029			4,489,029
Deferred revenue	3,010,730			3,010,730
Other liabilities	70,581			70,581
Total liabilities	12,607,768	-	848,715	13,456,483
Fund balance				
Nonspendable:				
Inventory	14,554			14,554
Prepaid items	50,873		444	51,317
Restricted:				
Interfund advances			700,869	700,869
Committed:				
PSERS retirement rate increase	3,200,000			3,200,000
Assigned:				
Capital Projects			4,812,848	4,812,848
Debt Service		4,011,923		4,011,923
Unassigned	6,407,945			6,407,945
Total fund balance	9,673,372	4,011,923	5,514,161	19,199,456
Total liabilities and fund balance	\$ 22,281,140	\$ 4,011,923	\$ 6,362,876	\$ 32,655,939

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2011

Total governmental fund balances	\$ 19,199,456
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	
Governmental capital assets	112,155,967
Less accumulated depreciation	(55,750,761)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Accrued interest	(507,606)
Bonds and notes payable in future years	(40,275,000)
Unamortized bond premium	(1,654,398)
Accumulated compensated absences	(147,798)
Other post-employment benefits	(1,872,835)
Bond issuance costs are reported as expenditures in the governmental funds. The cost is \$737,915 and accumulated amortization is \$256,612	472,303
The Internal Service Fund is used by management to pay the costs of being self-insured for health and dental coverage. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net assets	2,890,171
Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	<u>2,949,707</u>
Net assets of governmental activities	<u><u>\$ 37,459,206</u></u>

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2011

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources				
Real estate taxes	\$ 47,082,240	\$	\$	\$ 47,082,240
Other taxes	9,034,414			9,034,414
Earnings on investments	367,502	186,764	61,406	615,672
Revenue from intermediate sources	1,763,347			1,763,347
Rentals	143,474			143,474
Tuition	67,824			67,824
Revenue from student activities	115,091			115,091
Other revenue	302,459		27,833	330,292
State sources	26,503,555			26,503,555
Federal sources	4,079,728			4,079,728
Total revenues	89,459,634	186,764	89,239	89,735,637
Expenditures				
Current				
Instruction	52,046,824		1,050,744	53,097,568
Support services	26,666,533	95	75,111	26,741,739
Non-instructional	1,197,105			1,197,105
Capital outlay				
Facilities, acquisition, construction, and improvement			885,989	885,989
Debt service				
Interest	2,425,844		4,978	2,430,822
Principal	4,512,086	2,785,000	271,618	7,568,704
Total expenditures	86,848,392	2,785,095	2,288,440	91,921,927
Excess (deficiency) of revenues over (under) expenditures	2,611,242	(2,598,331)	(2,199,201)	(2,186,290)
Other financing sources and (uses)				
Transfers in	1,932,594		2,850,000	4,782,594
Transfers (out)	(2,850,000)	(1,850,000)		(4,700,000)
Total other financing sources and (uses)	(917,406)	(1,850,000)	2,850,000	82,594
Net change in fund balance	1,693,836	(4,448,331)	650,799	(2,103,696)
Fund balance at beginning of year	7,979,536	8,460,254	4,863,362	21,303,152
Fund balance at end of year	\$ 9,673,372	\$ 4,011,923	\$ 5,514,161	\$ 19,199,456

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

Net change in fund balances - total governmental funds \$ (2,103,696)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays and depreciation expense for the current period.

Capital outlay	1,430,333
Depreciation expense	(3,199,034)

Because some taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds. Deferred tax revenue decreased by this amount this year.	(63,954)
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Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	7,470,000
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Repayment of capital lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	98,704
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In the statement of activities, certain operating expenses - compensated absences and special termination benefits - 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.	9,961
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Other Post-employment benefits do not require the use of current financial resources, therefore, are not reported as expenditures in Governmental Funds.	(615,587)
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The Internal Service Fund is used by management to pay the costs of being self-insured for health and dental coverage. The net activity of the internal service fund is reported in the governmental activities in the statement of activities.	1,116,086
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The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds. This transaction has no impact 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. These amounts represent the related activity of the current period.	
Amortization of issuance costs	(67,648)
Amortization of bond premium / discount	208,146

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, however, interest expense is recognized as the interest accrues, regardless of when it is due.	100,795
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Change in net assets of governmental activities	<u>\$ 4,384,106</u>
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The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-type Activities - Enterprise Funds	Governmental Activities
	Food Service Fund	Internal Service Fund
Assets		
Current assets		
Cash and cash equivalents	\$ 211,430	\$ 1,018,393
Investments		2,235,265
Due from other governments	18,216	
Due from other funds		7,086
Other receivables	3,055	
Inventories	54,168	
Total current assets	286,869	3,260,744
Property and equipment		
Furniture and equipment	1,721,161	
Accumulated depreciation	(1,640,505)	
Total property and equipment	80,656	
Total assets	\$ 367,525	\$ 3,260,744
Liabilities		
Current liabilities		
Deferred revenue	\$ 58,954	\$ -
Estimated insurance claims		370,573
Total liabilities	58,954	370,573
Net assets		
Invested in capital assets	80,656	
Unrestricted	227,915	2,890,171
Total net assets	308,571	2,890,171
Total liabilities and net assets	\$ 367,525	\$ 3,260,744

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the year ended June 30, 2011

	Business-type Activities - Enterprise Funds	Governmental Activities
	Food Service Fund	Internal Service Fund
Operating revenues		
Type A		
Cash lunches	\$ 1,359,911	\$
Reduced lunches	15,132	
A la carte sales	465,320	
Adult sales	78,183	
Miscellaneous sales	40,405	
Premium revenues		8,167,692
Total operating revenues	1,958,951	8,167,692
Operating expenses		
Salaries	951,241	
Employee benefits	112,142	
Payroll taxes	72,589	
Retirement	51,286	
Equipment repairs	28,729	
Supplies	1,370,087	
Travel and conferences	6,381	
Miscellaneous	8,290	20
Depreciation	63,781	
Insurance claims and fees		7,072,517
Total operating expenses	2,664,526	7,072,537
Operating income (loss)	(705,575)	1,095,155
Nonoperating revenues(expenses)		
Earnings on investments	556	20,931
State subsidies	143,079	
Federal subsidies	675,899	
Total nonoperating revenues(expenses)	819,534	20,931
Income before transfers	113,959	1,116,086
Transfers out	(82,594)	
Change in net assets	31,365	1,116,086
Net assets at beginning of year	277,206	1,774,085
Net assets at end of year	\$ 308,571	\$ 2,890,171

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2011

	Business-type Activities - Enterprise Funds	Governmental Activities
	Food Service Fund	Internal Service Fund
Cash flows from operating activities		
Cash received from customers	\$ 1,971,445	\$ 8,160,606.00
Cash received from premiums		
Payments to vendors	(1,411,276)	(20)
Payments to employees	(1,187,258)	
Payments for insurance claims and fees		(6,701,944)
Net cash provided by (used in) operating activities	(627,089)	1,458,642
Cash flows from noncapital financing activities		
Transfer to other funds	(82,594)	
State subsidies	144,685	
Federal subsidies	684,542	
Net cash provided by noncapital financing activities	746,633	-
Cash flows from capital and related financing activities		
Purchase of equipment	(30,463)	
Net cash used in capital and related financing activities	(30,463)	
Cash flow from investing activities		
Purchase of investments		(965,307)
Earnings on investments	556	20,931
Sale of investments		181,288
Net cash provided by (used in) investing activities	556	(763,088)
Net increase in cash and cash equivalents	89,637	695,554
Cash and cash equivalents, beginning	121,793	322,839
Cash and cash equivalents, ending	\$ 211,430	\$ 1,018,393
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating income (loss)	\$ (705,575)	\$ 1,095,155
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	63,781	
Increase in accounts receivable	(580)	
Decrease in inventory	2,211	
Increase in due from other funds		(7,086)
Increase in estimated insurance claims		370,573
Increase in deferred revenue	13,074	
Net cash provided by (used in) operating activities	\$ (627,089)	\$ 1,458,642
Schedule of noncash noncapital financing activities		
Donated commodities received	\$ 139,488	
Donated commodities used	\$ 136,823	

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	Private-Purpose Trust Fund (Scholarship Fund)	Agency Funds
Asset		
Cash and cash equivalents	\$ 49,306	\$ 1,339,629
Investments	13,261	1,000
Receivables	700	
Total assets	<u>\$ 63,267</u>	<u>\$ 1,340,629</u>
Liabilities		
Due to other governments	\$	\$ 707,578
Due to student organizations		633,051
Total liabilities	<u>-</u>	<u>1,340,629</u>
Net assets		
Reserved for scholarships	<u>63,267</u>	
Total liabilities and net assets	<u>\$ 63,267</u>	<u>\$ 1,340,629</u>

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the year ended June 30, 2011

	Private-Purpose Trust Fund (Scholarship Fund)
Additions	
Investment earnings:	
Interest income	\$ 159
Net increase in the fair value of investments	3,210
Local contributions	<u>15,685</u>
Total additions	<u>19,054</u>
Deductions	
Fees paid and scholarships awarded	<u>18,483</u>
Change in net assets	571
Net assets, beginning	<u>62,696</u>
Net assets, ending	<u><u>\$ 63,267</u></u>

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Boyertown Area School District is located in Boyertown, Pennsylvania. The District's tax base includes portions of Berks and Montgomery Counties and consists of the following Townships and Boroughs: Bally, Bechtelsville, Boyertown, Colebrookdale, Washington, Upper Frederick, Douglass-Berks, Douglass-Montgomery, Earl and New Hanover.

The Boyertown Area School District is a unit established, organized and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation of public education, as established by the constitution of the Commonwealth and by the school law code of the same (Article II; Act 150, July 8, 1968).

A board of nine school directors who are residents of the District and who are elected every two years, on a staggered basis, for a four-year term, governs the Boyertown Area School District.

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 eligible students between the ages of 5 and 21 years residing in such district who may attend.

In order to establish, enlarge, equip, furnish, operate and maintain any schools, or to pay any school indebtedness which the District is required to pay, the Board of School Directors is vested with all necessary authority and power to annually levy and collect the taxes required and granted by the legislature, in addition to the annual state appropriation, and is 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, as amended.

The most significant of the District's accounting policies are described below:

A. Reporting entity

In evaluating the District as a reporting entity, management has addressed all potential component units for which the District may or may not be financially accountable, and, as such, be includable within the District's financial statements. In accordance with Statement of Governmental Accounting Standards Board (GASB) No. 14 and No. 39, 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 impose 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 statements to be misleading or incomplete.

Based upon the application of these criteria, the District has determined it has no component units. The District is a participant in a joint venture (see Note II.H).

B. Fund accounting

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Government-wide and fund financial statements

The 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from the 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Fiduciary fund financial statements are prepared on the economic resource measurement focus and accrual basis of accounting, however the agency funds have no measurement focus. 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.

Governmental fund financial statements are prepared 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 District considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual are tax revenues and tuition. Revenue from federal, state, and other grants designated for payment of specific 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. Measurement focus, basis of accounting, and financial statement presentation, continued

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund, which accounts for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

The District reports the following major proprietary funds:

The Food Service Fund is used to account for the activities of the District's food service program.

The Internal Service Fund is used to account for the District's self-insurance.

Additionally, the District reports the following funds:

The Capital Projects Fund was established to provide funds for certain capital projects, which consist of the acquisition, improvements, and additions to District buildings and facilities.

The Technology Reserve Fund was established to provide funds for acquiring computer equipment and network infrastructure to keep the District up to date with technology.

The Gilbertsville, Washington, Junior High West, and Senior High Renovation Fund was established to provide funds for certain capital projects, which consist of the acquisition, improvements, additions, extraordinary maintenance and repair of public school buildings and facilities of the District, and paying bond issue and financial costs, specifically for renovations and additions to the Gilbertsville and Washington Elementary Schools, Junior High West and the first floor of the Senior High.

The Private-purpose Trust Fund is used to account for the resources of the various scholarships, whose sole purpose is to provide annual scholarships to particular students as prescribed by donor stipulations.

The Agency Fund accounts for the assets held as an agent for the various student activities. In addition, the agency fund accounts for the activities of the Boyertown Earned Income Tax Office. The Earned Income Tax Office operates the collection of earned income taxes and occupational privilege tax levied by the District and surrounding municipalities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

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

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

E. Interfund receivables and payables

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

F. Elimination and reclassification

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column. Interfund services provided and used are not eliminated in the process of consolidation.

G. Capital assets

Capital assets, which include property, plant, equipment, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The District defines capital assets, as assets with an initial individual cost equal to or greater than \$1,000 or purchased with debt proceeds and an estimated useful life in excess of one year. 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.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

	Years
Site improvements	15-20
Buildings and building improvements	20-40
Furniture and equipment	5-20

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. Cash equivalents and investments

For purposes of the statement of cash flows, the Proprietary Funds consider all highly liquid investments, with maturity of three months or less when purchased, to be cash equivalents.

Investments are valued at fair value.

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:

- i. United States Treasury bills.
- ii. Short-term obligations of the United States government or its agencies or instrumentalities.
- iii. Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- iv. Obligations of 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, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or 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.

I. Inventories and prepaid items

Inventory of food and milk in the Food Service Fund consists of supplies purchased and donated commodities received from the federal government. The donated commodities are valued at the USDA's approximate cost. Food and supplies are carried at cost using the first-in, first-out method. Inventories of Governmental Funds are recorded as expenditures when consumed rather than when purchased.

The inventories on hand in the Food Service Fund at June 30, 2011, consist of the following:

Supplies	\$ 21,121
Purchased food	26,050
Donated commodities	<u>6,997</u>
	<u>\$ 54,168</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

J. 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, business-type 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

K. Deferred revenue

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Such is the case in the General Fund, where deferred revenue has been established to offset real estate tax receivables. Deferred revenue also arises when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the Governmental Funds balance sheet and revenue is recognized.

L. Estimates

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

M. Real estate taxes

The District's real estate taxes are based on assessed values established by the Counties' Boards of Assessments. Elected local tax collectors collect the taxes. Real estate taxes are effectively levied on July 1. A discount of 2% is applied to payments made prior to August 31. A penalty of 10% is added to the face amount of taxes paid after October 31. Real estate taxes are liened on January 1. As of January 1, 2004, any unpaid real estate taxes are collected by the School District for approximately sixty days. After sixty days, delinquent real estate taxes are sent to an attorney for collection. Any outstanding taxes before January 1, 2004 are collected through each county's tax claim bureau.

N. Allowance for doubtful accounts

The District has estimated the allowance for doubtful accounts for delinquent real estate taxes to be \$48,683 as of June 30, 2011.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

O. Fund Balance

The District implemented GASB Statement No. 54 for the year ending June 30, 2011. GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the definitions of the general fund, special revenue fund type, debt service fund type and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain items within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types have also been modified for clarity and consistency.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal action (board motion) of the school board – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the school board removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance. This classification reflects amounts constrained by the school's "intent" to be used for specific purposes, but are neither restricted nor committed. The school board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Use of fund balance. The restricted fund balance shall be reduced to the extent that the underlying reason for the restriction has been eliminated. Then committed, assigned and unassigned in that order as needed.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$14,312,951 of the District's bank balance of \$30,439,823 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

<u>Investment Type</u>	<u>Fair value</u>
Investment pools	\$ 77,596

Custodial Credit Risk – Investments. 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 investments subject to custodial credit risk.

Credit Risk. The District has no investment policy that would limit its 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>
PA School District Liquid Asset Fund	AAAm
PA Local Government Investment Trust	AAAm

Interest Rate Risk. Interest Rate risk is the risk that changes in interest rates will adversely affect an investment's value. The District does not have a formal policy regarding interest rate risk. As of June 30, 2011, the District's investments in PA School District Liquid Asset Fund and PA Local Government Investment Trust were both less than 90 days.

B. Receivables

Taxes Receivable

The millage rate levied by the District for the fiscal year ended June 30, 2011, was 20.77 mills for Berks County and 20.36 mills for Montgomery County, as established by the Board of School Directors. Current tax collections for the District were approximately 96% of the total tax levy.

The following amounts applicable to taxes receivable were recorded at June 30, 2011:

Interim real estate taxes	\$ 25,008
Delinquent taxes	<u>3,039,631</u>
	<u><u>\$ 3,064,639</u></u>

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

B. Receivables, continued

Due from Other Governments (Intergovernmental Receivables)

General Fund

Federal subsidies receivable

Title I Part A	\$ 23,369
IDEA	516,926
ARRA IDEA	289,421
ARRA State Fiscal Stabilization	560,072
ACCESS	344,545

Total federal subsidies receivable	<u>1,734,333</u>
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State subsidies receivable

Grants	10,706
Rental subsidy	949,628
Retirement	520,292
Social security	265,708
Transportation subsidy	2,023

Total state subsidies receivable	<u>1,748,357</u>
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Other governmental units

Grants	16,812
Real estate transfer tax	87,688
Tuition	3,777
Other	258

Total other governmental units	<u>108,535</u>
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Total Intergovernmental Receivables	<u>\$ 3,591,225</u>
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Proprietary Funds

Federal subsidies receivable	\$ 15,925
State subsidies receivable	2,291

Total Intergovernmental Receivables	<u>\$ 18,216</u>
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BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

C. Interfund receivables, payables, and transfers

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

	Interfund Receivable	Interfund Payable
General Fund	\$	\$ 682,705
Other governmental funds	979,596	303,977
Internal Service Fund	7,086	
	<u>\$ 986,682</u>	<u>\$ 986,682</u>

Of the \$979,596 other governmental funds interfund receivable, \$700,869 is considered long term and is not expected to be paid within the next year.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." The \$675,620 amount between the General Fund and other governmental funds is an interfund borrowing between the General Fund and the Gilbertsville/Washington/JHW Fund for an energy savings contract, of which \$549,125 is considered long-term. The other governmental funds payable represents a multi-year loan of \$303,977 between the Gilbertsville/Washington/JHW Fund and the Technology reserve fund, of which \$151,744 is considered long-term.

Interfund transfers are summarized as follows:

	Transfers In	Transfers Out
General Fund	\$ 1,932,594	\$ 2,850,000
Debt Service Fund		1,850,000
Other governmental funds	2,850,000	
Food Service Fund		82,594
	<u>\$ 4,782,594</u>	<u>\$ 4,782,594</u>

The District typically transfers budgeted dollar amounts from the General Fund to the Capital Projects Fund and Technology Reserve Fund to assist the Capital Projects Fund in providing for the various repairs, maintenance, or purchase of buildings and equipment and assist the Technology Reserve Fund for purchasing technology for the District. The Food Service fund transfers money to pay for its share of utility costs and rent.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

D. Capital assets

The net book value of each capital asset category for Governmental Activities is as follows:

	Cost	Accumulated Depreciation	Net Book Value
Capital assets not being depreciated			
Land	\$ 609,177	\$	\$ 609,177
Construction in progress	299,907		299,907
Capital assets being depreciated			
Site improvements	4,768,425	(3,134,129)	1,634,296
Buildings and improvements	95,493,432	(44,169,822)	51,323,610
Furniture and equipment	10,985,026	(8,446,810)	2,538,216
	<u>\$ 112,155,967</u>	<u>\$ (55,750,761)</u>	<u>\$ 56,405,206</u>

A summary of changes in capital assets is as follows:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
<u>Governmental Activities:</u>				
Capital assets not being depreciated				
Land	\$ 609,177	\$	\$	\$ 609,177
Construction in progress	360,693	299,907	360,693	299,907
Total Capital assets not being depreciated	<u>969,870</u>	<u>299,907</u>	<u>360,693</u>	<u>909,084</u>
Capital assets being depreciated				
Site improvements	4,768,425			4,768,425
Buildings and improvements	94,570,685	922,747		95,493,432
Furniture and equipment	10,597,394	572,116	184,484	10,985,026
Total capital assets being depreciated at historical cost	<u>109,936,504</u>	<u>1,494,863</u>	<u>184,484</u>	<u>111,246,883</u>
Less accumulated depreciation for				
Site improvements	(2,978,628)	(155,501)		(3,134,129)
Buildings and improvements	(41,838,330)	(2,331,492)		(44,169,822)
Furniture & Equipment	(7,915,509)	(712,041)	(180,740)	(8,446,810)
Total accumulated depreciation	<u>(52,732,467)</u>	<u>(3,199,034)</u>	<u>(180,740)</u>	<u>(55,750,761)</u>
Total capital assets being depreciated, net	<u>57,204,037</u>	<u>(1,704,171)</u>	<u>3,744</u>	<u>55,496,122</u>
Governmental Activities capital assets, net	<u>58,173,907</u>	<u>(1,404,264)</u>	<u>364,437</u>	<u>56,405,206</u>
<u>Business-type Activities:</u>				
Capital assets being depreciated				
Furniture and equipment	1,690,698	30,463		1,721,161
Less accumulated depreciation	(1,576,725)	(63,780)		(1,640,505)
Business-type activities capital assets, net	<u>113,973</u>	<u>(33,317)</u>	<u>-</u>	<u>80,656</u>
Total for Reporting Entity	<u>\$ 58,287,880</u>	<u>\$ (1,437,581)</u>	<u>\$ 364,437</u>	<u>\$ 56,485,862</u>

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

D. Capital assets, continued

Depreciation expense was charged to governmental functions as follows:

Instruction		
Regular programs	\$	1,514,292
Special programs		494,647
Vocational		66,349
Other instructional programs		13,190
Adult education programs		559
Support Services		
Pupil personnel services		94,689
Instructional staff services		159,414
Administration services		213,776
Pupil health		33,106
Business services		41,435
Operation and maintenance of plant services		265,479
Pupil transportation services		216,226
Central services		43,443
Student activities		42,429
		<hr/>
Total Depreciation charged as direct expense	\$	<u>3,199,034</u>

E. Long-term debt

Bonds and notes payable at June 30, 2011, consisted of:

General Obligation Bond, Series of 2005, principal amount \$24,325,000, due in annual installments ranging from \$955,000 to \$1,515,000, maturing October 2025, bearing interest from 2.5% to 5%	\$18,175,000
General Obligation Note, Series of 2005, principal amount \$6,400,000, due in annual installments ranging from \$5,000 to \$725,000, maturing February 2026, bearing a variable interest rate	6,370,000
General Obligation Bond, Series of 2006, principal amount \$9,405,000, due in annual installments ranging from \$585,000 to \$1,250,000, maturing March 2015, bearing interest from 3% to 4%	1,620,000
General Obligation Bond, Series of 2009, principal amount \$18,545,000, due in annual installments ranging from \$1,700,000 to \$2,715,000, maturing February 2017, bearing interest from 2% to 5%	<u>14,110,000</u>
	<u>\$ 40,275,000</u>

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

E. Long-term debt, continued

All of the District's debt was issued to provide funds for the acquisition and/or construction of major capital facilities.

The following is a summary of governmental long-term liability activity of the District for the year ended June 30, 2011:

Type	Principal Outstanding July 1, 2010	Additions	Repayments	Principal Outstanding June 30, 2011	Due within One Year
General Obligation Bond - 2005	\$ 19,275,000	\$	\$ 1,100,000	\$ 18,175,000	\$ 1,150,000
General Obligation Note - 2005	6,375,000		5,000	6,370,000	5,000
General Obligation Bond - 2006	5,810,000		4,190,000	1,620,000	380,000
General Obligation Bond - 2009	16,285,000		2,175,000	14,110,000	2,270,000
	47,745,000	-	7,470,000	40,275,000	3,805,000
Net bond discount / premium	1,862,544		208,146	1,654,398	208,146
	49,607,544	-	7,678,146	41,929,398	4,013,146
Capital Leases	98,704		98,704	-	-
	49,706,248	-	7,776,850	41,929,398	4,013,146
Compensated Absences (Note II.J)	157,759	38,166	48,127	147,798	7,390
Post-employment Benefits (Note II.K)	1,257,248	1,789,645	1,174,058	1,872,835	
Total	<u>\$ 51,121,255</u>	<u>\$ 1,827,811</u>	<u>\$ 8,999,035</u>	<u>\$ 43,950,031</u>	<u>\$ 4,020,536</u>

Interest expense was \$2,391,635 for the year ending June 30, 2011.

The General Fund pays long-term debt, compensated absences and post-employment benefits.

Debt Service Requirements

A summary of long-term debt service requirements to maturity, including principal and interest for Bonds and Notes, is as follows:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 3,805,000	\$ 1,718,255	\$ 5,523,255
2013	3,970,000	1,545,478	5,515,478
2014	4,135,000	1,404,619	5,539,619
2015	4,340,000	1,201,691	5,541,691
2016	4,100,000	995,306	5,095,306
2017-2021	9,730,000	3,019,276	12,749,276
2021-2026	10,195,000	1,101,130	11,296,130
	<u>\$ 40,275,000</u>	<u>\$ 10,985,755</u>	<u>\$ 51,260,755</u>

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

E. Long-term debt, continued

Interest rate swap

Objective: As a means to lower its borrowing costs, the District's strategy is to have a mixture of fixed and variable rate debt to take advantage of market fluctuations. Because variable rates have been at 25 year lows, the District decided to synthetically create variable rate debt by entering into a derivative.

Terms: In March 2005, the District entered into a pay variable, receive fixed interest rate swap for the General Obligation Bonds Series 2005. The notional value of the swap is \$4,915,000. Under the terms of the swap, entered into in 2005 and scheduled to end in October 2014, the District pays a variable rate equivalent to the Bond Market Association Municipal Swap Index (BMA), which was .09% at June 30, 2011, and receives fixed rate payments at 3.46%. The variable rate on the swap has an interest rate cap of 25%. The swap is structured such that the notional amount and payment dates will match the amortization and payment dates of the General Obligation Bonds Series 2005. As of June 30, 2011, the swap created a synthetic variable rate bond as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Variable payment to counterparty	BMA	.09%
Fixed payment from counterparty	Fixed	<u>(3.46%)</u>
Net interest rate swap payments		(3.37%)
Fixed rate bond coupon payment	Fixed	<u>3.0%</u>
Synthetic variable interest rate on bonds		<u>(.37%)</u>

Fair value: As of June 30, 2011 the swap had a fair value of \$281,483 calculated by Public Financial Management, Inc. using proprietary models based upon well recognized financial principles and reasonable estimates about relevant future market conditions.

Credit risk: The swap's fair value represented the District's credit exposure to the counterparty as of June 30, 2011. Should the counterparty to this transaction fail to perform according to the terms of the swap contract, the District faced a maximum possible loss equivalent to the swap's \$281,483 fair value. As of June 30, 2011 the counterparty was rated Aa2 by Moody's Investors Service and AA by Standard & Poor's and AA- by Fitch Ratings. To mitigate credit risk, if the counterparty's credit quality falls below A3/A-, the fair value of the swap can be fully collateralized by the counterparty.

Interest rate risk: The swap increases the District's exposure to variable interest rates. As BMA increases, the District's net payment on the swap increases.

Termination risk: The District or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap has a negative fair value, the District would be liable to the counterparty for that payment.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

E. Long-term debt, continued

Interest rate swap, continued

Swap payments and associated debt: Using the interest rates as of June 30, 2011, principal and interest requirements of the debt and net swap payments for the term of the swap and the debt are as follows. As rates vary, net swap payments will vary.

Fiscal year ending June 30,	Fixed Rate Bonds		Interest rate swaps, net	Total
	Principal	Interest		
2012	\$ 1,150,000	\$ 854,813	\$ (165,636)	\$ 1,839,177
2013	1,195,000	809,350	(126,881)	1,877,469
2014	1,255,000	754,075	(86,609)	1,922,466
2015	1,315,000	689,825	(44,316)	1,960,509
2016	1,015,000	631,575		1,646,575
2017-2021	5,380,000	2,383,725		7,763,725
2022-2026	6,865,000	891,075		7,756,075
	<u>\$ 18,175,000</u>	<u>\$ 7,014,438</u>	<u>\$ (423,442)</u>	<u>\$ 24,765,996</u>

F. Deferred revenue

General Fund

Real estate taxes collected within 60 days of the close of the fiscal year are recorded as current revenues. The noncurrent portion of real estate taxes receivable is recorded as deferred revenue until such time as it becomes available. Program grants received prior to the incurrence of qualifying expenditures are recorded as deferred revenue.

At June 30, 2010, deferred revenue consisted of delinquent taxes receivable of \$2,949,707.

Also included in deferred revenue is \$61,023. This amount represents funds received to be used for future expenditures.

Food Service Fund

Deferred revenue of \$58,954 in the Food Service Fund represents a carryover of student deposits and the unused donated commodities inventory as of June 30, 2011.

G. Fund Balance Commitment

The School Board has established a Stabilization Arrangement reflected as committed for future projected Public School Employees' Retirement System (PSERS) rate increases. The current balance is \$3,200,000 and the School Board will increase the commitment over the next two fiscal years to an estimated \$6,000,000. The District will begin funding the projected PSERS rate increase for the fiscal years June 30, 2014, 2015 and 2016 by \$1,000,000, \$2,000,000 and \$3,000,000 each year respectively.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

H. Joint venture

The District is a participating member of the Berks Career and Technology Center. A joint board consisting of school directors from each member district runs the Center. The board of directors of each member district must approve the Center's annual operating budget. Each member pays a private share of the operating costs of the Center based on the number of students from each district. For the fiscal year ended June 30, 2011, the Boyertown Area School District's share was \$1,651,389. The Center prepares financial statements, which are available to the public, and may be obtained at the Center's administrative office.

In 1998, the Berks County Vocational Technical School Authority (Authority) issued its Lease Revenue Bonds (Berks Career and Technology Center Project) Series of 1998. The proceeds were to be used to finance renovations and improvements to the Vo-Tech School's East and West Campuses, the acquisition of certain machinery and equipment for educational instruction, funding of a Debt Service Reserve Fund, funding of capitalized interest and payment of the costs of issuing the bonds.

To secure payment of principal and interest on the bonds, the Authority entered into a lease and sublease with the Vo-Tech School. Bond counsel to the Vo-Tech School has determined the obligation does not constitute "debt" or "lease rental debt" of the District as defined in the Local Governmental Unit Debt Act of the Commonwealth of Pennsylvania. However, each participating member is obligated to pay its proportionate share of the rental payments of the Vo-Tech School to the Authority under the sublease. The District's proportionate share for the year ended June 30, 2011, was \$393,349. Future rentals payable under the sublease shall be allocated among the participating members based on the proportion, which the market valuation of each participating member bears to the total market valuation of all participating members. The Authority prepares financial statements, which are available to the public, and may be obtained at the Center's administrative office.

I. Pensions

Plan description

Name of plan: The Public School Employees' Retirement System (the System).

Type of plan: Governmental cost-sharing multiple-employer defined benefit plan.

Benefits: Retirement and disability, legislatively mandated *ad hoc* cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants.

Authority: The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C. S. 8101-8535).

Annual Financial Report: The System issues a *Comprehensive Annual Financial Report* (CAFR) that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Diane J. Wert, Office of Financial Management, Public School Employees' Retirement System, PO Box 125, Harrisburg, PA 17108-0125. The CAFR is also available on the Publications page of the PSERS website.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

I. Pensions, continued

Funding Policy

Authority: The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth.

Contribution rates:

Member Contributions: Active members who joined the System prior to July 22, 1983 contribute at 5.25 percent (Membership Class T-C) or at 6.5 percent (Membership Class T-D) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C) or at 7.5 percent (Membership Class T-D) of the member's qualifying compensation. Members who joined the System after June 30, 2001, contribute at 7.5 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Employer Contributions: Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2011, the rate of employer's contribution was 5.64 percent of covered payroll. The 5.64 percent rate is composed of a pension contribution rate of 5.00 percent for pension benefits and .64 percent for healthcare insurance premium assistance.

The District's contributions to PSERS for the years ending June 30, 2011, 2010, and 2009, were \$2,713,793, \$2,214,917, and \$2,117,327, respectively, equal to the required contributions for each year.

J. Compensated absences

In accordance with board policy, certain groups of employees are eligible to receive their sick days as compensation when they retire provided they have at least five years of service with the District. Directors and principals are eligible to receive \$55 per day up to 150 days of unused sick leave and the central administrators are eligible to receive \$60 per day up to 150 days of unused sick leave. It is the District's policy to pay unexpended vacation days at an employee's per diem rate when they resign or retire. Central administrators, directors and principals are allowed to carry over up to ten unexpended vacation days to the next fiscal year. Supervisors and classified employees are eligible to carry over up to five unexpended vacation days to the next fiscal year. Compensated absences of \$147,798 have been recognized. The General Fund, in prior years, liquidated the liability for compensated absences.

K. Other post-employment benefits

In the fiscal year ending June 30, 2009, the District implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for postemployment health care and retirement benefits provided by the District. The requirements of this Statement were implemented prospectively, with the actuarially accrued liability for benefits at June 30, 2009, date of transition, amortized over 10 years.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

K. Other post-employment benefits, continued

Plan Description: The District makes available certain health care benefits for retired public employees. The District pays one full year of medical insurance for each ten years of service to the District for central administrators. The District will pay 25 percent of medical premiums for three years for directors and principals with five to nine consecutive years of service to the District. The District will pay 40 percent of medical premiums for three years for directors and principals with ten or more years of service to the District. All other retired employees pay the entire cost of the benefits. The District also pays certain life insurance premiums for retired directors and principals. The District pays one full year of life insurance premiums for principals with five to nine consecutive years of service to the District, and three years for directors and principals with ten or more years of service. The district subsidizes the premium rates paid by retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. In addition to providing the health care benefit, employees of the District, who are eligible to retire as defined by PSERS, will be entitled to remuneration for each year of service to the District upon 60 days notice of retiring. This benefit is provided by the compensation policies for each class of employees which is adopted by the Board of School Directors. Classified employees receive \$200 per year up to 30 years of service. Directors, principals, central office administration staff, professional staff and supportive supervisory employees receive \$275 per year up to 30 years. The plan is a single-employer defined benefit plan. Separate financial statements are not issued for the plan.

Funding Policy: The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2010-11 fiscal year, there were 96 retired participants. Retiree contributions are based on weighted averages for the medical premiums, increasing at the same rate as the health care cost trend rate. The District's pay-as-you-go cost, including implicit rate subsidy of \$1,174,058 has been applied toward the annual OPEB cost.

Annual OPEB Cost and Net OPEB Obligation: 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, 2011, was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Beginning Balance, 7/1/2010	\$ 1,636,924	59%	\$ 1,257,248
Year ending 6/30/2011	1,789,645	66%	1,872,835

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

K. Other post-employment benefits, continued

The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

<u>Description</u>	
Normal cost (service cost for one year)	\$ 618,446
Interest on Normal Cost	-
Amortization of Unfunded Actuarial Accrued Liability	<u>1,269,955</u>
Annual Required Contribution (ARC)	1,888,401
Interest on net OPEB Obligation	50,290
Adjustment to Annual Required Contribution	<u>(149,046)</u>
Annual OPEB Cost (expense)	1,789,645
Contributions toward the OPEB Cost	<u>(1,174,058)</u>
Increase in Net OPEB Obligation (Asset)	615,587
Net OPEB Obligation, Beginning of Year	<u>1,257,248</u>
Net OPEB Obligation (Asset), End of Year	<u><u>\$ 1,872,835</u></u>

Funded Status and Funding Progress: As of June 30, 2011, the date of the latest actuarial valuation, the actuarial accrued liability for benefits was \$10,712,449, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$10,712,449. The covered payroll (annual payroll of active participating employees) was \$43,644,123, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 24.54 percent.

Actuarial Methods and Assumptions: 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 and termination, mortality, and the healthcare cost trends. 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. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. 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.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The District's OPEB actuarial valuation as of July 1, 2010, used the entry age normal actuarial cost method and a discount rate of 4.00% to estimate both the unfunded liability as of June 30, 2011 and to estimate the District's 2010-11 fiscal year annual required contribution. This method was selected because it produced the best estimate of the OPEB liability and annual cost. The actuarial assumptions include a 0% population growth. The actuarial assumptions also include an annual health care cost trend rate of 9.0% for the 2009-10 fiscal year, reduced by 1% per year to an ultimate rate of 5% in 2014. The unfunded actuarial liability is being amortized as a level dollar over a weighted average of the average future service of active employees for similar plans over 10 years. The remaining amortization period at June 30, 2011 is 7 years.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2011

II. DETAILED NOTES ON ALL FUNDS, continued

L. Commitments and 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.

The District is the defendant in several lawsuits arising in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements, and, accordingly, no provision for losses has been recorded.

The District has various commitments under long-term construction contracts totaling approximately \$1,484,734 as of June 30, 2011.

M. Risk Management

The District is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. It is the policy of the District to purchase commercial insurance for the risks of loss to which it is exposed, including general liability and workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Medical and prescription coverage and dental coverage are provided on a self-insured basis. The District contracted with insurance administrators to administer these self-insurance programs, including the processing, investigating, and payment of claims. The District entered into a stop-loss agreement with an insurance company to provide excess coverage of claim amounts for individual members exceeding \$150,000, up to a lifetime maximum of \$1,000,000. The District reports its self-insurance for dental in the General Fund, and medical and prescription in the Internal Service fund. Amounts are transferred from the General Fund to the Internal Service Fund to provide sufficient resources to cover claims incurred, to pay for the purchase of excess insurance, and to pay the insurance service agent's administrative fee.

A liability in the amount of \$370,573 was recorded to cover outstanding claims and estimated incurred but not reported claims payable for medical and prescription. A liability of \$50,677 was recorded to cover outstanding claims for dental. No other costs associated with the District's insurance program have been considered in determining the insurance claims payable. The District estimated the liability based on historical experience.

The following schedules represent the changes in claims liability for the last fiscal year for the District's Self-Insurance Programs:

<u>Self-Insurance</u>	<u>Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Charges</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
Health and Prescription	2010-2011	\$ -	\$ 5,442,757	\$ 5,072,184	\$ 370,573
Dental	2010-2011	\$ -	\$ 617,716	\$ 567,039	\$ 50,677

Required Supplementary Information
other than MD&A

BOYERTOWN AREA SCHOOL DISTRICT

**SCHEDULE OF FUNDING PROGRESS FOR THE
POSTEMPLOYMENT 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)
7/1/2010	\$ 0	\$ 10,712,449	\$ 10,712,449	0%	\$ 43,644,123	24.54%
7/1/2008	\$ 0	\$ 9,908,173	\$ 9,908,173	0%	\$ 44,366,441	22.33%

BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Local sources				
Real estate taxes	\$ 47,937,843	\$ 47,937,843	\$ 47,082,240	\$ (855,603)
Other taxes	8,281,800	8,281,800	9,034,414	752,614
Earnings on investments	600,000	600,000	367,502	(232,498)
Revenue from intermediate sources	2,547,106	2,002,816	1,763,347	(239,469)
Rentals	153,415	153,415	143,474	(9,941)
Tuition	234,000	234,000	67,824	(166,176)
Revenue from student activities	-	-	115,091	115,091
Other revenue	288,850	302,850	302,459	(391)
State sources	28,856,185	26,180,990	26,503,555	322,565
Federal sources	1,126,376	3,878,888	4,079,728	200,840
Total revenues	90,025,575	89,572,602	89,459,634	(112,968)
Expenditures				
Current				
Instruction				
Regular programs	38,063,553	38,272,176	37,699,118	573,058
Special programs	12,274,922	11,603,473	12,352,914	(749,441)
Vocational programs	1,661,781	1,661,781	1,651,389	10,392
Other instructional programs	548,690	543,890	329,492	214,398
Adult education programs	14,252	14,252	13,911	341
Support services				
Pupil personnel services	2,504,103	2,521,658	2,356,767	164,891
Instructional staff services	4,536,020	4,504,447	3,967,719	536,728
Administration services	5,541,784	5,553,759	5,320,755	233,004
Pupil health	906,122	906,397	823,986	82,411
Business services	1,035,300	1,065,300	1,031,306	33,994
Operation and maintenance of plant services	7,498,694	7,498,694	6,607,625	891,069
Pupil transportation	5,455,818	5,457,544	5,381,740	75,804
Central services	1,213,342	1,225,816	1,081,265	144,551
Other support services	95,000	95,000	95,370	(370)
Non-instructional				
Student activities	1,100,497	1,101,897	1,157,142	(55,245)
Community services	30,518	29,764	39,963	(10,199)
Debt service				
Interest	2,408,400	2,410,980	2,425,844	(14,864)
Principal	4,236,779	4,236,779	4,512,086	(275,307)
Total expenditures	89,125,575	88,703,607	86,848,392	1,855,215
Excess of revenues over expenditures	900,000	868,995	2,611,242	1,742,247
Other financing sources (uses)				
Transfers in	350,000	350,000	1,932,594	1,582,594
Transfers (out)	(1,000,000)	(1,000,000)	(2,850,000)	(1,850,000)
Budgetary reserve	(250,000)	(218,995)		218,995
Total other financing sources (uses)	(900,000)	(868,995)	(917,406)	(48,411)
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	1,693,836	1,693,836
Fund balance, beginning	7,979,536	7,979,536	7,979,536	-
Fund balance, ending	\$ 7,979,536	\$ 7,979,536	\$ 9,673,372	\$ 1,693,836

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – BUDGET COMPARISON***June 30, 2011***I. BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

On or before the first of February of each year, all school principals submit requests for appropriations to the District's Business Manager so that the General Fund budget may be prepared. The budget is prepared by function and major object level and is based on the modified accrual basis of accounting. Before May 30, the proposed budget is presented to the School Board for review. The School Board holds public hearings and may add to, subtract from, or change appropriations. Upon approval, the approved budget is submitted to the Pennsylvania Department of Education.

Legal budgetary control is maintained at the sub function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular line of expenditure by legislative action in accordance with the PA school code. Management may amend the budget at the sub function/ sub object level without board approval. During the year, the School Board authorized several budgetary transfers.

Encumbrance accounting is employed in the General Fund. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are expensed.

II. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the following areas of the General Fund:

<u>Function/program</u>	<u>Amount</u>
Special programs	\$ 749,441
Other support services	370
Student activities	55,245
Community Services	10,199
Debt Service interest	14,864
Debt Service principal	275,307

These over expenditures were funded by available fund balance in the General Fund.

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Supplementary Information

Nonmajor Governmental Funds

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Projects Fund – This fund was established to provide funds for certain capital projects, which consist of the acquisition, improvements, and additions to District buildings and facilities.

Technology Reserve Fund – This was established to provide funds for acquiring computer equipment and network infrastructure to keep the District up to date with technology.

Gilbertsville, Washington, Junior High West, and Senior High Renovation Fund – This fund was established to provide funds for certain capital projects, which consist of the acquisition, improvements, additions, extraordinary maintenance and repair of public school buildings and facilities of the District, and paying bond issue and financial costs, specifically for renovations and additions to the Gilbertsville and Washington Elementary Schools, Junior High West and the first floor of the Senior High.

BOYERTOWN AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Capital Project Funds			
	Capital Projects Fund	Technology Reserve Fund	Gilbertsville, Washington, JHW, and Senior High Renovation Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,615,027	\$ 713,302	\$ 2,162,720	\$ 4,491,049
Investments			863,767	863,767
Due from other funds			979,596	979,596
Other receivables	27,833	187		28,020
Prepaid items		444		444
Total assets	\$ 1,642,860	\$ 713,933	\$ 4,006,083	\$ 6,362,876
Liabilities and fund balances				
Liabilities				
Due to other funds	\$ 256,569	\$ 303,977	\$	\$ 303,977
Accounts payable		288,169		544,738
Total liabilities	256,569	592,146	-	848,715
Fund balance				
Nonspendable:				
Prepaid items		444		444
Restricted:				
Interfund advances			700,869	700,869
Assigned:				
Capital Projects	1,386,291	121,343	3,305,214	4,812,848
Total fund balance	1,386,291	121,787	4,006,083	5,514,161
Total liabilities and fund balance	\$ 1,642,860	\$ 713,933	\$ 4,006,083	\$ 6,362,876

BOYERTOWN AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2011

	Capital Project Funds			
	Capital Projects Fund	Technology Reserve Fund	Gilbertsville, Washington, JHW, and Senior High Renovation Fund	Total Nonmajor Governmental Funds
Revenues				
Local sources				
Earnings on investments	\$ 1,041	\$ 1,699	\$ 58,666	\$ 61,406
Other revenue	27,833			27,833
Total revenues	28,874	1,699	58,666	89,239
Expenditures				
Current				
Instruction		1,050,744		1,050,744
Support services		75,091	20	75,111
Capital outlay				
Facilities, acquisition, construction, and improvement	885,989			885,989
Debt service				
Interest		4,978		4,978
Principal		1,618	270,000	271,618
Total expenditures	885,989	1,132,431	270,020	2,288,440
Excess (deficiency) of revenues over (under) expenditures	(857,115)	(1,130,732)	(211,354)	(2,199,201)
Other financing sources (uses)				
Transfers in	1,850,000	1,000,000		2,850,000
Total other financing sources (uses)	1,850,000	1,000,000	-	2,850,000
Net change in fund balance				
Fund balance, beginning	992,885	(130,732)	(211,354)	650,799
	393,406	252,519	4,217,437	4,863,362
Fund balance, ending	\$ 1,386,291	\$ 121,787	\$ 4,006,083	\$ 5,514,161

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Agency Funds

Student activity funds

Accounts for the assets held as an agent for the various student activities.

Earned Income Tax Fund

Accounts for the activities of the Boyertown Earned Income Tax Office, a blended component unit. The EIT office operates the collection of earned income taxes and occupational privilege tax levied by the District and surrounding municipalities.

BOYERTOWN AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
June 30, 2011

	Student Activity Fund	Earned Income Tax Fund	Total
Assets			
Cash and cash equivalents	\$ 632,051	\$ 707,578	\$ 1,339,629
Investments	1,000		1,000
Total assets	<u>\$ 633,051</u>	<u>\$ 707,578</u>	<u>\$ 1,340,629</u>
Liabilities			
Due to other governments	\$	\$ 707,578	\$ 707,578
Due to student organizations	633,051		633,051
Total liabilities	<u>\$ 633,051</u>	<u>\$ 707,578</u>	<u>\$ 1,340,629</u>

BOYERTOWN AREA SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the year ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Student Activity Fund				
Assets				
Cash and cash equivalents	\$ 453,182	\$ 1,457,332	\$ 1,278,463	\$ 632,051
Investments	1,000			1,000
Total Assets	<u>\$ 454,182</u>	<u>\$ 1,457,332</u>	<u>\$ 1,278,463</u>	<u>\$ 633,051</u>
Liabilities				
Due to student organizations	<u>\$ 454,182</u>	<u>\$ 1,457,332</u>	<u>\$ 1,278,463</u>	<u>\$ 633,051</u>
 Earned Income Tax Fund				
Assets				
Cash and cash equivalents	<u>\$ 617,454</u>	<u>\$ 14,349,216</u>	<u>\$ 14,259,092</u>	<u>\$ 707,578</u>
Liabilities				
Due to other governments	<u>\$ 617,454</u>	<u>\$ 14,349,216</u>	<u>\$ 14,259,092</u>	<u>\$ 707,578</u>
 Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,070,636	\$ 15,806,548	\$ 15,537,555	\$ 1,339,629
Investments	1,000	-	-	1,000
Total Assets	<u>\$ 1,071,636</u>	<u>\$ 15,806,548</u>	<u>\$ 15,537,555</u>	<u>\$ 1,340,629</u>
Liabilities				
Due to student organizations	\$ 454,182	\$ 1,457,332	\$ 1,278,463	\$ 633,051
Due to other governments	617,454	14,349,216	14,259,092	707,578
Total Liabilities	<u>\$ 1,071,636</u>	<u>\$ 15,806,548</u>	<u>\$ 15,537,555</u>	<u>\$ 1,340,629</u>

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Private-Purpose Trust Fund

Scholarship Funds

The Private-purpose Trust Fund is used to account for the resources of the various scholarships, whose sole purpose is to provide annual scholarships to particular students as prescribed by donor stipulations.

BOYERTOWN AREA SCHOOL DISTRICT
COMBINING SCHEDULE OF PRIVATE-PURPOSE
TRUST FUND SUBFUNDS
June 30, 2011

	Fries Scholarship Fund	Grabert Scholarship Fund	Gernerdt Scholarship Fund	High Scholarship Fund	Gulack Scholarship Fund	Leidy-Rhodes Scholarship Fund	Danner Scholarship Fund	Youngerman Scholarship Fund
Assets								
Cash and cash equivalents	\$ 1,259	\$ 4,377	\$ 3,856	\$ 599	\$ 9,941	\$ 3,205	\$ 248	\$ 872
Investments								
Receivables								
Total assets	<u>\$ 1,259</u>	<u>\$ 4,377</u>	<u>\$ 3,856</u>	<u>\$ 599</u>	<u>\$ 9,941</u>	<u>\$ 3,205</u>	<u>\$ 248</u>	<u>\$ 872</u>
Net assets								
Reserved for scholarships	<u>\$ 1,259</u>	<u>\$ 4,377</u>	<u>\$ 3,856</u>	<u>\$ 599</u>	<u>\$ 9,941</u>	<u>\$ 3,205</u>	<u>\$ 248</u>	<u>\$ 872</u>
Revenues								
Investment earnings:								
Interest income	\$ 2	\$ 8	\$ 8	\$ 1	\$ 24		\$ 1	\$ 1
Net increase in the fair value of investments								
Total investment earnings	2	8	8	1	24	-	1	1
Local contributions					6,450	6,329	73	
Total revenues	2	8	8	1	6,474	6,329	74	1
Expenses	100	200	115	25	7,189	5,323	120	100
Change in net assets	(98)	(192)	(107)	(24)	(715)	1,006	(46)	(99)
Net Assets, beginning	1,357	4,569	3,963	623	10,656	2,199	294	971
Net Assets, ending	<u>\$ 1,259</u>	<u>\$ 4,377</u>	<u>\$ 3,856</u>	<u>\$ 599</u>	<u>\$ 9,941</u>	<u>\$ 3,205</u>	<u>\$ 248</u>	<u>\$ 872</u>

Sell Scholarship Fund	Dream Chasers Scholarship Fund	Class of 2036 Scholarship Fund	Rettew Scholarship Fund	Kauffman Memorial Fund	Gehris Family Scholarship Fund	Stengel Scholarship Fund	Margaret Howey Scholarship Fund	Kehe Scholarship Fund	Acker Memorial Fund	Total
\$ 2,631	\$ 4,143	\$ 1,648	\$ 1,811	\$ 3,601	\$ 2,544 13,261 700	\$ 2,860	\$ 387	\$ 5,324	\$ -	\$ 49,306 13,261 700
<u>\$ 2,631</u>	<u>\$ 4,143</u>	<u>\$ 1,648</u>	<u>\$ 1,811</u>	<u>\$ 3,601</u>	<u>\$ 16,505</u>	<u>\$ 2,860</u>	<u>\$ 387</u>	<u>\$ 5,324</u>	<u>\$ -</u>	<u>\$ 63,267</u>
<u>\$ 2,631</u>	<u>\$ 4,143</u>	<u>\$ 1,648</u>	<u>\$ 1,811</u>	<u>\$ 3,601</u>	<u>\$ 16,505</u>	<u>\$ 2,860</u>	<u>\$ 387</u>	<u>\$ 5,324</u>	<u>\$ -</u>	<u>\$ 63,267</u>

\$	\$ 8	\$ 3	\$ 5	\$ 6	\$ 74 3,210	\$ 6	\$ 1	\$ 10	\$ 1	\$ 159 3,210
-	8	3	5	6	3,284	6	1	10	1	3,369
				1,000			500	1,333		15,685
-	8	3	5	1,006	3,284	6	501	1,343	1	19,054
			1,000	500		200	300	500	2,811	18,483
-	8	3	(995)	506	3,284	(194)	201	843	(2,810)	571
2,631	4,135	1,645	2,806	3,095	13,221	3,054	186	4,481	2,810	62,696
<u>\$ 2,631</u>	<u>\$ 4,143</u>	<u>\$ 1,648</u>	<u>\$ 1,811</u>	<u>\$ 3,601</u>	<u>\$ 16,505</u>	<u>\$ 2,860</u>	<u>\$ 387</u>	<u>\$ 5,324</u>	<u>\$ -</u>	<u>\$ 63,267</u>

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STATISTICAL SECTION

This part of the Boyertown Area School District's comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating information

These schedules contain service and miscellaneous data to help the reader understand how the information in the District's financial report relates to the service the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The district implemented GASB Statement 34 for fiscal year ending June 30, 2002; schedules presenting government-wide information include information are presented beginning in that year.

BOYERTOWN AREA SCHOOL DISTRICT
NET ASSETS BY COMPONENTS
Last ten fiscal years ending June 30,
(accrual basis of accounting)
Unaudited

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities				
Invested in capital, net of related debt	\$ 17,502,296	\$ 11,633,324	\$ 8,114,377	\$ 5,991,557
Restricted	6,499,596	10,170,644	7,921,355	6,313,702
Unrestricted	<u>13,457,314</u>	<u>11,271,132</u>	<u>13,050,558</u>	<u>11,578,652</u>
Total governmental activities net assets	<u>\$ 37,459,206</u>	<u>\$ 33,075,100</u>	<u>\$ 29,086,290</u>	<u>\$ 23,883,911</u>
Business-type activities				
Invested in capital, net of related debt	\$ 80,656	\$ 113,973	\$ 189,508	\$ 274,487
Unrestricted	<u>227,915</u>	<u>163,233</u>	<u>112,147</u>	<u>77,897</u>
Total business-type activities net assets	<u>\$ 308,571</u>	<u>\$ 277,206</u>	<u>\$ 301,655</u>	<u>\$ 352,384</u>
Primary government				
Invested in capital, net of related debt	\$ 17,582,952	\$ 11,747,297	\$ 8,303,885	\$ 6,266,044
Restricted	6,499,596	10,170,644	7,921,355	6,313,702
Unrestricted	<u>13,685,229</u>	<u>11,434,365</u>	<u>13,162,705</u>	<u>11,656,549</u>
Total primary government net assets	<u>\$ 37,767,777</u>	<u>\$ 33,352,306</u>	<u>\$ 29,387,945</u>	<u>\$ 24,236,295</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 2,758,537	\$ 2,892,251	\$ (5,518,729)	\$ (20,984,777)	\$ (29,976,939)	\$ (31,351,849)
6,276,967	3,022,036	7,411,421	26,920,981	34,947,607	33,196,185
<u>11,062,853</u>	<u>9,278,533</u>	<u>5,750,175</u>	<u>5,306,492</u>	<u>4,212,083</u>	<u>4,497,399</u>
<u>\$ 20,098,357</u>	<u>\$ 15,192,820</u>	<u>\$ 7,642,867</u>	<u>\$ 11,242,696</u>	<u>\$ 9,182,751</u>	<u>\$ 6,341,735</u>
\$ 365,361	\$ 437,470	\$ 512,731	\$ 585,193	\$ 679,615	\$ 738,185
<u>178,054</u>	<u>304,219</u>	<u>391,637</u>	<u>394,335</u>	<u>500,992</u>	<u>438,012</u>
<u>\$ 543,415</u>	<u>\$ 741,689</u>	<u>\$ 904,368</u>	<u>\$ 979,528</u>	<u>\$ 1,180,607</u>	<u>\$ 1,176,197</u>
\$ 3,123,898	\$ 3,329,721	\$ (5,005,998)	\$ (20,399,584)	\$ (29,297,324)	\$ (30,613,664)
6,276,967	3,022,036	7,411,421	26,920,981	34,947,607	33,196,185
<u>11,240,907</u>	<u>9,582,752</u>	<u>6,141,812</u>	<u>5,700,827</u>	<u>4,713,075</u>	<u>4,935,411</u>
<u>\$ 20,641,772</u>	<u>\$ 15,934,509</u>	<u>\$ 8,547,235</u>	<u>\$ 12,222,224</u>	<u>\$ 10,363,358</u>	<u>\$ 7,517,932</u>

BOYERTOWN AREA SCHOOL DISTRICT**CHANGES IN NET ASSETS***Last ten fiscal years ending June 30,**(accrual basis of accounting)**Unaudited*

	2011	2010	2009	2008
Expenses				
Governmental activities				
Regular programs	\$ 40,506,289	\$ 38,086,627	\$ 36,203,802	\$ 34,953,881
Special programs	12,907,220	12,070,439	11,000,414	10,086,229
Vocational programs	1,717,738	1,706,563	1,683,735	1,630,334
Other instructional programs	344,863	437,921	577,003	588,690
Adult education programs	14,590	15,968	18,084	15,754
Pupil personnel services	2,474,486	2,438,742	2,400,563	2,333,730
Instructional staff services	4,124,145	4,401,461	4,268,060	4,071,887
Administration services	5,568,070	5,530,584	5,298,508	5,308,135
Pupil health	865,772	816,872	781,760	756,346
Business services	1,074,679	991,339	971,751	932,323
Operation and maintenance of plant services	6,890,644	6,900,033	6,736,001	6,809,750
Pupil transportation services	5,589,257	5,742,902	6,027,306	5,663,935
Central services	889,972	1,323,695	1,172,646	1,116,044
Other support services	95,370	91,410	90,175	76,369
Student activities	1,193,690	1,177,460	1,175,312	1,214,381
Community services	39,963	24,690	31,966	25,418
Interest on long-term debt	2,189,529	2,312,255	2,877,374	3,073,731
Total governmental activities expenses	86,486,277	84,068,961	81,314,460	78,656,937
Business-type activities				
Food service	2,664,526	2,748,204	2,712,086	2,634,058
Total primary government expenses	<u>\$ 89,150,803</u>	<u>\$ 86,817,165</u>	<u>\$ 84,026,546</u>	<u>\$ 81,290,995</u>
Program revenues				
Governmental activities				
Charges for services				
Regular programs	\$ 4,569	\$ 8,727	\$	\$
Special programs	33,460	59,664	146,834	150,769
Other instructional programs	18,494	30,095	16,078	7,406
Adult education programs	13,850	13,704	19,358	15,658
Administration services	102,438	125,295	111,521	101,155
Business services	22,526	20,241	39,539	19,944
Operation and maintenance of plant services	143,474	145,151	115,142	100,655
Student activities	115,091	103,669	115,544	127,288
Community services	11,676	9,754	4,411	4,409
Operating grants & contributions	15,811,426	14,654,002	13,975,394	13,469,985
Capital grants & contributions	-	-	-	-
Total governmental activities program revenues	16,277,004	15,170,302	14,543,821	13,997,269
Business-type activities				
Charges for service				
Food service	1,958,951	1,981,147	2,030,996	1,840,424
Operating grants & contributions	818,978	824,154	710,549	675,142
Total business-type activities program revenues	2,777,929	2,805,301	2,741,545	2,515,566
Total primary government program revenues	<u>\$ 19,054,933</u>	<u>\$ 17,975,603</u>	<u>\$ 17,285,366</u>	<u>\$ 16,512,835</u>
Net (Expense)/Revenue				
Governmental activities	\$ (70,209,273)	\$ (68,898,659)	\$ (66,770,639)	\$ (64,659,668)
Business-type activities	113,403	57,097	29,459	(118,492)
Total primary government net expense	<u>\$ (70,095,870)</u>	<u>\$ (68,841,562)</u>	<u>\$ (66,741,180)</u>	<u>\$ (64,778,160)</u>

2007	2006	2005	2004	2003	2002
\$ 33,299,462	\$ 30,874,793	\$ 29,482,309	\$ 27,378,598	\$ 27,141,370	\$ 26,384,151
9,243,819	8,266,660	8,115,249	6,726,666	5,411,984	4,538,388
1,608,743	1,586,091	1,522,502	1,497,030	1,440,747	1,376,843
1,056,137	1,133,691	1,136,986	1,205,993	309,227	251,472
13,606	11,655	11,166	11,330	14,900	13,095
2,254,540	2,343,767	2,180,588	2,129,378	2,279,209	2,394,862
3,624,804	3,288,862	2,539,365	2,484,623	1,968,113	2,249,552
4,920,763	4,439,403	4,333,167	3,846,707	3,706,853	3,788,851
697,079	626,536	628,071	642,910	461,964	464,172
915,444	867,583	819,813	809,654	619,108	648,319
6,750,708	6,441,800	6,133,561	6,139,793	6,938,177	5,996,095
6,780,105	4,828,458	4,465,677	3,793,130	3,252,523	2,878,539
832,597	897,289	710,019	633,227	288,542	2,799
75,806	73,292	70,386	70,181	73,374	77,832
1,154,320	1,085,669	1,093,942	1,045,801	1,031,867	965,761
34,906	22,976	35,643	30,123	71,643	38,805
3,267,864	3,265,914	3,200,725	2,903,001	2,847,207	3,803,403
76,530,703	70,054,439	66,479,169	61,348,145	57,856,808	55,872,939
2,562,167	2,483,752	2,362,930	2,333,741	1,997,646	1,957,660
<u>\$ 79,092,870</u>	<u>\$ 72,538,191</u>	<u>\$ 68,842,099</u>	<u>\$ 63,681,886</u>	<u>\$ 59,854,454</u>	<u>\$ 57,830,599</u>
\$ 1,881	\$ 61,164	\$ 19,309	\$	\$ 302,504	\$ 28,797
194,243	176,208	199,901	210,342		
17,501	27,842	16,937	31,827		12,705
12,426	11,469	8,243	8,179		12,587
99,166	83,430	93,959	92,752		78,929
23,520	17,149	14,359			
76,226	88,798	68,480	100,083	104,447	
148,847	144,236	134,331	120,385	99,503	83,095
3,791	2,469	4,014	5,151		
12,551,293	10,932,240	10,278,106	8,439,715	7,813,485	5,029,530
319,057	1,839,582	2,695,783	887,249	988,439	
13,447,951	13,384,587	13,533,422	9,895,683	9,308,378	5,245,643
1,803,675	1,731,929	1,814,236	1,705,380	1,569,724	1,501,202
630,054	650,837	540,319	497,579	425,999	426,295
2,433,729	2,382,766	2,354,555	2,202,959	1,995,723	1,927,497
<u>\$ 15,881,680</u>	<u>\$ 15,767,353</u>	<u>\$ 15,887,977</u>	<u>\$ 12,098,642</u>	<u>\$ 11,304,101</u>	<u>\$ 7,173,140</u>
\$ (63,082,752)	\$ (56,669,852)	\$ (52,945,747)	\$ (51,452,462)	\$ (48,548,430)	\$ (50,627,296)
(128,438)	(100,986)	(8,375)	(130,782)	(1,923)	(30,163)
<u>\$ (63,211,190)</u>	<u>\$ (56,770,838)</u>	<u>\$ (52,954,122)</u>	<u>\$ (51,583,244)</u>	<u>\$ (48,550,353)</u>	<u>\$ (50,657,459)</u>

BOYERTOWN AREA SCHOOL DISTRICT
CHANGES IN NET ASSETS, continued
Last ten fiscal years ending June 30,
(accrual basis of accounting)
Unaudited

	2011	2010	2009	2008
General revenues and other changes in net assets				
Governmental activities				
Property taxes	\$ 47,082,240	\$ 44,758,384	\$ 44,467,264	\$ 44,605,687
Earned income, per capita, & occupation taxes ⁽¹⁾				
Earned income tax	5,294,300	5,288,692	6,060,959	5,436,669
Per capita tax	276,571	267,360	274,940	275,599
Local services tax / Occupational privilege tax	71,719	74,057	79,930	75,685
Real estate transfer tax	772,978	828,771	716,678	1,076,824
Delinquent real estate tax	2,478,954	1,937,382	1,796,926	1,722,743
Public utility taxes	75,739	74,399	67,937	71,642
Payment in lieu of taxes	199	199	199	2,194
Unrestricted grants and contributions ⁽²⁾	16,617,865	16,023,641	15,495,288	13,309,402
Investment earnings ⁽³⁾	636,602	788,060	1,135,042	1,838,540
Loss on disposition of assets	-	-	-	(101,503)
Miscellaneous	1,203,618	2,763,930	1,795,261	56,646
Transfers	82,594	82,594	82,594	75,094
Total governmental activities	74,593,379	72,887,469	71,973,018	68,445,222
Business-type activities				
Investment earnings	556	1,048	2,406	6,232
Loss on disposition of assets				(3,677)
Transfers	(82,594)	(82,594)	(82,594)	(75,094)
Total business-type activities	(82,038)	(81,546)	(80,188)	(72,539)
Total primary government	\$ 74,511,341	\$ 72,805,923	\$ 71,892,830	\$ 68,372,683
Change in net assets				
Governmental activities	\$ 4,384,106	\$ 3,988,810	\$ 5,202,379	\$ 3,785,554
Business-type activities	31,365	(24,449)	(50,729)	(191,031)
Total primary government	\$ 4,415,471	\$ 3,964,361	\$ 5,151,650	\$ 3,594,523

⁽¹⁾ The District further broke out the classes of taxes in 2003.

⁽²⁾ The Pennsylvania Department of Education determined that the Special Education subsidy is a program revenue in 2003.

⁽³⁾ In September 2004 the District lost money due to a bond issuer failing to make its payment to its bondholders.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 42,839,876	\$ 40,643,355	\$ 36,519,979	\$ 33,882,878	\$ 30,644,392	\$ 29,390,048 4,571,121
4,810,545	4,912,421	4,702,001	4,411,304	4,178,497	
273,959	274,314	280,011	272,000	271,073	
86,072	86,601	84,549	79,220	80,174	
1,159,846	1,250,774	1,237,946	1,210,522	1,006,489	
1,299,886	1,145,004	914,051	1,673,683	1,116,619	
72,336	68,483	50,009	60,753	51,694	60,941
194	65	65	65	2,000	
13,051,855	12,200,055	11,701,663	11,394,131	11,151,428	13,596,564
4,333,050	1,580,319	(8,289,917)	817,021	2,622,444	2,440,086
(29,388)					
14,964	69,218	140,001	149,357	264,636	365,305
75,094	75,094	75,094	75,094		
<u>67,988,289</u>	<u>62,305,703</u>	<u>47,415,452</u>	<u>54,026,028</u>	<u>51,389,446</u>	<u>50,424,065</u>
10,809	13,401	8,309	4,796	6,333	10,300
(5,551)					
<u>(75,094)</u>	<u>(75,094)</u>	<u>(75,094)</u>	<u>(75,094)</u>		
<u>(69,836)</u>	<u>(61,693)</u>	<u>(66,785)</u>	<u>(70,298)</u>	<u>6,333</u>	<u>10,300</u>
<u>\$ 67,918,453</u>	<u>\$ 62,244,010</u>	<u>\$ 47,348,667</u>	<u>\$ 53,955,730</u>	<u>\$ 51,395,779</u>	<u>\$ 50,434,365</u>
\$ 4,905,537	\$ 5,635,851	\$ (5,530,295)	\$ 2,573,566	\$ 2,841,016	\$ (203,231)
<u>(198,274)</u>	<u>(162,679)</u>	<u>(75,160)</u>	<u>(201,080)</u>	<u>4,410</u>	<u>(19,863)</u>
<u>\$ 4,707,263</u>	<u>\$ 5,473,172</u>	<u>\$ (5,605,455)</u>	<u>\$ 2,372,486</u>	<u>\$ 2,845,426</u>	<u>\$ (223,094)</u>

BOYERTOWN AREA SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
Last ten fiscal years ending June 30,
(modified accrual basis of accounting)
Unaudited

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Nonspendable	\$ 65,427	\$	\$	\$	\$	\$	\$	\$	\$	\$
Committed	3,200,000									
Unassigned	6,407,945									
Unreserved		7,966,843	8,191,802	7,918,875	7,671,390	6,713,890	5,287,008	5,786,512	5,124,732	5,831,557
Total General fund	<u>\$ 9,673,372</u>	<u>\$ 7,966,843</u>	<u>\$ 8,191,802</u>	<u>\$ 7,918,875</u>	<u>\$ 7,671,390</u>	<u>\$ 6,713,890</u>	<u>\$ 5,287,008</u>	<u>\$ 5,786,512</u>	<u>\$ 5,124,732</u>	<u>\$ 5,831,557</u>
All other governmental funds										
Nonspendable	\$ 444	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	700,869									
Assigned:										
Capital projects	4,812,848									
Debt service	4,011,923									
Reserved		828,853	798,074	916,616	1,142,460	1,250,000				
Unreserved, reported in:										
Special revenue funds		12,693	3,885	4,942	5,186	10,527	7,795	1,871	2,374	1,520
Capital projects funds		4,034,509	5,083,866	4,826,902	4,861,369	7,623,670	15,765,861	25,655,150	26,717,864	26,204,776
Debt service funds		8,460,254	5,715,103	3,905,917	3,814,077	1,281,706	1,619,344	1,263,960	8,227,369	6,989,889
Total all other governmental funds	<u>\$ 9,526,084</u>	<u>\$ 13,336,309</u>	<u>\$ 11,600,928</u>	<u>\$ 9,654,377</u>	<u>\$ 9,823,092</u>	<u>\$ 10,165,903</u>	<u>\$ 17,393,000</u>	<u>\$ 26,920,981</u>	<u>\$ 34,947,607</u>	<u>\$ 33,196,185</u>

Note: Boyertown Area School District first applied GASB Statement No. 54 in fiscal year ending June 30, 2011.
Prior year fund balance information has been not been restated to conform to the new presentation.

BOYERTOWN AREA SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last ten fiscal years ending June 30,
(modified accrual basis of accounting)
Unaudited

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Local sources										
Taxes (see page 64)	\$ 56,116,456	\$ 53,268,037	\$ 52,881,796	\$ 52,933,810	\$ 50,948,970	\$ 48,402,296	\$ 44,305,860	\$ 41,127,600	\$ 37,234,747	\$ 33,430,856
Earnings on investments	615,672	749,761	1,096,214	1,735,920	4,277,498	1,553,386	(8,286,480)	832,012	2,614,756	2,440,053
Revenue from intermediate sources	1,763,347	2,129,347	1,222,056	1,319,889	1,089,820	1,095,969	950,350	795,416	627,072	184,460
Rentals	143,474	145,151	115,142	100,655	76,226	88,798	68,480	100,083	104,447	62,174
Tuition	67,824	112,191	182,270	173,667	226,051	272,916	243,432	215,691	302,504	266,890
Revenue from student activities	115,091	103,669	115,544	127,288	148,847	144,236	134,331	120,385	99,503	83,130
Other revenue	330,490	2,990,972	2,032,387	251,119	539,783	943,486	322,760	329,016	264,636	200,724
State sources	26,503,555	25,693,435	26,914,564	24,361,722	23,513,150	22,197,506	22,490,531	19,265,179	18,736,672	18,060,444
Federal sources	4,079,728	2,783,304	1,252,605	1,031,170	934,895	927,518	1,184,343	613,402	589,608	350,543
Total revenue	89,735,637	87,975,867	85,812,578	82,035,240	81,755,240	75,626,111	61,413,607	63,398,784	60,573,945	55,079,264
Expenditures										
Current										
Instruction	53,097,568	50,140,295	47,486,520	45,577,224	43,475,107	40,774,425	39,451,022	36,010,753	33,154,587	30,838,055
Support services	26,741,739	27,114,341	27,030,170	26,094,712	25,877,560	24,620,456	21,509,782	20,225,877	18,532,538	16,397,272
Non-instructional	1,197,105	1,164,131	1,171,194	1,221,465	1,198,023	1,114,029	1,124,202	1,078,703	1,054,754	970,888
Capital outlay	885,989	1,140,473	1,003,327	1,722,082	3,805,844	9,204,543	10,114,589	1,030,231	405,752	1,773,884
Debt service										
Interest	2,430,822	2,424,345	2,958,862	3,144,302	3,398,655	3,119,083	3,019,751	3,113,162	3,351,717	3,438,457
Principal	7,568,704	4,564,454	4,315,593	4,271,779	3,530,207	3,013,275	3,035,000	9,380,000	3,030,000	3,343,821
Total expenditures	91,921,927	86,548,039	83,965,666	82,031,564	81,285,396	81,845,811	78,254,346	70,838,726	59,529,348	56,762,377
Excess of revenues over/(under) expenditures	(2,186,290)	1,427,828	1,846,912	3,676	469,844	(6,219,700)	(16,840,739)	(7,439,942)	1,044,597	(1,683,113)
Other financing sources/(uses)										
Refund of prior year's receipts							(19,141)			
Refunding bonds issued			18,545,000			9,405,000	31,827,300			
Bond premium (discount)			1,265,402			(5,114)				
Net payment to refunded bond escrow agent			(19,520,430)			(10,321,763)	(25,070,000)			
Capital lease obligations					87,743	1,266,268				
Transfers in	4,782,594	1,082,594	3,088,763	2,025,094	1,613,431	1,075,094	3,571,788	1,514,844	2,767,297	9,621,709
Transfers out	(4,700,000)	(1,000,000)	(3,006,169)	(1,950,000)	(1,556,329)	(1,000,000)	(3,496,693)	(1,439,750)	(2,767,297)	(9,108,085)
Total other financing sources/(uses)	82,594	82,594	372,566	75,094	144,845	419,485	6,813,254	75,094	-	513,624
Net change in fund balance	\$ (2,103,696)	\$ 1,510,422	\$ 2,219,478	\$ 78,770	\$ 614,689	\$ (5,800,215)	\$ (10,027,485)	\$ (7,364,848)	\$ 1,044,597	\$ (1,169,489)
Debt service as a percentage of non-capital expenditures	11.05%	8.23%	8.83%	9.27%	8.94%	8.65%	8.91%	17.88%	10.87%	12.07%

BOYERTOWN AREA SCHOOL DISTRICT
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last ten fiscal years ending June 30,
(modified accrual basis of accounting)
Unaudited

Fiscal year ending June 30,	Property	Per capita	Occupational	Public utility	Real estate transfer	Earned Income	Delinquent real estate	Delinquent per capita	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2002	27,093,608	252,436	80,937	60,941	724,191	4,217,750	980,995	19,998	33,430,856
2003	30,542,958	258,316	80,174	51,694	1,006,489	4,178,497	1,082,011	34,608	37,234,747
2004	33,434,253	257,865	79,220	60,753	1,210,522	4,411,304	1,654,222	19,461	41,127,600
2005	36,520,044	266,848	84,549	50,009	1,237,946	4,702,001	1,432,236	12,227	44,305,860
2006	40,643,419	274,314	86,601	68,483	1,250,774	5,008,023	1,033,706	36,976	48,402,296
2007	42,839,876	273,959	86,072	72,336	1,160,039	5,105,976	1,390,637	20,075	50,948,970
2008	44,605,686	275,599	75,685	71,642	1,076,824	5,348,662	1,459,345	20,367	52,933,810
2009	44,467,264	274,940	79,930	67,937	716,678	5,623,490	1,630,276	21,281	52,881,796
2010	44,758,384	267,360	74,057	74,399	828,771	5,593,099	1,655,648	16,319	53,268,037
2011	47,082,240	276,571	71,719	75,739	772,978	5,493,739	2,305,038	38,432	56,116,456

All amounts listed above include any applicable discounts, penalties, and interest.

BOYERTOWN AREA SCHOOL DISTRICT
ASSESSED VALUE & ACTUAL VALUE OF TAXABLE PROPERTY
Last ten fiscal years ending June 30,

Fiscal year ended June 30,	Residential property	Lots	Industrial property	Commercial property	Agriculture	Land	Total taxable assessed value	Tax-exempt property ⁽¹⁾	Total direct tax rate (mills)	Estimated Actual Value
Berks County side of District										
2002	\$ 698,001,200	\$ 16,689,300	\$ 48,518,500	\$ 104,752,200	\$ 58,228,900	\$ 6,543,400	\$ 932,733,500	\$ 116,911,300	14.741	856,970,300
2003	709,736,000	15,550,800	50,514,100	105,274,900	57,448,000	6,386,500	944,910,300	118,844,000	16.044	896,750,700
2004	725,442,000	14,622,600	50,985,600	104,036,800	57,657,300	6,051,300	958,795,600	120,040,300	16.740	911,015,000
2005	742,250,400	13,542,100	50,683,800	104,466,900	57,889,900	6,119,400	974,952,500	122,570,000	17.970	981,012,400
2006	755,682,500	12,688,600	50,727,500	105,225,600	57,599,100	10,587,700	992,511,000	109,921,500	19.460	1,011,511,100
2007	765,433,200	13,617,300	54,385,100	112,700,600	62,403,600	10,292,500	1,018,832,300	112,605,300	19.180	1,147,947,400
2008	776,548,500	13,213,300	51,659,500	132,871,900	62,247,600	7,020,500	1,043,561,300	113,121,100	19.240	1,180,285,900
2009	766,550,000	16,732,100	51,796,800	138,690,700	63,054,000	6,986,300	1,043,809,900	113,537,400	19.640	1,308,322,000
2010	811,728,900	14,472,500	54,820,800	126,628,600	63,962,300	5,324,200	\$ 1,076,937,300	114,137,100	20.020	1,352,189,500
2011	807,976,200	13,472,500	54,543,600	125,630,000	74,937,600	5,578,600	\$ 1,082,138,500	1,149,556,500	20.770	1,455,589,945
Montgomery County side of District										
2002	\$ 876,549,973	\$ 20,038,655	\$ 26,311,539	\$ 76,908,802	\$ 49,411,850	\$ 9,840	\$ 1,049,230,659	\$ 68,203,150	13.218	887,918,300
2003	905,372,933	18,500,185	27,556,019	80,472,572	50,531,080	9,840	1,082,442,629	69,806,610	14.383	961,518,400
2004	960,225,119	17,666,710	27,366,279	87,885,712	51,437,570	9,840	1,144,591,230	69,561,990	15.190	1,025,359,200
2005	1,029,897,189	16,068,580	26,724,999	91,422,252	53,406,330	9,840	1,217,529,190	72,317,530	16.030	1,201,336,900
2006	1,072,814,919	14,656,900	26,724,999	88,882,322	55,394,410	9,840	1,258,483,390	82,763,694	17.250	1,255,793,700
2007	1,102,819,542	14,286,160	24,155,809	89,710,762	57,389,070	53,610	1,288,414,953	83,030,074	18.630	1,462,431,700
2008	1,125,376,532	13,924,370	23,257,139	90,186,852	58,651,680	53,610	1,311,450,183	83,696,674	19.420	1,460,368,600
2009	1,132,141,662	14,639,050	23,174,579	98,060,072	50,656,600	6,497,080	1,325,169,043	86,200,184	20.030	1,655,118,200
2010	1,161,444,062	15,559,410	23,304,679	97,762,662	50,902,100	7,902,040	1,356,874,953	87,796,634	19.660	1,695,688,300
2011	1,178,132,762	14,627,780	23,304,679	96,498,702	51,429,090	8,027,560	1,372,020,573	90,133,224	20.360	1,908,454,638

Source: Pennsylvania State Tax Equalization Board

⁽¹⁾ Source is the Berks and Montgomery Assessment Offices

1 mill is \$1 for every \$1,000 of assessed value

BOYERTOWN AREA SCHOOL DISTRICT
DIRECT & OVERLAPPING PROPERTY TAX RATES
Last ten fiscal years ending June 30,

Fiscal Year	School District direct rates		County			
	Berks	Montgomery	Berks	Montgomery	Bally	Bechtelsville
2002	14.741	13.218	4.385	2.450	1.800	3.150
2003	16.044	14.383	5.185	2.840	1.800	3.150
2004	16.740	15.190	5.185	2.840	2.800	3.500
2005	17.970	16.030	6.935	2.890	3.300	3.600
2006	19.460	17.250	6.935	2.890	3.300	3.600
2007	19.180	18.630	6.935	2.840	3.300	3.600
2008	19.240	19.420	6.935	2.695	3.300	3.600
2009	19.640	20.030	6.935	2.695	4.100	3.600
2010	20.020	19.660	6.935	2.695	4.100	3.600
2011	20.770	20.360	6.935	2.695	4.300	3.600

Source: From each respective taxing authority

Overlapping rates

Township or Borough							
Boyertown	Colebrookdale	Douglass (Berk)	Earl	Washington	Douglass (Montgomery)	New Hanover	Upper Frederick
2.870	1.500	2.000	-	0.990	0.550	1.560	0.440
3.030	1.800	2.000	-	0.990	0.850	1.560	0.440
3.350	2.400	2.000	-	0.990	0.850	1.560	0.820
3.650	2.400	2.000	-	1.700	1.700	1.560	0.820
3.850	3.000	2.000	-	1.700	1.700	1.680	0.820
3.850	3.000	2.000	-	1.700	1.700	1.680	0.820
4.040	3.000	2.000	-	1.700	1.700	1.680	0.820
4.840	3.000	2.000	-	1.700	1.700	1.680	0.820
4.990	3.000	2.000	-	2.320	1.700	1.680	1.620
5.140	3.000	2.000	-	2.320	1.700	1.680	1.620

BOYERTOWN AREA SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
Fiscal year ending June 30, 2011

	2011		
	Taxable Assessed valuation	Rank	Percentage of total taxable assessed valuation
Franconia Township Industrial Development Authority (Frederick Mennonite Community)	\$ 12,918,250	1	0.53%
WalMart	10,285,400	2	0.42%
Kawecki Berylko Industries, Inc. (Cabot Corporation)	8,807,850	3	0.36%
Douglass Village LLC	6,179,600	4	0.25%
Boyertown Retirement Residence	5,650,300	5	0.23%
Hollenbach and Snaft	5,470,690	6	0.22%
Spring Valley Village	4,796,100	7	0.20%
Effeness Limited Partnership	4,567,100	8	0.19%
National Penn Bank	4,720,070	9	0.19%
Gilbertsville Plaza Associates	4,000,000	10	0.16%
	<u>\$ 67,395,360</u>		

Source:
Berks and Montgomery County Board of Assessment

The implementation of Governmental Accounting Standard Board Statement 44 *Economic Condition Reporting: The Statistical Section* is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

BOYERTOWN AREA SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
Last eight fiscal years ending June 30,

Fiscal year	Taxes levied for the fiscal year	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount	Percentage of levy
2004	\$ 33,955,110	\$ 33,782,956	99.49%	\$ 163,222	\$ 33,946,178	99.97%
2005	37,222,823	37,003,473	99.41%	205,745	37,209,218	99.96%
2006	41,574,285	41,121,806	98.91%	434,592	41,556,398	99.96%
2007	41,855,419	41,213,518	98.47%	575,340	41,788,858	99.84%
2008	45,860,015	45,356,281	98.90%	457,646	45,813,927	99.90%
2009	45,618,395	45,137,589	98.95%	362,265	45,499,854	99.74%
2010	46,503,770	46,103,390	99.14%	189,738	46,293,128	99.55%
2011	49,013,487	48,513,333	98.98%			

Source: Boyertown Area School District records

The implementation of Governmental Accounting Standard Board Statement 44 *Economic Condition Reporting: The Statistical Section* is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

BOYERTOWN AREA SCHOOL DISTRICT
RATIO OF OUTSTANDING DEBT BY TYPE
Last ten fiscal years ending June 30,

Fiscal year	Governmental activities		Total primary government	Percentage of personal income	Per capita
	General obligation bonds	General obligation notes			
2002	\$ 50,855,000	\$ 26,330,000	\$ 77,185,000	10.18%	1,972
2003	48,370,000	26,145,000	74,515,000	9.49%	1,931
2004 ⁽¹⁾	39,505,000	25,630,000	65,135,000	7.19%	1,649
2005	61,355,000	6,400,000	67,755,000	6.99%	1,664
2006 ⁽²⁾	57,805,000	6,400,000	64,205,000	7.13%	1,575
2007	54,595,000	6,390,000	60,985,000	6.21%	1,519
2008	50,645,000	6,385,000	57,030,000	5.32%	1,371
2009 ⁽³⁾	45,715,000	6,380,000	52,095,000	4.58%	1,265
2010	41,370,000	6,375,000	47,745,000	4.44%	1,161
2011	36,960,000	6,370,000	43,330,000	4.23%	1,039

⁽¹⁾ District paid off the bonds of 1993

⁽²⁾ District refunded 1998 bonds. District issued General Obligation Bonds Series 2006

⁽³⁾ District refunded 1999 bonds. District issued General Obligation Bonds Series 2009

BOYERTOWN AREA SCHOOL DISTRICT
RATIO OF GENERAL BONDED DEBT BY TYPE
Last ten fiscal years ending June 30,

Fiscal year	General bonded debt		Total	Percentage of taxable value of property	Per capita
	General obligation bonds	General obligation notes			
2002	\$ 50,855,000	\$ 26,330,000	\$ 77,185,000	3.89%	1,972
2003	48,370,000	26,145,000	74,515,000	3.68%	1,931
2004 ⁽¹⁾	39,505,000	25,630,000	65,135,000	3.10%	1,649
2005 ⁽²⁾	61,355,000	6,400,000	67,755,000	3.09%	1,664
2006 ⁽³⁾	57,805,000	6,400,000	64,205,000	2.85%	1,575
2007	54,595,000	6,390,000	60,985,000	2.64%	1,519
2008	50,645,000	6,385,000	57,030,000	2.42%	1,371
2009 ⁽³⁾	45,715,000	6,380,000	52,095,000	2.20%	1,265
2010	41,370,000	6,375,000	47,745,000	1.96%	1,161
2011	36,960,000	6,370,000	43,330,000	1.77%	1,039

⁽¹⁾ District paid off the General Obligation Bonds Series 1993

⁽²⁾ District issued General Obligation Bonds Series 2005 to pay off General Obligation Notes Series 1997, 2000, and 2001. District issued General Obligation Notes Series 2005.

⁽³⁾ District refunded 1998 bonds. District issued General Obligation Bonds Series 2006

BOYERTOWN AREA SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2011

	Debt outstanding	Estimated percentage applicable	Estimated share of overlapping debt
Overlapping debt			
Borough bonds, notes, and lease rental debt	\$ 6,230,000	100.00%	\$ 6,230,000
Township bonds, notes, and lease rental debt	10,831,069	100.00%	10,831,069
County bonds, notes, and lease rental debt			
Berk County	193,459,954	6.41%	12,400,783
Montgomery County	431,158,000	2.15%	9,269,897
			<hr/>
Total overlapping debt			38,731,749
			<hr/>
Direct Debt			
Series of 2005 bonds			18,175,000
Series of 2005 notes			6,370,000
Series of 2006 bonds			1,620,000
Series of 2009 bonds			14,110,000
			<hr/>
Total direct debt			40,275,000
			<hr/>
Total direct and overlapping debt			\$ 79,006,749
			<hr/>

Sources:

Estimated market value data used to estimate applicable percentages provided by Pennsylvania State Tax Equalization Board.

Outstanding debt amounts are provided by the various municipalities and counties within the District boundaries.

Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the School District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses. This schedule does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

BOYERTOWN AREA SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
Last nine fiscal years ending June 30,

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total borrowing base revenues ⁽¹⁾	\$ 254,903,852	\$ 246,920,054	\$ 240,252,085	\$ 230,737,205	\$ 215,638,426	\$ 196,962,620	\$ 187,672,816	\$ 179,239,150	\$ 169,312,654
Average borrowing base (total revenues divided by 3)	84,967,951	82,306,685	80,084,028	76,912,402	71,879,475	65,654,207	62,557,605	59,746,383	56,437,551
Debt limit percentage ⁽²⁾	225%	225%	225%	225%	225%	225%	225%	225%	225%
Debt limit	191,177,889	185,190,041	180,189,064	173,052,904	161,728,820	147,721,965	140,754,612	134,429,363	126,984,491
Total net debt applicable to limit	43,330,000	47,745,000	52,095,000	57,030,000	60,985,000	64,205,000	67,755,000	65,135,000	74,515,000
Legal debt margin	\$ 147,847,889	\$ 137,445,041	\$ 128,094,064	\$ 116,022,904	\$ 100,743,820	\$ 83,516,965	\$ 72,999,612	\$ 69,294,363	\$ 52,469,491
Total net debt applicable to the limit as a percentage of the debt limit	22.66%	25.78%	28.91%	32.96%	37.71%	43.46%	48.14%	48.45%	58.68%

Note:

⁽¹⁾Total revenues and other financing sources less debt proceeds, transfers, interest in sinking funds, and other non-recurring items of the last three fiscal years.

⁽²⁾ Source: Pennsylvania Local Government Unit Debt Act as well as the definition of borrowing base revenues

The implementation of Governmental Accounting Standard Board Statement 44 *Economic Condition Reporting: The Statistical Section* is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

BOYERTOWN AREA SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last ten fiscal years ending June 30,

Fiscal year	Population	Personal income	Per capita personal income	Unemployment rate ⁽¹⁾	School enrollment
2002	39,135	\$ 758,448,377	\$ 19,380	4.9%	6,713
2003	38,584	785,424,233	20,356	6.5%	6,809
2004	39,490	905,606,200	22,933	5.7%	6,890
2005	40,724	969,815,462	23,814	5.1%	7,017
2006	40,775	900,702,916	22,090	4.6%	7,131
2007	40,151	981,452,349	24,444	4.2%	7,141
2008	41,597	1,072,466,169	25,782	5.4%	7,125
2009	41,180	1,136,408,842	27,596	9.3%	7,032
2010	41,116	1,075,474,832	26,157	9.8%	7,106
2011	41,708	1,024,396,844	24,561	8.3%	7,170

Sources:

Population figures from District census

Personal income from Boyertown Earned Income Tax Office

⁽¹⁾ Unemployment rate from the US Department of Labor - Bureau of Labor Statistics. Figures are for the Reading metropolitan area

BOYERTOWN AREA SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
Fiscal year ending June 30, 2011

2011			
Employer	Employees	Rank	Percentage of Total District Employment
Boyertown Area School District	1,423	1	9.26%
Wal-Mart Associates Inc	504	2	3.28%
Boyertown Area YMCA	425	3	2.77%
Chestnut Knoll Assisted Living	396	4	2.58%
Frederick Mennonite Community	369	5	2.40%
National Penn Management (Bank)	294	6	1.91%
Drug Plastic & Glass	285	7	1.85%
Bally Ribbon Mills	264	8	1.72%
Quigley Bus Service Inc	239	9	1.56%
Boyertown Foundry Company	198	10	1.29%
Total	4,397		

Source: Boyertown Earned Income Tax Office

The implementation of Governmental Accounting Standard Board Statement 44 *Economic Condition Reporting: The Statistical Section* is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

BOYERTOWN AREA SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
Last seven fiscal years ending June 30,

	2011	2010	2009	2008	2007	2006	2005
Boyertown Elementary (1970)							
Square feet	97,795	97,795	97,795	97,795	97,795	97,795	97,795
Capacity(students)	700	700	700	700	700	700	700
Enrollment	670	682	681	694	698	675	666
Percentage of Capacity Used	95.71%	97.43%	97.29%	99.14%	99.71%	96.43%	95.14%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Colebrookdale Elementary (1954)							
Square feet	41,342	41,342	41,342	41,342	41,342	41,342	41,342
Capacity(students)	375	375	375	375	375	375	375
Enrollment	358	339	305	296	292	294	302
Percentage of Capacity used	95.47%	90.40%	81.33%	78.93%	77.87%	78.40%	80.53%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Earl Elementary (1954)							
Square feet	30,704	30,704	30,704	30,704	30,704	30,704	30,704
Capacity(students)	325	325	325	325	325	325	325
Enrollment	301	294	298	298	300	303	313
Percentage of Capacity used	92.62%	90.46%	91.69%	91.69%	92.31%	93.23%	96.31%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Gilbertsville Elementary (1930)							
Square feet	95,929	95,929	95,929	95,929	95,929	95,929	95,929
Capacity(students)	700	700	700	700	700	700	700
Enrollment	737	713	695	714	727	720	750
Percentage of Capacity used	105.29%	101.86%	99.29%	102.00%	103.86%	102.86%	107.14%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6
New Hanover-Upper Frederick Elementary (1955)							
Square feet	90,700	90,700	90,700	90,700	90,700	90,700	90,700
Capacity(students)	750	750	750	750	750	750	750
Enrollment	724	717	756	757	747	734	695
Percentage of Capacity used	96.53%	95.60%	100.80%	100.93%	99.60%	97.87%	92.67%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Pine Forge Elementary (1932)							
Square feet	37,568	37,568	37,568	37,568	37,568	37,568	37,568
Capacity(students)	350	350	350	350	350	350	350
Enrollment	295	308	280	287	286	278	292
Percentage of Capacity used	84.29%	88.00%	80.00%	82.00%	81.71%	79.43%	83.43%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Washington Elementary (1961)							
Square feet	82,033	82,033	82,033	82,033	82,033	82,033	82,033
Capacity(students)	700	700	700	700	700	700	700
Enrollment	359	679	672	657	664	685	679
Percentage of Capacity used	51.29%	97.00%	96.00%	93.86%	94.86%	97.86%	97.00%
Grades	K-6	K-6	K-6	K-6	K-6	K-6	K-6
Boyertown Junior High East (1972)							
Square feet	159,425	159,425	159,425	159,425	159,425	159,425	133,390
Capacity(students)	1,146	1,146	1,146	1,146	1,146	1,146	876
Enrollment	853	895	942	933	912	862	826
Percentage of Capacity used	74.43%	78.10%	82.20%	81.41%	79.58%	75.22%	94.29%
Grades	7-9	7-9	7-9	7-9	7-9	7-9	7-9
Boyertown Junior High West (1965)							
Square feet	145,721	145,721	145,721	145,721	145,721	145,721	145,721
Capacity(students)	1,079	1,079	1,079	1,079	1,079	1,079	1,079
Enrollment	799	813	780	792	818	906	898
Percentage of Capacity used	74.05%	75.35%	72.29%	73.40%	75.81%	83.97%	83.23%
Grades	7-9	7-9	7-9	7-9	7-9	7-9	7-9
Boyertown Senior High (1923)							
Square feet	370,000	370,000	370,000	370,000	370,000	370,000	370,000
Capacity(students)	1,890	1,890	1,890	1,890	1,890	1,890	1,890
Enrollment	1,691	1,666	1,623	1,697	1,697	1,674	1,596
Percentage of Capacity used	89.47%	88.15%	85.87%	89.79%	89.79%	88.57%	84.44%
Grades	10-12	10-12	10-12	10-12	10-12	10-12	10-12

Source: School District facilities office

Note: The year of original construction is shown in parentheses.

The implementation of Governmental Accounting Standard Board Statement 44 *Economic Condition Reporting: The Statistical Section* is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

BOYERTOWN AREA SCHOOL DISTRICT
OPERATING STATISTICS
Last ten fiscal years ending June 30,

Fiscal year	Expenses ⁽¹⁾	Enrollment	Cost per pupil	Percentage change	Teaching staff	Pupil/ teacher ratio
2002	\$ 57,830,599	6,713	\$ 8,615		422	15.91
2003	59,854,454	6,809	8,790	2.04%	422	16.14
2004	63,681,886	6,890	9,243	5.14%	446	15.45
2005	68,842,099	7,017	9,811	6.15%	465	15.09
2006	72,538,191	7,131	10,172	3.68%	473	15.08
2007	79,092,870	7,141	11,076	8.88%	482	14.82
2008	81,290,995	7,125	11,409	3.01%	498	14.31
2009	84,026,546	7,032	11,949	4.73%	478	14.71
2010	86,817,165	7,106	12,217	2.25%	502	14.16
2011	86,486,277	7,170	12,062	-1.27%	503	14.25

⁽¹⁾ Figures are from the Total Government-wide Statement of Activities on the full accrual basis of accounting.

BOYERTOWN AREA SCHOOL DISTRICT
SCHOOL LUNCH PROGRAM
Last seven fiscal years ending June 30,

	2011		2010		2009		2008		2007		2006		2005	
	Number of Lunches	Percentage	Number of Lunches	Percentage	Number of Lunches	Percentage	Number of Lunches	Percentage	Number of Lunches	Percentage	Number of Lunches	Percentage	Number of Lunches	Percentage
Lunch Meals Served														
Free	103,907	13.96%	86,499	11.37%	66,548	8.72%	59,990	7.79%	59,489	7.84%	57,969	7.75%	50,385	6.64%
Reduced	36,872	4.95%	43,759	5.75%	41,835	5.48%	36,547	4.83%	28,149	3.71%	24,436	3.26%	31,589	4.16%
Paid	603,772	81.09%	630,713	82.88%	655,093	85.80%	661,296	87.38%	671,270	88.45%	666,024	88.99%	676,683	89.19%
Total	744,551	100.00%	760,971	100.00%	763,476	100.00%	756,833	100.00%	758,908	100.00%	748,429	100.00%	758,657	100.00%
Lunch Prices	\$2.10-\$2.35		\$2.00-\$2.25		\$1.90-\$2.15		\$1.65-\$1.90		\$1.60-\$1.85		\$1.50-\$1.75		\$1.50-\$1.65	

Source: School District Food Service Department

The implementation of Governmental Accounting Standard Board Statement 44 *Economic Condition Reporting: The Statistical Section* is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

BOYERTOWN AREA SCHOOL DISTRICT
PROFESSIONAL TEACHING STAFF
Fiscal year ending June 30, 2011

2011			
Degree	Salary Range	# Employees	Average Salary
Bachelor's	\$ 42,639-67,192	40	\$ 43,795
Bachelor's + 15	44,697-68,991	58	53,500
Master's Equivalent	47,795-72,167	8	70,873
Master's	54,420-79,008	107	65,002
Master's + 15	56,317-80,903	67	68,902
Master's + 30	59,996-85,338	49	74,532
Master's + 45	61,951-87,292	174	79,708
		503	

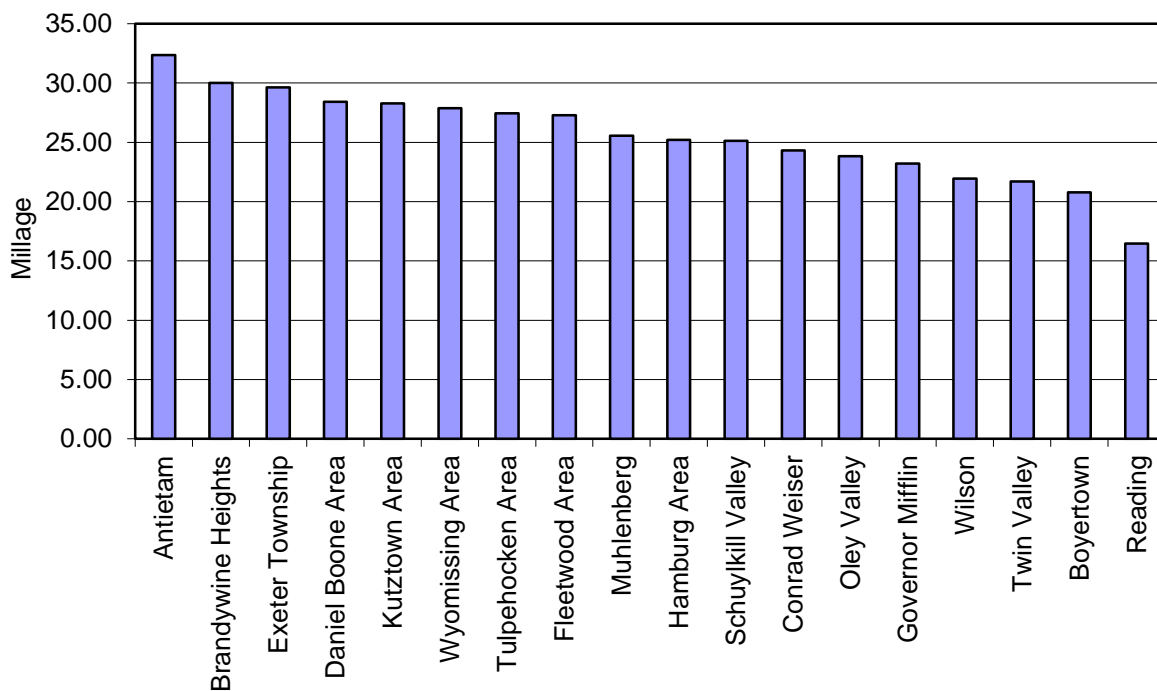
Source: School District Human Resource Department

The implementation of Governmental Accounting Standard Board Statement 44 *Economic Condition Reporting: The Statistical Section* is effective for periods beginning after June 15, 2005. The District has decided to implement this standard early. However, since these schedules were never prepared before, information that was readily available is included and not the required past ten years.

BOYERTOWN AREA SCHOOL DISTRICT
MISCELLANEOUS STATISTICS
June 30, 2011

Tax rates of the Berks County Schools

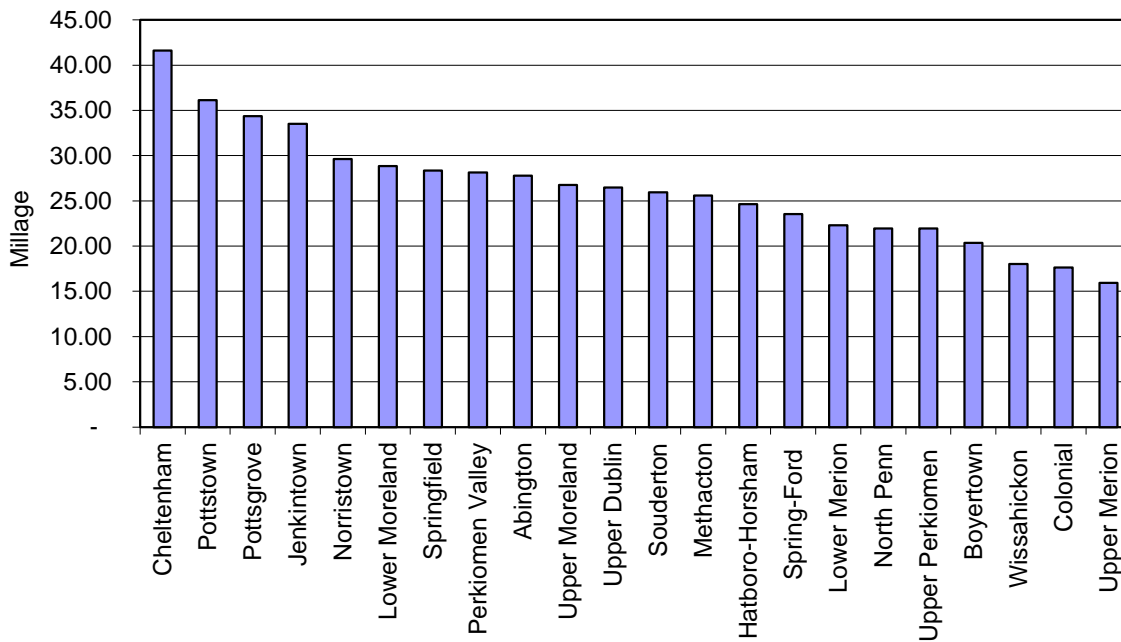
<u>School District</u>	<u>Millage</u>
Antietam	32.35
Brandywine Heights	30.00
Exeter Township	29.62
Daniel Boone Area	28.42
Kutztown Area	28.28
Wyomissing Area	27.89
Tulpehocken Area	27.45
Fleetwood Area	27.28
Muhlenberg	25.56
Hamburg Area	25.21
Schuylkill Valley	25.13
Conrad Weiser	24.32
Oley Valley	23.82
Governor Mifflin	23.20
Wilson	21.95
Twin Valley	21.70
Boyertown	20.77
Reading	16.46



BOYERTOWN AREA SCHOOL DISTRICT
MISCELLANEOUS STATISTICS
June 30, 2011

Tax rates of the Montgomery County Schools

School District	Millage
Cheltenham	41.60
Pottstown	36.12
Pottsgrove	34.38
Jenkintown	33.52
Norristown	29.64
Lower Moreland	28.84
Springfield	28.35
Perkiomen Valley	28.14
Abington	27.80
Upper Moreland	26.77
Upper Dublin	26.47
Souderton	25.93
Methacton	25.58
Hatboro-Horsham	24.65
Spring-Ford	23.53
Lower Merion	22.29
North Penn	21.96
Upper Perkiomen	21.95
Boyertown	20.36
Wissahickon	18.03
Colonial	17.65
Upper Merion	15.93



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BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/Program Title		Source Code	CFDA Number	Grantor Pass- Through Number	Grant Period	Program or Award Amount	Total Received	Accrued or (Deferred) Revenue at July 1, 2010	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2011
U.S. Department of Education											
<i>Passed through the Pennsylvania Department of Education</i>											
Title I Low Income		I	84.010	013-110044	7/1/2010 - 9/30/2011	\$ 467,270	\$ 378,448	\$	\$ 401,817	\$ 401,817	\$ 23,369
Title I Low Income		I	84.010	013-100044	7/1/2009 - 9/30/2010	396,332	211,377	68,952	142,425	142,425	
Academic Achievement Award		I	84.010	077-090044	7/16/2009 - 9/30/2011	7,200	7,200		7,200	7,200	
Title II Improving Teacher Quality		I	84.367	013-110044	7/1/2010 - 9/30/2011	179,528	180,083		179,528	179,528	(555)
Title II Improving Teacher Quality		I	84.367	013-100044	7/1/2009 - 9/30/2010	178,428	47,581	47,581			
Drug Free Schools		I	84.186	100-100044	7/1/2009 - 9/30/2010	16,306		(1,684)	1,684	1,684	
ARRA Fiscal Stabilization-Basic Ed Funding		I	84.394	126-110044	7/1/2010 - 9/30/2011	1,680,215	1,120,143		1,680,215	1,680,215	560,072
ARRA Education Jobs Fund		I	84.410	140-987977	8/10/2010 - 9/30/2011	994,980	994,980		994,980	994,980	
<i>Passed through the Midwestern Intermediate Unit IV</i>											
Title I Parent Training Mini Grant		I	84.012A	N/A	7/1/2007 - 6/30/2008	500		(7)			(7)
Title I Parent Training Mini Grant		I	84.012A	N/A	7/1/2003 - 6/30/2004	500		(440)			(440)
<i>Passed through the Berks County Intermediate Unit</i>											
IDEA		I	84.027		7/1/2010 - 6/30/2011	1,112,928	596,002		1,112,928	1,112,928	516,926
IDEA		I	84.027		7/1/2009 - 6/30/2010	1,149,486	341,607	341,607			
ARRA IDEA		I	84.391		7/1/2009 - 6/30/2011	1,438,375	588,195	324,152	553,464	553,464	289,421
TOTAL U.S. DEPARTMENT OF EDUCATION								780,161	5,074,241	5,074,241	1,388,786

BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS, continued
For the year ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/Program Title	Source Code	CFDA Number	Grantor Pass- Through Number	Grant Period	Program or Award Amount	Total Received	Accrued or (Deferred) Revenue at July 1, 2010	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2011
U.S. Department of Agriculture										
<i>Passed through the Pennsylvania Department of Education Child Nutrition Cluster</i>										
National School Lunch	I	10.555	N/A	7/1/2009 - 6/30/2010	\$	\$ 23,955	\$ 23,955	\$	\$	\$
National School Lunch	I	10.555	N/A	7/1/2010 - 6/30/2011		509,856		525,151	525,151	15,295
Food Nutrition	S	N/A	N/A	7/1/2009 - 6/30/2010		3,811	3,811			
Food Nutrition	S	N/A	N/A	7/1/2010 - 6/30/2011		77,123		79,340	79,340	2,217
School Breakfast program	I	10.553	N/A	7/1/2009 - 6/30/2010		612	612			
School Breakfast program	I	10.553	N/A	7/1/2010 - 6/30/2011		13,296		13,925	13,925	629
School Breakfast program	S	N/A	N/A	7/1/2009 - 6/30/2010		88	88			
School Breakfast program	S	N/A	N/A	7/1/2010 - 6/30/2011		1,727		1,802	1,802	75
<i>Passed through the Pennsylvania Department of Agriculture</i>										
Food Donation Program, USDA	I	10.555	N/A	7/1/2010 - 6/30/2011		139,488	(4,332)	136,823	136,823	(6,997)
TOTAL U.S. DEPARTMENT OF AGRICULTURE						<u>769,956</u>	<u>24,134</u>	<u>757,041</u>	<u>757,041</u>	<u>11,219</u>
U.S. Department of Health and Human Services										
<i>Passed through the Berks County Career Link</i>										
Temporary Assistance to Needy Families	I	93.558		9/1/2006 - 8/31/2007	89,568		(362)			(362)
<i>Passed through the Pennsylvania Department of Welfare</i>										
Medical Assistance Reimbursement for Administration	I	93.778	N/A	7/1/2009 - 6/30/2010		4,295	4,295			
Medical Assistance Reimbursement for Administration	I	93.778	N/A	7/1/2010 - 6/30/2011		26,426		30,738	30,738	4,312
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						<u>30,721</u>	<u>3,933</u>	<u>30,738</u>	<u>30,738</u>	<u>3,950</u>
TOTAL FEDERAL AND STATE AWARDS						<u>\$ 5,266,293</u>	<u>\$ 808,228</u>	<u>\$ 5,862,020</u>	<u>\$ 5,862,020</u>	<u>\$ 1,403,955</u>

Source Codes:
D = Direct funding
I = Indirect funding
S = State share

BOYERTOWN AREA SCHOOL DISTRICT**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

June 30, 2011

ORGANIZATION AND SCOPE

The federal programs as listed in the schedule of expenditures of federal and state awards are accounted for by the District in the General Fund for U.S. Department of Education programs and in the Food Service Fund for U.S. Department of Agriculture programs.

The Boyertown Area School District's major federal programs for the year ended June 30, 2011 were:

- IDEA
- ARRA IDEA
- ARRA Fiscal Stabilization-Basic Ed Funding
- ARRA Education Jobs Fund
- Child Nutrition Cluster

The above major programs constituted 87% of the total expenditures of federal awards.

We made specific tests of compliance for administrative and accounting controls on the major programs.

Federal program revenue represents 6.46% of the total revenue of the District.

BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

DONATED COMMODITIES

Donated commodities were valued according to cost estimates provided by the U.S.D.A.

PROGRAM DISCLOSURES**U.S. Department of Education**

Funds, passed through the Pennsylvania Department of Education under Title I, are used primarily to provide education to economically disadvantaged children. Funds received under other grants are used to support instructional programs.

U.S. Department of Agriculture

Funds, passed through the Pennsylvania Departments of Education and Agriculture, are used to provide nutritional meals to economically disadvantaged children.

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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
BOYERTOWN AREA SCHOOL DISTRICT
Boyertown, Pennsylvania

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of BOYERTOWN AREA SCHOOL DISTRICT as of and for the year ended June 30, 2011, which collectively comprise BOYERTOWN AREA SCHOOL DISTRICT's basic financial statements and have issued our report thereon dated December 13, 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

In planning and performing our audit, we considered BOYERTOWN AREA 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 BOYERTOWN AREA SCHOOL DISTRICT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of BOYERTOWN AREA 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 BOYERTOWN AREA 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*.

This report is intended solely for the information and use of management, the Board of School Directors, others within the entity, the U.S. Department of Education, and federal awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 13, 2011

MAJOR & MASTRO, LLC
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
BOYERTOWN AREA SCHOOL DISTRICT
Boyertown, Pennsylvania

Compliance

We have audited BOYERTOWN AREA 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 BOYERTOWN AREA SCHOOL DISTRICT's major federal programs for the year ended June 30, 2011. BOYERTOWN AREA 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 BOYERTOWN AREA SCHOOL DISTRICT's management. Our responsibility is to express an opinion on BOYERTOWN AREA 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 BOYERTOWN AREA 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 of BOYERTOWN AREA SCHOOL DISTRICT's compliance with those requirements.

In our opinion, BOYERTOWN AREA 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.

Internal Control Over Compliance

Management of BOYERTOWN AREA 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 BOYERTOWN AREA 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 BOYERTOWN AREA 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, the Board of School Directors, others within the entity, the U.S. Department of Education, 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.

December 13, 2011

MAJOR & MASTRO, LLC
Certified Public Accountants

A handwritten signature in black ink that reads "Major & Mastro LLC". The signature is stylized and cursive.

BOYERTOWN AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of BOYERTOWN AREA SCHOOL DISTRICT.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of BOYERTOWN AREA SCHOOL DISTRICT were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the 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 CircularA-133.
5. The 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 CircularA-133 expresses an unqualified opinion on all major federal programs.
6. No audit findings were disclosed relating to major programs that are required to be reported under section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include:

IDEA	84.027
ARRA IDEA	84.391
ARRA SFSF	84.394
Education Jobs Fund	84.410
Child Nutrition Cluster	10.555 & 10.553
8. The threshold for distinguishing Types A and B programs was \$ 300,000.

BOYERTOWN AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued

FOR THE YEAR ENDED JUNE 30, 2011

9. BOYERTOWN AREA SCHOOL DISTRICT was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT.

None