



Boyertown Area School District, Pennsylvania

Comprehensive Annual Financial Report

**For the fiscal year ended
June 30, 2008**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Boyertown Area School District, Pennsylvania
For the Fiscal Year Ended June 30, 2008



Prepared by: Carol Pitts

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE BOYERTOWN AREA SCHOOL DISTRICT, PENNSYLVANIA
FOR THE YEAR ENDED JUNE 30, 2008

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BOYERTOWN AREA SCHOOL DISTRICT

EDUCATION CENTER

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

December 9, 2008

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, 2008. 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 abundant room for growth, it is expected the population will increase steadily for the immediate 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 7,016 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."

The District's tax base has increased steadily and reflects new home construction on open land, more of which remains. Importantly, property tax collections remain strong. 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. A Walmart has been constructed on Route 100 and a shopping center is expected to be constructed at Routes 73 & 663, tentatively housing a Home Improvement Warehouse and a major grocery store. This will add value to the tax rolls as well as create 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.

Although the current economic downturn has affected the local economy, the unemployment rate in the district remains slightly 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 is being explored. Any redistricting could require additional bus transportation.

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 seven 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.L of the notes to the financial statements.

The District participates in the Berks County Consortium for medical benefits for the employees of the District.

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 2007-2008 school year:

Boyertown Elementary School	Mr. Gregory M. Miller
Colebrookdale Elementary School	Dr. Thomas L. Shugar
Earl Elementary School	Dr. Craig K. Zerr
Gilbertsville Elementary School	Dr. Ronald W. Christman
New Hanover-Upper Frederick Elem. School	Mrs. M. Stephanie Wilson
Pine Forge Elementary School	Mrs. Melissa Woodard
Washington Elementary School	Mr. Christopher J. Iacobelli
Junior High East	Mr. Andrew Ruppert
Junior High West	Mr. Gregory S. Galtere
Senior High School	Mr. Daniel Goffredo

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 2006. 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:

- District Wide Area Network
- Individual building wiring
- Internet and District e-mail
- An acceptable use policy for Internet usage
- A District web page
- Computer labs in all buildings and computers in all classrooms
- Computers in all District offices
- Computers in libraries for electronic databases, Internet, and circulation
- Two-way interactive distance learning
- TV studios in the secondary schools upgraded to digital
- District software purchased for student grading, attendance, and parent communication
- Implementation of wireless network
- Business applications package which includes accounting, personnel, purchasing, and bidding
- IP telephony system
- Implementation of various technologies such as Smart Boards to support learning

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 20% of the total student enrollment. Of this, the percentage of disabled students is 15% which is consistent with the statewide average. The District has more than 350 gifted students – approximately 5% of total enrollment. The number of students in out-of-district placements is approximately 85.

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 2006-2007 the District implemented a kindergarten through 2nd grade autistic program at Washington Elementary School and an emotional support program, serving grades 10 – 12 at the high school.

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 2007-2008 school year, approximately 206 Boyertown Area School District students, or approximately 11% 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 7.13% of payroll costs. The rate drops to 4.76% for 2008 – 2009. Projected rates are for 4.75% for 2009-2010 and 4.74% for 2010-2011 and 2011-2012. The projected rate rises to 11.23% in 2012-2013. In order to minimize the impact of the significant increase in the retirement rate in 2012-13, the district will budget for and record retirement at the 2007-08 rate of 7.13% through 2012-13, remitting payments from the accrued liability in that year. 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, 2008. The report of our certified public accountants, Major & Mastro, LLC, appears in the Financial Section of this CAFR.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Boyertown Area School District for its comprehensive annual financial report for the year ended June 30, 2007. This was the fifth time that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The completion of this CAFR represents the fifth 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, 2008

Board of Education

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

**Non-voting*

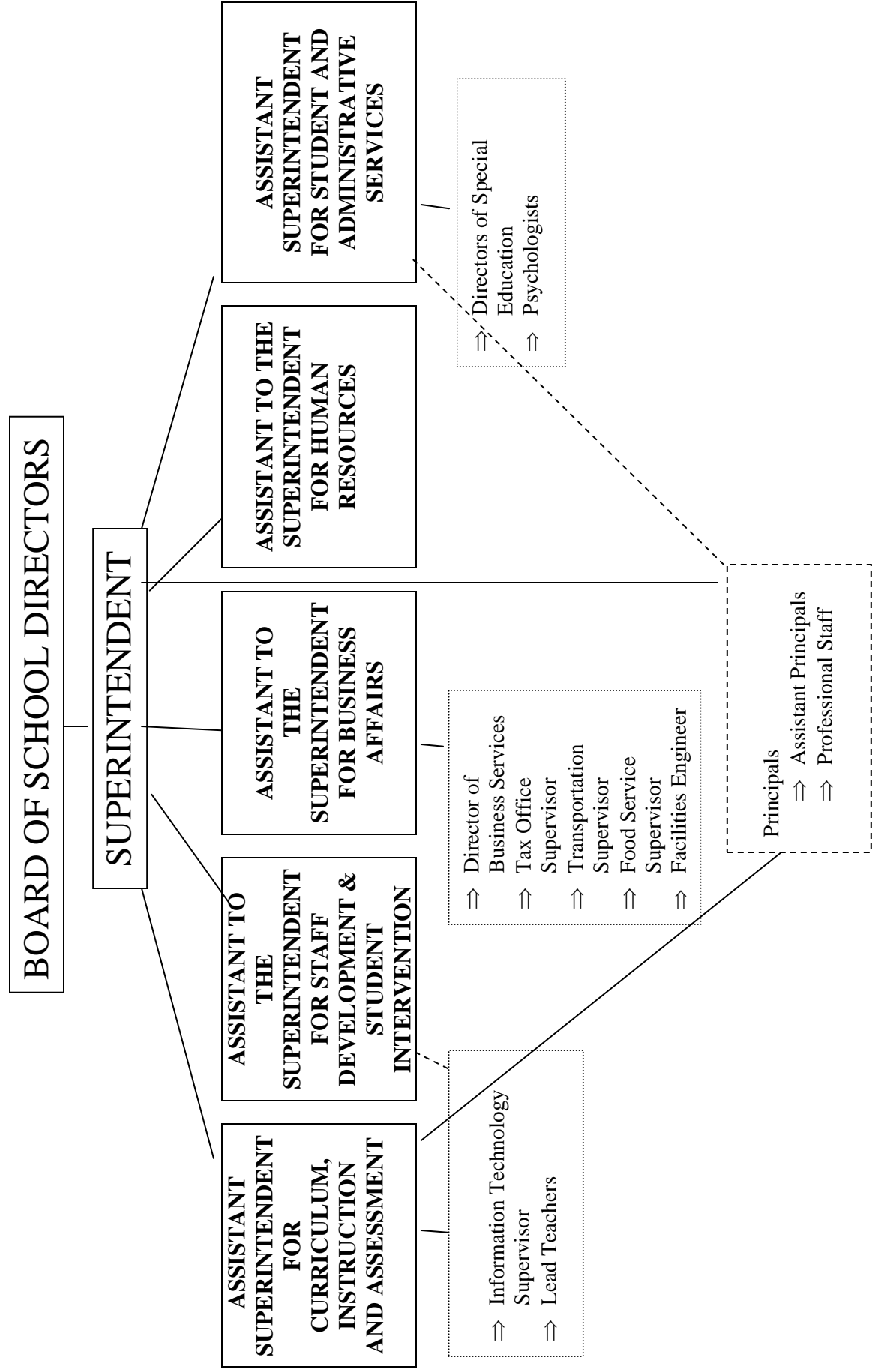
Other Board Services

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

Central Administrative Officials

Harry W. Morgan, 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
Elizabeth A. Leiss	Assistant to the Superintendent for Human Resources
Susan D. Keck	Assistant to the Superintendent for Staff Development

ORGANIZATIONAL CHART BOYERTOWN AREA SCHOOL DISTRICT



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Boyertown Area
School District
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



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, 2008, 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, 2008, and the respective changes in financial position and where applicable, cash flows, 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 9, 2008, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 9 and pages 39 and 40, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BOYERTOWN AREA SCHOOL DISTRICT basic 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 not a required part of the basic financial statements of BOYERTOWN AREA SCHOOL DISTRICT. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

December 9, 2008

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 \$3,594,523 (or 17.41%) for the year ending June 30, 2008, and \$4,707,263 for the year ending June 30, 2007. During the year ending June 30, 2008, the governmental net assets increased by \$3,785,554 (or 18.84%) and the business-type net assets decreased by \$191,031 (or 35.15%). The gain of net assets was due partly to favorable budget results, the investment into District buildings through the Capital Projects fund and the retirement of \$3.955 million in District debt. Overall the District projects a stable financial future based on conservative budgeting.

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 the District's losses.

Capital Projects were a major expenditure during the 2007-2008 fiscal year, with the completion of the several capital investments in the District's buildings, including upgrading of roofs and other building improvements and energy-saving measures.

Health Care costs continue to be a major expenditure with increases managed through negotiated agreements with health care carriers, the examination of benefits and an increased contribution from employees toward their benefits. Increases in the State mandated retirement contributions for each employee are also a concern. The contribution rate is an uncontrollable expenditure for public schools.

Using this Annual Report

In light of the fact that this is a very different presentation of the District's previous general-purpose financial statements, the primary focus of local government's financial statement for the last 20 years (summarized fund type information) has been discarded. The new (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,

	2008			2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Assets						
Current and other assets	\$ 30,975,553	\$ 114,500	\$ 31,090,053	\$ 30,688,325	\$ 208,030	\$ 30,896,355
Capital assets	61,116,249	274,487	61,390,736	62,175,402	365,361	62,540,763
Total assets	<u>\$ 92,091,802</u>	<u>\$ 388,987</u>	<u>\$ 92,480,789</u>	<u>\$ 92,863,727</u>	<u>\$ 573,391</u>	<u>\$ 93,437,118</u>
Liabilities						
Current and other liabilities	\$ 14,856,845	\$ 36,603	\$ 14,893,448	\$ 15,108,301	\$ 29,976	\$ 15,138,277
Long-term liabilities	53,351,046		53,351,046	57,657,069		57,657,069
Total liabilities	<u>68,207,891</u>	<u>36,603</u>	<u>68,244,494</u>	<u>72,765,370</u>	<u>29,976</u>	<u>72,795,346</u>
Net Assets:						
Invested in capital assets, net of related debt	5,991,557	274,487	6,266,044	2,758,537	365,361	3,123,898
Restricted	6,313,702		6,313,702	6,276,967		6,276,967
Unrestricted	11,578,652	77,897	11,656,549	11,062,853	178,054	11,240,907
Total net assets	<u>23,883,911</u>	<u>352,384</u>	<u>24,236,295</u>	<u>20,098,357</u>	<u>543,415</u>	<u>20,641,772</u>
Total liabilities and net assets	<u>\$ 92,091,802</u>	<u>\$ 388,987</u>	<u>\$ 92,480,789</u>	<u>\$ 92,863,727</u>	<u>\$ 573,391</u>	<u>\$ 93,437,118</u>

Most 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.

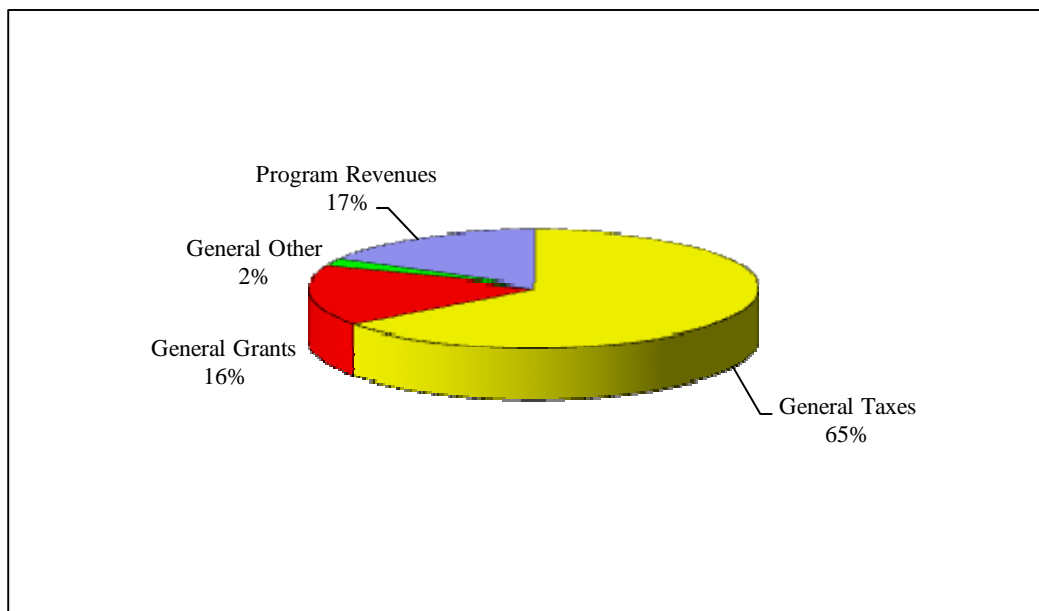
Statement of Activities

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,

	2008			2007		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 527,284	\$ 1,840,424	\$ 2,367,708	\$ 577,601	\$ 1,803,675	\$ 2,381,276
Operating grants and contributions	13,469,985	675,142	14,145,127	12,551,293	630,054	13,181,347
Capital grants and contributions	-		-	319,057		319,057
General revenues						
Taxes	53,267,043		53,267,043	50,542,714		50,542,714
Grants	13,309,402		13,309,402	13,051,855		13,051,855
Investment earnings	1,838,540	6,232	1,844,772	4,333,050	10,809	4,343,859
Loss on disposition of assets	(101,503)	(3,677)	(105,180)	(29,388)	(5,551)	(34,939)
Miscellaneous	56,646		56,646	14,964		14,964
Total Revenues	82,367,397	2,518,121	84,885,518	81,361,146	2,438,987	83,800,133
Expenses						
Instruction						
Regular programs	34,953,881		34,953,881	33,299,462		33,299,462
Special programs	10,086,229		10,086,229	9,243,819		9,243,819
Vocational programs	1,630,334		1,630,334	1,608,743		1,608,743
Other instructional programs	588,690		588,690	1,056,137		1,056,137
Adult education programs	15,754		15,754	13,606		13,606
Support services						
Pupil personnel services	2,333,730		2,333,730	2,254,540		2,254,540
Instructional staff services	4,071,887		4,071,887	3,624,804		3,624,804
Administrative services	5,308,135		5,308,135	4,920,763		4,920,763
Pupil health	756,346		756,346	697,079		697,079
Business services	932,323		932,323	915,444		915,444
Operation of maintenance of plant services	6,809,750		6,809,750	6,750,708		6,750,708
Pupil transportation	5,663,935		5,663,935	6,780,105		6,780,105
Central services	1,116,044		1,116,044	832,597		832,597
Other support services	76,369		76,369	75,806		75,806
Non-instructional services						
Food service		2,634,058	2,634,058		2,562,167	2,562,167
Student activities	1,214,381		1,214,381	1,154,320		1,154,320
Community services	25,418		25,418	34,906		34,906
Interest on long-term debt	3,073,731		3,073,731	3,267,864		3,267,864
Total Expenses	78,656,937	2,634,058	81,290,995	76,530,703	2,562,167	79,092,870
Increase (decrease) in net assets before transfers	3,710,460	(115,937)	3,594,523	4,830,443	(123,180)	4,707,263
Transfers	75,094	(75,094)	-	75,094	(75,094)	-
Increase (decrease) in net assets	3,785,554	(191,031)	3,594,523	4,905,537	(198,274)	4,707,263
Net Assets, beginning of year	20,098,357	543,415	20,641,772	15,192,820	741,689	15,934,509
Net assets, end of year	\$ 23,883,911	\$ 352,384	\$ 24,236,295	\$ 20,098,357	\$ 543,415	\$ 20,641,772

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



The District Funds

Governmental Funds

As of the year-end, the governmental funds reported a combined fund balance of \$17,573,252, which is an increase from the prior year of \$78,770 (or .45%). Of the \$17,573,252, the General fund balance is \$7,918,875, which is an increase of \$247,485 over the prior year. The major contributor to the General fund balance increase is lower than budgeted expenditures due to tight budgetary controls. The District also has \$4,059,671 remaining in the Gilbertsville, Washington, JHW and Senior High Renovation fund, which is \$126,925 higher than the prior year with \$916,616 designated as reserved fund balance. The major contributor to the increase in this fund is investment income. The Debt Service fund balance is at \$3,905,917, which is an increase of \$91,840 from the prior year due to investment income. The non-major funds report total fund balance of \$1,688,789, which is \$387,480 lower than the prior year. The major contributor to the decrease in fund balance in the non-major funds is actual expenditures for the capital investment projects exceeded actual revenue. The general fund unrestricted balance represents 10 percent of the total general fund expenditures.

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 39.

During the year, the District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. Budgeted revenues and expenditures increased \$340,688 (.42%) as a result of additional approved grants.

The General Fund actual amount of revenue received was less than the final revenue budget by \$22,248 (.03%) predominantly due to less than anticipated local property tax collections, offset by higher than expected interest earnings, and an increase in realized state subsidies. The decrease in real estate tax revenue received is also due to a decrease in interim tax bills on new homes during the recent slump in new home sales.

The General Fund actual amount of expenditures was less than the final expenditure budget by \$995,301 (1.24%). The primary reason for the positive variance is the actual expenditures for instructional and instructional support salary and benefits were less than budget expenditures. The retirement of senior teachers and the less than expected health insurance premium increase contributed to the savings. Expenditures for regular programs were under spent due to unanticipated staff vacancies and the inability to fill the vacant positions in a timely manner. The savings in utility expenses were attributed to the District's energy savings initiatives implemented in previous years. Other costs that exceeded final budget include additional special education costs and increased fuel costs.

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 \$61,390,736, which represents a net decrease (additions less retirements and depreciation) of \$1,150,027 or 1.84% 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 609,177	\$ 609,177	\$	\$
Construction in progress	609,584	14,448		
Site improvements	1,530,311	1,370,548		
Buildings and improvements	55,441,506	57,273,326		
Furniture and equipment	<u>2,925,671</u>	<u>2,907,903</u>	<u>274,487</u>	<u>365,361</u>
Total	<u>\$ 61,116,249</u>	<u>\$ 62,175,402</u>	<u>\$ 274,487</u>	<u>\$ 365,361</u>

Debt Outstanding

As of year-end, the District had \$57,030,000 in debt (bonds and notes) outstanding compared to \$60,985,000 last year. This represents a decrease of \$3,955,000 or 6.49%. 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 District has experienced moderate growth over the past years. The growth patterns in student population have changed in the Montgomery County portion of the District, causing an overpopulation of students in the buildings that serve the eastern portion of the District. Anticipated redistricting will cause transportation adjustments and possibly building renovations. Also, an economic slowdown could result in revenue forecasts having to be revised downward. The current economic slowdown is impacting interest rates and new housing starts. Either of these scenarios 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. 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. The District is scheduled to receive a distribution from the State gambling fund that will be used in July 2008 to reduce qualified homestead/farmstead property owners' real estate taxes. Again, no additional funds would be received by the school district for education. Currently, the state funds approximately 30% of the District's programs.

Litigation progresses as a way to recover the lost investment of the Hummlestown General Authority bonds, which defaulted in September 2004. The District instructed the bond trustee to sell the Whitetail Golf Resort, which was obtained by the bond proceeds, in order to recoup some of the investment. The asset sold in April 2006 and the net pro-rated proceeds of the sale (\$2,453,222.09) were received in February 2007.

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 12,402,416	\$ 34,256	\$ 12,436,672
Investments	13,075,091		13,075,091
Taxes receivable, net	2,642,174		2,642,174
Due from other governments	2,342,252	19,940	2,362,192
Other receivables	133,466	4,199	137,665
Inventories		56,105	56,105
Prepaid expenses	22,063		22,063
Deferred charges	358,091		358,091
Total current assets	30,975,553	114,500	31,090,053
Noncurrent assets			
Land	609,177		609,177
Construction in progress	609,584		609,584
Site improvements	4,209,978		4,209,978
Buildings and building improvements	92,749,023		92,749,023
Furniture and equipment	10,617,406	1,707,165	12,324,571
Accumulated depreciation	(47,678,919)	(1,432,678)	(49,111,597)
Total noncurrent assets	61,116,249	274,487	61,390,736
Total assets	\$ 92,091,802	\$ 388,987	\$ 92,480,789
Liabilities			
Current liabilities			
Accounts payable	\$ 2,044,615	\$ 614	\$ 2,045,229
Accrued salaries and benefits	2,980,969		2,980,969
Payroll deductions and withholdings	3,803,174		3,803,174
Accrued interest	762,860		762,860
Unearned revenue	2,424	35,989	38,413
Other liabilities	46,203		46,203
Unamortized bond premium	894,802		894,802
Current portion of compensated absences	6,205		6,205
Current portion of bonds and notes payable	4,110,000		4,110,000
Current portion of capital lease obligations	205,593		205,593
Total current liabilities	14,856,845	36,603	14,893,448
Noncurrent liabilities			
Bonds and notes payable	52,920,000		52,920,000
Capital lease obligations	313,158		313,158
Compensated absences	117,888		117,888
Total noncurrent liabilities	53,351,046	-	53,351,046
Total liabilities	68,207,891	36,603	68,244,494
Net Assets			
Invested in capital assets, net of related debt	5,991,557	274,487	6,266,044
Restricted for			
Capital projects	2,402,843		2,402,843
Debt service	3,905,917		3,905,917
Other purposes	4,942		4,942
Unrestricted	11,578,652	77,897	11,656,549
Total net assets	23,883,911	352,384	24,236,295
Total liabilities and net assets	\$ 92,091,802	\$ 388,987	\$ 92,480,789

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2008

	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		\$ 34,953,881	\$ 150,769	\$ 3,554,561	\$	\$ (31,399,320)	\$	\$ (31,399,320)
Special programs		10,086,229		4,611,706		(5,323,754)		(5,323,754)
Vocational programs		1,630,334				(1,630,334)		(1,630,334)
Other instructional programs		588,690	7,406	473,891		(107,393)		(107,393)
Adult education programs		15,754	15,658	383		287		287
Support services								
Pupil personnel services		2,333,730		149,450		(2,184,280)		(2,184,280)
Instructional staff services		4,071,887		160,674		(3,911,213)		(3,911,213)
Administration services		5,308,135	101,155	264,753		(4,942,227)		(4,942,227)
Pupil health		756,346		173,770		(582,576)		(582,576)
Business services		932,323	19,944	37,608		(874,771)		(874,771)
Operation and maintenance of plant services		6,809,750	100,655	215,407		(6,493,688)		(6,493,688)
Pupil transportation		5,663,935		2,585,471		(3,078,464)		(3,078,464)
Central services		1,116,044		28,231		(1,087,813)		(1,087,813)
Other support services		76,369				(76,369)		(76,369)
Non-instructional services								
Student activities		1,214,381	127,288	45,136		(1,041,957)		(1,041,957)
Community services		25,418	4,409	537		(20,472)		(20,472)
Interest on long-term debt		3,073,731		1,188,407		(1,905,324)		(1,905,324)
Total governmental activities		78,656,937	527,284	13,469,985	-	(64,659,668)	-	(64,659,668)
Business-type activities:								
Food service		2,634,058	1,840,424	675,142			(118,492)	(118,492)
Total primary government		\$ 81,290,995	\$ 2,367,708	\$ 14,145,127	\$ -	(64,659,668)	(118,492)	(64,778,160)
General revenues:								
Property taxes, levied for general purposes, ne						44,605,687		44,605,687
Per capita tax						275,599		275,599
Emergency Municipal Services Tax						75,685		75,685
Real estate transfer tax						1,076,824		1,076,824
Earned income tax						5,436,669		5,436,669
Delinquent taxes						1,722,743		1,722,743
Public utility taxes						71,642		71,642
Payment in lieu of taxes						2,194		2,194
Grants and entitlements not restricted to specific program:						13,309,402		13,309,402
Investment earnings						1,838,540	6,232	1,844,772
Loss on disposition of assets						(101,503)	(3,677)	(105,180)
Miscellaneous						56,646		56,646
Transfers						75,094	(75,094)	-
Total general revenues and transfers						68,445,222	(72,539)	68,372,683
Change in net assets						3,785,554	(191,031)	3,594,523
Net assets beginning of year						20,098,357	543,415	20,641,772
Net assets, ending						\$ 23,883,911	\$ 352,384	\$ 24,236,295

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

		<u>Capital Project Funds</u>			
		Gilbertsville, Washington, JHW, and Senior High Renovation Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	<u>General</u>				
Assets					
Cash and cash equivalents	\$ 6,962,771	\$ 2,034,906	\$ 510,057	\$ 2,791,970	\$ 12,299,704
Investments	7,695,778	389,154	3,395,860	-	11,480,792
Taxes receivable, net	2,642,174				2,642,174
Due from other governments	2,342,252				2,342,252
Due from other funds		1,635,611		-	1,635,611
Other receivables	133,466				133,466
Prepaid items	22,063				22,063
Total assets	<u>\$ 19,798,504</u>	<u>\$ 4,059,671</u>	<u>\$ 3,905,917</u>	<u>\$ 2,791,970</u>	<u>\$ 30,556,062</u>
Liabilities and fund balance					
Liabilities					
Due to other funds	\$ 1,031,370	\$	\$	\$ 604,241	\$ 1,635,611
Accounts payable	1,545,675			498,940	2,044,615
Accrued salaries and benefits	2,980,969				2,980,969
Payroll deductions & withholdings	3,803,174				3,803,174
Deferred revenue	2,472,238				2,472,238
Other liabilities	46,203				46,203
Total liabilities	<u>11,879,629</u>	<u>-</u>	<u>-</u>	<u>1,103,181</u>	<u>12,982,810</u>
Fund balance					
Reserved for interfund advances		916,616			916,616
Unreserved, undesignated reported in:					
General Fund	7,918,875				7,918,875
Special Revenue Fund				4,942	4,942
Capital Projects Fund		3,143,055		1,683,847	4,826,902
Debt Service Fund			3,905,917	-	3,905,917
Total fund balance	<u>7,918,875</u>	<u>4,059,671</u>	<u>3,905,917</u>	<u>1,688,789</u>	<u>17,573,252</u>
Total liabilities and fund balance	<u>\$ 19,798,504</u>	<u>\$ 4,059,671</u>	<u>\$ 3,905,917</u>	<u>\$ 2,791,970</u>	<u>\$ 30,556,062</u>

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, 2008

Total governmental fund balances	\$ 17,573,252
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	108,795,168
Less accumulated depreciation	(47,678,919)
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	(762,860)
Bonds and notes payable in future years	(57,030,000)
Capital lease obligations payable in future years	(518,751)
Accumulated compensated absences	(124,093)
Unamortized bond premium	(894,802)
Bond issuance costs are reported as expenditures in the governmental funds. The cost is \$447,943 and accumulated amortization is \$89,852.	358,091
The Internal Service Fund was used by management to pay the costs of being self-insured for worker's compensation and dental coverage in prior years. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net assets	1,697,011
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>2,469,814</u>
Net assets of governmental activities	<u><u>\$ 23,883,911</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, 2008

		Capital Project Fund			
		Gilbertsville, Washington, JHW, and Senior High Renovation Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	General				
Revenues					
Local sources					
Real estate taxes	\$ 44,605,686	\$	\$	\$	\$ 44,605,686
Other taxes	8,330,317				8,330,317
Earnings on investments	1,429,967	126,925	91,945	87,083	1,735,920
Revenue from intermediate sources	1,319,889				1,319,889
Rentals	100,655				100,655
Tuition	173,667				173,667
Revenue from student activities				127,288	127,288
Other revenue	233,883			15,043	248,926
State sources	24,361,722				24,361,722
Federal sources	1,031,170				1,031,170
Total revenues	81,586,956	126,925	91,945	229,414	82,035,240
Expenditures					
Current					
Instruction	44,925,516			651,708	45,577,224
Support services	26,082,858		105	11,749	26,094,712
Non-instructional	1,093,920			127,545	1,221,465
Capital outlay					
Facilities, acquisition, construction, and improvement				1,722,082	1,722,082
Debt service					
Interest	3,114,882			29,420	3,144,302
Principal	4,247,389			24,390	4,271,779
Total expenditures	79,464,565	-	105	2,566,894	82,031,564
Excess (deficiency) of revenues over (under) expenditures	2,122,391	126,925	91,840	(2,337,480)	3,676
Other financing sources and (uses)					
Transfers in	75,094			1,950,000	2,025,094
Transfers (out)	(1,950,000)			-	(1,950,000)
Total other financing sources and (uses)	(1,874,906)	-	-	1,950,000	75,094
Net change in fund balance	247,485	126,925	91,840	(387,480)	78,770
Fund Balance at Beginning of Year	7,671,390	3,932,746	3,814,077	2,076,269	17,494,482
Fund balance, ending	\$ 7,918,875	\$ 4,059,671	\$ 3,905,917	\$ 1,688,789	\$ 17,573,252

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, 2008

Net change in fund balances - total governmental funds	\$ 78,770
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	2,045,333
Depreciation expense	(3,002,983)
The net effect of various transactions involving capital assets (ie., sales, trade ins, and contributions) is to decrease net assets.	(101,503)
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 increased by this amount this year.	331,039
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.	3,955,000
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.	316,779
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.	(10,073)
The Internal Service Fund was used by management to pay the costs of being self-insured for worker's compensation and dental coverage in prior years. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net assets.	102,621
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	(31,401)
Amortization of bond premium / discount	49,971
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.	52,001
Change in net assets of governmental activities	<u>\$ 3,785,554</u>

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Business-type Activities - Enterprise Funds	Governmental Activities
	Food Service Fund	Internal Service Fund
Assets		
Current assets		
Cash and cash equivalents	\$ 34,256	\$ 102,712
Investments		1,594,299
Due from other governments	19,940	
Other receivables	4,199	
Inventories	56,105	
Total current assets	114,500	1,697,011
Property and equipment		
Furniture and equipment	1,707,165	
Accumulated depreciation	(1,432,678)	
Total property and equipment	274,487	
Total assets	\$ 388,987	\$ 1,697,011
Liabilities		
Current liabilities		
Accounts payable	\$ 614	
Deferred revenue	35,989	
Total liabilities	36,603	-
Net assets		
Invested in capital assets	274,487	
Unrestricted	77,897	1,697,011
Total net assets	352,384	1,697,011
Total liabilities and net assets	\$ 388,987	\$ 1,697,011

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, 2008

	Business-type Activities - Enterprise Funds	Governmental Activities
	Food Service Fund	Internal Service Fund
Operating revenues		
Type A		
Cash lunches	\$ 1,187,224	\$
Reduced lunches	14,930	
A la carte sales	488,601	
Adult sales	91,632	
Miscellaneous sales	58,037	
Total operating revenues	<u>1,840,424</u>	<u>-</u>
Operating expenses		
Salaries	869,861	
Employee benefits	109,073	
Payroll taxes	66,807	
Retirement	55,469	
Equipment repairs	34,135	
Supplies	1,402,686	
Travel and conferences	6,182	
Miscellaneous	1,624	
Depreciation	88,221	
Total operating expenses	<u>2,634,058</u>	<u>-</u>
Operating income (loss)	<u>(793,634)</u>	<u>-</u>
Nonoperating revenues(expenses)		
Earnings on investments	6,232	102,621
Loss on disposition of assets	(3,677)	
State subsidies	141,840	
Federal subsidies	533,302	
Total nonoperating revenues(expenses)	<u>677,697</u>	<u>102,621</u>
Income (loss) before transfers	(115,937)	102,621
Transfers out	<u>(75,094)</u>	<u></u>
Change in net assets	(191,031)	102,621
Net assets (deficit) at beginning of year	<u>543,415</u>	<u>1,594,390</u>
Net assets, ending	<u>\$ 352,384</u>	<u>\$ 1,697,011</u>

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, 2008

	Business-type Activities - Enterprise Funds	Governmental Activities
	Food Service Fund	Internal Service Fund
Cash flows from operating activities		
Cash received from customers	\$ 1,842,936	\$
Payments to vendors	(1,428,579)	
Payments to employees	(1,101,210)	
Net cash used in operating activities	(686,853)	-
Cash flows from noncapital financing activities		
Transfer to other funds	(75,094)	
State subsidies	140,582	
Federal subsidies	527,067	
Net cash provided by noncapital financing activities	592,555	-
Cash flows from capital and related financing activities		
Purchase of equipment	(1,024)	
Cash flow from investing activities		
Purchase of investments		(1,274,665)
Earnings on investments	6,232	2,754
Sale of investments		1,300,000
Net cash provided by (used in) investing activities	6,232	28,089
Net increase (decrease) in cash and cash equivalents	(89,090)	28,089
Cash and cash equivalents, beginning	123,346	74,623
Cash and cash equivalents, ending	\$ 34,256	\$ 102,712
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (793,634)	\$ -
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	88,221	
Increase in accounts receivable	(3,501)	
Decrease in inventory	15,434	
Increase in accounts payable	614	
Increase in deferred revenue	6,013	
Net cash used in operating activities	\$ (686,853)	\$ -
Schedule of noncash noncapital financing activities		
Donated commodities received	\$ 152,269	
Donated commodities used	\$ 150,550	

The accompanying notes are an integral part of the financial statements

BOYERTOWN AREA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008

	Private-Purpose Trust Fund (Scholarship Fund)	Agency Funds
Asset		
Cash and cash equivalents	\$ 56,815	\$ 1,393,742
Investments	22,207	
Total assets	<u>\$ 79,022</u>	<u>\$ 1,393,742</u>
Liabilities		
Accounts payable	\$ 85	\$
Due to other governments		843,380
Due to student organizations		550,362
Total liabilities	<u>85</u>	<u>1,393,742</u>
Net assets		
Reserved for scholarships	<u>78,937</u>	
Total liabilities and net assets	<u>\$ 79,022</u>	<u>\$ 1,393,742</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, 2008

	Private-Purpose Trust Fund (Scholarship Fund)
Additions	
Investment earnings:	
Interest income	\$ 2,832
Net decrease in the fair value of investments	1,786
Local contributions	<u>21,475</u>
Total additions	<u>26,093</u>
Deductions	
Fees paid and scholarships awarded	<u>37,104</u>
Change in net assets	(11,011)
Net assets, beginning	<u>89,948</u>
Net assets, ending	<u><u>\$ 78,937</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, 2008

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 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 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.

Additionally, the District reports the following funds:

The Special Revenue Fund is used to account for financial resources, which are restricted to expenditures for specified purposes. This fund is used to account for funds for school athletics authorized by Section 511 of the Public School Code of 1949, as amended.

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 Junior High East 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 in the Junior High East, Senior High School and Education Center.

The Internal Service Fund was established to record the contingent liability arising from the District being self-insured for insurance in prior periods.

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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.

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, 2008

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, 2008, consist of the following:

Supplies	\$ 22,712
Purchased food	29,800
Donated commodities	<u>3,593</u>
	<u>\$ 56,105</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 believes that all receivables are collectible. Therefore, an allowance for doubtful accounts is not needed.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

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, 2008, \$13,936,415 of the District's bank balance of \$25,885,564 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, 2008, the District had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
Investment pools	\$ 822,244
Money Market Funds	317,846
Federal Home Loan Mortgage	249,490
Common stock	22,207

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, 2008, The District's investments were rated as:

<u>Investment</u>	<u>Standard & Poor's</u>
PA School District Liquid Asset Fund	AAA
PA Local Government Investment Trust	AAA
Federal Home Loan Mortgage	AAA

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, 2008, the District's investments had the following weighted average maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Federal Home Loan Bank	\$ 249,467	17
PA School District Liquid Asset Fund	432,306	51
PA Local Government Investment Trust	389,938	58

The mortgage pass-through investments are highly sensitive to changes in interest rate changes because of prepayment options.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

II. DETAILED NOTES ON ALL FUNDS, continued

B. Receivables

Taxes Receivable

The millage rate levied by the District for the fiscal year ended June 30, 2008, was 19.24 mills for Berks County and 19.42 mills for Montgomery County, as established by the Board of School Directors. Current tax collections for the District were approximately 97.3% of the total tax levy.

The following amounts applicable to taxes receivable were recorded at June 30, 2008:

Interim real estate taxes	\$ 42,554
Delinquent taxes	<u>2,599,620</u>
	<u>\$ 2,642,174</u>

Due from Other Governments (Intergovernmental Receivables)

General Fund	
Federal subsidies receivable	
Title I Part A	\$ 34,715
IDEA	708,300
ACCESS	<u>552,483</u>
Total Federal Subsidies Receivable	<u>1,295,498</u>
State subsidies receivable	
Rental Subsidy	92,799
Retirement	557,987
Social security	<u>239,414</u>
Total State Subsidies Receivable	<u>890,200</u>
Other governmental units	
Grants	14,853
Real estate transfer tax	105,780
Tuition	<u>35,921</u>
Total Intergovernmental Receivables	<u>\$ 2,342,252</u>
Proprietary Funds	
Federal subsidies receivable	\$ 16,453
State subsidies receivable	<u>3,487</u>
Total Intergovernmental Receivables	<u>\$ 19,940</u>

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

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, 2008:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$	\$ 1,031,370
Other governmental funds		604,241
Gilbertsville/Wash/JHW Fund	<u>1,635,611</u>	
	<u>\$ 1,635,611</u>	<u>\$ 1,635,611</u>

The Gilbertsville/Wash/JHW Fund interfund receivable is not expected to be repaid within one year since this is a multi year loan.

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 amounts between the Capital Projects, Technology Reserve, and Gilbertsville/Washington/JHW Funds are interfund borrowings to purchase technology. The amount between the General Fund and Gilbertsville/Washington/JHW Fund is a long-term interfund borrowing for an energy savings contract. The amounts between the General Fund and Food Service are for payroll.

Interfund transfers are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 75,094	\$ 1,950,000
Other governmental funds	1,950,000	
Food Service		<u>75,094</u>
	<u>\$ 2,025,094</u>	<u>\$ 2,025,094</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.

D. Capital assets

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Capital assets not being depreciated			
Land	\$ 609,177	\$	\$ 609,177
Construction in progress	609,584		609,584
Capital assets being depreciated			
Site improvements	4,209,978	(2,679,667)	1,530,311
Buildings and improvements	92,749,023	(37,307,517)	55,441,506
Furniture and equipment	<u>10,617,406</u>	<u>(7,691,735)</u>	<u>2,925,671</u>
	<u>\$ 108,795,168</u>	<u>\$ (47,678,919)</u>	<u>\$ 61,116,249</u>

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

II. DETAILED NOTES ON ALL FUNDS, continued

D. Capital assets, continued

A summary of changes in capital assets is as follows:

Governmental Activities:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets not being depreciated				
Land	\$ 609,177	\$	\$	\$ 609,177
Construction in progress	14,448	609,584	14,448	609,584
Total Capital assets not being depreciated	623,625	609,584	14,448	1,218,761
Capital assets being depreciated				
Site improvements	3,916,631	293,347		4,209,978
Buildings and improvements	92,353,124	395,899		92,749,023
Furniture and equipment	10,525,935	746,503	655,032	10,617,406
Total capital assets being depreciated at historical cost	106,795,690	1,435,749	655,032	107,576,407
Less accumulated depreciation for				
Site improvements	(2,546,083)	(133,584)		(2,679,667)
Buildings and improvements	(35,079,798)	(2,227,719)		(37,307,517)
Furniture & Equipment	(7,618,032)	(641,680)	(567,977)	(7,691,735)
Total accumulated depreciation	(45,243,913)	(3,002,983)	(567,977)	(47,678,919)
Total capital assets being depreciated, net	61,551,777	(1,567,234)	87,055	59,897,488
Governmental Activities capital assets, net	62,175,402	(957,650)	101,503	61,116,249
<u>Business-type Activities:</u>				
Capital assets being depreciated				
Furniture and equipment	1,718,478	1,025	12,338	1,707,165
Less accumulated depreciation	(1,353,117)	(88,221)	(8,660)	(1,432,678)
Business-type activities capital assets, net	365,361	(87,196)	3,678	274,487
Total for Reporting Entity	\$ 62,540,763	\$ (1,044,846)	\$ 105,181	\$ 61,390,736

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

II. DETAILED NOTES ON ALL FUNDS, continued

D. Capital assets, continued

Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular programs	\$ 1,379,332
Special programs	404,899
Vocational	65,277
Other instructional programs	23,571
Adult education programs	631
Support Services	
Pupil personnel services	93,711
Instructional staff services	164,598
Administration services	212,096
Pupil health	30,283
Business services	37,400
Operation and maintenance of plant services	273,777
Pupil transportation services	227,999
Central services	44,844
Student activities	44,565
	<hr/>
Total Depreciation charged as direct expense	<u><u>\$ 3,002,983</u></u>

E. Long-term debt

Bonds and notes payable at June 30, 2008, consisted of:

General Obligation Bond, Series of 1999, principal amount \$36,355,000, due in annual installments ranging from \$1,455,000 to \$10,075,000, maturing February 2017, bearing interest from 3.3% to 5%	\$ 21,460,000
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%	21,335,000
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	6,385,000
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%	<hr/> 7,850,000
	<u><u>\$ 57,030,000</u></u>

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

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, 2008:

Type	Principal Outstanding July 1, 2007	Additions	Repayments	Principal Outstanding June 30, 2008	Due within One Year
General Obligation Bond - 1999	\$ 23,455,000	\$	\$ 1,995,000	\$ 21,460,000	\$ 2,090,000
General Obligation Bond - 2005	22,320,000		985,000	21,335,000	1,010,000
General Obligation Note - 2005	6,390,000		5,000	6,385,000	5,000
General Obligation Bond - 2006	8,820,000		970,000	7,850,000	1,005,000
	60,985,000	-	3,955,000	57,030,000	4,110,000
Capital Leases	835,530		316,779	518,751	205,593
	61,820,530	-	4,271,779	57,548,751	4,315,593
Compensated Absences (Note II.J)	114,020	28,595	18,522	124,093	6,205
Total	<u>\$ 61,934,550</u>	<u>\$ 28,595</u>	<u>\$ 4,290,301</u>	<u>\$ 57,672,844</u>	<u>\$ 4,321,798</u>

The General Fund funds the payments of long-term debt and compensated absences.

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
2009	\$ 4,110,000	\$ 2,430,473	\$ 6,540,473
2010	4,265,000	2,273,766	6,538,766
2011	4,455,000	2,090,227	6,545,227
2012	4,645,000	1,898,369	6,543,369
2013	4,835,000	1,706,493	6,541,493
2014-2018	19,470,000	5,224,333	24,694,333
2019-2023	8,840,000	2,254,399	11,094,399
2024-2026	6,410,000	412,664	6,822,664
	<u>\$ 57,030,000</u>	<u>\$ 18,290,724</u>	<u>\$ 75,320,724</u>

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

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 \$8,075,000. 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 1.55% at June 30, 2008, 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, 2008, the swap created a synthetic variable rate bond as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Variable payment to counterparty	BMA	1.55%
Fixed payment from counterparty	Fixed	<u>(3.46%)</u>
Net interest rate swap payments		(1.91%)
Fixed rate bond coupon payment	Fixed	<u>3.0%</u>
Synthetic variable interest rate on bonds		<u>1.09%</u>

Fair value: As of June 30, 2008 the swap had a fair value of \$169,934 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, 2008. 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 \$169,934 fair value. As of June 30, 2008 the counterparty was rated Aa1 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, 2008

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, 2008, 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		
2009	\$ 1,010,000	\$ 988,525	\$ (154,233)	\$ 1,844,292
2010	1,050,000	952,375	(134,942)	1,867,433
2011	1,100,000	903,875	(114,887)	1,888,988
2012	1,150,000	854,813	(93,877)	1,910,936
2013	1,195,000	809,350	(71,912)	1,932,438
2014-2018	5,595,000	3,187,625	(74,204)	8,708,421
2019-2023	5,910,000	1,831,025		7,741,025
2024-2026	4,325,000	331,625		4,656,625
	<u>\$ 21,335,000</u>	<u>\$ 9,859,213</u>	<u>\$ (644,055)</u>	<u>\$ 30,550,158</u>

F. Capital Leases

On August 22, 2005, the District entered into a lease-purchase agreement with Suntrust Leasing Corporation for the purchase of communication equipment. The present value of the lease payments is \$906,268. The lease provides for ten semi-annual payments of \$100,628. The implicit interest rate is 3.9%. The total present value of the lease, in the amount of \$906,268 has been included in capital assets as furniture & equipment, and long-term liabilities in the government-wide financial statements.

On August 16, 2005, the District entered into a lease-purchase agreement with Government Capital Corporation for the purchase of school textbooks. The present value of the lease payments is \$360,000. The lease provides for three annual payments of \$125,319. The implicit interest rate is 4.73%. The total present value of the lease, in the amount of \$360,000 has been included in capital assets as furniture and equipment, and long-term liabilities in the government-wide financial statements.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

II. DETAILED NOTES ON ALL FUNDS, continued

F. Capital Leases, continued

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2009	\$ 225,647
2010	225,647
2011	<u>100,628</u>
Total minimum lease payments	551,922
Less: amount representing interest	<u>33,171</u>
Present value of minimum lease payments	<u><u>\$ 518,751</u></u>

G. 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, 2008, deferred revenue consisted of delinquent taxes receivable of \$2,469,814.

Also included in deferred revenue is \$2,424. This amount represents funds received to be used for future expenditures.

Food Service Fund

Deferred revenue of \$35,989 in the Food Service Fund represents a carryover of student deposits and the unused donated commodities inventory as of June 30, 2008.

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, 2008, the Boyertown Area School District's share was \$1,565,057. The Center prepares financial statements, which are available to the public.

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.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

II. DETAILED NOTES ON ALL FUNDS, continued

H. Joint venture, continued

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, 2008, was \$393,393. 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.

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 that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Barbara D. Flurie, Office of Financial Management, Public School Employees' Retirement System, PO Box 125, Harrisburg, PA 17108-0125. The report is also available on the PSERS website at www.psers.state.pa.us/publications/cafr/index.htm.

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: Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.5% (Membership Class TD) 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% (Membership Class TC) or at 7.5% (Membership Class TD) of the member's qualifying compensation. Members who joined the System after June 30, 2001, contribute at 7.5% (automatic Membership Class TD). For all new hires and for members who elected Class TD membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2008, the rate of employer's contribution was 7.13 percent of covered payroll. The 7.13 percent rate is composed of a pension contribution rate of 6.44 percent for pension benefits and .69 percent for healthcare insurance premium assistance.

The District's contributions to PSERS for the years ending June 30, 2008, 2007 and 2006, were \$2,989,564, \$2,557,447 and \$1,520,845, respectively, equal to the required contributions for each year.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

II. DETAILED NOTES ON ALL FUNDS, continued

J. Other post-employment benefits and compensated absences

Post-employment Benefits

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 and 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.

Retirement Termination Benefits

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. The amount of remuneration is based on the following classification and required years of service in the District:

Eligible Employee Classification	Required Years of Service	Remuneration Per Year of Service	Maximum Years of Service
Superintendent	1	\$ 275	30
Head Custodian & Classified Supervisors	1	175	30
Cafeteria Manager	1	175	30
Teachers	5	275	35
Central Administrative Staff	1	275	30
Principals	1	275	30
Secretarial and Clerical	1	175	30
Custodian & Maintenance	1	175	30

The District finances the contributions on the pay-as-you-go method. The amount paid for the fiscal year ended June 30, 2008 is \$111,388. The number of employees eligible to receive this benefit is 659.

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. Only central administrators, directors and principals are allowed to carry over up to ten unexpended vacation days to the next fiscal year. Supervisors are eligible to carry over up to five unexpended vacation days to the next fiscal year. Compensated absences of \$124,093 have been recognized. The General Fund, in prior years, liquidated the liability for compensated absences.

BOYERTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2008

II. DETAILED NOTES ON ALL FUNDS, continued

K. 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 \$1,117,823 as of June 30, 2008.

L. 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 workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

M. Deficit fund balance

The Technology Reserve Fund had a deficit fund balance of \$27,440 as of June 30, 2008. The deficit fund balance is made up of existing inter-fund debt that is funded each year by a transfer from the General Fund.

N. New Accounting Pronouncements

The Governmental Accounting Standards Board issued two statements not yet implemented by the District. The statements that might impact the District are as follows:

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* issued April 2004, will be effective for the District for the fiscal year ending June 30, 2008. This statement establishes uniform financial reporting standards for other postemployment benefit (OPEB) plans and supersedes the interim guidance included in Statement No. 26. This statement affects reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* issued June 2004, will be effective for the District for the fiscal year ending June 30, 2009. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits expense/expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of state and local government employers.

The District's management has not yet determined the effect these statements will have on the District's financial statements.

Required Supplementary Information
other than MD&A

BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues				
Local sources				
Real estate taxes	\$ 45,526,181	\$ 45,526,388	\$ 44,605,686	\$ (920,702)
Other taxes	7,956,100	7,956,100	8,330,317	374,217
Earnings on investments	1,100,000	1,100,000	1,429,967	329,967
Revenue from intermediate sources	1,082,372	1,388,482	1,319,889	(68,593)
Rentals	80,000	80,000	100,655	20,655
Tuition	353,000	323,000	173,667	(149,333)
Other revenue	273,207	303,000	233,883	(69,117)
State sources	23,866,207	23,977,450	24,361,722	384,272
Federal sources	1,031,449	954,784	1,031,170	76,386
Total revenues	81,268,516	81,609,204	81,586,956	(22,248)
Expenditures				
Current				
Instruction				
Regular programs	33,389,281	33,361,454	33,072,541	288,913
Special programs	9,212,978	9,420,984	9,707,676	(286,692)
Vocational programs	1,544,728	1,566,019	1,565,057	962
Other instructional programs	1,305,047	1,211,568	565,119	646,449
Adult education programs	9,113	9,113	15,123	(6,010)
Support services				
Pupil personnel services	2,177,415	2,226,515	2,246,763	(20,248)
Instructional staff services	4,092,745	4,212,082	3,946,333	265,749
Administration services	4,972,397	4,993,888	5,085,122	(91,234)
Pupil health	665,630	665,630	726,063	(60,433)
Business services	927,705	935,606	896,680	38,926
Operation and maintenance of plant services	7,039,405	7,071,905	6,563,963	507,942
Pupil transportation	5,166,769	5,166,769	5,466,396	(299,627)
Central services	889,963	1,061,614	1,075,169	(13,555)
Other support services	75,807	75,807	76,369	(562)
Non-instructional				
Student activities	1,058,779	1,065,744	1,068,502	(2,758)
Community services	29,620	28,800	25,418	3,382
Debt service				
Interest	2,928,000	2,928,000	3,114,882	(186,882)
Principal	4,458,368	4,458,368	4,247,389	210,979
Total expenditures	79,943,750	80,459,866	79,464,565	995,301
Excess (deficiency) of revenues over expenditures	1,324,766	1,149,338	2,122,391	973,053
Other financing sources (uses)				
Transfers in	107,400	107,400	75,094	(32,306)
Transfers (out)	(1,000,000)	(1,000,000)	(1,950,000)	(950,000)
Budgetary reserve	(432,166)	(256,738)		256,738
Total other financing sources (uses)	(1,324,766)	(1,149,338)	(1,874,906)	(725,568)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	247,485	247,485
Fund balance, beginning	7,671,390	7,671,390	7,671,390	-
Fund balance, ending	\$ 7,671,390	\$ 7,671,390	\$ 7,918,875	\$ 247,485

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, 2008***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	\$ 286,692
Adult education programs	6,010
Pupil personnel services	20,248
Administrative services	91,234
Pupil Health	60,433
Pupil Transportation	299,627
Central services	13,555
Other support services	562
Student activities	2,758
Debt Service interest	186,882

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

Supplementary Information

Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Fund is used to account for financial resources, which are restricted to expenditures for specified purposes.

Athletic Fund – This fund is used to account for funds for school athletics authorized by section 511 of the Public School Code of 1949.

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.

The Junior High East 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 in the Junior High East, Senior High School and Education Center.

BOYERTOWN AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Special Revenue Fund	Capital Project Funds				Total Nonmajor Governmental Funds
	Athletic Fund	Capital Projects Fund	Technology Reserve Fund	JHE Renovation Fund		
Assets						
Cash and cash equivalents	\$ 4,942	\$ 1,080,541	\$ 458,489	\$ 1,247,998	\$	2,791,970
Investments						-
Due from other funds						-
Total assets	\$ 4,942	\$ 1,080,541	\$ 458,489	\$ 1,247,998	\$	2,791,970
Liabilities and fund balances						
Liabilities						
Due to other funds	\$	\$ 130,000	\$ 474,241	\$	\$	604,241
Accounts payable		487,252	11,688			498,940
Total liabilities	-	617,252	485,929	-		1,103,181
Fund balance						
Unreserved, undesignated	4,942	463,289	(27,440)	1,247,998		1,688,789
Total liabilities and fund balance	\$ 4,942	\$ 1,080,541	\$ 458,489	\$ 1,247,998	\$	2,791,970

BOYERTOWN AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2008

	Special Revenue Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	Athletic Fund	Capital Projects Fund	Technology Reserve Fund	JHE Renovation Fund	
Revenues					
Local sources					
Earnings on investments	\$ 13	\$ 23,984	\$ 28,026	\$ 35,060	\$ 87,083
Other revenue		15,043			15,043
Revenue from student activities	127,288				127,288
Total revenues	127,301	39,027	28,026	35,060	229,414
Expenditures					
Current					
Instruction			651,708		651,708
Support services			11,749		11,749
Non-instructional	127,545				127,545
Capital outlay					
Facilities, acquisition, construction, and improvement		931,182	413,219	377,681	1,722,082
Debt service			29,420		29,420
Interest			24,390		24,390
Principal					
Total expenditures	127,545	931,182	1,130,486	377,681	2,566,894
Excess (deficiency) of revenues over (under) expenditures	(244)	(892,155)	(1,102,460)	(342,621)	(2,337,480)
Other financing sources (uses)					
Transfers in		750,000	1,200,000		1,950,000
Total other financing sources (uses)	-	750,000	1,200,000	-	1,950,000
Net change in fund balance	(244)	(142,155)	97,540	(342,621)	(387,480)
Fund balance, beginning	5,186	605,444	(124,980)	1,590,619	2,076,269
Fund balance, ending	\$ 4,942	\$ 463,289	\$ (27,440)	\$ 1,247,998	\$ 1,688,789

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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, 2008

	Student Activity Fund	Earned Income Tax Fund	Total
Assets			
Cash and cash equivalents	\$ 550,362	\$ 843,380	\$ 1,393,742
Total assets	<u>\$ 550,362</u>	<u>\$ 843,380</u>	<u>\$ 1,393,742</u>
Liabilities			
Due to other governments	\$	\$ 843,380	\$ 843,380
Due to student organizations	550,362		550,362
Total liabilities	<u>\$ 550,362</u>	<u>\$ 843,380</u>	<u>\$ 1,393,742</u>

BOYERTOWN AREA SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the year ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Student Activity Fund				
Assets				
Cash and cash equivalents	\$ 397,310	\$ 1,459,656	\$ 1,306,604	\$ 550,362
Liabilities				
Due to student organizations	\$ 397,310	\$ 1,459,656	\$ 1,306,604	\$ 550,362
Earned Income Tax Fund				
Assets				
Cash and cash equivalents	\$ 788,951	\$ 13,881,185	\$ 13,826,756	\$ 843,380
Liabilities				
Due to other governments	\$ 788,951	\$ 13,881,185	\$ 13,826,756	\$ 843,380
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,186,261	\$ 15,340,841	\$ 15,133,360	\$ 1,393,742
Liabilities				
Due to student organizations	\$ 397,310	\$ 1,459,656	\$ 1,306,604	\$ 550,362
Due to other governments	788,951	13,881,185	13,826,756	843,380
Total Liabilities	\$ 1,186,261	\$ 15,340,841	\$ 15,133,360	\$ 1,393,742

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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, 2008

	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	\$ 1,531	\$ 4,684	\$ 4,121	\$ 661	\$ 15,259	\$ 3,975	\$ 217	\$ 1,002
Investments								
Total assets	<u>\$ 1,531</u>	<u>\$ 4,684</u>	<u>\$ 4,121</u>	<u>\$ 661</u>	<u>\$ 15,259</u>	<u>\$ 3,975</u>	<u>\$ 217</u>	<u>\$ 1,002</u>
Liabilities								
Accounts payable							85	
Net assets								
Reserved for scholarships	<u>\$ 1,531</u>	<u>\$ 4,684</u>	<u>\$ 4,121</u>	<u>\$ 661</u>	<u>\$ 15,259</u>	<u>\$ 3,975</u>	<u>\$ 132</u>	<u>\$ 1,002</u>
Revenues								
Investment earnings:								
Interest income	\$ 49	\$ 151	\$ 131	\$ 21	\$ 521	\$	\$ 6	\$ 34
Net increase in the fair value of investments								
Total investment earnings	49	151	131	21	521	-	6	34
Local contributions					10,526	5,206	108	
Total revenues	49	151	131	21	11,047	5,206	114	34
Expenses	43	200	115	20	10,541	5,858	85	100
Change in net assets	6	(49)	16	1	506	(652)	29	(66)
Net Assets, beginning	1,525	4,733	4,105	660	14,753	4,627	103	1,068
Net Assets, ending	<u>\$ 1,531</u>	<u>\$ 4,684</u>	<u>\$ 4,121</u>	<u>\$ 661</u>	<u>\$ 15,259</u>	<u>\$ 3,975</u>	<u>\$ 132</u>	<u>\$ 1,002</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	Total
\$ 2,631	\$ 4,063	\$ 1,617	\$ 3,731	\$ 1,802	\$ 3,429 22,207	\$ 3,395	\$ 279	\$ 4,418	\$ 56,815 22,207
<u>\$ 2,631</u>	<u>\$ 4,063</u>	<u>\$ 1,617</u>	<u>\$ 3,731</u>	<u>\$ 1,802</u>	<u>\$ 25,636</u>	<u>\$ 3,395</u>	<u>\$ 279</u>	<u>\$ 4,418</u>	<u>\$ 79,022</u>
									85
<u>\$ 2,631</u>	<u>\$ 4,063</u>	<u>\$ 1,617</u>	<u>\$ 3,731</u>	<u>\$ 1,802</u>	<u>\$ 25,636</u>	<u>\$ 3,395</u>	<u>\$ 279</u>	<u>\$ 4,418</u>	<u>\$ 78,937</u>

\$	\$ 126	\$ 50	\$ 143	\$ 48	\$ 1,231 1,786	\$ 111	\$ 137	\$ 73	\$ 2,832 1,786
-	126	50	143	48 790	3,017	111	137	73 4,845	4,618 21,475
-	126	50	143	838	3,017	111	137	4,918	26,093
			1,000	250	700	200	17,492	500	37,104
-	126	50	(857)	588	2,317	(89)	(17,355)	4,418	(11,011)
2,631	3,937	1,567	4,588	1,214	23,319	3,484	17,634	-	89,948
<u>\$ 2,631</u>	<u>\$ 4,063</u>	<u>\$ 1,617</u>	<u>\$ 3,731</u>	<u>\$ 1,802</u>	<u>\$ 25,636</u>	<u>\$ 3,395</u>	<u>\$ 279</u>	<u>\$ 4,418</u>	<u>\$ 78,937</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.

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

	2008	2007	2006	2005	2004	2003	2002
Governmental activities							
Invested in capital, net of related debt	\$ 5,991,557	\$ 2,758,537	\$ 2,892,251	\$ (5,518,729)	\$ (20,984,777)	\$ (29,976,939)	\$ (31,351,849)
Restricted	6,313,702	6,276,967	3,022,036	7,411,421	26,920,981	34,947,607	33,196,185
Unrestricted	<u>11,578,652</u>	<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>
Total governmental activities net assets	<u>\$ 23,883,911</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>
Business-type activities							
Invested in capital, net of related debt	\$ 274,487	\$ 365,361	\$ 437,470	\$ 512,731	\$ 585,193	\$ 679,615	\$ 738,185
Unrestricted	<u>77,897</u>	<u>178,054</u>	<u>304,219</u>	<u>391,637</u>	<u>394,335</u>	<u>500,992</u>	<u>438,012</u>
Total business-type activities net assets	<u>\$ 352,384</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>
Primary government							
Invested in capital, net of related debt	\$ 6,266,044	\$ 3,123,898	\$ 3,329,721	\$ (5,005,998)	\$ (20,399,584)	\$ (29,297,324)	\$ (30,613,664)
Restricted	6,313,702	6,276,967	3,022,036	7,411,421	26,920,981	34,947,607	33,196,185
Unrestricted	<u>11,656,549</u>	<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>
Total primary government net assets	<u>\$ 24,236,295</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>

Note: Boyertown Area School District first applied GASB Statement No. 34 in fiscal year ending June 30, 2002. Therefore, government-wide financial information for years prior to fiscal year 2002 is not available

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

	2008	2007	2006	2005	2004	2003	2002
Expenses							
Governmental activities							
Regular programs	\$ 34,953,881	\$ 33,299,462	\$ 30,874,793	\$ 29,482,309	\$ 27,378,598	\$ 27,141,370	\$ 26,384,151
Special programs	10,086,229	9,243,819	8,266,660	8,115,249	6,726,666	5,411,984	4,538,388
Vocational programs	1,630,334	1,608,743	1,586,091	1,522,502	1,497,030	1,440,747	1,376,843
Other instructional programs	588,690	1,056,137	1,133,691	1,136,986	1,205,993	309,227	251,472
Adult education programs	15,754	13,606	11,655	11,166	11,330	14,900	13,095
Pupil personnel services	2,333,730	2,254,540	2,343,767	2,180,588	2,129,378	2,279,209	2,394,862
Instructional staff services	4,071,887	3,624,804	3,288,862	2,539,365	2,484,623	1,968,113	2,249,552
Administration services	5,308,135	4,920,763	4,439,403	4,333,167	3,846,707	3,706,853	3,788,851
Pupil health	756,346	697,079	626,536	628,071	642,910	461,964	464,172
Business services	932,323	915,444	867,583	819,813	809,654	619,108	648,319
Operation and maintenance							
of plant services	6,809,750	6,750,708	6,441,800	6,133,561	6,139,793	6,938,177	5,996,095
Pupil transportation services	5,663,935	6,780,105	4,828,458	4,465,677	3,793,130	3,252,523	2,878,539
Central services	1,116,044	832,597	897,289	710,019	633,227	288,542	2,799
Other support services	76,369	75,806	73,292	70,386	70,181	73,374	77,832
Student activities	1,214,381	1,154,320	1,085,669	1,093,942	1,045,801	1,031,867	965,761
Community services	25,418	34,906	22,976	35,643	30,123	71,643	38,805
Interest on long-term debt	3,073,731	3,267,864	3,265,914	3,200,725	2,903,001	2,847,207	3,803,403
Total governmental activities expenses	<u>78,656,937</u>	<u>76,530,703</u>	<u>70,054,439</u>	<u>66,479,169</u>	<u>61,348,145</u>	<u>57,856,808</u>	<u>55,872,939</u>
Business-type activities							
Food service	<u>2,634,058</u>	<u>2,562,167</u>	<u>2,483,752</u>	<u>2,362,930</u>	<u>2,333,741</u>	<u>1,997,646</u>	<u>1,957,660</u>
Total primary government expenses	<u>\$ 81,290,995</u>	<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>
Program revenues							
Governmental activities							
Charges for services							
Regular programs	\$ -	\$ 1,881	\$ 61,164	\$ 19,309	\$ -	\$ 302,504	\$ 28,797
Special programs	150,769	194,243	176,208	199,901	210,342		
Other instructional programs	7,406	17,501	27,842	16,937	31,827		12,705
Adult education programs	15,658	12,426	11,469	8,243	8,179		12,587
Administration services	101,155	99,166	83,430	93,959	92,752		78,929
Business services	19,944	23,520	17,149	14,359			
Operation and maintenance of plant services	100,655	76,226	88,798	68,480	100,083	104,447	
Student activities	127,288	148,847	144,236	134,331	120,385	99,503	83,095
Community services	4,409	3,791	2,469	4,014	5,151		
Operating grants & contributions	13,469,985	12,551,293	10,932,240	10,278,106	8,439,715	7,813,485	5,029,530
Capital grants & contributions	-	319,057	1,839,582	2,695,783	887,249	988,439	
Total governmental activities program revenues	<u>13,997,269</u>	<u>13,447,951</u>	<u>13,384,587</u>	<u>13,533,422</u>	<u>9,895,683</u>	<u>9,308,378</u>	<u>5,245,643</u>
Business-type activities							
Charges for service							
Food service	1,840,424	1,803,675	1,731,929	1,814,236	1,705,380	1,569,724	1,501,202
Operating grants & contributions	<u>675,142</u>	<u>630,054</u>	<u>650,837</u>	<u>540,319</u>	<u>497,579</u>	<u>425,999</u>	<u>426,295</u>
Total business-type activities program revenues	<u>2,515,566</u>	<u>2,433,729</u>	<u>2,382,766</u>	<u>2,354,555</u>	<u>2,202,959</u>	<u>1,995,723</u>	<u>1,927,497</u>
Total primary government program revenues	<u>\$ 16,512,835</u>	<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>
Net (Expense)/Revenue							
Governmental activities	<u>\$(64,659,668)</u>	<u>\$(63,082,752)</u>	<u>\$(56,669,852)</u>	<u>\$(52,945,747)</u>	<u>\$(51,452,462)</u>	<u>\$(48,548,430)</u>	<u>\$(50,627,296)</u>
Business-type activities	<u>(118,492)</u>	<u>(128,438)</u>	<u>(100,986)</u>	<u>(8,375)</u>	<u>(130,782)</u>	<u>(1,923)</u>	<u>(30,163)</u>
Total primary government net expense	<u><u>\$ (64,778,160)</u></u>	<u><u>\$ (63,211,190)</u></u>	<u><u>\$ (56,770,838)</u></u>	<u><u>\$ (52,954,122)</u></u>	<u><u>\$ (51,583,244)</u></u>	<u><u>\$ (48,550,353)</u></u>	<u><u>\$ (50,657,459)</u></u>

BOYERTOWN AREA SCHOOL DISTRICT
CHANGES IN NET ASSETS, continued
Last seven fiscal years ending June 30,
Unaudited

	2008	2007	2006	2005	2004	2003	2002
General revenues and other changes in net assets							
Governmental activities							
Property taxes	\$ 44,605,687	\$ 42,839,876	\$ 40,643,355	\$ 36,519,979	\$ 33,882,878	\$ 30,644,392	\$ 29,390,048
Earned income, per capita, & occupation taxes ⁽¹⁾							4,571,121
Earned income tax	5,436,669	4,810,545	4,912,421	4,702,001	4,411,304	4,178,497	
Per capita tax	275,599	273,959	274,314	280,011	272,000	271,073	
Occupational privilege tax	75,685	86,072	86,601	84,549	79,220	80,174	
Real estate transfer tax	1,076,824	1,159,846	1,250,774	1,237,946	1,210,522	1,006,489	
Delinquent real estate tax	1,722,743	1,299,886	1,145,004	914,051	1,673,683	1,116,619	
Public utility taxes	71,642	72,336	68,483	50,009	60,753	51,694	60,941
Payment in lieu of taxes	2,194	194	65	65	65	2,000	
Unrestricted grants and contributions ⁽²⁾	13,309,402	13,051,855	12,200,055	11,701,663	11,394,131	11,151,428	13,596,564
Investment earnings ⁽³⁾	1,838,540	4,333,050	1,580,319	(8,289,917)	817,021	2,622,444	2,440,086
Loss on disposition of assets	(101,503)	(29,388)					
Miscellaneous	56,646	14,964	69,218	140,001	149,357	264,636	365,305
Transfers	75,094	75,094	75,094	75,094	75,094		
Total governmental activities	68,445,222	67,988,289	62,305,703	47,415,452	54,026,028	51,389,446	50,424,065
Business-type activities							
Investment earnings	6,232	10,809	13,401	8,309	4,796	6,333	10,300
Loss on disposition of assets	(3,677)	(5,551)					
Transfers	(75,094)	(75,094)	(75,094)	(75,094)	(75,094)		
Total business-type activities	(72,539)	(69,836)	(61,693)	(66,785)	(70,298)	6,333	10,300
Total primary government	\$ 68,372,683	\$ 67,918,453	\$ 62,244,010	\$ 47,348,667	\$ 53,955,730	\$ 51,395,779	\$ 50,434,365
Change in net assets							
Governmental activities	\$ 3,785,554	\$ 4,905,537	\$ 5,635,851	\$ (5,530,295)	\$ 2,573,566	\$ 2,841,016	\$ (203,231)
Business-type activities	(191,031)	(198,274)	(162,679)	(75,160)	(201,080)	4,410	(19,863)
Total primary government	\$ 3,594,523	\$ 4,707,263	\$ 5,473,172	\$ (5,605,455)	\$ 2,372,486	\$ 2,845,426	\$ (223,094)

Note: Boyertown Area School District first applied GASB Statement No. 34 in fiscal year ending June 30, 2002. Therefore, government-wide financial information for years prior to fiscal year 2002 is not available.

⁽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.

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund							
Unreserved	<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>
Total General fund	<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							
Reserved	<u>\$ 916,616</u>	<u>\$ 1,142,460</u>	<u>1,250,000</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Unreserved, reported in:							
Special revenue funds	<u>4,942</u>	<u>5,186</u>	<u>10,527</u>	<u>7,795</u>	<u>1,871</u>	<u>2,374</u>	<u>1,520</u>
Capital projects funds	<u>4,826,902</u>	<u>4,861,369</u>	<u>7,623,670</u>	<u>15,765,861</u>	<u>25,655,150</u>	<u>26,717,864</u>	<u>26,204,776</u>
Debt service funds	<u>3,905,917</u>	<u>3,814,077</u>	<u>1,281,706</u>	<u>1,619,344</u>	<u>1,263,960</u>	<u>8,227,369</u>	<u>6,989,889</u>
Total all other governmental funds	<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. 34 in fiscal year ending June 30, 2002. Therefore government-wide financial information for years prior to fiscal year 2002 is not available

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

	2008	2007	2006	2005	2004	2003	2002
Revenues							
Local sources							
Taxes (see page 60)	\$ 52,933,810	\$ 50,948,970	\$ 48,402,296	\$ 44,305,860	\$ 41,127,600	\$ 37,234,747	\$ 33,430,856
Earnings on investments	1,735,920	4,277,498	1,553,386	(8,286,480)	832,012	2,614,756	2,440,053
Revenue from intermediate sources	1,319,889	1,089,820	1,095,969	950,350	795,416	627,072	184,450
Rentals	100,655	76,226	88,798	68,480	100,083	104,447	62,174
Tuition	173,667	226,051	272,916	243,432	215,691	302,504	266,890
Revenue from student activities	127,288	148,847	144,236	134,331	120,385	99,503	83,130
Other revenue	251,119	539,783	943,486	322,760	329,016	264,636	200,724
State sources	24,361,722	23,513,150	22,197,506	22,490,531	19,265,179	18,736,672	18,060,444
Federal sources	1,031,170	934,895	927,518	1,184,343	613,402	589,608	350,543
Total revenue	82,035,240	81,755,240	75,626,111	61,413,607	63,398,784	60,573,945	55,079,264
Expenditures							
Current							
Instruction	45,577,224	43,475,107	40,774,425	39,451,022	36,010,753	33,154,587	30,838,055
Support services	26,094,712	25,877,560	24,620,456	21,509,782	20,225,877	18,532,538	16,397,272
Non-instructional	1,221,465	1,198,023	1,114,029	1,124,202	1,078,703	1,054,754	970,888
Capital outlay	1,722,082	3,805,844	9,204,543	10,114,589	1,030,231	405,752	1,773,884
Debt service							
Interest	3,144,302	3,398,655	3,119,083	3,019,751	3,113,162	3,351,717	3,438,457
Principal	4,271,779	3,530,207	3,013,275	3,035,000	9,380,000	3,030,000	3,343,821
Total expenditures	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	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			9,405,000	31,827,300			
Bond discount			(5,114)				
Net payment to refunded bond escrow agent			(10,321,763)	(25,070,000)			
Capital lease obligations		87,743	1,266,268				
Transfers in	2,025,094	1,613,431	1,075,094	3,571,788	1,514,844	2,767,297	9,621,709
Transfers out	(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)	75,094	144,845	419,485	6,813,254	75,094	-	513,624
Net change in fund balance	\$ 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	 9.48%	 8.94%	 8.65%	 8.91%	 17.88%	 10.87%	 12.07%

Note: Boyertown Area School District first applied GASB Statement No. 34 in fiscal year ending June 30, 2002. Therefore government-wide financial information for years prior to fiscal year 2002 is not available

BOYERTOWN AREA SCHOOL DISTRICT
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
Last seven 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

Note: Boyertown Area School District first applied GASB Statement No. 34 in fiscal year ending June 30, 2002. Therefore, government-wide financial information for years prior to fiscal year 2002 is not available.

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

BOYERTOWN AREA SCHOOL DISTRICT
ASSESSED VALUE & ACTUAL VALUE OF TAXABLE PROPERTY
Last seven 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
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

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

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
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
1999 ⁽¹⁾	13.538	12.137	4.385	2.070	1.800	2.600
2000	13.538	12.137	4.385	2.070	1.800	2.600
2001	13.800	12.390	4.385	2.454	1.800	2.600
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

⁽¹⁾ Montgomery County performed a reassessment

Source: From each respective taxing authority

Overlapping rates

Township or Borough							
Boyertown	Colebrookdale	Douglass (Berks)	Earl	Washington	Douglass (Montgomery)	New Hanover	Upper Frederick
2.470	1.500	0.850	-	0.990	0.450	1.555	0.440
2.710	1.500	0.850	-	0.990	0.450	1.500	0.440
2.710	1.500	0.850	-	0.990	0.450	1.560	0.440
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	1.050	0.600
3.850	3.000	2.000	-	1.700	1.700	1.050	0.600
4.040	3.000	2.000	-	1.700	1.700	1.050	0.600

BOYERTOWN AREA SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
Fiscal year ending June 30, 2008

	2008		
	Taxable Assessed valuation	Rank	Percentage of total taxable assessed valuation
Franconia Township Industrial Development Authority (Frederick Mennonite Community)	\$ 12,918,250	1	0.55%
WalMart	10,285,400	2	0.44%
Kawecki Berylko Industries, Inc. (Cabot Corporation)	8,904,620	3	0.38%
Spring Valley Village	8,722,100	4	0.37%
Douglas Village LLC	8,578,200	5	0.36%
Effenesse Limited Partnership (Drug Plastics)	5,710,700	6	0.24%
Boyertown Retirement Residence	5,650,300	7	0.24%
Hollenbach and Snaft	5,470,690	8	0.23%
National Penn Bank	4,447,580	9	0.19%
Gilbertsville Plaza Associates, LP (Gilbertsville Shopping Center)	4,000,000	10	0.17%
	<u>\$ 74,687,840</u>		

Source:

Berks and Montgomery County Board of Assessment

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BOYERTOWN AREA SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
Last five 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%	125,492	33,908,448	99.86%
2005	37,222,823	37,003,473	99.41%	165,885	37,169,358	99.86%
2006	41,574,285	41,121,806	98.91%	374,359	41,496,165	99.81%
2007	41,855,419	41,213,518	98.47%	479,327	41,692,845	99.61%
2008	45,860,015	45,356,281	98.90%			

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 not 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 seven 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

⁽¹⁾ District paid off the bonds of 1993

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

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 GENERAL BONDED DEBT BY TYPE
Last seven 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

⁽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

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
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2008

	<u>Debt outstanding</u>	<u>Estimated percentage applicable</u>	<u>Estimated share of overlapping debt</u>
Overlapping debt			
Borough bonds, notes, and lease rental debt	\$ 7,856,325	100.00%	\$ 7,856,325
Township bonds, notes, and lease rental debt	13,927,303	100.00%	13,927,303
County bonds, notes, and lease rental debt			
Berks County	258,929,102	6.97%	18,047,358
Montgomery County	294,746,000	1.73%	<u>5,099,106</u>
Total overlapping debt			<u>44,930,092</u>
Direct Debt			
Series of 1999 bonds			21,460,000
Series of 2005 bonds			21,335,000
Series of 2005 notes			6,385,000
Series of 2006 bonds			<u>7,850,000</u>
Total direct debt			<u>57,030,000</u>
Total direct and overlapping debt			<u><u>\$ 101,960,092</u></u>

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 six fiscal years ending June 30,

	2008	2007	2006	2005	2004	2003
Total borrowing base revenues ⁽¹⁾	\$ 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)	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%
Debt limit	173,052,904	161,728,820	147,721,965	140,754,612	134,429,363	126,984,491
Total net debt applicable to limit	57,030,000	60,985,000	64,205,000	67,755,000	65,135,000	74,515,000
Legal debt margin	<u>\$ 116,022,904</u>	<u>\$ 100,743,820</u>	<u>\$ 83,516,965</u>	<u>\$ 72,999,612</u>	<u>\$ 69,294,363</u>	<u>\$ 52,469,491</u>
Total net debt applicable to the limit as a percentage of the debt limit	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 eight fiscal years ending June 30,

<u>Fiscal year</u>	<u>Population</u>	<u>Personal income</u>	<u>Per capita personal income</u>	<u>Unemployment rate⁽¹⁾</u>	<u>School enrollment</u>
2001	38,628	780,476,270	20,205	4.1%	6,712
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

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

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
PRINCIPAL EMPLOYERS
Fiscal year ending June 30, 2008

2008			
Employer	Employees	Rank	Percentage of Total District Employment
Boyertown Area School District	1,279	1	8.34%
Walmart	501	2	3.27%
Boyertown YMCA	419	3	2.73%
National Penn Management (Bank)	327	4	2.13%
Frederick Mennonite Community	320	5	2.09%
Drug Plastic & Glass	286	6	1.87%
Bally Ribbon	284	7	1.85%
Chestnut Knoll/Walnut Woods	258	8	1.68%
Quigley Bus Service	211	9	1.38%
Judson A Smith Co	188	10	1.23%
Total	4,073		

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 four fiscal years ending June 30,

	2008	2007	2006	2005
Boyertown Elementary (1970)				
Square feet	97,795	97,795	97,795	97,795
Capacity(students)	700	700	700	700
Enrollment	694	698	675	666
Percentage of Capacity Used	99.14%	99.71%	96.43%	95.14%
Grades	K-6	K-6	K-6	K-6
Colebrookdale Elementary (1954)				
Square feet	41,342	41,342	41,342	41,342
Capacity(students)	375	375	375	375
Enrollment	296	292	294	302
Percentage of Capacity used	78.93%	77.87%	78.40%	80.53%
Grades	K-6	K-6	K-6	K-6
Earl Elementary (1954)				
Square feet	30,704	30,704	30,704	30,704
Capacity(students)	325	325	325	325
Enrollment	298	300	303	313
Percentage of Capacity used	91.69%	92.31%	93.23%	96.31%
Grades	K-6	K-6	K-6	K-6
Gilbertsville Elementary (1930)				
Square feet	95,929	95,929	95,929	95,929
Capacity(students)	700	700	700	700
Enrollment	714	727	720	750
Percentage of Capacity used	102.00%	103.86%	102.86%	107.14%
Grades	K-6	K-6	K-6	K-6
New Hanover-Upper Frederick Elementary (1955)				
Square feet	90,700	90,700	90,700	90,700
Capacity(students)	750	750	750	750
Enrollment	757	747	734	695
Percentage of Capacity used	100.93%	99.60%	97.87%	92.67%
Grades	K-6	K-6	K-6	K-6
Pine Forge Elementary (1932)				
Square feet	37,568	37,568	37,568	37,568
Capacity(students)	350	350	350	350
Enrollment	287	286	278	292
Percentage of Capacity used	82.00%	81.71%	79.43%	83.43%
Grades	K-6	K-6	K-6	K-6
Washington Elementary (1961)				
Square feet	82,033	82,033	82,033	82,033
Capacity(students)	700	700	700	700
Enrollment	657	664	685	679
Percentage of Capacity used	93.86%	94.86%	97.86%	97.00%
Grades	K-6	K-6	K-6	K-6
Boyertown Junior High East (1972)				
Square feet	159,425	159,425	159,425	133,390
Capacity(students)	1,146	1,146	1,146	876
Enrollment	933	912	862	826
Percentage of Capacity used	81.41%	79.58%	75.22%	94.29%
Grades	7-9	7-9	7-9	7-9
Boyertown Junior High West (1965)				
Square feet	145,721	145,721	145,721	145,721
Capacity(students)	1,079	1,079	1,079	1,079
Enrollment	792	818	906	898
Percentage of Capacity used	73.40%	75.81%	83.97%	83.23%
Grades	7-9	7-9	7-9	7-9
Boyertown Senior High (1923)				
Square feet	370,000	370,000	370,000	370,000
Capacity(students)	1,890	1,890	1,890	1,890
Enrollment	1,697	1,697	1,674	1,596
Percentage of Capacity used	89.79%	89.79%	88.57%	84.44%
Grades	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 Sector* 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 seven 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

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

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 LUNCH PROGRAM
Last four fiscal years ending June 30,

	2008		2007		2006		2005	
	Number of Lunches	Percentage	Number of Lunches	Percentage	Number of Lunches	Percentage	Number of Lunches	Percentage
Lunch Meals Served								
Free	58,990	7.79%	59,489	7.84%	57,969	7.75%	50,385	6.64%
Reduced	36,547	4.83%	28,149	3.71%	24,436	3.26%	31,589	4.16%
Paid	661,296	87.38%	671,270	88.45%	666,024	88.99%	676,683	89.19%
Total	756,833	100.00%	758,908	100.00%	748,429	100.00%	758,657	100.00%
Lunch Prices	\$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, 2008

2008			
Degree	Salary Range	# Employees	Average Salary
Bachelor's	\$ 41,487-65,378	63	\$ 42,606
Bachelor's + 15	43,490-67,128	75	50,245
Master's	46,047-69,527	133	58,214
Master's Equivalent	51,777-75,171	13	60,254
Master's + 15	53,582-76,975	56	62,929
Master's + 30	55,740-79,284	45	66,152
Master's + 45	57,556-81,099	113	73,965
		498	

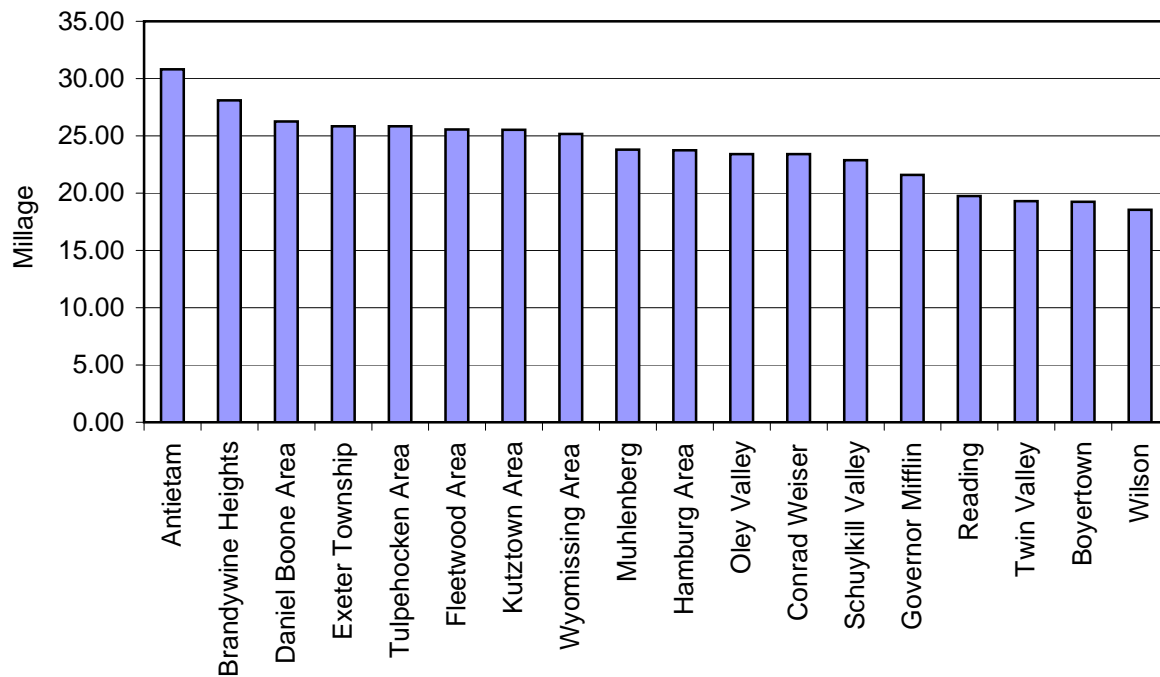
Source: School District Human Resource Department

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, 2008

Tax rates of the Berks County Schools

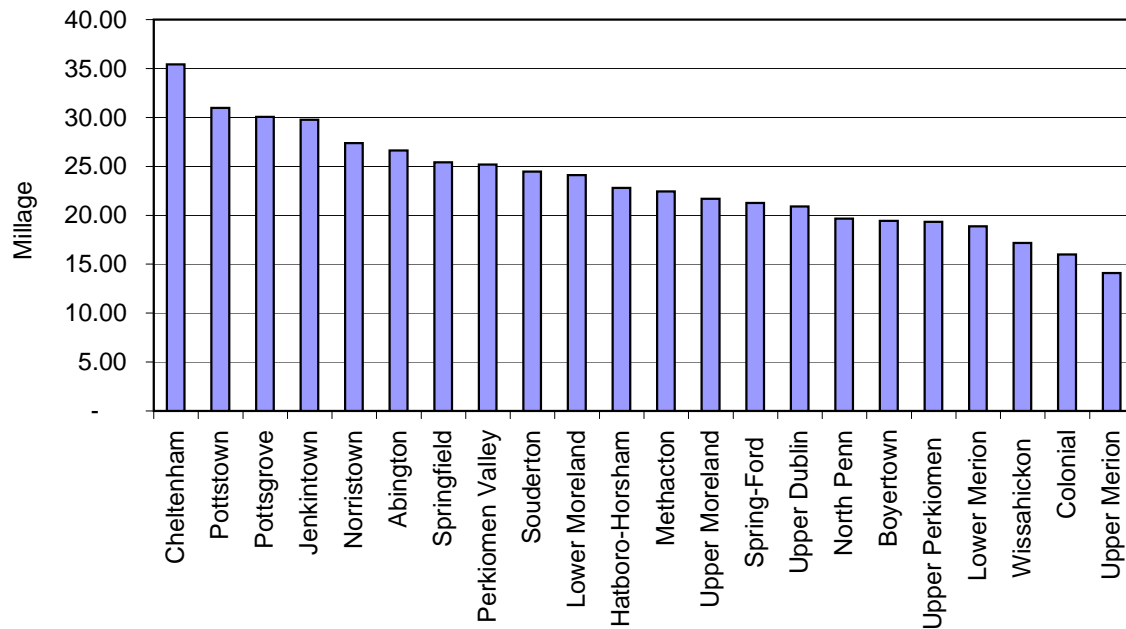
<u>School District</u>	<u>Millage</u>
Antietam	30.80
Brandywine Heights	28.10
Daniel Boone Area	26.25
Exeter Township	25.83
Tulpehocken Area	25.83
Fleetwood Area	25.56
Kutztown Area	25.53
Wyomissing Area	25.17
Muhlenberg	23.81
Hamburg Area	23.73
Oley Valley	23.42
Conrad Weiser	23.40
Schuylkill Valley	22.88
Governor Mifflin	21.60
Reading	19.75
Twin Valley	19.30
Boyertown	19.24
Wilson	18.55



BOYERTOWN AREA SCHOOL DISTRICT
MISCELLANEOUS STATISTICS
June 30, 2008

Tax rates of the Montgomery County Schools

School District	Millage
Cheltenham	35.42
Pottstown	30.97
Pottsgrove	30.05
Jenkintown	29.76
Norristown	27.36
Abington	26.62
Springfield	25.42
Perkiomen Valley	25.20
Souderton	24.46
Lower Moreland	24.12
Hatboro-Horsham	22.80
Methacton	22.45
Upper Moreland	21.68
Spring-Ford	21.27
Upper Dublin	20.91
North Penn	19.67
Boyertown	19.42
Upper Perkiomen	19.33
Lower Merion	18.88
Wissahickon	17.16
Colonial	15.99
Upper Merion	14.09



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BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2008

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, 2007	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
U.S. Department of Education										
<i>Passed through the Pennsylvania Department of Education</i>										
Title I Low Income	I	84.010	013-080044	7/1/2007 - 9/30/2008	260,585	225,870	15,331	260,585	260,585	34,715
Title I Low Income	I	84.010	013-070044	7/1/2006 - 9/30/2007	236,626	15,331	15,331			
Academic Achievement Award	I	84.010	077-070044	7/1/2006 - 9/30/2007	8,304	8,304		8,304	8,304	
Title V Innovative Education	I	84.298	011-080044	7/1/2007 - 9/30/2008	6,696	6,696		6,696	6,696	
Title II Improving Teacher Quality	I	84.367	013-080044	7/1/2007 - 9/30/2008	170,627	170,627		170,627	170,627	-
Title II Improving Teacher Quality	I	84.367	013-070044	7/1/2006 - 9/30/2007	168,956	90,081	90,081			
Drug Free Schools	I	84.186	100-080044	11/10/07-9/30/08	16,814	12,330		10,357	10,357	(1,973)
Drug Free Schools	I	84.186	100-070044	11/10/06-9/30/07	16,908	2,416	(5,977)	8,393	8,393	
<i>Passed through the Midwestern Intermediate Unit IV</i>										
Title I Parent Training Mini Grant	I	84.012A	N/A	7/1/2003 - 6/30/2004	500		(440)			(440)
Title I Parent Training Mini Grant	I	84.012A	N/A	7/1/2007 - 6/30/2008	500	486		479	479	(7)
<i>Passed through the Berks County Intermediate Unit</i>										
IDEA	I	84.027		7/1/2007 - 6/30/2008	1,064,108	355,808		1,064,108	1,064,108	708,300
IDEA	I	84.027		7/1/2006 - 6/30/2007	994,834	469,815	469,815			
TOTAL U.S. DEPARTMENT OF EDUCATION						1,357,764	568,810	1,529,549	1,529,549	740,595

BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS, continued
For the year ended June 30, 2008

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, 2007	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
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	7/1/2006 - 6/30/2007	\$	\$ 10,020	\$ 10,020	\$	\$	\$
National School Lunch	I	10.555	N/A	7/1/2007 - 6/30/2008		357,537		373,456	373,456	15,919
Food Nutrition	S	N/A	N/A	7/1/2006 - 6/30/2007		2,188	2,188			
Food Nutrition	S	N/A	N/A	7/1/2007 - 6/30/2008		75,631		79,016	79,016	3,385
School Breakfast program	I	10.553	N/A	7/1/2006 - 6/30/2007		198	198			
School Breakfast program	I	10.553	N/A	7/1/2007 - 6/30/2008		8,762		9,296	9,296	534
School Breakfast program	S	N/A	N/A	7/1/2006 - 6/30/2007		40	40			
School Breakfast program	S	N/A	N/A	7/1/2007 - 6/30/2008		1,678		1,779	1,779	101
<i>Passed through the Pennsylvania Department of Agriculture Food Donation Program, USDA</i>										
	I	10.555	N/A	7/1/2007 - 6/30/2008		152,269	(1,874)	150,550	150,550	(3,593)
TOTAL U.S. DEPARTMENT OF AGRICULTURE						<u>608,323</u>	<u>10,572</u>	<u>614,097</u>	<u>614,097</u>	<u>16,346</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	33,782	14,047	19,373	19,373	(362)
<i>Passed through the Pennsylvania Department of Welfare</i>										
Medical Assistance Reimbursement for Administration	I	93.778	N/A	07/01/07 - 6/30/2008		32,560		32,560	32,560	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						<u>66,342</u>	<u>14,047</u>	<u>51,933</u>	<u>51,933</u>	<u>(362)</u>
TOTAL FEDERAL AND STATE AWARDS						<u>\$ 2,032,429</u>	<u>\$ 593,429</u>	<u>\$ 2,195,579</u>	<u>\$ 2,195,579</u>	<u>\$ 756,579</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, 2008

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, 2008 were:

IDEA
Child Nutrition Cluster

The above major programs constituted 76% 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 2.58% 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 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, 2008, which collectively comprise BOYERTOWN AREA SCHOOL DISTRICT's basic financial statements and have issued our report thereon dated December 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 the BOYERTOWN AREA SCHOOL DISTRICT's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects BOYERTOWN AREA SCHOOL DISTRICT's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of BOYERTOWN AREA SCHOOL DISTRICT's financial statements that is more than inconsequential will not be prevented or detected by BOYERTOWN AREA SCHOOL DISTRICT's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by BOYERTOWN AREA SCHOOL DISTRICT's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted certain matters that we have reported to management of BOYERTOWN AREA SCHOOL DISTRICT in a separate letter dated December 9, 2008.

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 9, 2008

MAJOR & MASTRO, LLC
Certified Public Accountants

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of School Directors
BOYERTOWN AREA SCHOOL DISTRICT
Boyertown, Pennsylvania

Compliance

We have audited the compliance of BOYERTOWN AREA SCHOOL DISTRICT with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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 on BOYERTOWN AREA SCHOOL DISTRICT's compliance with those requirements.

In our opinion, BOYERTOWN AREA SCHOOL DISTRICT complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of BOYERTOWN AREA SCHOOL DISTRICT is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness 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 control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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 9, 2008

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.

BOYERTOWN AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

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 Independent Auditor's report.
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 and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
5. The Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 for BOYERTOWN AREA SCHOOL DISTRICT expresses an unqualified opinion.
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
Child Nutrition Cluster	10.555/10.553
8. The threshold for distinguishing Types A and B programs was \$ 300,000.
9. BOYERTOWN AREA SCHOOL DISTRICT did qualify as a low-risk auditee.

BOYERTOWN AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued

FOR THE YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

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

None