

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2008**

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA

JUNE 30, 2008

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EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA

JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Eastern York School District
Wrightsville, PA 17368

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 Eastern York School District, as of and for the year ended June 30, 2008, which collectively comprises the school district's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Eastern York 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 Eastern York School District, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2008 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 13 and budgetary comparison information on pages 44 through 45 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.

Board of School Directors
Eastern York School District

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the school district's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, "*Audits of States, Local Governments, and Nonprofit Organizations*", and is also not a required part of the basic financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards 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 supplemental information also includes the presentation of the 2008-2009 budget for comparative analysis. However, the audit of the 2008-2009 budget was limited in scope to ensure only that the budget was legally adopted and submitted in accordance with state requirements.

Sager, Swisher and Company, LLP

Columbia, Pennsylvania
November 14, 2008

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 6,084,243	\$ 70,419	\$ 6,154,662
Investments	19,406,881	--	19,406,881
Taxes Receivable, Net	1,311,874	--	1,311,874
Internal Balances	77,002	(77,002)	--
Due from Other Governments	590,055	6,738	596,793
Other Receivables	75,258	--	75,258
Inventories	543,167	28,461	571,628
Total Current Assets	28,088,480	28,616	28,117,096
Noncurrent Assets:			
Land and Land Improvements (Net of Accumulated Depreciation)	10,129,687	--	10,129,687
Construction in Progress	29,833,357	--	29,833,357
Building and Building Improvements (Net of Accumulated Depreciation)	27,383,864	--	27,383,864
Furniture and Equipment (Net of Accumulated Depreciation)	1,281,682	36,879	1,318,561
Vehicles (Net of Accumulated Depreciation)	37,662	--	37,662
Bond Issuance Costs (Net of Accumulated Amortization)	442,837	--	442,837
Bond Discount/Premiums (Net of Accumulated Amortization)	(396,140)	--	(396,140)
Total Noncurrent Assets	68,712,949	36,879	68,749,828
TOTAL ASSETS	\$ 96,801,429	\$ 65,495	\$ 96,866,924
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 1,835,633	\$ --	\$ 1,835,633
Retainages Payable	1,555,956	--	1,555,956
Arbitrage Rebate Payable	138,813	--	138,813
Current Portion of Long-Term Debt	2,057,000	--	2,057,000
Current Portion of Compensated Absences	65,601	--	65,601
Accrued Salaries and Benefits	1,353,297	25,202	1,378,499
Payroll Deductions and Withholdings	684,471	--	684,471
Deferred Revenues	36,170	20,317	56,487
Other Current Liabilities	771,023	--	771,023
Total Current Liabilities	8,497,964	45,519	8,543,483
Noncurrent Liabilities:			
Bonds Payable	57,278,900	--	57,278,900
Bond Refinancing Charges	(1,034,344)	--	(1,034,344)
Long-Term Portion of Compensated Absences	380,753	--	380,753
Total Noncurrent Liabilities	56,625,309	--	56,625,309
TOTAL LIABILITIES	65,123,273	45,519	65,168,792
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	24,705,347	36,879	24,742,226
Restricted	--	--	--
Unrestricted	6,972,809	(16,903)	6,955,906
TOTAL NET ASSETS	31,678,156	19,976	31,698,132
TOTAL LIABILITIES AND NET ASSETS	\$ 96,801,429	\$ 65,495	\$ 96,866,924

The accompanying notes are an integral part of these financial statements.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities:							
Regular Instruction	\$ 13,000,729	\$ 396,598	\$ 1,763,195	\$ --	\$ (10,840,936)	\$ --	\$ (10,840,936)
Special Instruction	5,207,555	--	2,317,674	--	(2,889,881)	--	(2,889,881)
Vocational Instruction	2,499,472	--	116,572	--	(2,382,900)	--	(2,382,900)
Other Instructional Programs	202,220	--	24,640	--	(177,580)	--	(177,580)
Pupil Personnel	731,302	--	58,458	--	(672,844)	--	(672,844)
Instructional Staff	544,946	--	58,704	--	(486,242)	--	(486,242)
Administration	2,208,613	--	86,881	--	(2,121,732)	--	(2,121,732)
Pupil Health	250,723	--	59,411	--	(191,312)	--	(191,312)
Business Services	374,542	--	17,717	--	(356,825)	--	(356,825)
Operation of Plant and Maintenance Services	2,652,739	--	60,421	--	(2,592,318)	--	(2,592,318)
Student Transportation Services	1,486,957	--	605,380	--	(881,577)	--	(881,577)
Central Services	682,104	--	23,437	--	(658,667)	--	(658,667)
Other Support Services	20,482	--	--	--	(20,482)	--	(20,482)
Student Activities	807,682	59,430	38,330	--	(709,922)	--	(709,922)
Interest on Long-Term Debt	<u>2,353,376</u>	--	--	<u>452,949</u>	<u>(1,900,427)</u>	--	<u>(1,900,427)</u>
Total Governmental Activities	33,023,442	456,028	5,230,820	452,949	(26,883,645)	--	(26,883,645)
Business-Type Activities:							
Food Services	<u>1,332,038</u>	<u>788,694</u>	<u>434,778</u>	--	--	<u>(108,566)</u>	<u>(108,566)</u>
Total Primary Government	<u>\$34,355,480</u>	<u>\$1,244,722</u>	<u>\$ 5,665,598</u>	<u>\$ 452,949</u>	<u>(26,883,645)</u>	<u>(108,566)</u>	<u>(26,992,211)</u>
General Revenues:							
Property Taxes, Levied for General Purposes, Net					18,170,032	--	18,170,032
Public Utility Realty and Earned Income Taxes Levied for Specific Purposes, Net					3,312,935	--	3,312,935
Grants, Subsidies, and Contributions Not Restricted					6,694,507	--	6,694,507
Investment Earnings					1,531,265	--	1,531,265
Miscellaneous Income					<u>52,455</u>	--	<u>52,455</u>
Total General Revenues					<u>29,761,194</u>	--	<u>29,761,194</u>
Transfers					<u>(25,000)</u>	<u>25,000</u>	--
Change in Net Assets					2,852,549	(83,566)	2,768,983
Net Assets – July 1, 2007					<u>28,825,607</u>	<u>103,542</u>	<u>28,929,149</u>
Net Assets – June 30, 2008					<u>\$31,678,156</u>	<u>\$ 19,976</u>	<u>\$31,698,132</u>

The accompanying notes are an integral part of these financial statements.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	General Fund	Major Fund Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,481,479	\$ 3,128,966	\$ 473,798	\$ 6,084,243
Investments	4,502,607	14,904,274	--	19,406,881
Taxes Receivable (Net)	1,311,874	--	--	1,311,874
Due from Other Funds	77,002	300,000	300,000	677,002
Due from Other Governments	590,055	--	--	590,055
Other Receivables	10,036	65,222	--	75,258
Inventories	543,167	--	--	543,167
TOTAL ASSETS	\$ 9,516,220	\$ 18,398,462	\$ 773,798	\$ 28,688,480
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Other Funds	\$ 600,000	\$ --	\$ --	\$ 600,000
Accounts Payable	506,935	1,328,698	--	1,835,633
Arbitrage Rebate Payable	--	138,813	--	138,813
Retainages Payable	--	1,555,956	--	1,555,956
Accrued Salaries and Benefits	1,353,297	--	--	1,353,297
Payroll Deductions and Withholdings	684,471	--	--	684,471
Deferred Revenues	1,150,688	--	--	1,150,688
TOTAL LIABILITIES	4,295,391	3,023,467	--	7,318,858
FUND BALANCES				
Reserve for:				
Inventories	543,167	--	--	543,167
Debt Service	--	--	4,927	4,927
Capital Purposes	--	15,374,995	757,660	16,132,655
Athletic Purposes	--	--	11,211	11,211
Unreserved – Designated - 2009 Budget Deficit	350,000	--	--	350,000
Unreserved – Designated - Future Appropriations	1,530,000	--	--	1,530,000
Unreserved – Undesignated	2,797,662	--	--	2,797,662
TOTAL FUND BALANCES	5,220,829	15,374,995	773,798	21,369,622
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,516,220	\$ 18,398,462	\$ 773,798	\$ 28,688,480

The accompanying notes are an integral part of these financial statements.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Total Fund Balances – Governmental Funds	\$ 21,369,622
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$ 81,676,465 , and the accumulated depreciation is \$13,010,213 .	68,666,252
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period’s expenditures, and, therefore, are deferred in the funds.	1,114,518
Bond issuance costs, amounts of bond discounts, and similar items are reported in the governmental funds when debt is first issued. The statement of net assets reports these items as assets or liabilities with amortization over the life of the related debt. Bond issuance costs totaled \$679,595 with related accumulated amortization of \$236,758 . Bond discounts and premiums totaled \$(196,498) with accumulated amortization of \$(199,642) . Bond refinancing charges totaled \$1,346,520 with related accumulated amortization of \$312,176 .	1,081,041
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable	(59,335,900)
Accrued interest on the bonds	(771,023)
Compensated absences	<u>(446,354)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>\$ 31,678,156</u>

The accompanying notes are an integral part of these financial statements.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund	Major Fund Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Local Sources:				
Real Estate Taxes and Penalties	\$ 18,061,821	\$ --	\$ --	\$ 18,061,821
Other Taxes	3,312,935	--	--	3,312,935
Interest	379,142	1,138,805	13,318	1,531,265
Revenue from Intermediate Sources – Federal	427,144	--	--	427,144
Revenue from Intermediate Sources – Other	1,700	--	--	1,700
Tuition	394,618	--	--	394,618
Revenue from Student Activities	1,850	--	57,580	59,430
Other Revenue	14,120	--	5,000	19,120
Refund of Prior Year Expenditures	35,315	--	--	35,315
Total Local Sources	22,628,645	1,138,805	75,898	23,843,348
State Sources	11,333,873	--	--	11,333,873
Federal Sources	615,559	--	--	615,559
TOTAL REVENUES	<u>34,578,077</u>	<u>1,138,805</u>	<u>75,898</u>	<u>35,792,780</u>
EXPENDITURES				
Current:				
Instruction	20,356,371	593,734	134,932	21,085,037
Support Services	8,424,976	60,734	97,741	8,583,451
Operation of Noninstructional Services	727,439	--	50,858	778,297
Total Current	<u>29,508,786</u>	<u>654,468</u>	<u>283,531</u>	<u>30,446,785</u>
Capital Outlay:				
Facilities Acquisition, Construction and Improvement Services	--	17,982,952	49,304	18,032,256
Total Capital Outlay	<u>--</u>	<u>17,982,952</u>	<u>49,304</u>	<u>18,032,256</u>
Debt Service:				
Principal	2,015,000	--	--	2,015,000
Interest and Fiscal Charges	2,298,248	--	260,255	2,558,503
Total Debt Service	<u>4,313,248</u>	<u>--</u>	<u>260,255</u>	<u>4,573,503</u>
Refund of Prior Year's Receipts	<u>23,083</u>	<u>--</u>	<u>--</u>	<u>23,083</u>
TOTAL EXPENDITURES	<u>33,845,117</u>	<u>18,637,420</u>	<u>593,090</u>	<u>53,075,627</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>732,960</u>	<u>(17,498,615)</u>	<u>(517,192)</u>	<u>(17,282,847)</u>

The accompanying notes are an integral part of these financial statements.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>General Fund</u>	<u>Major Fund Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	--	3,220,000	18,977,900	22,197,900
Refunding Bonds	--	--	(18,615,000)	(18,615,000)
Bond Discount	--	(30,300)	--	(30,300)
Interfund Transfers	<u>(625,000)</u>	<u>300,000</u>	<u>300,000</u>	<u>(25,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(625,000)</u>	<u>3,489,700</u>	<u>662,900</u>	<u>3,527,600</u>
Net Change in Fund Balances	107,960	(14,008,915)	145,708	(13,755,247)
Fund Balance – July 1, 2007	4,933,231	29,383,910	628,090	34,945,231
Inventory Adjustment	<u>179,638</u>	<u>--</u>	<u>--</u>	<u>179,638</u>
Fund Balance – June 30, 2008	<u>\$5,220,829</u>	<u>\$ 15,374,995</u>	<u>\$ 773,798</u>	<u>\$ 21,369,622</u>

The accompanying notes are an integral part of these financial statements.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Total net change in fund balance – governmental funds \$ (13,755,247)

Amounts reported for governmental activities in the statement of activities 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 as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period. Depreciation expense \$ (1,064,741)

Capital outlays	18,919,099	17,854,358
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The net effect of other miscellaneous transactions involving capital assets (i.e. trade-ins and donations) is to decrease net assets (34,091)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year. 131,294

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 20,630,000

The issuance of general obligation bonds provides current financial resources to governmental funds but has no affect on net assets. Also, governmental funds report the issuance costs, bond discounts and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Issuance of general obligation bonds	(22,197,900)	
Bond issuance costs	158,475	
Bond discount	30,300	
Advance refunding charges	260,255	
Amortization of bond issuance cost	(151,929)	
Amortization of bond discount (premium)	(155,811)	
Amortization of bond refinancing charges	(81,425)	
	(22,138,035)	

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Increase in compensated absences		(41,665)
----------------------------------	--	----------

The governmental funds follow the purchase method of inventory; therefore, no inventory is reflected on the balance sheet. However, the statement of net assets uses the consumption method of inventory. All inventory was deemed consumed during the year 179,638

OTHER

Net change in accrued interest expense on bonds payable		26,297
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Change in net assets of governmental activities \$ 2,852,549

The accompanying notes are an integral part of these financial statements.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008**

	<u>Food Service</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 70,419
Due from Other Governments	6,738
Inventories	<u>28,461</u>
Total Current Assets	<u>105,618</u>
Noncurrent Assets:	
Machinery and Equipment (Net of Accumulated Depreciation)	<u>36,879</u>
Total Noncurrent Assets	<u>36,879</u>
TOTAL ASSETS	<u>\$ 142,497</u>
LIABILITIES	
Current Liabilities:	
Accrued Salaries and Benefits	\$ 25,202
Deferred Revenue	20,317
Due to Other Funds	<u>77,002</u>
TOTAL LIABILITIES	<u>122,521</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	36,879
Unrestricted	<u>(16,903)</u>
TOTAL NET ASSETS	<u>19,976</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 142,497</u>

The accompanying notes are an integral part of these financial statements.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Food Service</u>
OPERATING REVENUES:	
Food Service Revenue:	
Lunch Sales	\$ 763,205
Breakfast Sales	11,356
Special Function Revenue	7,608
Contracted Service Revenue	<u>6,525</u>
TOTAL OPERATING REVENUES	<u>788,694</u>
OPERATING EXPENSES:	
Salaries	501,121
Employee Benefits	170,023
Purchased Professional and Technical Services	9,500
Purchased Property Service	23,479
Other Purchased Service	3,822
Supplies	614,872
Property	1,772
Depreciation	6,765
Dues and Fees	<u>684</u>
TOTAL OPERATING EXPENSES	<u>1,332,038</u>
OPERATING (LOSS)	<u>(543,344)</u>
NONOPERATING REVENUES:	
State Sources	73,821
Federal Sources	360,957
Transfer In	<u>25,000</u>
TOTAL NONOPERATING REVENUES	<u>459,778</u>
CHANGE IN NET ASSETS	(83,566)
TOTAL NET ASSETS – JULY 1, 2007	<u>103,542</u>
TOTAL NET ASSETS – JUNE 30, 2008	<u>\$ 19,976</u>

The accompanying notes are an integral part of these financial statements.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Users	\$ 790,673
Cash Payments to Employees for Services	(593,049)
Cash Payments to Suppliers for Goods and Services	(654,130)
Cash Payments for Other Operating Expenses	<u>(683)</u>
Net Cash (Used for) Operating Activities	<u>(457,189)</u>
Cash Flows from Noncapital Financing Activities	
State Sources	74,221
Federal Sources	<u>369,211</u>
Net Cash Provided by Noncapital Financing Activities	<u>443,432</u>
Cash Flows from Capital and Related Financing Activities	<u>—</u>
Cash Flows from Investing Activities	<u>—</u>
Net Decrease in Cash and Cash Equivalents	(13,757)
Cash and Cash Equivalents Beginning of Year	<u>84,176</u>
Cash and Cash Equivalents End of Year	<u>\$ 70,419</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:	
Operating (Loss)	<u>\$ (543,344)</u>
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	6,765
(Increase) Decrease in Due From Other Governments	3,163
(Increase) Decrease in Inventories	4,808
Increase (Decrease) in Accrued Salaries and Benefits	1,086
Increase (Decrease) in Deferred Revenue	1,978
Increase (Decrease) in Due to Other Funds	<u>68,355</u>
Total Adjustments	<u>86,155</u>
Net Cash (Used for) Operating Activities	<u>\$ (457,189)</u>

The accompanying notes are an integral part of these financial statements.

EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA

STATEMENT OF NET ASSETS
AGENCY FUND
JUNE 30, 2008

	<u>Student Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 72,579
Investments	<u>4,000</u>
TOTAL ASSETS	<u>\$ 76,579</u>
 LIABILITIES	
Due to Student Groups	<u>\$ 76,579</u>
TOTAL LIABILITIES	<u>76,579</u>
 NET ASSETS	 <u> --</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 76,579</u>

The accompanying notes are an integral part of these financial statements.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Eastern York School District operates three elementary schools, one middle school, and one senior high school in York County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the Pennsylvania Public School Code of 1949, as amended. The School Code grants administrative authority to the District's nine board members who are elected locally.

The financial statements of Eastern York School District (the District) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the school's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the school's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of Eastern York School District. The school district is not a component unit of another reporting entity, nor does it have any component units.

The following joint ventures are not component units of Eastern York School District, and are not included in this report.

York County School of Technology (YCST) - is a separate legal entity. It was organized by the public school districts in York County to provide services in the county. Each of the public school districts appoints one board member to serve as a joint operating committee member for the YCST, and each has an ongoing financial responsibility to fund the YCST.

Lincoln Intermediate Unit #12 (LIU) - is a separate legal entity. It was organized by the school districts in York, Adams and Franklin counties to provide services to the districts. Each member school district appoints one member to serve on the Board of Directors of the LIU. Eastern York School District contracts with the LIU for special education services for its students.

York County High School - is a separate legal entity. It was organized by ten public school districts in York County to provide services in the county. Each of the public school districts appoints one member to serve on the joint operating committee. As a member district, Eastern York School District has an ongoing financial responsibility to fund the operations of the York County High School.

York Adams Tax Bureau (the Bureau) - is a separate legal entity. The District participates with eighteen other school districts for the collection of earned income taxes. Each participating school district appoints one member to serve on the joint operating committee. The Bureau's operating expenditures may be deducted from the distributions that are made periodically to the District. Local municipalities also share the Bureau's expenditures on the same basis as the school districts.

Complete financial statements for each of the entities described above can be obtained from each respective administrative office.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The accounts of the school 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 purposes for which they are to be spent.

C. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the school district's enterprise fund are food service charges. Operating expenses for the school 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.

The District reports the following major governmental funds:

The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be in another fund.

The capital projects fund accounts for the financial resources used in the acquisition and construction of major capital facilities.

The District operates one enterprise fund, the food service fund. This fund accounts for the activities of the District's food service program.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

The District accounts for assets held as an agent for various student activities in an agency fund.

Additionally, the District reports the following nonmajor governmental funds:

The capital reserve fund accounts for transfers from other funds and related investment earnings for capital outlays not accumulated for in another fund.

The athletic fund accounts for gate receipts and other revenues from athletic events and all costs of the district's athletic program.

The debt service fund accounts for the accumulation of resources for the payment of long-term debt principal, interest and related costs.

D. Measurement Focus and Basis of Accounting

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

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

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

E. Budgets and Budgetary Accounting

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (Continued)

The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements, specifically:

The school district, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The school district is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the school district.

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement. Such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the board.

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 item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments. The board of school directors made several supplemental budgetary appropriations throughout the year which resulted in an increase in the general fund budget in the amount of \$432,222. The entire supplemental budgetary appropriation was a result of program budgets prescribed by federal and state agencies.

In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported in the fund financial statements as reservations of fund balances.

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program by program basis by the federal and state funding agencies.

F. Encumbrances

Encumbrances at year-end are reported in the fund financial statements as reservations of fund balance since they do not constitute expenditures or liabilities, but serve as authorization for expenditures in the subsequent year. As of June 30, 2008, the district had no encumbrances.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

H. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. Inventory in the general fund consists of textbooks.

A physical inventory of the Cafeteria Fund food and supplies was taken as of June 30, 2008. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2008 are reported as deferred revenue.

I. Prepaid Expenses

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

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the school district as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	50 to 75
Building Improvements	20
Land Improvements	20
Furniture	10
Vehicles	10
Equipment	5 to 10
Computer Software	5
Library Books	5

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years at the rate of 8.33% per year.

K. 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 or business type activity columns in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

L. Estimates

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

M. Proprietary Fund FASB Usage

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed for proprietary activity 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.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

All investments are stated at cost including accrued interest which approximates fair value.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

An explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities are identified on page 20 of the report.

Capital related differences include non-facility related fixed asset purchases that are recorded as an expenditure in the functional categories listed under current expenditures in the government fund statements and capitalization and recording of depreciation expense in the statement of activities.

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

Obligations of (1) 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, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at various financial institutions, a money market mutual fund with a local bank, and cash on hand of \$160. The fair values of deposits are equal to the cost of the deposits. The investments of the District consist of certificates of deposits with M & T Investments, demand deposits with Commerce Bank and PSDLAF, and deposits in Pennsylvania Treasurer's INVEST Program for Local Governments as authorized by the Committee. Investments are stated at cost including accrued interest, which approximates fair value.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a policy for custodial credit risk. As of June 30, 2008, \$6,423,731 of the District's bank balance of \$6,628,658 was exposed to custodial credit risk as:

Uninsured and uncollateralized	\$ --
Collateralized with securities held by the pledging financial institution	--
Uninsured and collateral held by the pledging bank's trust department not in the District's name	<u>6,423,731</u>
	<u>\$ 6,423,731</u>

Reconciliation to Financial Statements

Uncollateralized amount above	\$ 6,423,731
Plus: Insured Amount	204,927
Less: Outstanding Checks	<u>(401,577)</u>
Carrying Amount – Bank Balances	\$ 6,227,081
Plus: Petty Cash	<u>160</u>
Total Cash per Financial Statements	<u>\$ 6,227,241</u>

Concentration of Credit Risk

The District holds deposit accounts at various financial institutions. The total deposits of \$6,628,658 as of June 30, 2008 were invested in the various financial institutions as follows:

<u>Financial Institution</u>	<u>Deposit Amount</u>	<u>Concentration Percentage</u>
Commerce Bank	\$ 6,374,135	96.2%
Banks Less than 5%	<u>254,523</u>	<u>3.8%</u>
Total	<u>\$ 6,628,658</u>	<u>100.00%</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments

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

<u>Investments</u>	<u>Fair Value</u>	<u>Concentration Percentage</u>
Trust Account – Commerce Bank *	\$ 13,652,633	70.3%
Pennsylvania Treasurer's INVEST Program for Local Governments	4,072,147	21.0%
Pennsylvania School District Liquid Asset Fund	1,682,101	8.6%
Certificates of Deposit – M & T Investments	<u>4,000</u>	<u>.1%</u>
Total	<u>\$ 19,410,881</u>	<u>100.00%</u>

* The District entered into a Repurchase Agreement with AIG Matched Funding Corporation. Under this agreement, the District buys U.S. Treasury Obligations from AIG, subject to the obligation that AIG will repurchase the U.S. Treasury Obligations back from the District. Collateral against this agreement is held by Wells Fargo Bank in the form of U.S Treasury Obligations.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Management does monitor rates of returns for investments on a monthly basis.

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2008 the District's investment in the Pennsylvania Treasurer's INVEST Program for Local Governments received AAAM ratings by Standard & Poor's. The Pennsylvania School District Liquid Asset Fund also received AAAM ratings by Standard & Poor's. Commerce Bank has received a rating of A-1 by Moody's Investor Services. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of June 30, 2008, \$4,000 of the District's total investments of \$19,410,881 was fully insured.

As of October 3, 2008, the Federal Deposit Insurance Corporation (FDIC) insurance coverage increased to \$250,000, which will expire December 31, 2009.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 4 - REAL ESTATE, PER CAPITA TAXES AND OCCUPATION TAXES, AND DEFERRED REVENUE

Based upon assessments provided by the County, the district levies property taxes. The taxes are collected by the six elected tax collectors from the six municipalities which make up the school district. The school district tax rate for the year ended June 30, 2008 was 16.10 mills (\$16.10 per \$1,000 of assessed valuation) as levied by the Board of School Directors. The Board of School Directors also levied per capita and occupation taxes based on the census of residents in the school district. The per capita tax rate under Section 679 is \$5/person and under Act 511 is \$5/person. The occupation tax rate was \$5 or \$10 per person depending on the taxing district. The schedule for real estate and per capita taxes levied for each fiscal year is as follows:

July 15	- Levy Date
July 16 – September 15	- 2% Discount Period
September 16 – November 15	- Face Payment Period
November 16 – December 31	- 10% Penalty Period
January 2	- Lien Date

The school district, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue, and the balance was deferred in the fund financial statements.

The balances at June 30, 2008 are as follows:

	Gross Taxes <u>Receivable</u>	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Taxes
Real Estate	\$1,179,425	\$ --	\$1,179,425	\$ 175,889	\$1,003,536
Interims	80,464	--	80,464	9,307	71,157
Per Capita and Occupation	<u>103,969</u>	<u>51,984</u>	<u>51,985</u>	<u>12,160</u>	<u>39,825</u>
TOTAL	<u>\$1,363,858</u>	<u>\$ 51,984</u>	<u>\$1,311,874</u>	<u>\$ 197,356</u>	<u>\$1,114,518</u>

The deferred revenue balance in the General Fund in the fund financial statements of \$1,150,688 consists of the following:

Deferred Taxes	\$1,114,518
Local Deferred Revenue	<u>36,170</u>
TOTAL	<u>\$1,150,688</u>

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the school district. At June 30, 2008, the following amounts are due from other governmental units:

	General Fund	Enterprise Fund	Total
Federal (through the state)	\$ 117,660	\$ 5,953	\$ 123,613
State	301,070	785	301,855
Local	<u>171,325</u>	<u>--</u>	<u>171,325</u>
	<u>\$ 590,055</u>	<u>\$ 6,738</u>	<u>\$ 596,793</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 6 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	\$ 11,416,506	\$18,416,851	\$ --	\$ 29,833,357
Total Capital Assets, Not Being Depreciated	<u>11,416,506</u>	<u>18,416,851</u>	<u>--</u>	<u>29,833,357</u>
Capital Assets Being Depreciated				
Land and Land Improvements	\$ 11,002,949	\$ 10,000	\$ --	\$ 11,012,949
Buildings	36,891,070	39,304	--	36,930,374
Furniture and Equipment	2,537,374	452,944	68,161	2,922,157
Library Books	770,751	--	--	770,751
Vehicles	<u>206,877</u>	<u>--</u>	<u>--</u>	<u>206,877</u>
Total Assets	<u>51,409,021</u>	<u>502,248</u>	<u>68,161</u>	<u>51,843,108</u>
Less Accumulated Depreciation for:				
Land Improvements	826,596	56,666	--	883,262
Buildings	8,866,992	679,518	--	9,546,510
Furniture and Equipment	1,357,635	316,910	34,070	1,640,475
Library Books	767,878	2,873	--	770,751
Vehicles	<u>160,441</u>	<u>8,774</u>	<u>--</u>	<u>169,215</u>
Total Accumulated Depreciation	<u>11,979,542</u>	<u>1,064,741</u>	<u>34,070</u>	<u>13,010,213</u>
Total Capital Assets, Being Depreciated, Net	<u>39,429,479</u>	<u>(562,493)</u>	<u>34,091</u>	<u>38,832,895</u>
Governmental Activities, Capital Assets, Net	<u>\$ 50,845,985</u>	<u>\$17,854,358</u>	<u>\$ 34,091</u>	<u>\$ 68,666,252</u>
Business-Type Activities				
Capital Assets Being Depreciated				
Equipment	\$ 301,375	\$ --	\$ --	\$ 301,375
Total Capital Assets, Being Depreciated	<u>301,375</u>	<u>--</u>	<u>--</u>	<u>301,375</u>
Less Accumulated Depreciation For:				
Equipment	<u>257,731</u>	<u>6,765</u>	<u>--</u>	<u>264,496</u>
Total Accumulated Depreciation	<u>257,731</u>	<u>6,765</u>	<u>--</u>	<u>264,496</u>
Total Capital Assets Being Depreciated, Net	<u>43,644</u>	<u>(6,765)</u>	<u>--</u>	<u>36,879</u>
Business-Type Activities Capital Assets, Net	<u>\$ 43,644</u>	<u>\$ (6,765)</u>	<u>\$ --</u>	<u>\$ 36,879</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 6 - CHANGES IN CAPITAL ASSETS (Continued)

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

Governmental Activities:		
Instruction:		
Regular	\$ 458,781	
Special	181,922	
Vocational Education	86,792	
Other Instructional Programs	7,007	
Support Services:		
Pupil Personnel Services	25,389	
Instructional Staff	20,786	
Administration	66,500	
Pupil Health	8,688	
Business Services	13,037	
Operation and Maintenance of Plant	92,477	
Transportation	51,835	
Central and and Other Support Services	24,566	
Other Support Services	713	
Operation of Noninstructional Services:		
Student Activities	<u>26,248</u>	
Total Depreciation Expense – Governmental Activities	<u>\$1,064,741</u>	
Business-Type Activities		
Cafeteria	<u>\$ 6,765</u>	
Total Depreciation expense – Business-Type Activities	<u>\$ 6,675</u>	

NOTE 7 - LONG-TERM DEBT

During the fiscal year ended June 30, 2008, long-term debt changed as follows:

	Bonds/Notes Payable	Total Compensated Absences	Long-Term Debt
Beginning of Year	\$ 57,768,000	\$ 404,689	\$ 58,172,689
Principal Retirement	(20,630,000)	--	(20,630,000)
Increases in Compensated Absences	--	121,865	121,865
Decrease in Compensated Absences	--	(80,200)	(80,200)
New Debt Issues	<u>22,197,900</u>	<u>--</u>	<u>22,197,900</u>
End of Year	<u>\$ 59,335,900</u>	<u>\$ 446,354</u>	<u>\$ 59,782,254</u>

The payments of long-term debt are to be funded by the General Fund and Capital Project Fund.

The School District does not currently have any long-term liabilities for business-type activities.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 7 - LONG-TERM DEBT (Continued)

The future annual payments required to amortize all outstanding debt and obligations, except for the compensated absences, as of June 30, 2008, including total interest payments are as follows:

Year Ended June 30,	General Obligation Bonds		Total
	Interest	Principal	
2009	\$ 2,345,541	\$ 2,057,000	\$ 4,402,541
2010	2,280,346	2,139,700	4,420,046
2011	2,207,433	2,231,400	4,438,833
2012	2,127,925	2,398,700	4,526,625
2013	2,039,772	2,613,400	4,653,172
2014-2018	8,524,753	14,605,700	23,130,453
2019-2023	5,871,223	17,579,000	23,450,223
2024-2027	<u>1,438,665</u>	<u>15,711,000</u>	<u>17,149,665</u>
TOTAL	<u>\$ 26,835,658</u>	<u>\$ 59,335,900</u>	<u>\$ 86,171,558</u>

General Obligation Note, Series of 2008

The school district issued a general obligation note dated March 5, 2008 in the amount of \$9,091,000. The purpose of the note is to advance refund the General Obligation Bonds, Series of 2004, and pay the costs of issuing the note. The note bears interest at 3.27% per annum ending March 1, 2018. Thereafter the interest shall be a variable rate equal to 65% of LIBOR plus 1% for the remaining term of the note. The balance outstanding at June 30, 2008 was \$9,091,000.

General Obligation Bonds, Series of 2007

The school district issued general obligation bonds dated November 1, 2007 in the amount of \$3,220,000. The proceeds of the bonds will be used for the future improvements to district facilities. Interest rates range from 3.5% to 4.2%. The balance outstanding at June 30, 2008 was \$3,220,000.

General Obligation Note, Series A of 2007

The school district issued a general obligation note dated November 1, 2007 in the amount of \$9,886,900. The purpose of the note is to advance refund the General Obligation Bonds, Series of A of 2003, and pay the costs of issuing the note. The note has a fixed rate of 3.75%. The balance outstanding at June 30, 2008 was \$9,872,900.

General Obligation Bonds, Series A of 2006

The school district issued general obligation bonds dated September 15, 2006 in the amount of \$21,235,000. The purpose of the bonds is to provide for planning, design, and construction of various buildings and facilities and a new high school. Interest rates range from 3.5% to 5.0%. The balance outstanding at June 30, 2008 was \$20,755,000.

General Obligation Note, Series of 2005

The school district issued a general obligation note from Wachovia Bank dated January 6, 2005 in the amount of \$880,000. The purpose of the Note is to provide funds for the current refunding of the General Obligation Bonds, Series of 1999, and to pay the costs of issuing the note. The note bears a fixed rate of interest equal to 3.85% per annum. The balance outstanding at June 30, 2008 was \$877,000.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 7 - LONG-TERM DEBT (Continued)

General Obligation Bonds, Series A of 2005

The school district issued general obligation bonds dated June 15, 2005 in the amount of \$8,380,000. The purpose of the bonds is to advance refund the General Obligation Bonds, Series A of 2002, and pay the costs of issuing the bonds. The bonds bear interest rates ranging from 3% to 4.1% per annum. The balance outstanding at June 30, 2008 was \$8,295,000.

General Obligation Bonds, Series of 2004

The School District issued general obligation bonds dated January 1, 2004 in the amount of \$9,995,000. The purpose of the bonds was to fund the high school capital improvement project. Interest rates range from 2.0% to 4.7%. The balance outstanding at June 30, 2008 was \$-0-.

The District has refunded this bond by establishing an escrow account to pay off the bonds as they come due or callable. This action resulted in a defeasance of debt and this bond is no longer reported in the financial statements of the District.

General Obligation Bonds, Series A of 2003

The School District issued general obligation bonds dated January 1, 2003 in the amount of \$9,800,000. The purpose of the bonds is to advance refund a portion of the General Obligation Bonds, Series of 1999, and pay the costs of issuing the bonds. The bonds bear interest rates ranging from 1.75% to 4.55%. The balance outstanding at June 30, 2008 was \$-0-.

The District has refunded this bond by establishing an escrow account to pay off the bonds as they come due or callable. This action resulted in a defeasance of debt and this bond is no longer reported in the financial statements of the District.

General Obligation Bonds, Series AA of 2003

The school district issued general obligation bonds dated March 1, 2003 in the amount of \$9,600,000. The purpose of the bonds is to refund a portion of the General Obligation Bonds, Series of 1998, and pay the costs of issuing the bonds. The bonds bear interest rates ranging from 1.4% to 4.0%. The balance outstanding at June 30, 2008 was \$7,225,000.

Bond Refunding

The District has refunded certain bond issues by establishing escrow accounts to pay off the bonds as they become due or callable. This action resulted in a defeasance of debt and these bonds are no longer reported in the financial statements of the District. The refunded bond issues, along with the amounts outstanding at June 30, 2008 are detailed below.

Series A of 2003	\$9,725,000
Series of 2004	\$8,890,000

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 7 - LONG-TERM DEBT (Continued)

Compensated Absences

An accrued retirement bonus is computed for all employees who were eligible for retirement under the public school employees retirement system guidelines at June 30, 2008 and who have had no less than ten years of service with the District. The accrued retirement bonus is based on the number of days of accumulated sick leave and the number of years of service as of that date. For twelve month, full-time employees, the accrued retirement bonus shall be paid lump sum at a rate of twenty (\$20) dollars per day times the number of accumulated unused sick leave days to a maximum of \$3,500. For all other full-time employees, the accrued retirement bonus shall be paid lump sum at a rate of twenty (\$20) dollars per day times the number of accumulated unused sick leave days to a maximum of \$2,500. For professional employees, the accrued retirement bonus is computed for regularly employed full-time employees who are eligible to retire under Pennsylvania Public School Employee's Retirement System, who have at least ten years of service with the District and who are at maximum step of the salary schedule. The accrued retirement bonus shall be paid at a rate of fifty-seven (\$57) dollars per day with maximum amounts payable according to the years of service. Professional employees may annually elect to sell back unused sick days at a rate of fifty-seven (\$57) dollars per day. This election must be made in writing no later than thirty (30) days prior to the last scheduled day of school. Classified employees may annually elect to sell back unused sick days at either ten (\$10) or twenty (\$20) dollars per day, depending on their classification. The election to sell back unused sick days is dependent on the employee's classification and must be made in writing thirty days prior to June 30 of the school year, or prior to his/her anniversary date.

Accrued vacation pay is computed for all full-time and twelve month part-time employees. Vacation days may not be accumulated from year to year unless approved by the Superintendent. An employee eligible for vacation, who terminates service with the District for any reason shall be compensated for all unused vacation time accrued at the time of separation.

Paid leave is calculated for administrators and professional employees. The accrued paid leave for administrators is based on the individual contract. Accrued paid leave for professional employees may be accumulated from year to year to a maximum of three (3) or five (5) days based on years of credited district service.

The balance of accrued compensated absences at June 30, 2008 is composed of the following:

Accrued Retirement Bonuses/Sick Pay	\$ 390,119
Accrued Vacation/Paid Leave	<u>56,235</u>
Total Accrued Compensated Absences	<u>\$ 446,354</u>

The amount of compensated absences estimated to be paid within the next fiscal year is \$65,601.

NOTE 8 - PENSION PLAN

Plan Description

School districts in the Commonwealth of Pennsylvania participate in the Public School Employees' Retirement System (PSERS), a governmental cost sharing multiple-employer defined benefit plan. PSERS provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments and healthcare insurance premium assistance to qualifying annuitants. Authority is established by the Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended)(24 Pa. C.S. 8101-8535).

PSERS 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 Diane J. Wert, Office of Financial Management, Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA 17108-0125. The report is also available in the publications section of the PSERS website at www.psers.state.pa.us/publications/cafr/index.htm.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 8 - PENSION PLAN

Contributions and Funding Policy

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth. Active members who joined PSERS prior to July 22, 1983 contribute at 5.25 percent (Membership Class TC) or at 6.50 percent (Membership Class TD) of the member's qualifying compensation. Members joining PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class TC) or at 7.50 percent (Membership Class TD) of the member's qualifying compensation. Members who joined the system after June 30, 2001 contribute at 7.50 percent (automatic Membership Class TD). For all new hires and for members who elected class TD membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Contributions required of employers are based upon an actuarial valuation. For the 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 for healthcare insurance premium assistance.

Eastern York School District's contributions to PSERS for the years ending June 30, 2008, 2007, and 2006 were \$1,091,051, \$982,987 and, \$705,482, respectively.

NOTE 9 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The school board adopted a policy to permit group hospitalization, vision and dental insurance, under the group insurance program in force, for employees retiring prior to age 65 who are eligible for superannuation or have at least 30 years of service under the Public School Employees' Retirement System. Coverage does not include life insurance. All coverage terminates upon eligibility of Medicare by the retiring employee, death of the retiree, or upon nonreceipt of premiums. Coverage is limited to the dependents the employee had at retirement. The retiree's cost for group insurance is calculated by the plan administrator and is based on projected expenditures for the year. The retiree's premium for the group insurance is payable in advance on a monthly basis. The retirees pay 100% of the cost of the premium which results in no cost to the school district. Currently, there are 29 participants receiving benefits. The District has elected not to early implement GASB 45.

NOTE 10 - CONTINGENT LIABILITIES

Grant Programs

The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 11 - PARTICIPATION IN RISK SHARING POOL

In order to reduce the costs of obtaining workmen's compensation insurance, the school district joined together with other school districts in the state to form the School Districts Insurance Consortium (SDIC), a public entity risk pool currently operating as a common risk management and insurance program of its member school districts. The school district pays an annual premium to SDIC for its workmen's compensation insurance coverage. The agreement for formation of the consortium provides that SDIC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$350,000 for each insured event.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 12 - DUE TO/FROM OTHER FUNDS AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2008 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 77,002	\$ 600,000
Enterprise Fund	--	77,002
Capital Reserve Fund	300,000	--
Capital Projects Fund	<u>300,000</u>	<u>--</u>
	<u>\$ 677,002</u>	<u>\$ 677,002</u>

Interfund Transfers:

	<u>Transfer to Other Funds</u>	<u>Transfer from Other Funds</u>
General Fund	\$ 625,000	\$ --
Enterprise Fund	--	25,000
Capital Reserve Fund	--	300,000
Capital Projects Fund	<u>--</u>	<u>300,000</u>
	<u>\$ 625,000</u>	<u>\$ 625,000</u>

The District typically transfers a budgeted dollar amount from the general fund to the cafeteria fund each year to help cover costs of running the food service department. The District also transferred funds to the capital projects fund and capital reserve fund to offset the cost of future facility improvements.

NOTE 13 - FUND BALANCE/NET ASSETS

Unreserved - Designated Fund Balance

The fund balance designations in the general fund of \$350,000 represents amounts designated by management for potential appropriations in excess of anticipated revenues for the 2008-2009 school year. An additional \$1,530,000 has been designated by management to offset future tax increases as well as future capital project expenses in the future years.

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2008 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE 15 - SELF INSURANCE

The District is a member of Lincoln Benefit Trust, a claims servicing pool which pays claims for health benefits submitted by the employees of its nineteen participating local education agencies. Each district contributes amounts to the trust to cover annual claim and operating costs, and to fund reserves for future benefits. Additionally, each participating district in the trust remains responsible for the economic risk of providing benefits to its employees. Claims incurred between \$50,000 and \$150,000 are paid from the Trust Minipool. Claims incurred from \$150,000 to \$6,000,000 are paid from a stop-loss insurance policy purchased by the Trust through PA Trust. During the year ended June 30, 2008, the accrued and incurred claims of the District exceeded its cumulative contributions.

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 15 - SELF INSURANCE (Continued)

The (unaudited) changes in net assets for the District's account in the Trust for the year ended June 30, 2008 are detailed below:

Net Assets – July 1, 2007	\$ 1,386,193
Contributions	2,905,601
Interest Allocation	64,197
Claims Paid	(2,151,047)
Stop-loss Insurance	(169,075)
Other deductions	<u>(141,161)</u>
Net Assets – June 30, 2008	<u>\$ 1,894,708</u>

The Lincoln Benefit Trust had net assets of \$39,698,785 at June 30, 2008, and an increase in net assets of \$11,419,482 as of and for the year ended June 30, 2008. The financial statements for Lincoln Benefit Trust are pending audit, and will be available upon issuance at the District.

Unemployment Compensation

The District has elected to self insure its unemployment compensation plan and create a reserve for future claims. Unemployment claims against the District are paid by the Commonwealth of Pennsylvania, which is subsequently reimbursed by the District for actual claims paid. The District paid \$1,625 of unemployment compensation claims for the year ended June 30, 2008. The District charged unemployment compensation expenditures based on an initial estimated calculation of \$380 per pay period for July and August 2007, and \$610 per pay period from September to June, for a total of \$16,295 for the year. The balance of the reserve for future claims is \$43,296.

NOTE 16 - OPERATING LEASES

The Eastern York School District has entered into Operating Lease Agreements for a variety of educational purposes, including copiers. During the 2006-07 school year these agreements resulted in expenses of \$17,837 for the District. The lease agreements obligate Eastern York School District to the following payments:

<u>Year Ended June 30,</u>	
2009	\$ <u>6,416</u>
Total	\$ <u>6,416</u>

The District signed a lease rental agreement with the York County School of Technology Authority in which the District agreed to make payments of their pro-rated share of the Authority's debt service. The District's pro-rated share is calculated annually based on assessed market value. During the year ended June 30, 2008, the District paid \$133,440 in operating lease payments for its pro-rated share of the Authority's debt service.

The future annual lease payments for the District's pro-rated share are as follows:

<u>Year Ended June 30,</u>	
2009	\$ 180,823
2010	180,655
2011	180,846
2012	180,810
2013	180,786
2014-2018	903,784
2019-2023	<u>903,982</u>
Total	<u>\$2,711,686</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 17 - BOND REFINANCING CHARGES

In the event that advance refunding of debt results in a defeasance, full accrual basis of accounting requires that the amounts deposited in escrow in excess of the debt principal are to be amortized over the life of the old debt or the life of the new debt, whichever is shorter. The amortization of this charge will be recognized as a component of interest expense. The school currently has four bond refinancing charges that it is amortizing, utilizing the straight line method, with the longest to be amortized through 2025. Under the modified accrual basis of accounting, the amounts are recognized as debt service expenditures when paid to the escrow account and the debt is defeased. For the year ended June 30, 2008, the District amortized \$81,425 as a component of interest expense.

The District issued a \$9,886,000 (Series A of 2007) general obligation note for an advanced refunding of \$9,725,000 for Series A of 2003. The transaction resulted in an economic gain of \$320,414.

The District also issued a \$9,091,000 (Series of 2008) general obligation note for an advanced refunding of \$8,890,000 for Series of 2004. If during the variable rate period, interest rates equal the last ten year average, the net present value savings will be \$380,190. If during the variable rate period, interest rates go to the 6% cap and remained at this level, the net present value savings will be \$193,773.

NOTE 18 - COMMITMENTS

As of June 30, 2008, the District is involved in a capital project for the construction of a new high school. The District had the following commitments as of June 30, 2008:

<u>Contractor Type</u>	<u>Contracts Amounts</u>	<u>Amount Paid-to-Date</u>	<u>Accounts/ Retainage Payable</u>	<u>Commitments Outstanding</u>
General	\$ 7,043,444	\$ 4,531,132	\$ 744,794	\$ 1,767,518
Masonry	6,352,551	4,464,907	119,835	1,767,809
HVAC	5,472,000	4,514,216	312,968	644,816
Sitework and Demolition	5,204,439	2,221,145	316,364	2,666,930
Electrical	3,922,438	2,232,817	349,646	1,339,975
Plumbing	1,902,612	1,644,698	117,504	140,410
Structural Steel	1,489,012	1,298,817	68,359	121,836
Roofing	1,121,000	771,486	85,720	263,794
All Others	<u>3,495,327</u>	<u>2,000,560</u>	<u>640,616</u>	<u>854,151</u>
	<u>\$ 36,002,823</u>	<u>\$23,679,778</u>	<u>\$ 2,755,806</u>	<u>\$ 9,567,239</u>

NOTE 19 - NEGATIVE NET ASSETS (DEFICIT)

The proprietary fund has negative unrestricted net assets of \$(16,903) as a result of receiving a lesser general fund transfer in the 07/08 school year. The negative net assets will be funded by sales and by assistance from the general fund.

REQUIRED SUPPLEMENTARY INFORMATION

OF

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

JUNE 30, 2008

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Revenues:				
Real Estate Taxes and Penalties	\$ 17,722,549	\$ 17,722,549	\$ 18,061,821	\$ 339,272
Other Taxes	3,147,000	3,147,000	3,312,935	165,935
Interest	350,000	350,000	379,142	29,142
Revenues from Intermediate Sources – Federal	--	--	427,144	427,144
Revenues from Intermediate Sources – Other	--	--	1,700	1,700
Tuition	300,000	300,000	394,618	94,618
Other Revenue	95,000	95,000	51,285	(43,715)
Total Local Sources	21,614,549	21,614,549	22,628,645	1,014,096
State Program Revenues	11,634,866	11,644,366	11,333,873	(310,493)
Federal Program Revenues	205,000	627,722	615,559	(12,163)
TOTAL REVENUES	33,454,415	33,886,637	34,578,077	691,440
EXPENDITURES				
Current:				
Regular Programs	12,561,177	12,728,445	12,714,896	13,549
Special Programs	4,279,647	5,045,047	5,041,880	3,167
Vocational Education Programs	2,468,827	2,423,327	2,405,394	17,933
Other Instructional Programs	432,420	227,420	194,201	33,219
Support Services:				
Pupil Personnel Services	777,476	716,676	703,637	13,039
Instructional Staff Services	721,920	629,558	576,073	53,485
Administrative Services	1,927,780	1,851,584	1,843,008	8,576
Pupil Health	272,952	245,952	240,785	5,167
Business Services	350,922	368,222	361,307	6,915
Operation and Maintenance of Plant Services	2,740,208	2,597,108	2,562,963	34,145
Student Transportation Services	1,335,213	1,443,313	1,436,586	6,727
Central and Other Support Services	686,090	697,202	680,848	16,354
Other Support Services	20,000	20,000	19,769	231
Operation of Noninstructional Services:				
Student Activities	651,341	744,341	727,439	16,902
Debt Service:				
Principal	1,626,000	2,015,000	2,015,000	--
Interest and Fiscal Charges	2,877,442	2,408,442	2,298,248	110,194
Refund of Prior Year's Receipts:	--	--	23,083	(23,083)
TOTAL EXPENDITURES	33,729,415	34,161,637	33,845,117	316,520
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(275,000)	(275,000)	732,960	1,007,960

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	--	--	625,000	(625,000)
Budgetary Reserve	<u>(25,000)</u>	<u>(25,000)</u>	<u>--</u>	<u>25,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(625,000)</u>	<u>(600,000)</u>
Net Change in Fund Balances	(300,000)	(300,000)	107,960	407,960
Fund Balance – July 1, 2007	4,933,231	4,933,231	4,933,231	--
Change in Inventory	<u>--</u>	<u>--</u>	<u>179,638</u>	<u>179,638</u>
Fund Balance – June 30, 2008	<u>\$ 4,633,231</u>	<u>\$ 4,633,231</u>	<u>\$ 5,220,829</u>	<u>\$ 587,598</u>

SUPPLEMENTARY INFORMATION
OF
EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA
JUNE 30, 2008

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**COMBINING BALANCE SHEET –
ALL NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>Athletic Fund</u>	<u>Capital Reserve Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$11,211	\$ 457,660	\$ 4,927	\$ 473,798
Due from Other Funds	<u> --</u>	<u> 300,000</u>	<u> --</u>	<u> 300,000</u>
TOTAL ASSETS	<u>\$11,211</u>	<u>\$ 757,660</u>	<u>\$ 4,927</u>	<u>\$ 773,798</u>
LIABILITIES				
Accounts Payable	\$ --	\$ --	\$ --	\$ --
TOTAL LIABILITIES	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
FUND BALANCE				
Reserved Fund Balance	<u> 11,211</u>	<u> 757,660</u>	<u> 4,927</u>	<u> 773,798</u>
TOTAL FUND BALANCE	<u> 11,211</u>	<u> 757,660</u>	<u> 4,927</u>	<u> 773,798</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$11,211</u>	<u>\$ 757,660</u>	<u>\$ 4,927</u>	<u>\$ 773,798</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – ALL NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Athletic Fund	Capital Reserve Fund	Debt Service Fund	Total
REVENUES				
Local Sources:				
Interest	\$ --	\$ 13,295	\$ 23	\$ 13,318
Donations and Private Sources	--	5,000	--	5,000
Revenue from Student Activities	<u>57,580</u>	<u>--</u>	<u>--</u>	<u>57,580</u>
Total Local Sources	<u>57,580</u>	<u>18,295</u>	<u>23</u>	<u>75,898</u>
TOTAL REVENUES	<u>57,580</u>	<u>18,295</u>	<u>23</u>	<u>75,898</u>
EXPENDITURES				
Current:				
Instruction	--	134,932	--	134,932
Support Services	--	--	97,741	97,741
Operation of Noninstructional Services	<u>50,858</u>	<u>--</u>	<u>--</u>	<u>50,858</u>
Total Current	<u>50,858</u>	<u>134,932</u>	<u>97,741</u>	<u>283,531</u>
Capital Outlay:				
Facilities Acquisition, Construction and Improvement Services	<u>--</u>	<u>49,304</u>	<u>--</u>	<u>49,304</u>
Total Capital Outlay	<u>--</u>	<u>49,304</u>	<u>--</u>	<u>49,304</u>
Debt Service				
Interest and Fiscal Charges	<u>--</u>	<u>--</u>	<u>260,255</u>	<u>260,255</u>
Total Debt Service	<u>--</u>	<u>--</u>	<u>260,255</u>	<u>260,255</u>
TOTAL EXPENDITURES	<u>50,858</u>	<u>184,236</u>	<u>357,996</u>	<u>593,090</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,722	(165,941)	(357,973)	(517,192)
OTHER FINANCING SOURCES				
Bond Proceeds	--	--	18,977,900	18,977,900
Refunding Bonds	--	--	(18,615,000)	(18,615,000)
Interfund Transfers	<u>--</u>	<u>300,000</u>	<u>--</u>	<u>300,000</u>
TOTAL OTHER FINANCING SOURCES	<u>--</u>	<u>300,000</u>	<u>362,900</u>	<u>662,900</u>
NET CHANGE IN FUND BALANCE	6,722	134,059	4,927	145,708
FUND BALANCE – JULY 1, 2007	<u>4,489</u>	<u>623,601</u>	<u>--</u>	<u>628,090</u>
FUND BALANCE – JUNE 30, 2008	<u>\$ 11,211</u>	<u>\$ 757,660</u>	<u>\$ 4,927</u>	<u>\$ 773,798</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**COMBINING BALANCE SHEET -
ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2008**

	Capital Construction- Future Capital Projects	Capital Construction- District Facilities	Capital Construction- High School	Total
ASSETS				
Cash and Cash Equivalents	\$ --	\$ 3,128,966	\$ --	\$ 3,128,966
Investments	1,251,640	--	13,652,634	14,904,274
Interest Receivable	--	--	65,222	65,222
Due from Other Funds	<u>300,000</u>	<u>--</u>	<u>--</u>	<u>300,000</u>
TOTAL ASSETS	<u>\$ 1,551,640</u>	<u>\$ 3,128,966</u>	<u>\$13,717,856</u>	<u>\$ 18,398,462</u>
LIABILITIES				
Accounts Payable	\$ --	\$ --	\$ 1,328,698	\$ 1,328,698
Arbitrage Rebate Payable	--	--	138,813	138,813
Retainages Payable	<u>--</u>	<u>--</u>	<u>1,555,956</u>	<u>1,555,956</u>
TOTAL LIABILITIES	<u>--</u>	<u>--</u>	<u>3,023,467</u>	<u>3,023,467</u>
FUND BALANCE				
Reserved Fund Balance	<u>1,551,640</u>	<u>3,128,966</u>	<u>10,694,389</u>	<u>15,374,995</u>
TOTAL FUND BALANCE	<u>1,551,640</u>	<u>3,128,966</u>	<u>10,694,389</u>	<u>15,374,995</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,551,640</u>	<u>\$ 3,128,966</u>	<u>\$13,717,856</u>	<u>\$ 18,398,462</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Capital Construction- Future Capital Projects	Capital Construction- District Facilities	Capital Construction- High School	Total
REVENUES				
Local Sources:				
Interest	\$ 45,055	\$ --	\$ 1,093,750	\$ 1,138,805
Total Local Sources:	45,055	--	1,093,750	1,138,805
TOTAL REVENUES	45,055	--	1,093,750	1,138,805
Current:				
Instruction	--	--	593,734	593,734
Support Services	--	60,734	--	60,734
Total Current	--	60,734	593,734	654,468
Capital Outlay:				
Facilities Acquisition, Construction and Improvement Services	--	--	17,982,952	17,982,952
Total Capital Outlay	--	--	17,982,952	17,982,952
TOTAL EXPENDITURES	--	60,734	18,576,686	18,637,420
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45,055	(60,734)	(17,482,936)	(17,498,615)
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	--	3,220,000	--	3,220,000
Bond Discount	--	(30,300)	--	(30,300)
Interfund Transfers	300,000	--	--	300,000
TOTAL OTHER FINANCING SOURCES (USES)	300,000	3,189,700	--	3,489,700
NET CHANGE IN FUND BALANCE	345,055	3,128,966	(17,482,936)	(14,008,915)
FUND BALANCE – JULY 1, 2007	1,206,585	--	28,177,325	29,383,910
FUND BALANCE – JUNE 30, 2008	\$ 1,551,640	\$ 3,128,966	\$10,694,389	\$ 15,374,995

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2008</u>
ASSETS				
Cash and Cash Equivalents	\$ 86,684	\$ 232,946	\$ 247,051	\$ 72,579
Investments	<u>4,000</u>	<u> --</u>	<u> --</u>	<u>4,000</u>
TOTAL ASSETS	<u>\$ 90,684</u>	<u>\$ 232,946</u>	<u>\$ 247,051</u>	<u>\$ 76,579</u>
 LIABILITIES				
Due to Student Groups	<u>\$ 90,684</u>	<u>\$ 232,946</u>	<u>\$ 247,051</u>	<u>\$ 76,579</u>
TOTAL LIABILITIES	<u>\$ 90,684</u>	<u>\$ 232,946</u>	<u>\$ 247,051</u>	<u>\$ 76,579</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**STATEMENTS OF CHANGES IN FUND BALANCE –
GENERAL, CAPITAL RESERVE AND CAPITAL PROJECT FUNDS**

YEARS ENDED JUNE 30, 2004, 2005, 2006, 2007 and 2008

	Year Ended June 30,				
	2004	2005	2006	2007	2008
<u>GENERAL FUND</u>					
Beginning Fund Balance	\$ 4,009,243	\$ 3,881,678	\$ 3,422,809	\$ 4,282,759	\$ 4,933,231
Revenue and Other Financing Sources	26,366,025	28,183,474	30,676,719	32,688,915	34,578,077
Expenditures and Other Financing Uses	(26,415,939)	(28,690,210)	(29,676,150)	(32,027,049)	(34,470,117)
Change in Reserve for Inventory	<u>(77,651)</u>	<u>47,867</u>	<u>(140,619)</u>	<u>(11,394)</u>	<u>179,638</u>
ENDING FUND BALANCE	<u>\$ 3,881,678</u>	<u>\$ 3,422,809</u>	<u>\$ 4,282,759</u>	<u>\$ 4,933,231</u>	<u>\$ 5,220,829</u>
<u>CAPITAL RESERVE FUND</u>					
Beginning Fund Balance	\$ 482,433	\$ 722,432	\$ 557,839	\$ 499,534	\$ 623,601
Revenues and Other Financing Sources	521,997	17,474	19,316	223,990	318,295
Expenditures and Other Financing Uses	<u>(281,998)</u>	<u>(182,067)</u>	<u>(77,621)</u>	<u>(99,923)</u>	<u>(184,236)</u>
ENDING FUND BALANCE	<u>\$ 722,432</u>	<u>\$ 557,839</u>	<u>\$ 499,534</u>	<u>\$ 623,601</u>	<u>\$ 757,660</u>
<u>CAPITAL PROJECTS FUND</u>					
Beginning Fund Balance	\$ 10,281,262	\$ 16,400,678	\$ 16,458,061	\$ 15,989,150	\$ 29,383,910
Revenues and Other Financing Sources	10,288,316	1,111,726	509,010	23,629,346	4,658,805
Expenditures and Other Financing Uses	<u>(4,168,900)</u>	<u>(1,054,343)</u>	<u>(977,921)</u>	<u>(10,234,586)</u>	<u>(18,667,720)</u>
ENDING FUND BALANCE	<u>\$ 16,400,678</u>	<u>\$ 16,458,061</u>	<u>\$ 15,989,150</u>	<u>\$ 29,383,910</u>	<u>\$ 15,374,995</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2008 AND
BUDGETED REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2009 – GENERAL FUND**

	<u>Revenues 2006-07</u>	<u>Revenues 2007-08</u>	<u>Budget 2008-2009</u>
<u>REVENUES FROM LOCAL SOURCES</u>			
Current Real Estate Taxes	\$ 16,056,117	\$ 17,813,861	\$ 18,126,354
Interim Real Estate Taxes	267,017	247,960	130,101
Public Utility Realty Tax	27,094	27,028	25,000
Payment in Lieu of Current Taxes	623	422	--
Current Per Capita Taxes – Sec. 679	45,090	46,411	45,000
Current Per Capita Taxes – Act 511	45,090	46,411	45,000
Current Occupation Taxes – Act 511	79,496	81,962	80,000
Current Occupational Privilege Taxes – Act 511	51,469	33,447	45,000
Current Earned Income Taxes – Act 511	1,758,471	1,831,159	1,900,000
Current Real Estate Transfer Taxes – Act 511	376,196	302,997	275,000
Delinquency on Taxes Levied	834,912	943,098	804,000
Earnings on Investments	533,516	379,142	375,000
Revenue from Student Activities	4,350	1,850	5,000
Revenue from Intermediate Sources – Federal Funds	470,467	427,144	425,000
Revenue from Intermediate Sources – State Funds	5,993	1,700	--
Rentals	1,350	--	1,000
Tuition from Patrons	14,306	9,309	428,500
Miscellaneous Revenue	11,810	12,140	25,000
Refund of Prior Years' Expenditures	7,863	35,315	--
Receipts from Other LEA's	<u>376,676</u>	<u>387,289</u>	<u>--</u>
TOTAL REVENUE FROM LOCAL SOURCES	<u>20,967,906</u>	<u>22,628,645</u>	<u>22,734,955</u>
<u>REVENUE FROM STATE SOURCES</u>			
Basic Instructional Subsidy	6,563,114	6,694,507	7,006,669
Charter School Revenue	53,893	73,239	40,000
Tuition for Orphans and Children Placed in Private Homes	82,078	97,554	75,000
School Improvement	--	9,500	--
Homebound Instruction	2,223	3,465	2,500
Vocational Education	115,752	46,657	--
Alternative Education	28,728	15,180	25,000
Driver Education	1,435	2,065	--
Migratory Children	--	80	--
Special Education of Exceptional Pupils	1,677,707	1,711,439	1,753,019
Transportation	624,311	601,576	684,284
Rentals and Sinking Fund Reimbursements	534,977	452,949	731,178
Health Services	49,900	47,739	50,000
Property Tax Reduction Allocation	--	--	727,854
PA Accountability	419,330	437,785	437,785
Revenue for Social Security Payments	594,674	596,156	654,591
Revenue for Retirement Payments	<u>514,771</u>	<u>543,982</u>	<u>408,000</u>
TOTAL REVENUE FROM STATE SOURCES	<u>11,262,893</u>	<u>11,333,873</u>	<u>12,595,880</u>

EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2008 AND
BUDGETED REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2009 – GENERAL FUND

	Revenues <u>2006-07</u>	Revenues <u>2007-08</u>	Budget <u>2008-2009</u>
<u>REVENUES FROM FEDERAL SOURCES</u>			
Title I - Improving Basic Programs	294,462	443,022	275,000
Title II – Improving Teacher Quality	138,178	105,933	125,000
Title V – Innovative Education	2,656	2,558	--
Medical Assistance Reimbursement (ACCESS)	<u>22,820</u>	<u>64,046</u>	<u>45,000</u>
TOTAL REVENUE FROM FEDERAL SOURCES	<u>458,116</u>	<u>615,559</u>	<u>445,000</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 32,688,915</u>	<u>\$ 34,578,077</u>	<u>\$ 35,775,835</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2008 AND
BUDGETED EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2009 – GENERAL FUND**

	<u>Expenditures</u> <u>2006-07</u>	<u>Expenditures</u> <u>2007-08</u>	<u>Budget</u> <u>2008-09</u>
<u>EXPENDITURES</u>			
<u>INSTRUCTION</u>			
<u>REGULAR PROGRAMS</u>			
Salaries	\$ 8,484,291	\$ 8,493,174	\$ 9,613,409
Employee Benefits	2,599,525	2,731,361	3,022,790
Purchased Professional and Technical Services	5,910	7,442	8,000
Purchased Property Services	62,870	82,574	84,800
Other Purchased Services	345,903	415,358	327,250
Supplies	264,873	447,878	357,587
Property	6,472	15,275	7,890
Other Objects	<u>5,623</u>	<u>3,740</u>	<u>5,100</u>
 TOTAL REGULAR PROGRAMS	 <u>11,775,467</u>	 <u>12,196,802</u>	 <u>13,426,826</u>
 <u>SPECIAL PROGRAMS</u>			
Salaries	1,832,007	1,930,086	2,097,492
Employee Benefits	607,575	614,806	704,601
Purchased Professional and Technical Services	1,213,995	1,374,402	1,818,600
Purchased Property Services	293	--	--
Other Purchased Services	453,987	640,404	450,860
Supplies	11,607	17,977	7,270
Other Objects	<u>119</u>	<u>--</u>	<u>400</u>
 TOTAL SPECIAL PROGRAMS	 <u>4,119,583</u>	 <u>4,577,675</u>	 <u>5,079,223</u>
 <u>VOCATIONAL EDUCATION PROGRAMS</u>			
Salaries	868,191	955,315	955,489
Employee Benefits	253,827	292,549	284,275
Purchased Property Services	3,108	1,887	4,300
Other Purchased Services	1,218,888	1,065,844	1,276,198
Supplies	84,638	89,101	69,604
Other Objects	<u>101</u>	<u>698</u>	<u>1,250</u>
 TOTAL VOCATIONAL EDUCATION PROGRAMS	 <u>2,428,753</u>	 <u>2,405,394</u>	 <u>2,591,116</u>
 <u>OTHER INSTRUCTIONAL PROGRAMS</u>			
Salaries	143,706	132,672	161,530
Employee Benefits	61,546	58,931	63,228
Purchased Professional and Technical Services	92	--	5,000
Purchased Property Services	3,316	2,935	5,000
Other Purchased Services	2,000	--	2,120
Supplies	<u>2,985</u>	<u>1,698</u>	<u>8,157</u>
 TOTAL OTHER INSTRUCTIONAL PROGRAMS	 <u>213,645</u>	 <u>196,236</u>	 <u>245,035</u>
 TOTAL INSTRUCTION	 <u>18,537,448</u>	 <u>19,376,107</u>	 <u>21,342,200</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2008 AND
BUDGETED EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2009 – GENERAL FUND**

	<u>Expenditures 2006-07</u>	<u>Expenditures 2007-08</u>	<u>Budget 2008-2009</u>
<u>EXPENDITURES (Continued)</u>			
<u>SUPPORT SERVICES</u>			
<u>PUPIL PERSONNEL</u>			
Salaries	449,524	410,378	532,650
Employee Benefits	131,134	126,368	155,705
Purchased Professional and Technical Services	104,944	110,879	117,700
Purchased Property Services	180	--	650
Other Purchased Services	9,303	10,048	10,200
Supplies	11,783	20,363	21,350
Other Objects	<u>201</u>	<u>601</u>	<u>690</u>
 TOTAL PUPIL PERSONNEL	 <u>707,069</u>	 <u>678,637</u>	 <u>838,945</u>
 <u>INSTRUCTIONAL STAFF</u>			
Salaries	342,540	290,393	327,730
Employee Benefits	100,625	102,425	94,198
Purchased Professional and Technical Services	22,907	16,455	62,850
Purchased Property Services	1,438	744	3,980
Other Purchased Services	4,009	15,520	40,000
Supplies	58,530	59,010	71,194
Property	90,920	55,621	110,000
Other Objects	<u>615</u>	<u>450</u>	<u>4,700</u>
 TOTAL INSTRUCTIONAL STAFF	 <u>621,584</u>	 <u>540,618</u>	 <u>714,652</u>
 <u>ADMINISTRATION</u>			
Salaries	1,201,519	1,220,480	1,300,987
Employee Benefits	404,160	419,409	448,680
Purchased Professional and Technical Services	78,114	74,267	91,000
Purchased Property Services	10,608	4,673	20,400
Other Purchased Services	74,122	68,547	96,125
Supplies	37,068	37,221	36,500
Other Objects	<u>15,649</u>	<u>18,412</u>	<u>19,830</u>
 TOTAL ADMINISTRATION	 <u>1,821,240</u>	 <u>1,843,009</u>	 <u>2,013,522</u>
 <u>PUPIL HEALTH</u>			
Salaries	158,383	163,869	186,753
Employee Benefits	79,064	70,373	72,547
Purchased Professional and Technical Services	1,202	592	2,625
Purchased Property Services	532	540	1,080
Other Purchased Services	206	220	1,550
Supplies	4,479	4,856	5,090
Property	106	--	--
Other Objects	<u>115</u>	<u>335</u>	<u>545</u>
 TOTAL PUPIL HEALTH	 <u>244,087</u>	 <u>240,785</u>	 <u>270,190</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2008 AND
BUDGETED EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2009 – GENERAL FUND**

	<u>Expenditures 2006-07</u>	<u>Expenditures 2007-08</u>	<u>Budget 2008-2009</u>
<u>EXPENDITURES (Continued)</u>			
<u>SUPPORT SERVICES (Continued)</u>			
<u>BUSINESS</u>			
Salaries	222,004	240,779	243,708
Employee Benefits	62,710	83,141	89,214
Purchased Professional and Technical Services	495	--	1,500
Purchased Property Services	4,482	12,703	17,000
Other Purchased Services	8,594	9,468	10,500
Supplies	5,701	9,562	7,250
Other Objects	<u>636</u>	<u>5,654</u>	<u>6,000</u>
 TOTAL BUSINESS	 <u>304,622</u>	 <u>361,307</u>	 <u>375,172</u>
 <u>OPERATION AND MAINTENANCE OF PLANT</u>			
Salaries	831,739	840,790	984,817
Employee Benefits	353,894	360,973	388,646
Purchased Professional and Technical Services	53,877	73,742	75,800
Purchased Property Services	607,276	640,400	758,600
Other Purchased Services	94,446	90,098	116,000
Supplies	507,901	490,723	545,700
Property	17,731	65,652	23,750
Other Objects	<u>4,241</u>	<u>585</u>	<u>1,500</u>
 TOTAL OPERATING AND MAINTENANCE OF PLANT	 <u>2,471,105</u>	 <u>2,562,963</u>	 <u>2,894,813</u>
 <u>STUDENT TRANSPORTATION</u>			
Salaries	50,370	52,305	52,961
Employee Benefits	8,633	7,908	8,264
Purchased Professional and Technical Services	5,790	4,797	5,500
Purchased Property Services	8,231	5,968	7,500
Other Purchased Services	1,124,914	1,227,309	1,339,500
Supplies	123,585	134,859	186,650
Property	--	1,154	16,000
Other Objects	<u>1,901</u>	<u>2,286</u>	<u>150</u>
 TOTAL STUDENT TRANSPORTATION	 <u>1,323,424</u>	 <u>1,436,586</u>	 <u>1,616,525</u>
 <u>CENTRAL SUPPORT SERVICES</u>			
Salaries	308,699	330,478	347,230
Employee Benefits	103,815	126,982	136,530
Purchased Professional and Technical Services	30,703	29,220	38,500
Purchased Property Services	16,372	9,827	13,400
Other Purchased Services	54,357	52,285	83,925
Supplies	71,527	82,647	83,610
Property	101,396	48,970	80,500
Other Objects	<u>505</u>	<u>439</u>	<u>4,235</u>
 TOTAL CENTRAL SUPPORT SERVICES	 <u>687,374</u>	 <u>680,848</u>	 <u>787,930</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2008 AND
BUDGETED EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2009 – GENERAL FUND**

	<u>Expenditures 2006-07</u>	<u>Expenditures 2007-08</u>	<u>Budget 2008-2009</u>
<u>EXPENDITURES (Continued)</u>			
<u>SUPPORT SERVICES (Continued)</u>			
<u>OTHER SUPPORT SERVICES</u>			
Other Purchased Services	19,132	19,769	22,000
TOTAL OTHER SUPPORT SERVICES	<u>19,132</u>	<u>19,769</u>	<u>22,000</u>
TOTAL SUPPORT SERVICES	<u>8,199,637</u>	<u>8,364,522</u>	<u>9,533,749</u>
<u>OPERATION OF NONINSTRUCTIONAL SERVICES</u>			
<u>STUDENT ACTIVITIES</u>			
Salaries	392,104	490,014	522,155
Employee Benefits	56,483	77,859	101,454
Purchased Professional and Technical Services	13,661	6,336	9,000
Purchased Property Services	5,009	8,900	6,500
Other Purchased Services	60,457	80,960	94,599
Supplies	51,998	41,232	36,938
Property	17,820	9,835	10,500
Other Objects	<u>7,681</u>	<u>12,303</u>	<u>11,200</u>
TOTAL STUDENT ACTIVITIES	<u>605,213</u>	<u>727,439</u>	<u>792,346</u>
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	<u>605,213</u>	<u>727,439</u>	<u>792,346</u>
TOTAL LOCAL AND STATE EXPENDITURES	<u>27,342,298</u>	<u>28,468,068</u>	<u>31,668,295</u>
<u>FEDERAL PROGRAMS *</u>			
Title I - Improving Basic Programs	294,462	443,022	--
Title II - Improving Teacher Quality	138,179	105,933	--
Title V - Innovative Education	2,656	2,558	--
Other Grants	<u>493,286</u>	<u>489,205</u>	<u>--</u>
TOTAL FEDERAL PROGRAMS	<u>928,583</u>	<u>1,040,718</u>	<u>--</u>
<u>DEBT SERVICE</u>			
Other Objects – Interest	1,900,143	2,298,248	2,375,540
Other Financing Uses – Principal	<u>1,441,000</u>	<u>2,015,000</u>	<u>2,057,000</u>
TOTAL DEBT SERVICE	<u>3,341,143</u>	<u>4,313,248</u>	<u>4,432,540</u>
REFUND OF PRIOR YEAR RECEIPTS	<u>--</u>	<u>23,083</u>	<u>--</u>
TOTAL EXPENDITURES	<u>31,612,024</u>	<u>33,845,117</u>	<u>36,100,835</u>

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2008 AND
BUDGETED EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2009 – GENERAL FUND**

	<u>Expenditures 2006-07</u>	<u>Expenditures 2007-08</u>	<u>Budget 2008-2009</u>
<u>OTHER FINANCING USES</u>			
<u>INTERFUND TRANSFERS</u>	<u>15,025</u>	<u>625,000</u>	<u>--</u>
<u>BUDGETARY RESERVE</u>	<u>--</u>	<u>--</u>	<u>25,000</u>
TOTAL OTHER FINANCING USES	<u>15,025</u>	<u>625,000</u>	<u>25,000</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 31,627,049</u>	<u>\$ 34,470,117</u>	<u>\$ 36,125,835</u>

* Federal program expenditures are segregated from other expenditures on this schedule for comparative purposes.

SINGLE AUDIT INFORMATION
OF
EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA
JUNE 30, 2008

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Date	Total Program or Award Amount	Received for the Year	Accrued or (Deferred) Revenue at July 1, 2007	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
<u>U.S. DEPARTMENT OF EDUCATION</u>										
Passed Through the Pennsylvania Department of Education:										
Title I - Improving Basic Programs	I	84.010	013-070132	7/1/06-9/30/07	\$ 320,829	\$ 127,092	\$ 39,223	\$ 87,869	\$ 87,869 *	\$ --
Title I - Improving Basic Programs	I	84.010	013-080132	7/1/07-9/30/08	380,233	228,373	--	313,703	313,703 *	85,330
Title I - Program Improvement	I	84.010	042-080132	1/3/08-9/30/09	40,000	9,524	--	39,374	39,374 *	29,850
Title I - Academic Achievement	I	84.010	077-070132	7/1/07-9/30/08	2,076	2,076	--	2,076	2,076 *	--
Title II - Improving Teacher Quality	I	84.367	020-070132	7/1/06-9/30/07	112,797	30,066	29,452	614	614	--
Title II - Improving Teacher Quality	I	84.367	020-080132	7/1/07-9/30/08	114,892	114,892	--	105,318	105,318	(9,574)
Title V - Innovative Education	I	84.298	011-070132	7/1/06-9/30/07	2,656	354	354	--	--	--
Title V - Innovative Education	I	84.298	011-080132	7/1/07-9/30/08	2,652	2,298	--	2,559	2,559	261
Passed Through York County School of Technology										
Carl D. Perkins Vocational and Applied Technology	I	84.048	380-07-3113	7/1/06-6/30/07	25,000	25,000	25,000	--	--	--
Carl D. Perkins Vocational and Applied Technology	I	84.048	380-08-3113	7/1/07-6/30/08	25,000	--	--	25,000	25,000	25,000
Passed Through the Lincoln Intermediate Unit No. 12:										
IDEA Grant	I	84.027	062-060012	7/1/07-6/30/08	400,159	400,159	--	400,159	400,159	--
Drug Free Schools Grant	I	84.186	100-080812	7/1/07-9/30/08	1,985	1,985	--	1,985	1,985	--
TOTAL U. S. DEPARTMENT OF EDUCATION						941,819	94,029	978,657	978,657	130,867
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>										
Passed through the Pennsylvania Department of Education:										
Medical Assistance Program - Administration	I	93.778	N/A	7/1/07-6/30/08	797	797	--	797	797	--
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES						797	--	797	797	--

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Date	Total Program or Award Amount	Received for the Year	Accrued or (Deferred) Revenue at July 1, 2007	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
U. S. DEPARTMENT OF AGRICULTURE										
Passed Through the Pennsylvania										
Department of Education:										
National School Lunch Program	I	10.555	N/A	7/1/06-6/30/07	N/A	7,805	7,805	--	--	--
National School Lunch Program	I	10.555	N/A	7/1/07-6/30/08	N/A	260,026	--	265,238	265,238	5,212
School Breakfast Program	I	10.553	N/A	7/1/06-6/30/07	N/A	910	910	--	--	--
School Breakfast Program	I	10.553	N/A	7/1/07-6/30/08	N/A	32,450	--	33,190	33,190	740
Passed Through the Pennsylvania										
Department of Agriculture:										
Value of USDA Donated Commodities	I	10.550	N/A	7/1/06-6/30/07	N/A	a) <u>68,020</u>	b) <u>(1,231)</u>	<u>62,528</u>	c) <u>62,528</u>	d) <u>(6,723)</u>
TOTAL U. S. DEPARTMENT OF AGRICULTURE						<u>369,211</u>	<u>7,484</u>	<u>360,956</u>	<u>360,956</u>	<u>(771)</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS						<u>\$1,311,827</u>	<u>\$ 101,513</u>	<u>\$1,340,410</u>	<u>\$1,340,410</u>	<u>\$ 130,096</u>

* Programs Selected for Testing (25% Test) (Low Risk Entity)

Title I	<u>443,022</u>
TOTAL SELECTED	443,022
Total Selected	<u>443,022</u> = 33.05%
Total Expenditures of Federal Awards	<u>1,340,410</u>

D - Direct Funding
I - Indirect Funding

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

NOTE 2 – VALUE OF USDA DONATED COMMODITIES LEGEND

- a) Total commodities received from the Pennsylvania Department of Agriculture valued at fair market value.
- b) Beginning inventory at July 1, 2007.
- c) Total amount of commodities used.
- d) Ending inventory at June 30, 2008.

NOTE 3 – ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct, eligible health-related services provided to enrolled special needs students. Reimbursements are federal money but are classified as fee-for-service revenues and are not considered federal financial assistance. Because only federal financial assistance is included on the Schedule of Expenditures of Federal Awards, ACCESS reimbursements are not included on the Schedule. The amount of ACCESS funding recognized for the year ended June 30, 2008 was \$63,249 which is listed on the PDE confirmation as program #044-007132 under CFDA #93.778.

The accompanying notes are an integral part of these financial statements.

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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

Board of School Directors
Eastern York School District
Wrightsville, Pennsylvania

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Eastern York School District, as of and for the year ended June 30, 2008, which collectively comprise Eastern York School District's basic financial statements and have issued our report thereon dated November 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Eastern York 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 Eastern York School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Eastern York 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 Eastern York 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 Eastern York School District's financial statements that is more than inconsequential will not be prevented or detected by Eastern York 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 Eastern York 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 Eastern York 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 that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters which we have reported to the management of Eastern York School District, in a separate letter dated November 14, 2008.

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

Sager, Swisher and Company, LLP

Columbia, Pennsylvania
November 14, 2008

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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

Board of School Directors
Eastern York School District
Wrightsville, Pennsylvania

Compliance

We have audited the compliance of Eastern York 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. Eastern York 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 Eastern York School District's management. Our responsibility is to express an opinion on Eastern York School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *"Audits of States, Local Governments, and Nonprofit Organizations"*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eastern York 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 Eastern York School District's compliance with those requirements.

In our opinion, Eastern York 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 Eastern York 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 Eastern York 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 of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Eastern York 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 the type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a 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 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 for the information of the school board, management, the Pennsylvania Department of Education and federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

Sager, Swisher and Company, LLP

Columbia, Pennsylvania
November 14, 2008

**EASTERN YORK SCHOOL DISTRICT
WRIGHTSVILLE, PENNSYLVANIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

The following is a summary of Auditors' results

1. An unqualified opinion was issued for Eastern York School District for the year ended June 30, 2008.
2. No material weaknesses are reported in the Report on Internal Control Over Financial Reporting and Compliance and other Matters Based on An Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
3. Our audit disclosed no material instances of noncompliance in connection with the financial statements.
4. No material weaknesses relating to the audit of the major federal programs are reported in the Report on Compliance With Requirements Applicable To Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major Federal Awards Programs expresses an unqualified opinion.
6. Our audit disclosed no findings or questioned costs required to be reported under OMB Circular A-133.
7. As of June 30, 2008, Eastern York School District had one program considered major as follows:

Title I	CFDA No. 84.010
---------	-----------------
8. Eastern York School District uses Federal Program expenditures equal to or exceeding \$300,000 to identify Type A programs.
9. For the year ended June 30, 2008, Eastern York School District was identified as a low risk entity.

Financial Statement Findings:

- There were no current year findings.

Federal Awards Findings and Questioned Costs:

- There were no current year findings or questioned costs.