BIG SPRING SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

Board of School Directors
Big Spring School District
Newville, Pennsylvania

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary funds of Big Spring School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the District's June 30, 2008 financial statements and, in our report dated November 12, 2008 we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the fiduciary funds.

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 fiduciary funds of Big Spring School District, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2009, on our consideration of Big Spring School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Board of Directors
Big Spring School District

Management's discussion and analysis on pages MDA - 1 through MDA - 13 and other required information on pages ORI - 1 and ORI - 2 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.

Greenawalt & Company, P.C.

GREENAWALT & COMPANY, P.C.

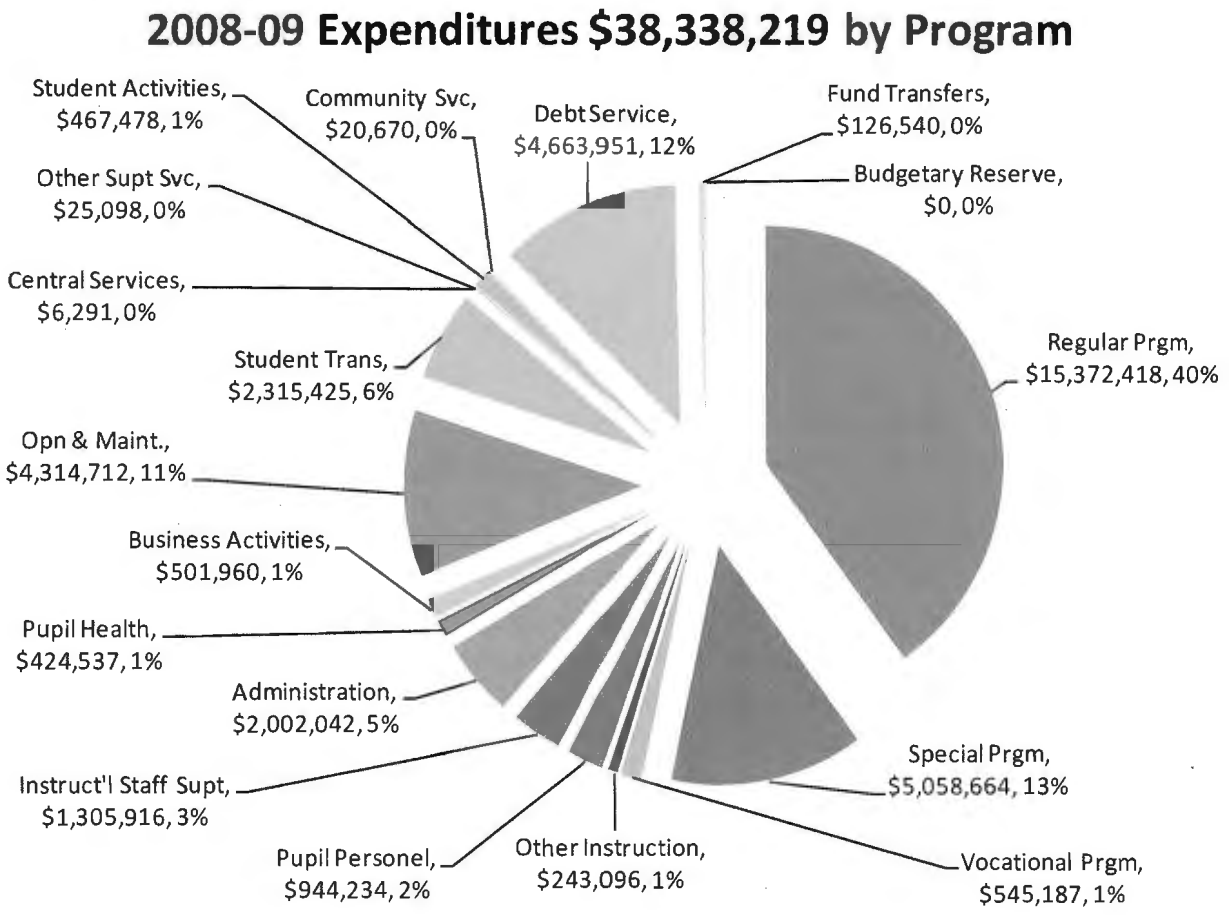
November 10, 2009

Mechanicsburg, Pennsylvania

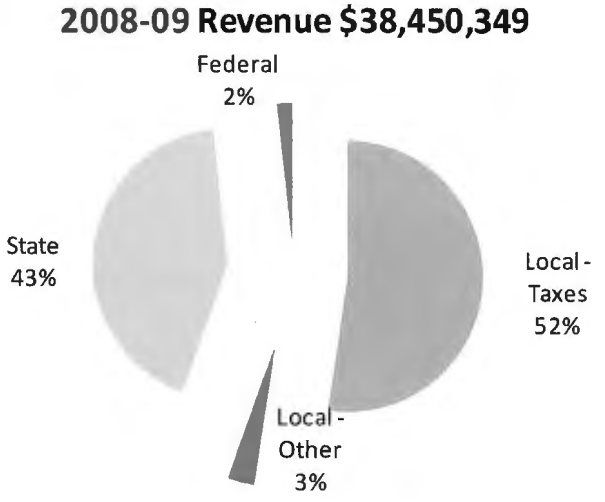
BIG SPRING SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

This discussion and analysis provides an overview of the District's financial performance for the year ended June 2009. The report format is in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Management's Discussion and Analysis (MD&A) includes comparisons of financial position at June 2009, 2008 and 2007. The MD&A also includes comparisons of current year financial activities to the previous year. The 2008 and 2007 amounts have come from our prior year MD&A, and are otherwise not a part of the June 2009 financial statements. Please read our discussion and analysis in conjunction with the District's financial statements, which begin on page FS-1. To preserve readability, dollar amounts in comparative charts derived from the financial statements are presented in millions.

FINANCIAL HIGHLIGHTS



General Fund revenues and transfers-in for 2008-09 increased to $38,450,349 or .6% from 2007-08; expenditures and transfers-out increased to $38,338,219 or 2.5% from the prior year. The District added $112,130 to the fund balance for a total of $2,135,024 as of June 30. The current unreserved-undesignated fund balance is approximately 5.3% of the 2008-09 General Fund budget, well within the 8% maximum required under state law for Districts of this size.



The District reached agreement with the bargaining unit on a four-year contract in August 2008 resulting in a 4.35% increase each year through June 30, 2011. While the District allocated a $1,200,000 transfer to Capital Reserve; $606,648 went to back pay of salary and benefits for the new agreement.

The district has also experienced an upward trend in healthcare requiring a 5% increase for the 2008-09 year.

In the 2007-2008 fiscal year, the Big Spring School District completed a multi-year process that included opening a new High School, renovating the old High School into a Middle School and renovating the old Middle School into Mount Rock Elementary School. The District made its last payment on the 1997 Series bonds in March 2009; however, that millage will be continued in the 2009-10 budget to fund wrap-around debt structure in support of the possible expansion at Newville and replacement of the Plainfield building.

The District completed its second year under Act 1 of the Special Session of 2006. Act 1 places a limit on future increases in the district's real estate tax estate. The District determined that pursuing real estate taxes above the "index" through exceptions related to special education and retirement payments to the employees retirement system was possible but not necessary to balance the upcoming budget. The district increased real estate taxes by 3.7% compared to an "index" limit of 5.80%. As part of Act 1, the District received $770,266 in gaming monies that were distributed in an equal amount to each qualified taxpayer of approximately $130 per homestead/farmstead.

The table below shows the original budget by Program and the actual spent (or received) at year end.

	2008-09		
Revenues	**Budget**	**Receipt**	**Balance**
Local - Taxes	$20,028,626	$20,263,650	$235,024
Local - Other	1,190,000	1,157,672	32,328
State	16,325,044	16,239,081	-85,963
Federal	657,229	789,946	132,717
Total	$38,200,899	$38,450,349	$249,450

Expenditures	**Budget**	**Spent**	**Balance**
Regular Prgm	$14,319,095	$15,372,418	-$1,053,323
Special Prgm	4,834,420	5,058,664	-224,244
Vocational Prgm	619,348	545,187	74,161
Other Instruction	129,035	243,096	-114,061
Pupil Pers	724,882	944,234	-219,352
Instruct'l Staff Supt	1,295,177	1,305,916	-10,739
Administration	1,727,573	2,002,042	-274,469
Pupil Health	515,755	424,537	91,218
Business	531,367	501,960	29,407
Opn & Maint.	4,978,610	4,314,712	663,898
Student Trans	1,869,896	2,315,425	-445,529
Central Svc	0	6,291	-6,291
Other Supt Svc	36,000	25,098	10,902
Student Activities	445,168	467,478	-22,310
Community Svc	15,000	20,670	-5,670
Debt Service	4,758,970	4,663,951	95,019
Fund Transfers	1,292,124	126,540	1,165,584
Budget Reserve	108,479	0	108,479
Total	$38,200,899	$38,338,219	-$137,320

USING THESE FINANCIAL STATEMENTS

This report contains a series of financial statements. The Statement of Net Assets and the Statement of Activities are on pages FS-1 and FS-2. These statements provide information about the District as a whole, and present a longer-term view of District finances than fund financial statements. Fund financial statements are on pages FS-3, FS-5 and FS-7 through FS-10. For governmental funds, the statements show how District services have been financed in the short term, as well as the amount remaining for future spending. Proprietary funds statements provide information about non-governmental operations, in this case food service. The fiduciary funds statement reports amounts held in trust by the District for student activities.

Page FS-4 reconciles total governmental fund balances to total net assets of governmental activities. Page FS-6 reconciles the total net change in governmental fund balances to the change in net assets of governmental activities.

District–wide Financial Statements

District-wide statements present financial activities and the results of those activities in two categories, governmental and business-type. Capital assets (land, buildings, improvements, furniture and equipment) are included with all other assets. Long-term debt is included with all other liabilities. This is distinctly different from the fund statements in which assets and liabilities are separated into various funds such as General and Capital Reserve.

In the district-wide statements, the approach to measurement of revenues and expenses is similar to that used in the private sector and is referred to as the accrual basis of accounting. This is disclosed further in the notes to financial statements.

Fund Financial Statements

Fund statements provide financial information about the District's funds rather than the District as a whole. There are three types of funds, Governmental, Proprietary and Fiduciary. The use of each type of fund is disclosed in the notes to financial statements. Unlike district-wide statements that report revenues on the accrual basis, the fund statements report revenues only to the extent cash has been received, or is expected to be received in the near future.

THE DISTRICT AS A WHOLE

Statement of Net Assets

Total net assets were $20,285,811 at June 2009, which is an increase of $1,404,750 from June 2008 and $4,562,384 from June 2007. The following summarizes the Statement of Net Assets (page FS-1).

	Governmental Activities			Business-type Activities			Totals		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Current and other assets	$ 7.9	$ 8.8	$12.9	$ 0.1	$ 0.2	$ 0.2	$ 8.0	$ 9.0	$13.1
Capital assets	52.6	53.7	53.1	0.7	0.7	0.8	53.3	54.4	53.9
Total assets	$60.5	$62.5	$66.0	$ 0.8	$ 0.9	$ 1.0	$61.3	$63.4	$67.0
Current and other liabilities	$ 3.3	$ 3.6	$ 7.2	$ -	$ -	$ -	$ 3.3	$ 3.6	$ 7.2
Long-term liabilities	37.7	40.8	44.0	-	0.1	0.1	37.7	40.9	44.1
Total liabilities	41.0	44.4	51.2	-	0.1	0.1	41.0	44.5	51.3
Capital assets (net of related debt)	15.9	14.0	10.3	0.7	0.7	0.8	16.6	14.7	11.1
Restricted for capital projects	-	-	1.8	-	-	-	-	-	1.8
Unrestricted	3.6	4.1	2.7	0.1	0.1	0.1	3.7	4.2	2.8
Total net assets	19.5	18.1	14.8	0.8	0.8	0.9	20.3	18.9	15.7
Total liabilities and net assets	$60.5	$62.5	$66.0	$ 0.8	$ 0.9	$ 1.0	$61.3	$63.4	$67.0

Net assets are the difference between assets and liabilities, and represent resources that can be used to pay for future operations and capital improvements. The majority of our 2009 net assets, $16,560,068 out of $20,285,811 total, are invested in capital assets (net of related debt).

Statement of Activities

The following summarizes the Statement of Activities (page FS-2). It shows that total net assets increased by $1,404,750 during 2009. Total net assets also increased by $3,157,634 during 2008.

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Program revenues						
Charges for services	$ 0.4	$ 0.4	$ 0.9	$ 0.8	$ 1.3	$ 1.2
Operating grants and contributions	7.0	6.6	0.5	0.4	7.5	7.0
Capital grants and contributions	1.1	1.8	-	-	1.1	1.8
General revenues						
Taxes	20.5	20.8	-	-	20.5	20.8
Earnings on investments	0.2	0.3	-	-	0.2	0.3
State general subsidies	9.5	8.4	-	-	9.5	8.4
Total revenues	38.7	38.3	1.4	1.2	40.1	39.5
Direct expenses	37.2	34.9	1.5	1.4	38.7	36.3
Excess revenues (expenses) before transfers	1.5	3.4	(0.1)	(0.2)	1.4	3.2
Transfers between activities	(0.1)	(0.1)	0.1	0.1	-	-
Change in net assets	$ 1.4	$ 3.3	$ -	$ (0.1)	$ 1.4	$ 3.2

The change in net assets is the difference between revenues and expenses using the accrual basis of accounting.

The following summarizes expense information from the Statement of Activities (page FS-2). Direct expenses represents the actual cost of providing the services while the net expense represents the amount of cost that is not recovered through program revenues, meaning user charges, grants and contributions. The net expense must be recovered through general revenues, primarily taxes and state general subsidies. Amounts not recovered reduce funds available for future years.

	Governmental Activities					
	Direct Expenses		Program Revenues		Net Expense	
	2009	2008	2009	2008	2009	2008
Instruction	$ 22.7	$ 20.8	$ 5.2	$ 5.2	$ 17.5	$ 15.6
Instructional student support	2.8	2.7	0.2	0.2	2.6	2.5
Administrative and financial support	2.7	2.5	0.1	0.1	2.6	2.4
Operation and maintenance of plant	4.4	4.3	0.1	0.1	4.2	4.2
Pupil transportation	2.3	2.2	1.7	1.7	0.6	0.5
Student activities	0.6	0.6	0.1	0.1	0.6	0.5
Community services	-	-	-	-	-	-
Interest on long-term debt	1.6	1.8	1.1	1.4	0.5	0.4
	$ 37.2	$ 34.9	$ 8.5	$ 8.8	28.7	26.1
Transfers to business-type activities					0.1	0.1
Net expenses - governmental activities					28.8	26.2
State general subsidies revenues					9.5	8.4
Total needs from taxes and other local sources					$ 19.3	$ 17.8

	Business-type Activities					
	Direct Expenses		Program Revenues		Net Expense	
	2009	2008	2009	2008	2009	2008
Food service	$ 1.5	$ 1.4	$ 1.4	$ 1.2	$ 0.1	$ 0.2
Transfers from governmental activities					(0.1)	(0.1)
Net expenses - business-type activities					$ -	$ 0.1

THE DISTRICT'S FUNDS

Governmental Funds – fund balances

	Governmental Fund Balances				
	2009	2008	2007	2008-2009 Change	2007-2008 Change
General Fund - reserved	$ 0.1	$ 0.5	$ -	$ (0.4)	$ 0.5
General Fund - unreserved	2.0	1.5	1.2	0.5	0.3
Capital Reserve Fund - unreserved	-	0.8	0.6	(0.8)	0.2
Athletic Fund - unreserved	-	-	-	-	-
Capital Projects Fund - reserved	-	-	1.8	-	(1.8)
	$ 2.1	$ 2.8	$ 3.6	$ (0.7)	$ (0.8)
Total reserved	$ 0.1	$ 0.5	$ 1.8	$ (0.4)	$ (1.3)
Total unreserved	2.0	2.3	1.8	(0.3)	0.5
	$ 2.1	$ 2.8	$ 3.6	$ (0.7)	$ (0.8)

Changes from 2008 to 2009

For 2008-09 the General Fund projected no change in unreserved fund balance; at June 2009 the fund balance was $2,135,024. This was an $112,130 increase from June 2008 and was mostly due to $249,450 in extra revenues from real estate taxes and federal grants.

The Capital Reserve Fund decrease of $799,280 was mostly due to expenditures related to a boiler replacement project in the DAO and Middle School.

The District self funds its health insurance plans through the South Central Trust and ended the year with $1,214,169 in the trust prior to audit. In addition to providing summer insurance coverage for the professional staff, this amount funds 2 months of estimated costs and $100,000 for prepaid expenses.

Changes from 2007 to 2008 (Previous Year)

The General Fund budget had no scheduled change in fund balance. The actual increase was $795,411, primarily because actual revenue exceeded budgeted revenue. The 2008 fund balance includes $500,000 reserved for prepaid health insurance expenditures.

In 2008, the Capital Projects Fund was closed due to the completion of the conversion of the former middle school into Mount Rock Elementary School, and the Guaranteed Energy Savings project.

General Fund Budget

The following summarizes the budgetary comparison information presented on page ORI-1, along with comparisons to the previous year.

	Final Budget		Actual Amount		Variance	
	2009	2008	2009	2008	2009	2008
Total revenues	$ 38.2	$ 36.1	$ 38.4	$ 37.9	$ 0.2	$ 1.8
Total expenditures	37.9	35.6	38.2	36.5	(0.3)	(0.9)
Excess revenues (expenditures)	0.3	0.5	0.2	1.4	(0.1)	0.9
Other financing sources (uses)	(0.3)	(0.5)	(0.1)	(0.6)	0.2	(0.1)
Net change in fund balance	$ -	$ -	$ 0.1	$ 0.8	$ 0.1	$ 0.8

In 2009, actual revenues exceeded the budgeted amount by $218,795. Actual expenditures were $272,019 over the budgeted amount.

CAPITAL ASSETS

When construction projects are completed, the construction in progress balances are moved into the respective categories, and depreciated over their estimated useful lives. In 2008, two construction projects were completed, the conversion of the former middle school into Mount Rock Elementary School, and the Guaranteed Energy Savings project. In February 2009, the Board awarded bids to Herre Bros, Inc., in the amount of $709,218 for the replacement of the heating & air conditioning in the DAO and the boilers in the Middle School. This project remains in progress and is expected to close in December 2009.

	Capital assets (net of depreciation)				
	2009	2008	2007	2008-2009 Change	2007-2008 Change
Governmental activities					
Land	$ 0.5	$ 0.5	$ 0.5	$ -	$ -
Construction in progress	0.5	-	6.7	0.5	(6.7)
Buildings and improvements	49.8	51.3	44.0	(1.5)	7.3
Furniture and equipment	1.2	1.3	0.6	(0.1)	0.7
Library books	0.2	0.2	0.2	-	-
Computer equipment	0.4	0.4	1.1	-	(0.7)
	$ 52.6	$ 53.7	$ 53.1	$ (1.1)	$ 0.6
Business-type activities					
Furniture and equipment	$ 0.7	$ 0.7	$ 0.8	$ -	$ (0.1)

Capital assets in the governmental activities were $52,607,816 at June 2009, $53,741,240 at June 2008, and $53,078,097 at June 2007. During 2009 there was $810,288 in capital assets purchased and $1,943,712 of depreciation expense. During 2008, there was $2,599,477 of capital assets purchased and $1,936,334 of depreciation expense.

LONG-TERM LIABILITIES

The following summarizes the long-term liabilities note to financial statements (starting at page FS-22). Most of the debt is general obligation bonds issued to pay for capital improvements. The District's ability to raise future funds through the issuance of debt depends on how existing bonds are rated by the investment community. Moody's Investors Service, Inc. assigned its municipal bond rating of "Aaa" to the District's most recent series of general obligation bonds, the 2006 Series issued in March 2006.

	2009	2008	2007	2008-2009 Change	2007-2008 Change
Governmental activities					
General obligation bonds and notes	$ 37.3	$ 40.5	$ 43.7	$ (3.2)	$ (3.2)
Compensated absences	0.4	0.4	0.6	-	(0.2)
Other post employment benefits	0.1	-	-	0.1	-
Unamortized bond costs	(0.1)	(0.1)	(0.3)	-	0.2
	$ 37.7	$ 40.8	$ 44.0	$ (3.1)	$ (3.2)

Each year, the District pays interest on the debt and a portion of the outstanding bonds and notes, referred to as redemption. The District made regularly scheduled redemptions of $3,261,326 during 2009, $3,141,783 during 2008 and $2,550,000 during 2007.

New this year is the inclusion of other post employment benefits (OPEB) in our reporting process. This primarily has to do with purchasing discounted health insurance after retirement through the District. The District's actuarial accrued liability of $3,995,512 is being amortized over a period of 30 years. Additional detail is available starting at page FS-25 of the notes.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

	Original Budget		
	2009-2010	2008-2009	Change
Total revenue	$ 39.9	$ 38.2	$ 1.7
Total expenditures and other uses	39.9	38.2	1.7
Excess revenues (expenditures)	$ -	$ -	$ -

The revenue budget for 2009-10 represents a 4.5% increase from the 2008-09 actual. The real estate millage rate increases by 0.735 mills, from 14.720 to 15.455. The earned income tax rate remains at 1.65%.

The expenditure budget for 2009-10 represents a 4.5% increase over actual 2008-09. Although the contract increase is 4.35%, other areas in the budget were cut. This increase includes $355,000 intended to fund future PSERS expense and anticipated increases in fuel oil, electricity and maintenance of debt service for an anticipated, but not yet authorized, elementary project.

The economic downturn caused unexpected loss of revenues in 2008-09 and those reductions will continue into 2009-10. Some of the more noticeable reductions were in earned income tax, real estate transfer tax and investment income.

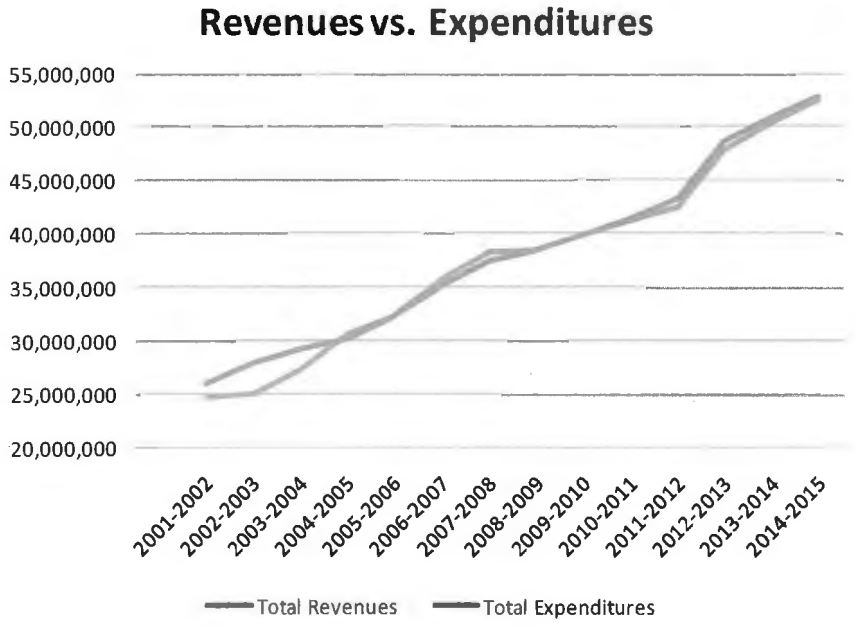
	2007-08	2008-09	Change
Revenue			
Earned Income Tax	$4,604,288	$4,123,818	-10%
RE Tranfer Tax	$309,285	$210,377	-32%
Earnings on Invest	$271,861	$152,555	-44%
Expenditures			
Special Education			
SE Tuition	$662,162	$908,272	37%
Cyber Charter	$247,076	$740,932	200%

Notably, the District's tuition expenditures are rising quickly -- especially for special education and cyber-charter school.

Currently PSERS is a manageable 4.76% and officially it increases to 5.06% in 2010-11; however there are alternate figures on the website described as unofficial that show significant increases. These represent per cent of payroll:

2010-2011	8.40%
2011-2012	10.70%
2012-2013	29.55%
2013-2014	32.45%
2014-2015	33.95%

The final rates will be voted on by PSERS' Board of Trustees on December 11, 2009. If voted in, these rates will significantly change our budget; see chart below, *Revenues vs. Expenditures*.



The other expected, but unknown issue is electric deregulation. In January 2010 the District expects a 30-50% increase in the generation portion of our electric utility bills. Because the District has such high exposure because of electrically operated ground source heat pumps and air conditioning included in all existing, or planned, buildings, this is a significant liability challenge. The District contracted with the Central Pennsylvania Energy Consortium to procure electricity generation for 2010. The effects are unknown at this point but are expected to reduce our increase from 50% down to 20-25%.

The District is currently considering a project to add a 2-story addition to Newville to relieve the dangerous overcrowding and replace the Plainfield elementary school. At one point the District intended to initiate these projects in 2009 for a total of approximately $17,000,000. As the economy deteriorated, the project timeline slipped and Plainfield went from a 3 classrooms per grade to 2 per grade and a total of less than $14,000,000. The current plan is to release bids sometime in March 2010 without final decision on the projects. Once the bids are back in April, the board would make a final decision on each project and issue the bonds necessary.

This District has also undertaken a review of capital projects needed to support the repair and upkeep of existing facilities and infrastructure. As part of that process we identified $950,000 dollars to maintain or repair existing buildings. It also includes $250,000 to replace the core network and associated switch gear to provide a faster, more reliable environment the supports a high density wireless overlay and our ever increasing reliance on connectivity to the web and other centers of learning.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

The District's financial report is intended to provide the readers with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the district office of Big Spring School District, 45 Mount Rock Road, Newville, PA 17241, (717) 776-2000.

BIG SPRING SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2009

(With Summarized Financial Information for June 30, 2008)

	Governmental Activities	Business-type Activities	Totals 2009	Totals 2008
Assets				
Cash and cash equivalents	$ 2,060,849	$ 177,807	$ 2,238,656	$ 2,309,490
Taxes receivable (net of allowance for uncollectibles)	2,685,000	-	2,685,000	2,490,000
Internal balances	223	(223)	-	-
Due from other governments	2,507,502	4,668	2,512,170	2,982,109
Other receivables	31,253	6,827	38,080	44,672
Inventories	-	27,946	27,946	30,736
Prepaid health insurance	100,000	-	100,000	500,000
Unamortized bond issuance costs	466,179	-	466,179	543,764
Capital assets not being depreciated	985,985	-	985,985	501,824
Capital assets being depreciated (net of accumulated depreciation)	51,621,831	652,213	52,274,044	53,960,289
Total assets	$ 60,458,822	$ 869,238	$ 61,328,060	$ 63,362,884
Liabilities				
Accounts payable	$ 355,306	$ 290	$ 355,596	$ 331,371
Contracts payable	219,120	-	219,120	-
Payroll and benefits payable	2,279,930	1,829	2,281,759	2,711,902
Deferred revenues	-	15,374	15,374	152,690
Accrued interest on bonds payable	411,100	-	411,100	469,900
Long-term liabilities				
Due within one year	2,958,846	7,000	2,965,846	3,290,229
Due in more than one year	34,869,977	34,812	34,904,789	37,709,447
Unamortized bond discounts and refunding costs	(111,335)	-	(111,335)	(183,716)
Total liabilities	40,982,944	59,305	41,042,249	44,481,823
Net assets				
Invested in capital assets (net of related debt)	15,907,855	652,213	16,560,068	14,650,792
Unrestricted	3,568,023	157,720	3,725,743	4,230,269
Total net assets	19,475,878	809,933	20,285,811	18,881,061
Total liabilities and net assets	$ 60,458,822	$ 869,238	$ 61,328,060	$ 63,362,884

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

BIG SPRING SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

(With Summarized Financial Information for the Year Ended June 30, 2008)

Functions/Programs	Direct Expenses	Program Revenues: Charges for Services	Program Revenues: Grants and Contributions: Operating	Program Revenues: Grants and Contributions: Capital	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Totals: 2009	Totals: 2008
Governmental activities								
Instruction	$ 22,705,608	$ 329,529	$ 4,876,334	$ -	$ (17,499,745)	$ -	$ (17,499,745)	$ (15,598,736)
Instructional student support	2,846,780	-	226,795	-	(2,619,985)	-	(2,619,985)	(2,485,268)
Administrative and financial support	2,718,956	-	103,497	-	(2,615,459)	-	(2,615,459)	(2,358,952)
Operation and maintenance of plant	4,377,374	48,705	81,828	-	(4,246,841)	-	(4,246,841)	(4,181,999)
Pupil transportation	2,315,425	-	1,689,731	-	(625,694)	-	(625,694)	(548,442)
Student activities	640,020	47,737	20,355	-	(571,928)	-	(571,928)	(561,435)
Community services	20,670	-	1,613	-	(19,057)	-	(19,057)	(15,714)
Interest on long-term debt	1,594,303	-	-	1,118,246	(476,057)	-	(476,057)	(385,592)
Total governmental activities	37,219,136	425,971	7,000,153	1,118,246	(28,674,766)	-	(28,674,766)	(26,136,138)
Business-type activities								
Food service	1,445,389	881,775	492,769	-	-	(70,845)	(70,845)	(181,149)
Total school district	$ 38,664,525	$ 1,307,746	$ 7,492,922	$ 1,118,246	(28,674,766)	(70,845)	(28,745,611)	(26,317,287)
General revenues								
Taxes								
Real estate taxes					15,747,609	-	15,747,609	15,446,928
Earned income taxes					4,273,819	-	4,273,819	4,752,943
Personal taxes					178,366	-	178,366	171,051
Other taxes					258,856	-	258,856	357,727
Earnings on investments					153,464	735	154,199	324,124
State general subsidies					9,537,512	-	9,537,512	8,422,148
Total general revenues					30,149,626	735	30,150,361	29,474,921
Transfers between governmental and business-type activities					(64,182)	64,182	-	-
Total general revenues and transfers					30,085,444	64,917	30,150,361	29,474,921
Change in net assets					1,410,678	(5,928)	1,404,750	3,157,634
Net assets - beginning					18,065,200	815,861	18,881,061	15,723,427
Net assets - ending					$ 19,475,878	$ 809,933	$ 20,285,811	$ 18,881,061

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

BIG SPRING SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

(With Summarized Financial Information for June 30, 2008)

	General	Capital Reserve	Athletic	Totals 2009	Totals 2008
Assets					
Cash and cash equivalents	$ 1,841,545	$ 217,102	$ 2,202	$ 2,060,849	$ 2,205,691
Taxes receivable (net of allowance for uncollectibles)	2,685,000	-	-	2,685,000	2,490,000
Due from other funds	223	-	-	223	587,003
Due from other governments	2,507,502	-	-	2,507,502	2,976,177
Other receivables	20,990	8,566	1,697	31,253	43,978
Prepaid health insurance	100,000	-	-	100,000	500,000
Total assets	$ 7,155,260	$ 225,668	$ 3,899	$ 7,384,827	$ 8,802,849
Liabilities and fund balances					
Accounts payable	$ 355,306	$ -	$ -	$ 355,306	$ 327,633
Contracts payable	-	219,120	-	219,120	-
Payroll and benefits payable	2,279,930	-	-	2,279,930	2,710,127
Due to other funds	-	-	-	-	601,631
Deferred revenues	2,385,000	-	-	2,385,000	2,329,477
Total liabilities	5,020,236	219,120	-	5,239,356	5,968,868
Reserved for prepaid expenses	100,000	-	-	100,000	500,000
Unreserved - undesignated					
General fund	2,035,024	-	-	2,035,024	1,522,894
Special revenue funds	-	6,548	3,899	10,447	811,087
Total fund balances	2,135,024	6,548	3,899	2,145,471	2,833,981
Total liabilities and fund balances	$ 7,155,260	$ 225,668	$ 3,899	$ 7,384,827	$ 8,802,849

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

BIG SPRING SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balances - Governmental funds		$ 2,145,471
Amounts presented for governmental activities in the statement of net assets are different because:		
Capital assets are not financial resources and therefore are not presented as assets in the governmental funds. At year end, the cost of capital assets is $ 79,165,700, and the accumulated depreciation is $ 26,557,884.		52,607,816
Certain liabilities are not due and payable in the current year, and therefore are not presented as liabilities in the governmental funds. At year end, these liabilities consist of:		
Bonds and notes payable	$ (37,277,475)	
Compensated absences	(392,700)	
Other post employment benefit accruals	(158,648)	
Long-term liabilities	(37,828,823)	
Accrued interest on bonds payable	(411,100)	(38,239,923)
Costs related to the issuance of bonds are presented as expenditures in the governmental funds. At year end, the remaining unamortized bond related costs consist of:		
Bond issuance costs	466,179	
Bond discounts (premiums)	(79,297)	
Refunding costs	190,632	577,514
Taxes receivable will be collected, but are not available soon enough to pay for current year expenditures, and therefore are deferred in the governmental funds. At year end, these taxes receivable consist of:		
Real estate taxes	530,000	
Earned income taxes	1,850,000	
Personal taxes	5,000	2,385,000
Total net assets - Governmental activities		$ 19,475,878

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

BIG SPRING SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(With Summarized Financial Information for the Year Ended June 30, 2008)

	General	Capital Reserve	Athletic	Totals 2009	Totals 2008
Revenues					
Local sources - taxes	$ 20,263,650	$ -	$ -	$ 20,263,650	$ 20,498,649
Local sources - other	1,157,672	910	47,737	1,206,319	1,402,111
State sources	16,239,081	-	-	16,239,081	15,577,957
Federal sources	789,946	-	-	789,946	567,512
Total revenues	38,450,349	910	47,737	38,498,996	38,046,229
Expenditures					
Instruction	21,219,365	-	-	21,219,365	19,887,147
Support services	11,840,215	533,873	-	12,374,088	11,432,565
Noninstructional services	488,148	-	130,097	618,245	614,106
Capital outlay	-	69,578	-	69,578	1,984,416
Debt service (principal and interest)	4,663,951	178,097	-	4,842,048	4,789,516
Total expenditures	38,211,679	781,548	130,097	39,123,324	38,707,750
Excess (deficiency) of revenues over expenditures	238,670	(780,638)	(82,360)	(624,328)	(661,521)
Other financing sources (uses)					
Transfers from other funds	-	-	81,000	81,000	1,084,660
Transfers to other funds	(126,540)	(18,642)	-	(145,182)	(1,185,920)
Net change in fund balances	112,130	(799,280)	(1,360)	(688,510)	(762,781)
Fund balances - beginning	2,022,894	805,828	5,259	2,833,981	3,596,762
Fund balances - ending	$ 2,135,024	$ 6,548	$ 3,899	$ 2,145,471	$ 2,833,981

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

BIG SPRING SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Total net change in fund balances - Governmental funds		$ (688,510)
Amounts presented for governmental activities in the statement of activities are different because:		
Capital outlays are presented as expenditures in the governmental funds. In the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. During the year capital outlays and depreciation expense are as follows:		
Capital outlays	$ 810,288	
Depreciation expense	(1,943,712)	(1,133,424)
Payments of bond and note principal are presented as expenditures in the governmental funds. The principal repayment reduces the liability for bonds and notes payable in the statement of net assets.		3,261,326
Bond and note proceeds are presented as other financing sources in the governmental funds. They are shown as liabilities in the statement of net assets. During the year, no bonds or notes payable were issued.		-
Bond issuance costs, bond discounts and premiums, and the difference between new bonds and any related refunded bonds are presented as expenditures in the governmental funds. During the year, costs incurred and amortization expense are as follows:		
Costs incurred	-	
Amortization expense	(149,966)	(149,966)
Because some taxes will not be collected until several months after the end of the fiscal year, they are not considered as available revenues in the governmental funds. Deferred tax revenues increased (decreased) during the year as follows:		
Real estate taxes	45,000	
Earned income taxes	150,000	
Personal taxes	-	195,000
Payments of interest are presented as expenditures in the governmental funds when the payment is due. In the statement of activities, the expense is measured by the amount accrued during the year. The liability for accrued interest on bonds payable decreased during the year.		58,800
Payments of other post employment benefits are presented as expenditures in the governmental funds. In the statement of activities, the expense includes actuarial estimates, primarily for amortization of prior costs. The liability for other post employment benefit accruals increased during the year.		(158,648)
Payments of compensated absences are presented as expenditures in the governmental funds. In the statement of activities, the expense is measured by the amount earned by employees during the year. The liability for compensated absences decreased during the year.		26,100
Change in net assets - Governmental activities		$ 1,410,678

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

BIG SPRING SCHOOL DISTRICT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2009

(With Summarized Financial Information for June 30, 2008)

	Food Service	
	2009	2008
Assets		
Cash and cash equivalents	$ 177,807	$ 103,799
Due from other funds	-	14,628
Due from other governments	4,668	5,932
Other receivables	6,827	694
Inventories	27,946	30,736
Total current assets	217,248	155,789
Furniture and equipment (net of accumulated depreciation)	652,213	720,873
Total assets	$ 869,461	$ 876,662
Liabilities		
Accounts payable	$ 290	$ 3,738
Payroll and benefits payable	1,829	1,775
Due to other funds	223	-
Deferred revenues	15,374	13,213
Current portion of compensated absences	7,000	7,000
Total current liabilities	24,716	25,726
Long-term portion of compensated absences	34,812	35,075
Total liabilities	59,528	60,801
Net assets		
Invested in capital assets (net of related debt)	652,213	720,873
Unrestricted	157,720	94,988
Total net assets	809,933	815,861
Total liabilities and net assets	$ 869,461	$ 876,662

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

BIG SPRING SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(With Summarized Financial Information for the Year Ended June 30, 2008)

	Food Service	
	2009	2008
Operating revenues - Food service revenue	$ 881,775	$ 848,772
Operating expenses		
Salaries	465,428	457,565
Employee benefits	223,267	231,324
Purchased property service	63,000	60,000
Food and milk	576,008	561,670
Other expenses	30,384	15,709
Depreciation	87,302	102,827
Total operating expenses	1,445,389	1,429,095
Operating income (loss)	(563,614)	(580,323)
Nonoperating revenues		
Earnings on investments	735	921
State sources - social security and retirement subsidies	28,710	35,750
State sources - meal subsidies	45,626	40,241
Federal sources - meal subsidies	336,135	257,193
Federal sources - donated commodities	82,298	65,990
Total nonoperating revenues	493,504	400,095
Income (loss) before transfers	(70,110)	(180,228)
Transfers from other funds	64,182	101,260
Change in net assets	(5,928)	(78,968)
Net assets - beginning	815,861	894,829
Net assets - ending	$ 809,933	$ 815,861

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

BIG SPRING SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

(With Summarized Financial Information for the Year Ended June 30, 2008)

	Food Service	
	2009	2008
Operating activities		
Cash received from users	$ 877,804	$ 854,881
Cash payments to employees for services	(688,904)	(705,095)
Cash payments to suppliers for goods and services	(587,752)	(569,914)
Net cash provided by (used for) operating activities	(398,852)	(420,128)
Non-capital financing activities		
State sources	74,669	79,207
Federal sources	337,065	283,274
General fund advances (Due to other funds)	14,851	(16,155)
General fund contributed services	64,182	101,260
Net cash provided by (used for) non-capital financing activities	490,767	447,586
Capital and related financing activities		
Cash payments for equipment	(18,642)	(8,610)
Net cash provided by (used for) capital and related financing activities	(18,642)	(8,610)
Investing activities		
Earnings on investments	735	921
Net cash provided by (used for) investing activities	735	921
Net change in cash and cash equivalents	74,008	19,769
Cash and cash equivalents - beginning	103,799	84,030
Cash and cash equivalents - ending	$ 177,807	$ 103,799
Reconciliation of operating income (loss) to net cash used for operating activities		
Operating income (loss)	$ (563,614)	$ (580,323)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation	87,302	102,827
Donated commodities	82,298	65,990
Net change in other assets and other liabilities		
Other receivables	(6,132)	1,401
Inventories	2,790	200
Accounts payable	(3,448)	1,275
Payroll and benefits payable	54	1,775
Deferred revenues	2,161	4,708
Compensated absences	(263)	(17,981)
Total adjustments	164,762	160,195
Net cash provided by (used for) operating activities	$ (398,852)	$ (420,128)

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

BIG SPRING SCHOOL DISTRICT

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2009

(With Summarized Financial Information for June 30, 2008)

	Student Activities	
	2009	2008
Assets		
Cash and cash equivalents	$ 143,971	$ 163,880
Total assets	$ 143,971	$ 163,880
Liabilities		
Due to student groups	$ 143,971	$ 163,880
Total liabilities	143,971	163,880
Net assets	-	-
Total liabilities and net assets	$ 143,971	$ 163,880

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Big Spring School District is the level of government which has oversight responsibility and control over activities related to public school education. The report includes services provided by the District to residents within its boundaries: the Cumberland County Townships of Cooke, Lower Frankford, Upper Frankford, Lower Mifflin, Upper Mifflin, North Newton, South Newton, Penn and West Pennsboro and the Borough of Newville. Services provided include a comprehensive curriculum for primary and secondary education as well as special education and vocational education programs. The District receives revenue from local, state and federal sources and must comply with the requirements of these funding sources.

The financial statements of Big Spring School District have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. Accounting guidance is also provided through the Comptroller's office for Pennsylvania's Department of Education. The more significant of these accounting policies are as follows:

Reporting entity

The Governmental Accounting Standards Board establishes criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the established criteria. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are:

The economic resources received or held by the separate organization are entirely for the direct benefit of the District or its constituents.

The District is entitled to (or has the ability to) access a majority of the economic resources received or held by the separate organization.

The economic resources received or held by the separate organization that the District is entitled to (or has the ability to) access is significant to the District.

There are no component units that meet all of the above criteria for inclusion in this reporting entity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Jointly-governed organizations

The District is a participant in three jointly-governed organizations, each of which is a separate legal entity that offers services to the District and its residents. Each entity serves several school districts, and therefore are not included in this reporting entity. The entities do not have taxing power, but each is required to adopt an annual budget, which is funded primarily by its member Districts or others that use its services. Complete financial statements for these entities can be obtained from their administrative offices.

Capital Area Intermediate Unit provides special education services and programs.

Cumberland Perry Area Vocational Technical School provides vocational and technical education services and programs.

Capital Tax Collection Bureau provides earned income tax collection services.

Basis of presentation - District-wide financial statements

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

The district-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Real estate and personal 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 and amortization are charged as an expense against current operations. Capital assets (net of accumulated depreciation) and bonds payable (net of unamortized costs) are presented in the statement of net assets.

The statement of activities demonstrates the degree to which the direct expenses of given functions or programs are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are presented as general revenues.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basis of presentation - Fund financial statements

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

The governmental funds are presented 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 received within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if received within 2 months of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recognized as deferred revenues until earned. Expenditures generally are recognized 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 recognized only when payment is due.

Proprietary funds generally follow standards for accounting and financial presentation for private business enterprises to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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 fund's principal ongoing operations. Operating expenses for the District's proprietary 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.

Fund accounting

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basis of presentation - Fund financial statements (Cont'd.)

Fund accounting (Cont'd.)

The District has the following major types of funds:

Governmental Funds – These funds account for the activities through which most of the District's operations are provided.

Proprietary Funds – These funds account for the operations of the District that are financed and operated in a manner similar to private business enterprises.

Fiduciary Funds – These funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or governmental units and are therefore not available to support the District's own programs.

The District presents the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

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

The Pennsylvania School Code dictates specific procedures relative to budget adoption and financial statement presentation. The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year. This process includes the publishing of notices by advertisement, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District, and that public hearings are held on the proposed operating budget which 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 may approve transfers of funds appropriated to any particular item of expenditure in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval, provided it is not at a higher level than the Board adopted budget.

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 recognized. Unused encumbrances expire at the end of each year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Basis of presentation - Fund financial statements (Cont'd.)

Fund accounting (Cont'd.)

Included in the 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. During the year these programs increased both revenues and expenditures of the original budget by $ 30,655.

The Capital Reserve Fund accounts for transfers from the General Fund and expenditures of those funds for capital outlays.

The Athletic Fund accounts for athletic revenues and transfers from the General Fund and expenditures of those funds for athletics.

The District presents the following proprietary fund:

The Food Service Fund accounts for the operations of the cafeterias.

The District presents the following fiduciary fund:

The Student Activities Fund accounts for programs operated and sponsored by various clubs and organizations within the schools.

Cash and cash equivalents and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits (including pooled investments), and short-term investments with original maturities of three months or less from the date of acquisition.

The types of authorized investments are limited by State regulations. Pooled investment funds are required to be operated in accordance with State regulations.

Investments, including pooled investments, are reported at fair value.

Taxes and taxes receivable

Real estate and personal taxes are levied as of July 1 with a legal, enforceable claim against the property and/or taxpayer. Amounts not collected within six months (December 31) are considered delinquent and submitted to outside agencies/entities for collection actions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Receivables and payables between funds

Activity between funds that represent 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 district-wide financial statements as "internal balances". Any balances between funds are short term items pending periodic repayments.

Inventories and prepaid items

Inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when consumed. Donated commodities are recognized as revenue and are inventoried at an estimated cost value.

Certain payments, if any, to vendors reflect expenses applicable to future periods and are presented as prepaid items in both district-wide and fund financial statements.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are presented in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $ 1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous groups with individual costs of less than $ 1,500 as capital assets for financial presentation purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are presented at historical cost or estimated historical cost if purchased or constructed.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

Capital assets are depreciated using the straight-line method, allowing for reasonable salvage values on equipment, over the following estimated useful lives:

Assets	Governmental Activities	Business-type Activities
Buildings	40	-
Site improvements	20	-
Furniture	15	15
Machinery and equipment	10 to 15	15
Library books	7	-
Audio visual equipment	6	-
Computer equipment	5	5

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Long-term liabilities

In the district-wide financial statements, and proprietary fund types in the fund financial statements, bonds and notes payable and other long-term obligations are presented as liabilities in the applicable governmental activities or proprietary fund statement of net assets. Refunding costs and bond discounts are amortized over the life of the bonds using the effective interest method. Bond issuance costs are presented 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 and refunding costs, as current period expenditures. The face amount of debt issued is presented as other financing sources while discounts and refunding costs on debt issuances are presented as debt service expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are presented as support service expenditures.

Net assets

Net assets represent the difference between assets and liabilities. In the district-wide financial statements and proprietary fund financial statements, net assets are classified in the following categories:

Invested in capital assets (net of related debt) - This category groups all capital assets into one component of net assets. Accumulated depreciation and outstanding debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This category presents the net assets of the District, which are not restricted for any project or other purpose. However, these funds may be internally designated for specific projects or purposes in the fund financial statements.

Fund balance reserves and designations

In the governmental fund financial statements, reserves and designations segregate portions of the fund balance that are either not available or have been earmarked for specific purposes. Fund balance reserves are as follows:

Reserved for prepaid expenses - This category reflects resources already utilized so they are not considered as current available funds.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Estimates

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

Comparative information

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with current year's presentation. However, presentations of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

CASH AND CASH EQUIVALENTS AND INVESTMENTS

Pennsylvania statutes provide for investment of District funds into authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of funds for investment purposes.

Custodial credit risk is the risk that in the event of a depository institution failure, the District's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk. However, the District requires all deposits in excess of FDIC insurance coverage to be collateralized by the depository institution with approved collateral as provided by law.

As of June 30, 2009, the District's deposits totaled $ 1,199,596 and the depository institution balances totaled $ 1,626,224. Of the depository institution balances, $ 450,971 was covered by federal depository insurance and $ 1,175,253 was collateralized. The pledged collateral is held by the Federal Reserve Bank, but is not titled in the District's name.

The District also has cash equivalents with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and Pennsylvania Local Government Investment Trust (PLGIT). PSDLAF and PLGIT operate as common law trusts established pursuant to the Intergovernmental Cooperation Act and related statues for the purpose of pooling investments. The fundamental policy of PSDLAF and PLGIT are to maintain a net asset value of $ 1 per share, but there can be no assurance that the net asset value will not vary from $ 1 per share. PSDLAF and PLGIT may only purchase securities which are permitted under PA law. As of June 30, 2009, the District's deposits in PSDLAF and PLGIT totaled $ 1,106,974 and $ 76,057, respectively.

CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd.)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy for interest rate risk. The weighted average maturity of the securities held by PSDLAF and PLGIT is generally less than 90 days.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal investment policy for credit risk. The District's deposits in PSDLAF and PLGIT were rated "AAAm" by Standard & Poor's.

Cash and cash equivalents are as follows:

Governmental activities	$ 2,060,849
Business-type activities	177,807
Fiduciary funds	143,971
	$ 2,382,627

TAXES RECEIVABLE

Taxes receivable are as follows:

	Taxes Receivable (Gross)	Allowance for Uncollectibles	Taxes Receivable (Net)	Deferred Tax Revenue
Real estate taxes	$ 830,284	$ (284)	$ 830,000	$ 530,000
Earned income taxes	1,850,000	-	1,850,000	1,850,000
Personal taxes	22,055	(17,055)	5,000	5,000
General Fund	2,702,339	(17,339)	2,685,000	2,385,000
Full accrual adjustment	-	-	-	(2,385,000)
Governmental activities	$ 2,702,339	$ (17,339)	$ 2,685,000	$ -

DUE FROM/TO OTHER FUNDS AND INTERFUND TRANSFERS

Interfund balances are as follows:

Assets			Liabilities	
General Fund	$ 223	$ 223	Food Service Fund	

Interfund transfers were as follows:

Other financing sources		Other financing uses	
Athletic Fund	$ 81,000	$ 81,000	General Fund
Food Service Fund	45,540	45,540	General Fund
Food Service Fund	18,642	18,642	Capital Reserve Fund

DUE FROM OTHER GOVERNMENTS

Due from other governments are as follows:

	Governmental Activities	Business-type Activities
Local sources – earned income taxes	$ 535,876	$ -
Local sources – IDEA - B grant	626,884	-
Local sources – other districts	322,983	-
Local sources – other items	26,096	-
State sources	584,473	453
Federal sources	411,190	4,215
	$ 2,507,502	$ 4,668

CAPITAL ASSETS

Changes in capital assets were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 501,824	$ -	$ -	$ 501,824
Construction in progress	-	484,161	-	484,161
	501,824	484,161	-	985,985
Capital assets being depreciated				
Buildings and improvements	68,404,599	59,075	-	68,463,674
Furniture and equipment	3,305,021	154,613	(27,301)	3,432,333
Library books	2,308,721	-	-	2,308,721
Computer equipment	3,862,548	112,439	-	3,974,987
	77,880,889	326,127	(27,301)	78,179,715
Accumulated depreciation				
Buildings and improvements	(17,056,606)	(1,624,395)	-	(18,681,001)
Furniture and equipment	(2,013,615)	(198,553)	27,301	(2,184,867)
Library books	(2,077,848)	-	-	(2,077,848)
Computer equipment	(3,493,404)	(120,764)	-	(3,614,168)
	(24,641,473)	(1,943,712)	27,301	(26,557,884)
Capital assets being depreciated, net	53,239,416	(1,617,585)	-	51,621,831
Governmental activities capital assets, net	$ 53,741,240	$ (1,133,424)	$ -	$ 52,607,816
Business-type activities				
Capital assets being depreciated				
Furniture and equipment	$ 1,549,844	$ 18,642	$ -	$ 1,568,486
Accumulated depreciation				
Furniture and equipment	(828,971)	(87,302)	-	(916,273)
Capital assets being depreciated, net	720,873	(68,660)	-	652,213
Business-type activities capital assets, net	$ 720,873	$ (68,660)	$ -	$ 652,213

CAPITAL ASSETS (Cont'd.)

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
Instruction	$ 1,559,531
Instructional student support	171,168
Administrative and financial support	76,075
Operation and maintenance of plant	95,093
Student activities	41,845
	$ 1,943,712
Business-type activities - Food service	$ 87,302

The construction in progress at June 2009 was the boiler replacement project at the Middle School. The General Fund has budgeted for a $ 400,000 transfer to the Capital Reserve Fund during 2009/2010 to complete this project.

DEFERRED REVENUES

Governmental funds present deferred revenue in connection with receivables for revenues that are not considered to be available to pay liabilities of the current period. Governmental funds also defer revenue recognition with resources that have been received, but not yet earned. Deferred revenues in the General Fund of $ 2,385,000 consist entirely of taxes receivable not received within 2 months of the end of the fiscal period.

Deferred revenues in the proprietary funds and the district-wide financial statements represents resources that have been received but not yet earned.

LONG-TERM LIABILITIES

Changes in all long-term liabilities were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable	$ 40,538,801	$ -	$ (3,261,326)	$ 37,277,475	$ 2,658,846
Compensated absences	418,800	22,200	(48,300)	392,700	200,000
Other post employment benefits	-	478,754	(320,106)	158,648	100,000
	$ 40,957,601	$ 500,954	$ (3,629,732)	$ 37,828,823	$ 2,958,846
Business-type activities					
Compensated absences	$ 42,075	$ 5,000	$ (5,263)	$ 41,812	$ 7,000

LONG-TERM LIABILITIES (Cont'd.)

Bonds and notes payable

Changes in bonds and notes payable were as follows:

	Beginning Balance	New Issue	Scheduled Redemptions	Ending Balance
1997 Series	$ 545,000	$ -	$ (545,000)	$ -
1999 Series	3,230,000	-	(265,000)	2,965,000
2001 Series	2,770,000	-	(685,000)	2,085,000
2003 Series	15,515,000	-	(980,000)	14,535,000
2005 Series	3,725,000	-	(405,000)	3,320,000
2006 Series	9,895,000	-	(75,000)	9,820,000
2006 Notes (energy savings project)	4,858,801	-	(306,326)	4,552,475
	$ 40,538,801	$ -	$ (3,261,326)	$ 37,277,475

	Interest Rates	Maturity Date	Callable Date	Due Within One Year
1999 Series	(1)	December 2017	45 days notice	$ 275,000
2001 Series	4.30% to 5.00%	February 2021	August 2011	715,000
2003 Series	3.05% to 5.00%	April 2023	April 2013	1,025,000
2005 Series	3.10% to 3.80%	June 2016	December 2010	420,000
2006 Series	3.40% to 4.05%	March 2021	August 2011	80,000
2006 Notes	3.95%	December 2021	Annually, with fees	141,846
				$ 2,656,846

(1) The 1999 Series pays interest at a variable rate of .85% above the "weekly rate", not to exceed 25.00%. At June 2009 the "weekly rate" was 0.48%.

During the year ended June 2009, $ 178,097 of debt service was paid from the Capital Reserve Fund. Scheduled debt service requirements, payable by the General Fund, are as follows:

LONG-TERM LIABILITIES (Cont'd.)

Year Ending June	Principal	Interest	Total
2010	$ 2,656,846	$ 1,404,290	$ 4,061,136
2011	2,772,720	1,317,283	4,090,003
2012	2,900,640	1,214,664	4,115,304
2013	3,060,736	1,093,305	4,154,041
2014	3,218,151	973,622	4,191,773
2015-2019	15,583,951	3,113,990	18,697,941
2020-2023	7,084,431	617,341	7,701,772
	$ 37,277,475	$ 9,734,495	$ 47,011,970

In the year ended June 2006, the District defeased a portion of the 2001 Series of bonds by creating an irrevocable trust fund. New debt was issued (2006 Series) and the proceeds were used by the trust fund to purchase U.S. government securities. The investments and fixed earnings are sufficient to fully service the defeased debt until it is called or matures. For financial reporting purposes, the defeased debt was removed as a liability from the District-wide financial statements. As of June 30, 2009 $ 9,135,000 of defeased bonds remain outstanding and are scheduled to be called in August 2011.

Compensated absences

Compensated absences (those for which employees receive pay) are presented using the termination payment method. A liability is computed using estimates which apply historical data to current factors. The District maintains records of unused leave and applies the contracted rate for employees eligible for termination payments. The District allows only restricted sabbatical leave and therefore does not present any liability in advance of the sabbatical. Payments for compensated absences are made in the year the absence is taken or the employee retires. At retirement or death, while in District service, employees or their beneficiaries shall choose one of the following options (subject to a maximum of $ 12,000 for administrators and $ 11,500 for all other employees):

1. Number of full years of service in the District multiplied by $ 180 (the employee must have a minimum of 20 years of service in the District)

2. Accumulated unused sick leave days multiplied by 80% of the substitute per diem rate

LONG-TERM LIABILITIES (Cont'd.)

Other post employment benefits (OPEBs)

Beginning with the year ended June 2009, the District became subject to reporting OPEBs in accordance with Governmental Accounting Standard Board Statement No. 45 (GASB 45). GASB 45 requires recognition of OPEBs as part of the compensation package of active employees for services rendered. The cost and obligation for OPEBs are required to be measured by an actuarial valuation. The District chose to implement GASB 45 prospectively, so there is no OPEB obligation reported at the beginning of the year.

Plan description

Under the negotiations agreement with Big Spring Education Association, the District shall provide for continuance of health care insurance after retirement until the retiree attains the Medicare eligible age. The retiree will pay the monthly premiums, except that teachers who retire after 30 or more years with the District, shall have up to five years of health care insurance benefits provided on the basis of the retiree paying 50% of the monthly premiums.

Retired administrators, and classified employees hired prior to July 2007, receive the same benefit as described above. Classified employees hired after June 2007 must pay the entire premium.

Retiree's premiums are less than the District's actual cost to provide health care coverage to retirees. The premium amount retirees pay is a blended rate for covering both active and retired Plan members. The fact that the blended rate that retirees pay is less than the cost of covering retired members and their beneficiaries results in what is known as an "implicit rate subsidy," which creates an additional cost to the District.

Participant information

Active participants	354
Vested former members	9
Retired participants	73
	436

Funding Policy

The District funds Plan liabilities on a "pay-as-you-go" basis, and has not established an OPEB trust fund to accumulate assets to fund Plan obligations. The District has no statutory or contractual obligation to fund the Plan and would only do so at the District's discretion.

LONG-TERM LIABILITIES (Cont'd.)

Other post employment benefits (OPEBs) (Cont'd.)

Annual OPEB cost and net OPEB obligation

The District's annual OPEB cost (expense) is calculated based on the actuarially determined annual required contribution (ARC) of the employer. The ARC represents the amount needed to fund the cost of benefits attributed to the current year, plus an amortized portion of the unfunded actuarial accrued liability (UAAL). The District has selected to have the UAAL amortized over a period of 30 years.

Components of the District's annual OPEB cost, the amount actually contributed to the Plan, and changes in the net OPEB obligation are as follows:

Employer normal cost	$ 233,464
Amortization of unfunded actuarial accrued liability	245,290
Annual required contribution	478,754
Interest on the net OPEB obligation	-
Adjustment to the ARC	-
Annual OPEB cost	478,754
Contributed to the plan	(320,106)
Increase in net OPEB obligation	158,648
Net OPEB obligation - beginning	-
Net OPEB obligation - end	$ 158,648

The percentage of annual OPEB cost contributed was as follows:

Year ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 2009	$ 478,754	66.86%	$ 158,648

Funding status and funding progress

The District's actuarial accrued liability (AAL) for OPEBs as of July 2008 was $ 3,995,512. There are no Plan assets, thus, the entire amount is unfunded. The District does not have any current plans to fund the AAL.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
July 2008	$ -	$ 3,995,512	$ 3,995,512	0.00	$15,104,065	26.45%

LONG-TERM LIABILITIES (Cont'd.)

Other post employment benefits (OPEBs) (Cont'd.)

Actuarial assumptions and methods

Actuarial assumptions and methods used in the January 2008 actuarial valuation include the following:

Interest rate	4.50%
General inflation rate	3.00%
Health care cost trend rate	8.50% in 2008 trending to 5.00% in 2015 and later
Actuarial cost method	Benefits are allocated on a level basis over the earnings of an individual from date of hire to assumed retirement date
Amortization period	30 years

Actuarial evaluations on an ongoing basis involve estimates of the reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits are based on the types of benefits provided under the plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point in time.

Actuarial calculations reflect a long-term perspective, and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in accrued liabilities.

The required schedule of funding progress in the other required information (ORI) immediately following the notes to financial statements, is to present multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the District maintains no Plan assets, information relative to Plan asset disclosures is not applicable. Additionally, because this is the year of implementation of GASB 45, the OPEB disclosure standards are implemented prospectively; therefore, the ORI does not reflect similar information for the two preceding years.

PENSION PLAN

Substantially all full-time and part-time employees of the District participate in the plan. The District recognizes expenditures or expenses equal to its contractually-required contributions, subject to the modified accrual basis of accounting in governmental funds.

The District contributes to The Public School Employees' Retirement System (the System), a governmental cost sharing multiple-employer defined benefit plan. The plan is under the authority of the Public School Employees' Retirement Code (the Code), as amended. The plan provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. The System issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to the System at PO Box 125, Harrisburg, PA 17108-0125, or by accessing the System's website at www.psers.state.pa.us.

The contribution policy is established in the Code and requires contributions by active members and employers. Contribution rates for active members are set by law and are dependent upon members' class. In most cases, the contribution rates based on qualified member compensation are as follows:

Membership Class T-C	Active members hired before July 22, 1983	5.25%
Membership Class T-C	Active members hired on or after July 22, 1983	6.25%
Membership Class T-D	Active members hired before July 22, 1983	6.50%
Membership Class T-D	Active members hired on or after July 22, 1983	7.50%

Active members newly hired after July 1, 2001 are automatically Class T-D. The contribution rates for all members in Membership Class T-D were effective January 1, 2002.

Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 2009 the employer contribution rate was 4.76 percent of covered payroll, composed of 4.00 percent for pension benefits and 0.76 percent for healthcare insurance premium assistance. The District's contributions to the system for the years ended June 2009, 2008 and 2007 were $ 821,696, $ 1,204,162, and $ 1,055,160, respectively. Those amounts are equal to the required contributions for each year.

RISK MANAGEMENT

Health insurance

The District's health insurance plan allows each participant to choose one of the three coverage options available through South Central Trust. South Central Trust is not a risk sharing pool. The Trust was established for processing claims and obtaining reinsurance through commercial insurance carriers. The Trust has reinsurance for claims in excess of $ 100,000 specific (per person) and 125% aggregate (estimated District annual cost). Financial statements of the trust are provided to the member districts. District transactions within the Trust were as follows:

Amount available in the trust, beginning		$ 1,494,787
Payments from the District		3,358,700
Claims paid by the trust	$ (3,280,210)	
Administrative and other fees, net of interest earned	(259,500)	
Stop loss premiums and commissions	(99,608)	
		(3,639,318)
Amount available in the trust, ending		$ 1,214,169

The amount available in the trust was as follows:

Accrual for claims incurred	$ 571,569
Accrual for administrative and other fees	45,100
Accrual for health insurance coverage on payroll payable	497,500
Amount available for accrued costs, ending	1,114,169
Prepaid health insurance	100,000
Amount available in the trust, ending	$ 1,214,169

There are various methodologies for estimating claims that have been incurred but not reported (IBNR). District management has selected the methodology of '60 days of paid claims'. District management believes this methodology provides an adequate amount for accrued costs.

RISK MANAGEMENT (Cont'd.)

Other insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

For State unemployment compensation laws, the District is self-insured, which is a common practice for local governmental units. Any unemployment claims are paid by the District on a quarterly basis as incurred.

For workers' compensation insurance, approximately 80 Districts participate in a public entity risk sharing pool (School Districts Insurance Consortium) for processing claims and obtaining reinsurance through commercial insurance carriers. Under this plan, the District's annual cost should not exceed standard commercial insurance rates.

COMMITMENTS AND CONTINGENCIES

The District's contract with its teaching staff expires in June 2011.

In the normal course of business, the District is subject to legal disputes and claims. The District does not anticipate any material losses from any pending or threatened litigation.

In the normal course of preparing for the subsequent school year, the District has awarded bids for various supplies, fuel contracts, etc. No major commitments in excess of routine requirements have been made by the District.

The District participates in state and federal grant programs which are governed by various rules and regulations. Expenditures charged to these grant programs are subject to program compliance audits and reviews by the grantor agencies. The District is potentially liable for any expenditures which may be disallowed by the rules of these grant programs. The District does not anticipate any material disallowance of program expenditures.

The District is in the process of reviewing two proposed construction projects. Alterations and additions to Newville Elementary School could cost approximately $ 3,000,000. A new Plainfield Elementary School could cost approximately $ 11,000,000. These projects are still in the preliminary stages, with bids expected to go out during February or March 2010. No decisions on construction or financing have been made as of the date of this report.

BIG SPRING SCHOOL DISTRICT

BUDGETARY COMPARISON INFORMATION - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual Amount	Variance With Final Budget Positive (Negative)
Revenues				
Local sources - taxes	$ 20,028,626	$ 20,028,626	$ 20,263,650	$ 235,024
Local sources - other	1,190,000	1,216,884	1,157,672	(59,212)
State sources	16,325,044	16,329,239	16,239,081	(90,158)
Federal sources	657,229	656,805	789,946	133,141
Total revenues	38,200,899	38,231,554	38,450,349	218,795
Expenditures				
Regular programs	14,319,095	15,372,423	15,372,418	5
Special programs	4,834,420	5,058,804	5,058,664	140
Vocational programs	619,348	545,188	545,187	1
Other instructional programs	129,035	243,136	243,096	40
Pupil personnel	724,882	944,261	944,234	27
Instructional staff	1,295,177	1,305,917	1,305,916	1
Administration	1,727,573	2,002,043	2,002,042	1
Pupil health	515,755	491,223	424,537	66,686
Business	531,367	531,367	501,960	29,407
Operation and maintenance of plant	4,978,610	4,314,713	4,314,712	1
Student transportation	1,869,896	1,941,995	2,315,425	(373,430)
Central services	-	6,291	6,291	-
Other support services	36,000	25,100	25,098	2
Student activities	445,168	472,153	467,478	4,675
Community services	15,000	21,093	20,670	423
Debt service (principal and interest)	4,758,970	4,663,953	4,663,951	2
Total expenditures	36,800,296	37,939,660	38,211,679	(272,019)
Excess (deficiency) of revenues over expenditures	1,400,603	291,894	238,670	(53,224)
Other financing sources (uses)				
Transfers to other funds	(1,292,124)	(291,894)	(126,540)	165,354
Budgetary reserve	(108,479)	-	-	-
Net change in fund balances	-	-	112,130	112,130
Fund balance - beginning	1,625,817	1,625,817	2,022,894	397,077
Fund balance - ending	$ 1,625,817	$ 1,625,817	$ 2,135,024	$ 509,207

BIG SPRING SCHOOL DISTRICT

OTHER POST EMPLOYMENT BENEFIT PLANS

JUNE 30, 2009

HEALTH CARE BENEFITS

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
July 2008	$ -	$ 3,995,512	$ 3,995,512	0.00	$15,104,065	26.45%

Because the June 2009 year was the implementation year for GASB 45, and the District chose to implement prospectively, the above illustration does not reflect similar information for the two preceding years.