



WEST CHESTER AREA SCHOOL DISTRICT

Inspiring students to achieve their personal best

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2011

West Chester Area School District
829 Paoli Pike
West Chester, Pennsylvania 19380



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Inspiring students to achieve their personal best

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2011

Prepared by the

**West Chester Area School District
Business Office**

**Dr. Suzanne K. Moore
Director of Business Affairs**

**Mr. John Scully
Assistant Director of Business Affairs**

**Ms. Elizabeth Butch
Controller**

West Chester Area School District
829 Paoli Pike
West Chester, Pennsylvania 19380

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WEST CHESTER AREA SCHOOL DISTRICT

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INTRODUCTORY SECTION

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WEST CHESTER AREA SCHOOL DISTRICT

Inspiring students to achieve their personal best

December 16, 2011

Dear Community Member,

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of West Chester Area School District for the fiscal year ended June 30, 2011. This District's Business Office prepared this report.

The Comprehensive Annual Financial Report (CAFR) is published to present complete and accurate financial information on all the funds and financial activities of the District for the 2010-11 fiscal year. The Business Office staff and management are responsible for the accuracy of the statements, notes, schedules and statistical tables. We believe that the information in the report is a fair presentation of the financial position and the results of operations of the District based upon a comprehensive framework of internal controls that have been established for this purpose. The report is prepared in accordance with generally accepted accounting and financial reporting principles applicable to governmental entities in the United States of America. Most importantly, this report will provide the reader with a comprehensive understanding of the District's financial affairs.

Barbacane Thornton & Company, Certified Public Accountants, have audited the District's financial statements. They have issued an unqualified opinion on the West Chester Area School District's financial statements for the Year ending June 30, 2011. Their report is located at the beginning of the Financial Section of the CAFR.

The Management's Discussion and Analysis (MD&A), which follows the independent auditors' report, provides an overview of the District's financial performance during the fiscal year ending June 30, 2011. It should be read in conjunction with this transmittal letter and the District's basic financial statements.

Reporting Entity

The West Chester Area School District is an independent reporting entity and a primary government as defined in the criteria established in the Governmental Accounting

Standards Board's (GASB) Statement #14. The basic criteria for determining the inclusion in the reporting entity is financial accountability and the nature and significance of the relationship.

Profile of the District

The West Chester Area School District was formed by Pennsylvania state law and began operations on July 1, 1966. The District encompasses several communities in Chester County and one in western Delaware County. The District covers an area of approximately 75 miles. The School District's boundaries are coterminous with those of the Borough of West Chester, and the Townships of East Bradford, East Goshen, Thornbury, West Goshen, Westtown and West Whiteland in Chester County and the Township of Thornbury in Delaware County. The Borough of West Chester, located in the geographic center of the School District and is the county seat for Chester County, is approximately 25 miles west of Philadelphia. The Borough of West Chester is the financial and professional center for the surrounding area. The Townships are principally residential in character, with regional shopping centers and industrial parks.

The School District is governed by a nine member Board of School Directors (the "School Board") who are elected for four year terms. The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations including education. The Director of Business Affairs is responsible for budget and financial operations. Both of these officials are appointed by the School Board.

The purpose of the District is to provide an education system through 12th grade, including regular instruction, special instruction, vocational education and support services to the approximately 16,300 students that live within the School District boundaries. To accomplish this goal, the District operates ten (10) elementary schools, three (3) middle schools and three (3) high schools. Additionally, the District is required to pay the tuition for the 838 children that live within the District boundaries that attend charter schools. During the year ending June 30, 2011, the District paid \$6,558,259 in tuition to Charter Schools.

Budget Controls

The Board considers preparation of an annual budget to be one of its most important responsibilities because the budget is the financial reflection of the District's educational plan. The budget shall be designed to carry out that plan in a thorough and efficient manner, to maintain the facilities and to honor District obligations. Budget planning for the District is an integral part of program planning so that the annual operating budget may

effectively express and implement all programs and activities of the District. Budget planning is a year-round process involving active participation by administrators, Board members, and appropriate District personnel.

The District follows the Pennsylvania Public School Code requirements, the procedures mandated by the Pennsylvania Department of Education and the District policies for annual General Fund budget approval. One of those requirements is the requirement to adopt an annual operating budget setting forth District expenditures and revenues and to establish the tax levy prior to the beginning of each fiscal year. The total amount of the budget may not exceed expected revenue plus a prudent and reasonable contingency and reserve. At least thirty days prior to adoption of the final budget, the Board prepares and presents a proposed budget, which is set forth in detail using the forms required by the Pennsylvania Department of Education. The Board holds one or more public hearings on the annual budget prior to the meeting at which it is formally adopted.

During the course of the year, the Pennsylvania School Code prohibits spending to exceed the approved budget. To adjust for price changes and other changes to the original budget assumptions, the District allows for the transfer of funds among budget line items upon the recommendation of the Superintendent and the Director of Business Affairs. By law, such transfers may only be made during the last nine months of the fiscal year and all transfers require Board approval.

Internal Controls

The objective of a system of internal controls is to provide reasonable, but not absolute, assurance that the District assets are properly protected and to ensure that financial transactions, which are relied on in the preparation of financial reports, are accurately recorded. The concept of reasonable assurances recognizes that the cost of the system of internal controls should not exceed the benefits likely to be realized and that the valuation of costs and benefits requires estimates and judgments by management. The District has established policies and procedures to effectively implement and maintain a system of internal accounting controls. Management and independent auditors continually evaluate these policies and procedures to ensure the adequacy and effectiveness of the internal control structure.

Economic Condition and Outlook

The area's economy remains healthy, with Chester County economic indicators surpassing state wide data. The county has one of the lowest unemployment rates among the Commonwealth's 67 counties. Moody's Investors Service reaffirmed the District's Triple-A

ratings based on the sizeable and affluent residential tax base, solid financial position that is expected to remain stable and manageable debt burden.

That having been said, the District has been impacted recently by a number of factors. In 2006, the Pennsylvania General Assembly passed into law Special Session Act 1 of 2006. This law restricted the amount that School Districts can raise real estate taxes to within a cost of living index. Any real estate tax increases above this cost of living index need to be approved by voter referendum. In 2010-11, the index allowed for a 2.9% increase in real estate taxes.

As the District wrestled with this change in funding restrictions, School Districts throughout Pennsylvania incurred a number of other detrimental budgetary impacts. The Pennsylvania economy, which has a direct effect on the District's earned income tax and other local revenues, followed the poor performance seen in the rest of the world. The District pension program, which is administered by the State, announced substantial increases in pension rates. The pension program projected employer rates to increase by as much as 4% every year over the next 9 years. The District contribution rate will increase from the 2010-11 rate of 5.64% to the projected rate of 26.29% in 2020-21. In federal revenues, the District had planned for a reduction in 2011-12 federal stimulus funds but the District received additional unexpected cuts in state subsidies and federal funds. Lastly, the District experienced a number of successful real estate assessment appeals as a result of the poor economy. These assessment appeals resulted in a reduction in total real estate collections.

After assessing the above issues and coupling this with the forecasted slow economic recovery, the District took budgetary action. In 2009, the District formed a budgetary task force that included parents, members of the community, board members and key staff members. The 2009 budget task force experience was positive, with the exercise resulting in more than \$6 Million of findings for budget reductions and non-tax revenue enhancements. As the District prepares future budgets, it is forming additional budget task force groups to investigate other revenue and expenditure focus areas. The District is hopeful that these groups will assist it to manage through this difficult financial time.

Long Term Financial Planning and Financial Policies

As stated earlier, the District budgeting process is a year-round process. As part of that process, the Business Office aggressively forecasts revenues and expenditures going five years into the future. This long term financial planning is essential to absorbing the anticipated changes to mandated expenditure patterns and revenue streams. To assist

with this management, the District has many policies in place which include, but are not limited to, fund balance policies and debt policies.

Major Initiatives

Over the last few years, the District completed the renovation of the secondary schools. With the close of these projects, the District is planning for the renovation of the District's elementary schools. In light of the current economic outlook, the District is cautiously planning the funding of these projects. The District has always exercised caution and a conservative approach to borrowing.

Cash Management

The District makes deposits only in institutions approved by the Board annually. All deposits in institutions are collateralized by a pool of municipal investments. These investments are marked to market monthly and the market value of the holdings must exceed the collateralized funds. The District policy allows for the investment of funds in only those vehicles authorized by the Pennsylvania School Code. Please see notes 1 and 4 of the Basic Financial Statements for further information about the District's cash and investments.

Risk Management

The District maintains insurance policies for property and liability coverage in adequate amount for replacement of assets in the event of loss and for protection against legal claims. These policies are reviewed regularly to ensure they adequately cover the District's assets and needs. In addition, the District self-insures its health care plan, using a catastrophic insurance plan, held by a commercial insurer, to cover catastrophic health care claims.

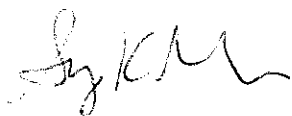
Independent Audit

The District engages an independent certified public accounting firm to audit the School District's annual financial statements. The auditor's report on the Fiscal 2010-11 financial statements is included in the Financial Section of this report and complies with applicable guidelines.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Business Office. Each member has our sincere appreciation for contributions made in the preparation of this report.

Respectfully,

A handwritten signature in black ink, appearing to read 'Suzanne K. Moore', written in a cursive style.

Dr. Suzanne K. Moore
Director of Business Affairs

WEST CHESTER AREA SCHOOL DISTRICT

2010-11 School Board Members

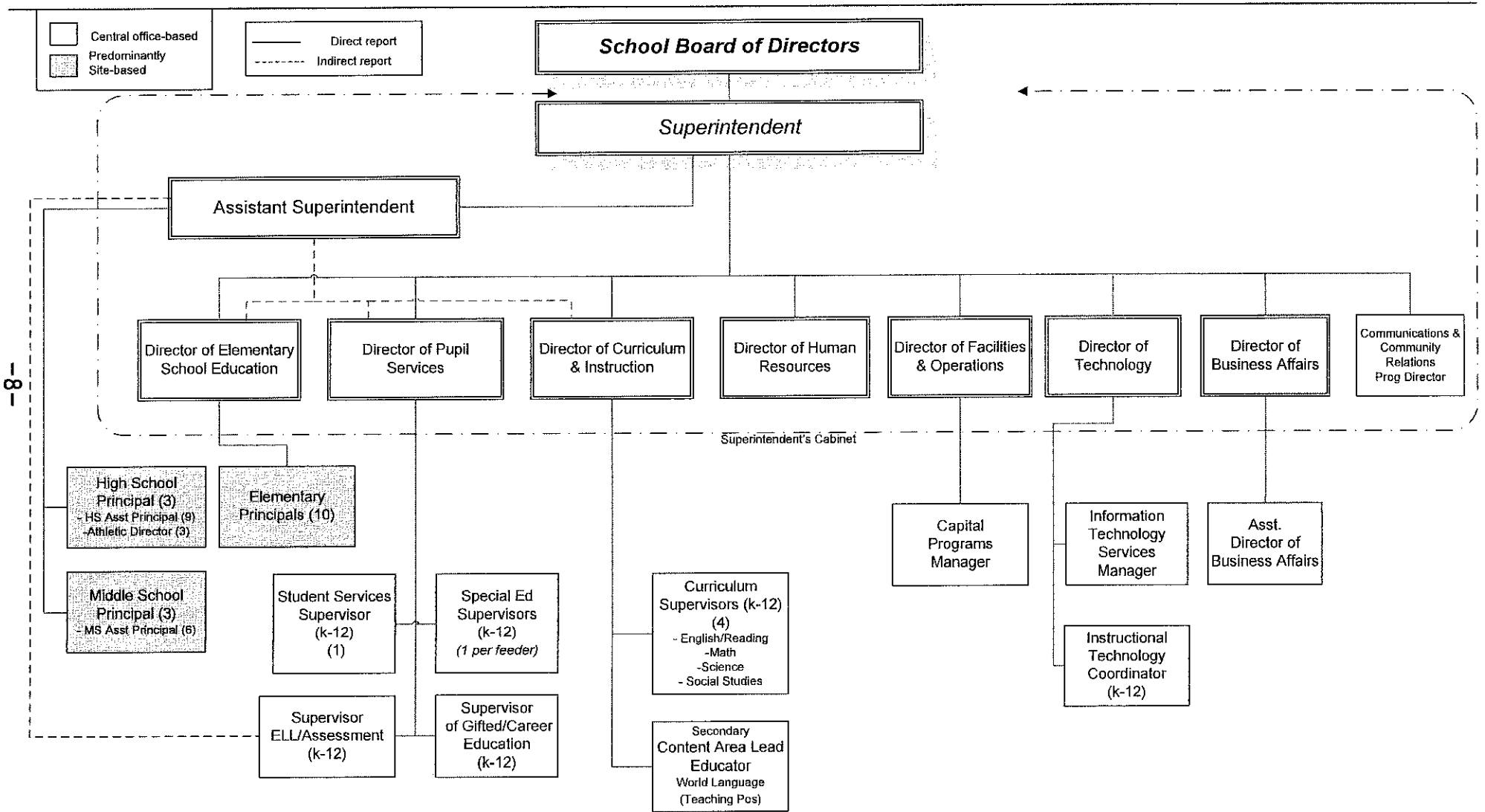
Dr. Ricky L. Swalm	School Board President
Heidi Adsett	School Board Vice President
Sean Carpenter	Member
Terri Clark	Member
James B. Davison	Member
Karen Miller	Member
Dr. Maria Pimley	Member
Jeffrey T. Seagraves	Member
James T. Smith	Member

District Administrators

Dr. Jim Scanlon	Superintendent
Dr. Marc Bertrando	Assistant Superintendent
Dr. Sara Missett	Director of Elementary Education
Kevin Campbell	Director of Facilities and Operations
Dr. Robert Fraser	Director of Curriculum and Instruction
Dr. June Garwin	Director of Information Technology
Jack Hurd	Director of Human Resources
Dr. Suzanne K. Moore	Director of Business Affairs
Robert Partridge	Communications Program Director
Dr. Leigh Ann Ranieri	Director of Pupil Services

WCASD Management Team

August, 2010



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Barbacane, Thornton & Company LLP
200 Springer Building
3411 Silverside Road
Wilmington, Delaware 19810

November 14, 2011

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Board of School Directors
West Chester Area School District
West Chester, Pennsylvania

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of West Chester Area School District, West Chester, Pennsylvania, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund 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, 2011 on our consideration of West Chester Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 11 through 23 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted

**BARBACANE
THORNTON
& COMPANY**
CERTIFIED PUBLIC ACCOUNTANTS

Board of School Directors
West Chester Area School District

principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Chester Area School District's basic financial statements. The accompanying schedule of expenditures of federal awards and certain state grants is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Nonprofit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
June 30, 2011

INTRODUCTION

The discussion and analysis of the financial performance of West Chester Area School District (the "District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers also should review the financial statements and the notes to the financial statements.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," issued June 1999. Comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- While revenues in 2010-2011 were relatively flat compared to the prior year, the prior year revenues represented historical lows. In response, the District continued cost-cutting measures to offset inflationary increases. As a result of these measures, savings achieved through debt refinancing almost completely offset all other cost increases.
- In the budgeting process, the Board of School Directors balanced the budget in 2010-2011 with a 0.51 mill increase (\$0.51 per \$1,000 of assessed value) to the taxpayers within Chester County. This represented a 2.9 percent increase in millage.
- On an entity-wide basis, the District's total net assets were \$38,397,434 at June 30, 2011. This represented an increase of \$5,989,123 from the prior year.
- On a fund level reporting basis, the District's General Fund total revenue, excluding other financing sources, increased by \$3,359,999, or 1.7 percent. This increase was driven primarily by the increase in real estate tax millage. Other local revenues had small gains or losses that were offsetting. State and federal revenues experienced a change. The Commonwealth of Pennsylvania changed its funding scheme for subsidies and reduced state education subsidies but replaced the funds with Federal American Recovery and Reinvestment Act (ARRA) funds. This resulted in decreases in state subsidies and offsetting increases in federal funds.
- On a fund reporting basis, compared to the prior year, the District's General Fund expenditures increased \$87,346, or 0.05 percent. The District made a commitment to avoid cutting instructional programs. This is evident in the \$2,852,701 increase in spending on instruction. Facilities spending also increased as a result of a management initiative to move more cyclical facilities expenditures to the General Fund budget. These increases in spending were almost completely offset by a \$3,197,377 decrease in debt service expenditures that were the result of effective debt management strategies.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
June 30, 2011

- The one-time savings achieved through debt management strategies was committed for healthcare cost fluctuations. Because the District has a self-insured health plan, the District experiences volatility in annual healthcare costs. To help smooth the effect of this volatility on the annual budget, the District established a reserve fund.

OVERVIEW OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with GASB Statement Number 34 and present both entity-wide and fund level financial statements using both the accrual basis and modified accrual basis of accounting, respectively.

Entity-wide Financial Statements

The first two statements are entity-wide financial statements - the Statement of Net Assets and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

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

The two entity-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

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

To assess the overall health of the District, the reader needs to consider additional nonfinancial factors, such as changes in the District's property tax base and the performance of the students.

The entity-wide financial statements of the District are divided into two categories:

- **Governmental Activities** - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-type Activities** - The District operates a food service operation and charges fees to staff and students to cover the costs of the food service operation.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

June 30, 2011

Fund Level Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the entity-wide statements. The governmental funds statements tell how the District's general services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. For this District, this is our Food Service Fund. Fiduciary fund statements provide information about financial relationships for which the District acts solely as a trustee or agent for the benefit of others.

- **Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. Governmental funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- **Proprietary Funds** - These funds are used to account for District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services generally are reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities reported in the entity-wide statements.
- **Fiduciary Funds** - The District is the trustee, or fiduciary, for some scholarship funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

FINANCIAL ANALYSIS OF THE DISTRICT - ENTITY-WIDE STATEMENTS

The District's total net assets were \$38,397,434 at June 30, 2011. This represents an increase of \$5,989,123 over the prior year. The table on the following page presents condensed financial information for the net assets of the District as of June 30, 2011 and 2010.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
June 30, 2011

Statement of Net Assets
June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current assets	\$ 60,395,867	\$ 55,315,255	\$ 1,317,309	\$ 1,587,492	\$ 61,713,176	\$ 56,902,747
Capital assets	300,120,945	308,961,704	184,236	129,768	300,305,181	309,091,472
Other assets	2,240,744	1,936,944	-	-	2,240,744	1,936,944
TOTAL ASSETS	<u>362,757,556</u>	<u>366,213,903</u>	<u>1,501,545</u>	<u>1,717,260</u>	<u>364,259,101</u>	<u>367,931,163</u>
Current liabilities	32,872,927	32,352,414	299,413	589,934	33,172,340	32,942,348
Noncurrent liabilities	292,689,327	302,580,504	-	-	292,689,327	302,580,504
TOTAL LIABILITIES	<u>325,562,254</u>	<u>334,932,918</u>	<u>299,413</u>	<u>589,934</u>	<u>325,861,667</u>	<u>335,522,852</u>
Net assets:						
Invested in capital assets, net of related debt	7,083,089	9,418,873	184,236	129,768	7,267,325	9,548,641
Restricted for capital projects	14,506,078	13,811,178	-	-	14,506,078	13,811,178
Unrestricted	15,606,135	8,050,934	1,017,896	997,558	16,624,031	9,048,492
TOTAL NET ASSETS	<u>\$ 37,195,302</u>	<u>\$ 31,280,985</u>	<u>\$ 1,202,132</u>	<u>\$ 1,127,326</u>	<u>\$ 38,397,434</u>	<u>\$ 32,408,311</u>

The governmental activities restricted net assets in the amount of \$14,506,078 are set aside to fund the capital improvements, the replacement of and additions to public works and improvements, and for deferred maintenance. The total unrestricted net assets in the amount of \$10,785,388 included \$1,017,896 which could be used for capital and other expenditures within the District's food service program. The unrestricted net assets were available to fund any unforeseen financial issues.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that relate directly to specific expense categories are presented to determine the final amount of the District's activities that are supported by other general revenues. The largest revenues are property taxes, local taxes and the state basic education subsidy.

The table on the following page presents condensed financial information for the Statement of Activities in a different format so that the reader can see the total revenues for the year. Compared to the prior year, the District's total revenues increased by \$3,602,841, or 1.8 percent. The majority of the increase was in property tax revenues. Property tax revenues which included current and interim real estate taxes increased \$3,206,534, or 2.3 percent, over the prior year. Other taxes, which included real estate transfer taxes and earned income taxes, increased by 2.0 percent, or \$391,725. Charges for services increased by 8.8 percent, or \$290,159. Expenses increased by \$1,477,460, or 0.8

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
June 30, 2011

percent. Increases were seen in instructional spending which increased \$4,904,165, or 4.3 percent, and in instructional student support (4.8 percent increase). These increases were partially offset by the decreases in interest on long-term debt (11.4 percent), which was the result of effective debt management strategies; and operation and maintenance of plant service (9.0 percent decrease) which is reflective of effective cost-cutting measures and regular spending dips in cyclical equipment replacement schedules.

Statement of Activities
For the Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
REVENUES						
Program services:						
Charges for services	\$ 1,079,373	\$ 676,346	\$ 2,511,962	\$ 2,624,830	\$ 3,591,335	\$ 3,301,176
Operating grants and contributions	22,377,251	22,493,608	786,657	663,190	23,163,908	23,156,798
General revenues:						
Property taxes	145,008,645	141,802,111	-	-	145,008,645	141,802,111
Other taxes	19,764,970	19,373,245	-	-	19,764,970	19,373,245
Grants, subsidies and contributions not restricted	12,573,663	12,479,116	-	-	12,573,663	12,479,116
Other revenue	238,478	578,215	702	3,724	239,180	581,939
TOTAL REVENUES	<u>201,042,380</u>	<u>197,402,641</u>	<u>3,299,321</u>	<u>3,291,744</u>	<u>204,341,703</u>	<u>200,694,385</u>
EXPENSES						
Instruction	117,972,385	113,068,220	-	-	117,972,385	113,068,220
Instructional student support	15,740,734	15,022,492	-	-	15,740,734	15,022,492
Administrative/financial support	13,956,105	14,429,452	-	-	13,956,105	14,429,452
Operation and maintenance of plant services	17,729,991	19,486,401	-	-	17,729,991	19,486,401
Pupil transportation	13,469,612	13,674,801	-	-	13,469,612	13,674,801
Student activities	4,055,872	4,237,269	-	-	4,055,872	4,237,269
Community services	127,041	125,654	-	-	127,041	125,654
Interest on long-term debt	12,076,323	13,636,798	-	-	12,076,323	13,636,798
Food service	-	-	3,224,515	3,149,556	3,224,515	3,149,556
TOTAL EXPENSES	<u>195,128,063</u>	<u>193,681,087</u>	<u>3,224,515</u>	<u>3,149,566</u>	<u>198,352,580</u>	<u>196,830,643</u>
CHANGE IN NET ASSETS	<u>\$ 5,914,317</u>	<u>\$ 3,721,554</u>	<u>\$ 74,806</u>	<u>\$ 142,188</u>	<u>\$ 5,989,123</u>	<u>\$ 3,863,742</u>

EXPENSES

The table on the following page presents condensed financial information on the expenses of the District by function. The table illustrates both the gross and net costs of services. Unrestricted grants, subsidies and contributions are deducted to reflect the amount needed to be funded by other revenue sources. The amount needed to be funded by other revenue sources increased by \$1,021,284, or 0.65 percent more than the prior year. The table for business-type activity reflects condensed financial activities of the food service program, the only business-type activity of the District.

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**

June 30, 2011

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Governmental-type Activities</u>				
Expenses - Governmental Activities:				
Instruction	\$117,972,385	\$113,068,220	\$101,389,094	\$ 98,908,834
Instructional student support	15,740,734	15,022,492	14,695,954	13,427,964
Administrative and financial support	13,956,105	14,429,452	13,956,105	13,879,769
Operation and maintenance of plant services	17,729,991	19,486,401	16,455,311	17,478,785
Pupil transportation	13,469,612	13,674,801	9,035,177	9,096,821
Student activities	4,055,872	4,237,269	3,936,434	4,078,413
Community services	127,041	125,654	127,041	3,749
Interest on long-term debt	<u>12,076,323</u>	<u>13,636,798</u>	<u>12,076,323</u>	<u>13,636,798</u>
TOTAL EXPENSES	<u>\$195,128,063</u>	<u>\$193,681,087</u>	171,671,439	170,511,133
Less: Grants, subsidies and contributions not restricted			<u>(12,573,663)</u>	<u>(12,479,116)</u>
AMOUNT NEEDED TO BE FUNDED BY OTHER REVENUE SOURCES			<u>\$159,097,776</u>	<u>\$158,032,017</u>
<u>Business-type Activities</u>				
Expenses - Business-type Activities:				
Food services	<u>\$ 3,224,517</u>	<u>\$ 3,149,556</u>	<u>\$ (74,104)</u>	<u>\$ (138,464)</u>

THE DISTRICT FUNDS

General Fund

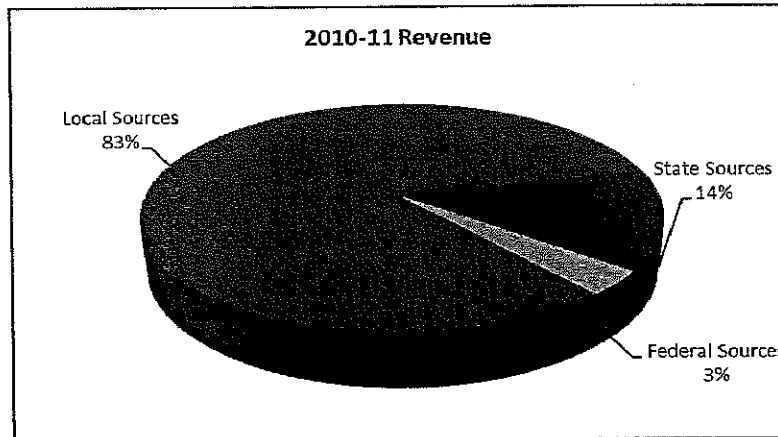
At June 30, 2011, the District reported a General Fund fund balance of \$18,462,684, which represents 9.6 percent of total expenditures and was an increase of \$6,391,679 over the prior year. Of this amount, the District committed \$1,558,100 for the purpose of healthcare rate stabilization. As a result of self-insuring health insurance claims, the District experiences volatility in annual health insurance costs. To smooth these expenditures, the District established a health insurance rate stabilization fund with a starting committed balance of \$1,558,100. In previous years, the District had committed \$1,200,000 for future pension needs. The School Board of West Chester Area School District consciously maintains a modest fund balance needed to respond to unforeseen contingencies. This philosophy was established during a healthy and growing economy within the District and accurate and timely forecasting which allows the District to constantly monitor economic trends within our community. This philosophy conforms to the Board's belief that the tax burden should be aligned with the current funding needs of the District.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
June 30, 2011

REVENUE

Revenues, excluding other financing sources, total \$200,193,748, an increase of \$3,359,999, or 1.7 percent over the prior year revenues. The table below reflects a comparison of current year revenues to prior year revenues:

	<u>Revenue 2011</u>	<u>Percentage of Total</u>	<u>Increase from 2010</u>	<u>Percentage Increase</u>
Local revenues	\$ 165,072,400	82.5%	\$ 3,130,121	1.9%
State sources	28,254,872	14.1%	(735,352)	-2.5%
Federal sources	<u>6,866,476</u>	<u>3.4%</u>	<u>965,230</u>	<u>16.4%</u>
	<u>\$ 200,193,748</u>	<u>100.0%</u>	<u>\$ 3,359,999</u>	<u>1.7%</u>



The increase in 2010-11 revenue is driven primarily by an increase in real estate tax millage. The 2010-11 tax rate for Chester County properties was 18.36 mills which was a 0.51 mill increase from the prior year tax rate. Earned income tax collections were up 3.8 percent, or \$622,735. These increases in tax revenue covered significant drops in other local revenues that were the result of the poor economy. Interest earnings dropped 58.9 percent, or \$169,555, from the very low prior year earnings. Real estate transfer taxes were down 8.9 percent, or \$240,844, and delinquent real estate tax collections decreased 15.4 percent, or \$510,515. In state revenues, state rental subsidy revenue dropped 30.4 percent, or \$470,025, as the result of bond refinancing. The District also experienced a \$130,678, or 2.9 percent, drop in the state transportation subsidy. The state retirement subsidy increased \$367,907 which is reflective of the increase in expenditures due to increases in the employer contribution rate. The other significant change in revenue collections affected the state and federal subsidies revenues. The Commonwealth of Pennsylvania continued its initiative to use the federal ARRA funds to provide a portion of the 2010-11 basic education subsidy. In addition to the

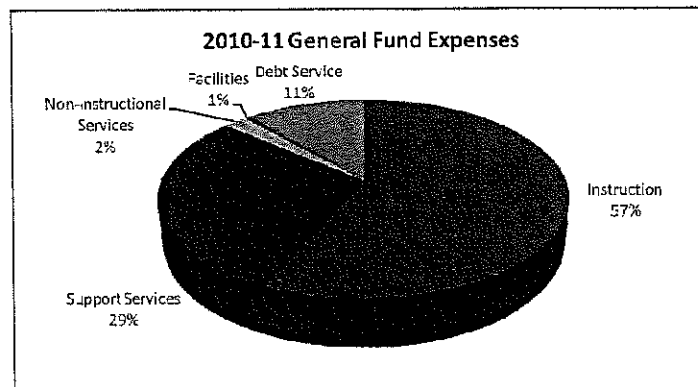
WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
June 30, 2011

original planned ARRA funding, the state allocated another \$494,143 in ARRA Educational Jobs funds to the District which replaced state funds. The result was a reduction in state revenues and an increase in federal revenues in the amount of \$494,143 through the Education Jobs program. The District also received an additional \$181,391 in Title I ARRA funds which were passed through to the Glen Mills School, \$151,695 in additional IDEA ARRA funds and \$234,363 in additional Title II funds for the District's use.

EXPENDITURES

General Fund expenditures, excluding transfers to other governmental funds, totaled \$191,447,860. This was a small increase of \$87,345 over the 2009-2010 expenditures, and it was \$11,760,281 under the approved budget. The expenditures were segregated into various programs depending on the functions of the activity. These programs and the costs associated with each, as well as comparison to the costs incurred in the prior year and the final 2010-2011 budget, are as follows:

	Expenditures 2011	Percentage of Total	Increase from 2010	Variance with Final Budget
Instruction	\$ 108,712,731	56.8%	\$ 2,852,701	\$ 3,835,558
Support services	56,487,346	29.5%	(219,042)	3,792,279
Noninstructional services	3,998,182	2.1%	30,728	682,993
Facilities acquisition and construction	1,010,208	0.5%	620,335	(315,669)
Debt service	21,239,393	11.1%	(3,197,377)	3,765,120
TOTAL EXPENDITURES BY FUNCTION	\$ 191,447,860	100.0%	\$ 87,345	\$ 11,760,281



The increase in General Fund expenditures from the prior year is due largely to cost-of-living increases. One important factor in these cost-of-living increases was the increase in the state-mandated employer pension rate. In 2010-2011, the state increased the employer pension contribution rate from 4.78 percent to 5.64 percent. Drops in debt service and the steady spending in support service

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**

June 30, 2011

expenditures were the direct result of management efforts to cut costs and services. These efforts were taken to better balance the actual expenditures with the falling revenues. Facilities acquisition, construction and improvement spending in the General Fund increased by \$620,335, which was greater than the approved budget. This increase in General Fund facility spending is the result of a management decision to allocate more cyclical maintenance expenditures to the operating funds.

Capital Projects Fund

At June 30, 2011, the District reported a fund balance of \$5,933,343, which was a decrease of \$2,383,459 from June 30, 2010. The Capital Projects Fund was funded by bond funds. The District was in the process of spending down the bond funds procured in previous years to fund the design costs of the elementary school renovations and various other capital improvements. Additionally, the General Fund transferred funds in the amount of \$94,700 to cover the cost of future capital outlays. These cash inflows were offset by \$2,478,159 in cash outflows primarily for the final secondary school renovation payments and design costs of the elementary school renovations.

Capital Reserve Fund

The Capital Reserve Fund had a fund balance of \$14,506,078 at June 30, 2011 which was a \$694,900 increase from the prior year. The Capital Reserve Fund is funded by transfers from the General Fund. In 2010-2011, the capital outflows from the Capital Reserve Fund were spent on technology replacements. The Capital Reserve Fund received a transfer in of \$2,582,101 from the General Fund. This transfer represented the interest savings achieved by refinancing two existing bond issues.

GENERAL FUND BUDGET

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are confirmed again at the time the annual audit is accepted. This is done after the end of the fiscal year in accordance with state law. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the financial statements.

Due to legislative restrictions, the District must adopt a preliminary budget six months before the start of the fiscal year. Subsequent to the start of the fiscal year, it was evident that the downturn in the economy would take a more serious toll on the District's revenues than originally expected. In reaction to this anticipated drop in revenues, the District scaled back spending on all areas when possible. This is evident when reviewing the District's actual revenue and expenditures versus the approved budget. Total revenues were under budgeted amounts by \$1,922,452, or 1.0 percent. Total expenditures were under budget by \$11,760,281, or 5.8 percent.

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**

June 30, 2011

CAPITAL ASSETS

At June 30, 2011, the District had \$300,120,945 invested in a broad range of governmental capital assets, including land, buildings and furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$8,840,759, or 2.9 percent from last year.

The following schedule depicts the change in capital assets for the period July 1, 2010 through June 30, 2011.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES					
Capital assets:					
Land	\$ 33,139,690	\$ 390,484	\$ 370,374	\$ -	\$ 33,159,800
Land improvements	9,245,746	11,843	-	5,195,062	14,452,651
Buildings	332,513,388	285,399	-	27,330,867	360,129,654
Construction-in-progress	31,741,721	2,499,315	-	(32,525,929)	1,715,107
Furniture and equipment	<u>31,886,521</u>	<u>853,623</u>	<u>1,026,701</u>	<u>-</u>	<u>31,713,443</u>
TOTAL CAPITAL ASSETS	<u>438,527,066</u>	<u>4,040,664</u>	<u>1,397,075</u>	<u>-</u>	<u>441,170,655</u>
Accumulated depreciation for:					
Land improvements	2,391,209	590,362	-	-	2,981,571
Buildings	101,463,513	9,318,238	-	-	110,781,751
Furniture and equipment	<u>25,710,640</u>	<u>2,602,449</u>	<u>1,026,701</u>	<u>-</u>	<u>27,286,388</u>
TOTAL ACCUMULATED DEPRECIATION	<u>129,565,362</u>	<u>12,511,049</u>	<u>1,026,701</u>	<u>-</u>	<u>141,049,710</u>
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$ 308,961,704</u>	<u>\$(8,470,385)</u>	<u>\$ 370,374</u>	<u>\$ -</u>	<u>\$ 300,120,945</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets:					
Furniture and equipment	\$ 428,348	\$ 100,151	\$ -	\$ -	\$ 528,499
TOTAL CAPITAL ASSETS	<u>428,348</u>	<u>100,151</u>	<u>-</u>	<u>-</u>	<u>528,499</u>
Accumulated depreciation for:					
Furniture and equipment	<u>298,580</u>	<u>45,683</u>	<u>-</u>	<u>-</u>	<u>344,263</u>
TOTAL ACCUMULATED DEPRECIATION	<u>298,580</u>	<u>45,683</u>	<u>-</u>	<u>-</u>	<u>344,263</u>
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$ 129,768</u>	<u>\$ 54,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,236</u>

DEBT ADMINISTRATION

As of June 30, 2011, the District had total outstanding bonds and related charges of \$298,971,199, a decrease of \$8,888,434 over last year. During 2010-2011, the District refinanced \$35,730,000 in outstanding debt to take advantage of the favorable financing market conditions. The District incurred no new debt in 2010-2011. Based upon a projection of future debt margins, the retirement of principal on current issues and estimated future borrowing, the District is certain that it will not exceed its debt limit.

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**

June 30, 2011

**Debt Service Schedule
June 30, 2011**

	Principal Outstanding July 1, 2010	Maturities/ Refinancing	Additions	Principal Outstanding June 30, 2011
General obligation note, Series B of 2000	\$ 6,618,000	\$ 969,000	\$ -	\$ 5,649,000
General obligation bonds, Series of 2002	2,485,000	1,220,000	-	1,265,000
General obligation bonds, Series of 2003	29,970,000	29,970,000	-	-
General obligation bonds, Series A of 2005	7,360,000	7,360,000	-	-
General obligation bonds, Series of 2006	34,980,000	5,000	-	34,975,000
General obligation bonds, Series A of 2006	100,700,000	1,830,000	-	98,870,000
General obligation bonds, Series AA of 2006	13,455,000	1,635,000	-	11,820,000
General obligation bonds, Refunding Series of 2006	22,020,000	115,000	-	21,905,000
General obligation bonds, Refunding Series A of 2006	37,550,000	135,000	-	37,415,000
General obligation bonds, Series of 2007	9,655,000	355,000	-	9,300,000
General obligation bonds, Refunding Series of 2009	5,410,000	1,010,000	-	4,400,000
General obligation note, Series of 2009	10,000,000	5,000	-	9,995,000
General obligation bonds, Refunding Series of 2010	22,330,000	2,065,000	-	20,265,000
General obligation bonds, Refunding Series A of 2010	-	50,000	7,510,000	7,460,000
General obligation bonds, Refunding Series AA of 2010	-	-	<u>28,220,000</u>	<u>28,220,000</u>
	<u>302,533,000</u>	<u>46,724,000</u>	<u>35,730,000</u>	<u>291,539,000</u>
Deferred amounts:				
Issuance (discounts) premium	5,200,635	517,381	2,640,947	7,324,201
Refunding deferred charge	<u>125,998</u>	<u>18,000</u>	-	<u>107,998</u>
LONG-TERM DEBT	<u>\$ 307,859,633</u>	<u>\$ 47,259,381</u>	<u>\$ 38,370,947</u>	<u>\$ 298,971,199</u>

OTHER LONG-TERM LIABILITIES

Other obligations include accrued vacation pay and severance for specific employees of the District. More detailed information about long-term liabilities is included in the notes to the financial statements.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
June 30, 2011

THE DISTRICT'S FUTURE

In 2010-2011, the District started developing its 14-year long-term elementary school master plan which includes renovations and/or additions to each of its 10 elementary schools. This project was the continuation of the District's secondary school renovation program that was recently completed. While work on this plan continues, the District is cautious in this plan development due to the current financial environment. The District has always exercised caution in a conservative approach to borrowing, including waiting until long-term bonds (20-year notes) were capable of being sold at advantageous, fixed rates of interest.

The 2010-2011 fiscal year provided a number of challenges. First, the poor economy kept local revenues at historical lows. Earned income tax revenues and investment earnings increased slightly from the prior year collections but these collections were far below collections from two years ago. Additionally, falling residential and commercial property values led to more successful assessment appeals and a reduction in the tax base. In the near future, the District is not optimistic about the recovery of these revenue streams and, therefore, the 2011-2012 budget was crafted conservatively. Adding to the economic concerns, retirement rates started their climb in 2010-2011 and are expected to increase for the next 11 years. Rates increased from 5.64 percent in 2010-2011 to 8.65 percent in 2011-2012 and are projected to increase a maximum of 4.5 percent annually every year until 2020-2021. To assist with this issue, the District established a reserve fund to help finance this dramatic increase in pension costs. Along the same lines, the District's self-insured health insurance costs are difficult to forecast. To help smooth the impact of these increases and decreases in costs, the District established a health insurance reserve. Lastly, 2011-2012 marked the end of the American Recovery and Reinvestment Act funding. While these revenue cuts were expected and budgeted, state budget restrictions lead to another \$3.5 million in unexpected cuts.

As a result of these decreases in revenues and increases in current and future expenses, the District continued to re-evaluate all budgets during the 2011-2012 budget development process. Recommendations of the Community Budget Task Force resulted in budget reductions of more than \$3.5 million in the 2011-2012 budget including a \$1 million savings gained through a consolidated transportation plan. Through these cuts and the use of \$2.8 million of budgetary reserves, the District was able to balance the budget with no tax increase in 2011-2012.

The District continues to forecast revenues and expenditures five years forward to address all known changes in collection patterns and spending needs.

STRATEGIC PLAN

In March 2008, West Chester Area School District adopted a new District mission and strategic goals that focus its purpose and resources. A team of District stakeholders assembled to create the following five strategies:

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
June 30, 2011

1. West Chester Area School District will facilitate a personalized educational experience for all students.
2. West Chester Area School District will fortify the alignment between professional practice for all employees and the personalized academic, social and emotional needs of all students.
3. West Chester Area School District will create a physical environment that maximizes the teaching/learning experience.
4. West Chester Area School District will improve internal and external communications to foster strong and inclusive relationships, celebrate achievements and recognize the contributions made by all members of the community.
5. West Chester Area School District will strengthen the integration of local, national and global resources to benefit the students, staff and community of the District.

This Strategic Plan is a six-year comprehensive plan that will be in place through 2014.

The Strategic Planning Committee met on Thursday August 25, 2011 to conduct a progress report for the plan. Information was presented to the West Chester Area School District Board at its Education Committee on Monday, September 12, 2011.

The Strategic Plan is the guide to ensure we keep the focus on students and learning.

FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors 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 Dr. Suzanne K. Moore, Director of Business Affairs at The West Chester Area School District, 829 Paoli Pike, West Chester, PA 19380, (484) 266-1020.

WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 21,186,043	\$ 55,762	\$ 21,241,805
Investments	29,800,981	1,207,361	31,008,342
Due from other governments	1,738,483	31,765	1,770,248
Other receivables	665,398	8,401	673,799
Taxes receivable	5,038,789	-	5,038,789
Prepaid expenses	1,966,173	-	1,966,173
Inventories	-	14,020	14,020
Total Current Assets	<u>60,395,867</u>	<u>1,317,309</u>	<u>61,713,176</u>
Noncurrent Assets:			
Bond issuance costs	2,099,265	-	2,099,265
Other post-employment benefits	141,479	-	141,479
Capital assets			
Land	33,159,800	-	33,159,800
Construction-in-progress	1,715,107	-	1,715,107
Land improvements	14,452,651	-	14,452,651
Buildings	360,129,654	-	360,129,654
Furniture and equipment	31,713,443	528,499	32,241,942
Less: Accumulated depreciation	(141,049,710)	(344,263)	(141,393,973)
Total Noncurrent Assets	<u>302,361,689</u>	<u>184,236</u>	<u>302,545,925</u>
TOTAL ASSETS	<u><u>\$362,757,556</u></u>	<u><u>\$ 1,501,545</u></u>	<u><u>\$364,259,101</u></u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current Liabilities:			
Accounts payable and other current liabilities	\$ 18,041,988	\$ 227,318	\$ 18,269,306
Accrued interest	2,252,622	-	2,252,622
Deferred revenues	19,317	72,095	91,412
Bonds and notes payable	12,559,000	-	12,559,000
Total Current Liabilities	<u>32,872,927</u>	<u>299,413</u>	<u>33,172,340</u>
Noncurrent Liabilities:			
Bonds and notes payable	286,412,199	-	286,412,199
Accrued severance and compensated absences	6,277,128	-	6,277,128
Total Noncurrent Liabilities	<u>292,689,327</u>	<u>-</u>	<u>292,689,327</u>
TOTAL LIABILITIES	<u>325,562,254</u>	<u>299,413</u>	<u>325,861,667</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,083,089	184,236	7,267,325
Restricted	14,506,078	-	14,506,078
Unrestricted	15,606,135	1,017,896	16,624,031
TOTAL NET ASSETS	<u>37,195,302</u>	<u>1,202,132</u>	<u>38,397,434</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$362,757,556</u></u>	<u><u>\$ 1,501,545</u></u>	<u><u>\$364,259,101</u></u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
Instruction	\$117,972,385	\$ 759,951	\$15,823,340	\$ -	\$(101,389,094)	\$ -	\$(101,389,094)
Instructional student support	15,740,734	-	1,044,780	-	(14,695,954)	-	(14,695,954)
Administrative and financial support services	13,956,105	-	-	-	(13,956,105)	-	(13,956,105)
Operation and maintenance of plant services	17,729,991	199,984	1,074,696	-	(16,455,311)	-	(16,455,311)
Pupil transportation	13,469,612	-	4,434,435	-	(9,035,177)	-	(9,035,177)
Student activities	4,055,872	119,438	-	-	(3,936,434)	-	(3,936,434)
Community services	127,041	-	-	-	(127,041)	-	(127,041)
Interest on long-term debt	12,076,323	-	-	-	(12,076,323)	-	(12,076,323)
TOTAL GOVERNMENTAL ACTIVITIES	195,128,063	1,079,373	22,377,251	-	(171,671,439)	-	(171,671,439)
BUSINESS-TYPE ACTIVITIES:							
Food service	3,224,517	2,511,962	786,659	-	-	74,104	74,104
TOTAL PRIMARY GOVERNMENT	\$198,352,580	\$ 3,591,335	\$ 23,163,910	\$ -	(171,671,439)	74,104	(171,597,335)
GENERAL REVENUES							
Property taxes, levied for general purposes					145,008,645	-	145,008,645
Taxes levied for specific purposes					19,764,970	-	19,764,970
Grants, entitlements and contributions not restricted to specific programs					12,573,663	-	12,573,663
Investment earnings					135,070	702	135,772
Other					103,408	-	103,408
TOTAL GENERAL REVENUES					177,585,756	702	177,586,458
CHANGE IN NET ASSETS					5,914,317	74,806	5,989,123
NET ASSETS, BEGINNING OF YEAR					31,280,985	1,127,326	32,408,311
NET ASSETS, END OF YEAR					\$ 37,195,302	\$1,202,132	\$ 38,397,434

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

**WEST CHESTER AREA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Fund	Totals
ASSETS					
Cash and cash equivalents	\$ 18,032,199	\$ 376,191	\$ 2,777,653	\$ -	\$ 21,186,043
Investments	12,238,176	5,907,717	11,655,088	-	29,800,981
Taxes receivable	5,038,789	-	-	-	5,038,789
Due from other funds	56,471	-	-	-	56,471
Due from other governments	1,738,483	-	-	-	1,738,483
Other receivables	665,398	-	-	-	665,398
Prepaid expenses	1,839,248	-	126,925	-	1,966,173
TOTAL ASSETS	\$ 39,608,764	\$ 6,283,908	\$ 14,559,666	\$ -	\$ 60,452,338
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 5,221,831	\$ 330,084	\$ 7,960	\$ -	\$ 5,559,875
Due to other funds	-	10,843	45,628	-	56,471
Payroll accruals and withholdings	12,472,475	9,638	-	-	12,482,113
Deferred revenue	3,451,774	-	-	-	3,451,774
TOTAL LIABILITIES	21,146,080	350,565	53,588	-	21,550,233
FUND BALANCES:					
Restricted	-	5,838,643	14,506,078	-	20,344,721
Committed	2,758,100	-	-	-	2,758,100
Assigned	95,549	94,700	-	-	190,249
Unassigned	15,609,035	-	-	-	15,609,035
TOTAL FUND BALANCES	18,462,684	5,933,343	14,506,078	-	38,902,105
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,608,764	\$ 6,283,908	\$ 14,559,666	\$ -	\$ 60,452,338

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

**WEST CHESTER AREA SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
JUNE 30, 2011**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS		\$ 38,902,105
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of assets was \$441,170,655 and the accumulated depreciation was \$141,049,710.</p>		300,120,945
<p>Some of the District's revenues will be collected after year end but are not available soon enough to pay the current year's expenditures and therefore are reported as deferred revenue in the governmental funds.</p>		3,432,457
<p>Debt issuances resulted in deferred charges which will be amortized over the life of new debt but do not represent current rights and/or obligations. These assets and liabilities consist of:</p>		
Unamortized bond issuance costs		2,099,265
<p>Other post-employment benefits (OPEB) assets are not financial resources and therefore are not reported in the governmental funds.</p>		141,479
<p>Long-term liabilities applicable to the governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Accrued interest	\$ (2,252,622)	
Bonds and notes payable in future years	(298,971,199)	
Accumulated compensated absences	<u>(6,277,128)</u>	<u>(307,500,949)</u>
 TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES		 <u>\$ 37,195,302</u>

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

WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Fund	Totals
REVENUES					
Local sources	\$ 165,072,400	\$ -	\$ 19,075	\$ -	\$ 165,091,475
State sources	28,254,872	-	-	-	28,254,872
Federal sources	6,866,476	-	-	-	6,866,476
TOTAL REVENUES	<u>200,193,748</u>	<u>-</u>	<u>19,075</u>	<u>-</u>	<u>200,212,823</u>
EXPENDITURES					
Current:					
Instruction	108,712,731	-	1,223,590	-	109,936,321
Support services	56,487,346	111,383	83,481	-	56,682,210
Operation of noninstructional services	3,998,182	-	-	-	3,998,182
Debt service:					
Principal, interest and fiscal agent fees	21,239,393	-	-	1,040,946	22,280,339
Capital outlays	1,010,208	2,366,776	602,405	-	3,979,389
TOTAL EXPENDITURES	<u>191,447,860</u>	<u>2,478,159</u>	<u>1,909,476</u>	<u>1,040,946</u>	<u>196,876,441</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,745,888</u>	<u>(2,478,159)</u>	<u>(1,890,401)</u>	<u>(1,040,946)</u>	<u>3,336,382</u>
OTHER FINANCING SOURCES (USES)					
Refund of prior year revenues	(1,760)	-	-	-	(1,760)
Refund of prior year expenditures	1,653	-	-	-	1,653
Proceeds from long-term debt	-	-	-	35,730,000	35,730,000
Payment to refund bonds	-	-	-	(37,330,000)	(37,330,000)
Premiums on bonds issued	-	-	-	2,640,946	2,640,946
Proceeds from sale of assets	322,699	-	3,200	-	325,899
Transfers in	-	94,700	2,582,101	-	2,676,801
Transfers out	(2,676,801)	-	-	-	(2,676,801)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,354,209)</u>	<u>94,700</u>	<u>2,585,301</u>	<u>1,040,946</u>	<u>1,366,738</u>
NET CHANGE IN FUND BALANCES	6,391,679	(2,383,459)	694,900	-	4,703,120
FUND BALANCES, BEGINNING OF YEAR	<u>12,071,005</u>	<u>8,316,802</u>	<u>13,811,178</u>	<u>-</u>	<u>34,198,985</u>
FUND BALANCES, END OF YEAR	<u>\$ 18,462,684</u>	<u>\$ 5,933,343</u>	<u>\$ 14,506,078</u>	<u>\$ -</u>	<u>\$ 38,902,105</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,703,120

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 capitalized and allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays	\$ 4,040,664	
Depreciation expense	(12,511,049)	
Land disposition	<u>(370,374)</u>	(8,840,759)

Because some amounts will not be collected for several months after the District fiscal year ends, they are not considered as "available" revenues in the governmental funds.

Deferred tax revenues	982,098	
Other post-employment benefits	141,479	
Deferred federal subsidies	<u>(152,435)</u>	971,142

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issuance	(35,730,000)	
Refunded debt	37,330,000	
Principal repayments	<u>9,394,000</u>	10,994,000

Governmental funds report issuance costs as expenditures, bond discounts as other financing uses and bond premiums as other financing sources. However, these amounts are reported on the statement of net assets as deferred charges and credits and are amortized over the life of the debt. (1,943,245)

In the statement of activities, certain operating expenses—compensated absences (vacations and sick leave) and special termination benefits (early retirement)—are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which current period amounts earned exceeded current period compensated absences paid. (82,257)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 112,316

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 5,914,317

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

**WEST CHESTER AREA SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$167,118,417	\$165,958,517	\$165,072,400	\$ (886,117)
State sources	31,898,514	31,898,514	28,254,872	(3,643,642)
Federal sources	2,967,869	4,259,169	6,866,476	2,607,307
TOTAL REVENUES	<u>201,984,800</u>	<u>202,116,200</u>	<u>200,193,748</u>	<u>(1,922,452)</u>
EXPENDITURES				
Current:				
Instruction				
Regular programs, elementary/secondary	81,026,614	78,606,075	76,804,108	1,801,967
Special programs, elementary/secondary	27,127,596	28,457,235	26,822,298	1,634,937
Vocational education programs	4,855,383	4,787,749	4,479,351	308,398
Other instructional programs	197,047	635,587	554,069	81,518
Nonpublic school programs	-	32,269	31,549	720
Adult education programs	31,359	29,374	21,356	8,018
Total Instruction	<u>113,237,999</u>	<u>112,548,289</u>	<u>108,712,731</u>	<u>3,835,558</u>
Support services				
Pupil personnel	7,503,790	7,452,945	7,169,537	283,408
Instructional staff	5,776,234	5,888,403	5,601,386	287,017
Administration	10,571,150	10,567,760	9,970,175	597,585
Pupil health	2,066,948	2,026,161	1,950,128	76,033
Business	1,539,018	1,567,254	1,433,614	133,640
Operation and maintenance of plant services	17,163,625	16,539,467	15,320,913	1,218,554
Student transportation services	13,531,365	13,598,525	12,970,008	628,517
Central	2,328,967	2,492,110	1,936,078	556,032
Other support services	147,000	147,000	135,507	11,493
Total Support Services	<u>60,628,097</u>	<u>60,279,625</u>	<u>56,487,346</u>	<u>3,792,279</u>
Operation of noninstructional services				
Student activities	4,454,599	4,579,131	3,909,060	670,071
Community services	107,636	102,044	89,122	12,922
Total Operation of Noninstructional Services	<u>4,562,235</u>	<u>4,681,175</u>	<u>3,998,182</u>	<u>682,993</u>
Facilities acquisition				
Site acquisition	687,000	694,539	1,010,208	(315,669)
Debt service				
Principal, interest and fiscal agent fees	23,961,310	25,004,513	21,239,393	3,765,120
TOTAL EXPENDITURES	<u>203,076,641</u>	<u>203,208,141</u>	<u>191,447,860</u>	<u>11,760,281</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,091,841)</u>	<u>(1,091,941)</u>	<u>8,745,888</u>	<u>9,837,829</u>
OTHER FINANCING SOURCES (USES)				
Refund of prior year revenues	-	(65,000)	(1,760)	63,240
Refund of prior year expenditures	-	-	1,653	1,653
Proceeds from sale of assets	-	-	322,699	322,699
Transfers in	89,500	-	-	-
Transfers out	-	(2,676,801)	(2,676,801)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>89,500</u>	<u>(2,741,801)</u>	<u>(2,354,209)</u>	<u>387,592</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>(1,002,341)</u>	<u>(3,833,742)</u>	<u>6,391,679</u>	<u>10,225,421</u>
FUND BALANCE, BEGINNING OF YEAR	<u>12,071,005</u>	<u>12,071,005</u>	<u>12,071,005</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 11,068,664</u>	<u>\$ 8,237,263</u>	<u>\$ 18,462,684</u>	<u>\$10,225,421</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF NET ASSETS - PROPRIETARY FUND
JUNE 30, 2011**

	<u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 55,762
Investments	1,207,361
Due from other governments	31,765
Other receivables	8,401
Inventories	<u>14,020</u>
TOTAL CURRENT ASSETS	<u>1,317,309</u>
 CAPITAL ASSETS:	
Furniture and equipment, net	<u>184,236</u>
 TOTAL ASSETS	 <u><u>\$ 1,501,545</u></u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	\$ 227,318
Deferred revenue	<u>72,095</u>
TOTAL LIABILITIES	<u>299,413</u>
 NET ASSETS:	
Invested in capital assets	184,236
Unrestricted	<u>1,017,896</u>
TOTAL NET ASSETS	<u>1,202,132</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,501,545</u></u>

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

WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Food Service Fund</u>
OPERATING REVENUES	
Food service revenues	\$ 2,511,962
TOTAL OPERATING REVENUES	<u>2,511,962</u>
OPERATING EXPENSES	
Professional and contract services	3,137,753
Depreciation	45,683
Other operating costs	41,081
TOTAL OPERATING EXPENSES	<u>3,224,517</u>
OPERATING LOSS	<u>(712,555)</u>
NONOPERATING REVENUES	
State sources	68,843
Federal sources	694,384
Local sources	23,432
Interest income	702
TOTAL NONOPERATING REVENUES	<u>787,361</u>
CHANGE IN NET ASSETS	74,806
NET ASSETS, BEGINNING OF YEAR	<u>1,127,326</u>
NET ASSETS, END OF YEAR	<u>\$ 1,202,132</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,524,647
Payments to suppliers	<u>(3,493,301)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(968,654)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	69,273
Federal sources	570,839
Local sources	<u>23,432</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>663,544</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(100,151)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(100,151)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale of investment securities and deposits to investment pools	432,736
Interest income	<u>702</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>433,438</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	28,177
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>27,585</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 55,762</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (712,555)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	45,683
Changes in assets and liabilities:	
Decrease in other receivables	2,759
(Increase) in inventories	(14,020)
(Decrease) in accounts payable and accrued liabilities	(314,467)
Increase in deferred revenue	<u>23,946</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (968,654)</u>
 SUPPLEMENTAL DISCLOSURE:	
NONCASH NONCAPITAL FINANCING ACTIVITY:	
USDA donated commodities	<u>\$ 118,138</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2011**

	<u>Student Activity Funds</u>	<u>Other Agency Fund</u>	<u>Total Agency Funds</u>	<u>Private- Purpose Trust</u>
ASSETS				
Cash and cash equivalents	\$ 252,812	\$ 50,881	\$ 303,693	\$ 576,555
Other receivables	<u>-</u>	<u>39,774</u>	<u>39,774</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 252,812</u>	<u>\$ 90,655</u>	<u>\$ 343,467</u>	<u>\$ 576,555</u>
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Other current liabilities	\$ 252,812	\$ 90,655	\$ 343,467	\$ -
TOTAL LIABILITIES	<u>252,812</u>	<u>90,655</u>	<u>343,467</u>	<u>-</u>
NET ASSETS:				
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>576,555</u>
TOTAL NET ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>576,555</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 252,812</u>	<u>\$ 90,655</u>	<u>\$ 343,467</u>	<u>\$ 576,555</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Private- Purpose Trust</u>
ADDITIONS	
Gifts and contributions	<u>\$ 909,329</u>
TOTAL ADDITIONS	<u>909,329</u>
DEDUCTIONS	
Grants	<u>857,538</u>
TOTAL DEDUCTIONS	<u>857,538</u>
CHANGE IN NET ASSETS	51,791
NET ASSETS, BEGINNING OF YEAR	<u>524,764</u>
NET ASSETS, END OF YEAR	<u><u>\$ 576,555</u></u>

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments also are required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

Reporting Entity

The District is governed by an elected Board of Directors. Generally accepted accounting principles require that the financial statements present the District and its component units, entities for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the school district's operations and, therefore, data from these units are required to be combined with data of the primary school district. Each discretely presented component unit, on the other hand, is required to be reported in a separate column in the entity-wide financial statements to emphasize it is legally separate from the school district. Based on the application of these principles, there are no component units presented in the District's financial statements.

Entity-wide and Fund Financial Statements

The entity-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and, therefore, have been recognized as revenues of the current fiscal period. Only a portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major government funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund. In 2010-2011, the athletic fund (nonmajor governmental fund) was eliminated and consolidated with the general fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used or the acquisition or construction of major capital assets other than those financed by enterprise operations.

Capital Reserve Fund - The Capital Reserve Fund is used to account for proceeds of specific revenue resources that are legally restricted to expenditures for future capital projects.

The District reports the following major proprietary fund:

Food Service Fund - The Food Service Fund (an Enterprise Fund) is used to account for the operations of the District's school cafeterias that are financed and operated in a manner similar to a private business enterprise wherein the intent of the governing body is that the cost of providing goods or services to the school population on a continuing basis will be recovered or financed primarily through user charges.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Additionally, the District reports the following fund types:

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. These include private-purpose trust funds and agency funds. Private-purpose trust funds account for resources, including both principal and earnings, which must be expended in accordance with a trust agreement and are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial and thus do not involve measurement of the results of operations.

For purposes of the statement of cash flows of proprietary funds, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

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.

Assets, Liabilities and Net Assets or Equity

Deposits and Investments

Under Section 440-1 of the Public School code of 1949, as amended, the District is permitted to invest funds consistent with sound business practices in the following types of investments:

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth; or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC") or the Federal Savings and Loan Insurance Corporation ("FSLIC") to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as "internal balances."

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

All trade and property tax receivables are shown net of any allowance for uncollectibles. There are no allowances at June 30, 2011.

Taxes are levied on July 1 and payable in the following periods:

Discount Period	- July 1 to August 31	- 2% of gross levy
Flat Period	- September 1 to October 31	
Penalty Period	- November 1 to collection	- 10% of gross levy
Lien Date	- January 15	

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

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

Buildings	20-40 years
Land improvements	20 years
Furniture and equipment	3-10 years

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for unpaid accumulated sick leave is accounted for in the accrued severance pay. This time is paid out only through severance pay calculations.

District employees who are required to work on a 12-month schedule are credited with vacation at rates which vary with length of service or job classification. Vacation must be taken in the year subsequent to when it was earned. If separation of service occurs in the year subsequent to earning, then the unused balance of the amount earned in the prior year is paid at separation. The liability at June 30 represents vacation earned at that date that will be taken in the subsequent year.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accrued Severance Pay

Administrative, instructional, secretarial and support personnel who have completed at least 15 years of credited District service and retire under the normal PSERS guidelines, receive severance pay in the form of compensation. Administrative personnel receive \$45 - \$80 per day for every day of accumulated sick and personal days at retirement. Instructional personnel receive \$45 - \$80 per day. Secretarial and support personnel receive \$75 per day for every day of accumulated sick and personal days at retirement to a maximum \$10,000 of compensation. Severance pay generally is liquidated by the General Fund.

Long-term Obligations

In the entity-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

As of June 30, 2011, fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – that portion of the fund balance that cannot be spent because it is either in a nonspendable form or legally or contractually required to be maintained intact.

Restricted – that portion of the fund balance that is constrained to be used for a specific purpose as per an external party or law.

Committed – that portion of the balance that is to be used for a specific purpose as per School Board motion. These constraints can be removed or changed by equal level action. Action to constrain resources should occur prior to the fiscal year end. Direction from the School Board can commit specific dollar amounts, percentages or funds related to a specific activity.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assigned – that portion of the fund balance that is intended to be used for a specific purpose as per the Property and Finance Committee, the Superintendent or the Business Manager.

Unassigned – that portion of the fund balance that represents expendable available financial resources. It is the residual after the nonspendable, restricted, committed and assigned portions are deducted from the total fund balance.

As of June 30, 2011, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Governmental Funds</u>
Restricted:				
Capital projects	\$ -	\$ 5,838,643	\$ 14,506,078	\$ 20,344,721
Committed:				
PSERS	1,200,000	-	-	1,200,000
Healthcare	1,558,100	-	-	1,558,100
Assigned:				
Renovations	-	94,700	-	94,700
Gate receipts	95,549	-	-	95,549
Unassigned	<u>15,609,035</u>	<u>-</u>	<u>-</u>	<u>15,609,035</u>
Total fund balances	<u>\$ 18,462,684</u>	<u>\$ 5,933,343</u>	<u>\$ 14,506,078</u>	<u>\$ 38,902,105</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

NOTE 2 BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The business manager submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the District offices to obtain taxpayer comments.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 BUDGETARY INFORMATION (cont'd)

3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the general fund.
5. Budgeted amounts are as originally adopted, or as amended by the School Board.

NOTE 3 DEPOSITS

Statutes authorize the District to invest in U.S. Treasury bills; short-term obligations of the U.S. government or its agencies; deposits in savings accounts or time deposits insured by the FDIC or the National Credit Union Share insurance fund, and for any amounts above the insured maximum, provided that approved collateral is pledged by the depository; obligations of the United States of America, the Commonwealth of Pennsylvania, any of its agencies or instrumentalities or any of its political subdivisions backed by the full faith and credit of the political subdivision; or approved local government investment pools or mutual funds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. At June 30, 2011, the carrying amount of the District's deposits was \$22,122,053 and the bank balance was \$23,048,762. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance was fully collateralized. This collateral was held by the depository's agent on a pooled basis not in the District's name.

NOTE 4 INVESTMENTS

Statutes authorize the District to invest in U.S. Treasury bills; short-term obligations of the U.S. government or its agencies; deposits in savings accounts or time deposits insured by the FDIC or the National Credit Union Share insurance fund, and for any amounts above the insured maximum, provided that approved collateral is pledged by the depository; obligations of the United States of America, the Commonwealth of Pennsylvania, any of its agencies or instrumentalities or any of its political subdivisions backed by the full faith and credit of the political subdivision; or approved local government investment pools or mutual funds.

As of June 2011, the District had the following investments.

Pooled Investments:

Pennsylvania School District Liquid Asset Fund ("PSDLAF")	
General fund accounts	\$ 8,238,612
Capital reserve fund account	<u>11,562,880</u>
Total Pennsylvania School District Liquid Asset Fund	<u>19,801,492</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS (cont'd)

(continued)

Pennsylvania Local Government Investment Trust ("PLGIT")	
Capital project fund account	5,907,717
Capital reserve fund account	<u>13,889</u>
Total Pennsylvania Local Government Investment Trust	<u>5,921,606</u>
Pennsylvania Treasurer's Investment Program ("PTIP")	
General fund account	3,999,564
Capital reserve fund account	78,319
Food service fund account	<u>1,207,361</u>
Total Pennsylvania Treasurer's Investment Program	<u>5,285,244</u>
TOTAL POOLED INVESTMENTS	<u>\$ 31,008,342</u>

Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF, PLGIT and PTIP act like money market mutual funds in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2011, each was rated as AAA by a nationally recognized statistical rating agency.

NOTE 5 TAXES RECEIVABLE

Taxes receivable as of year end for the District, in the aggregate, are as follows:

	<u>General Fund</u>
Real estate taxes	\$ 3,725,114
Transfer taxes	278,470
Earned income taxes	<u>1,035,205</u>
Net Taxes Receivable	<u>\$ 5,038,789</u>

The District's evaluation of taxes resulted in no allowance for uncollectible accounts, as all taxes are deemed to be collectible through tax liens.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Delinquent real estate taxes	\$ 3,432,457
Other deferred revenue	<u>19,317</u>
TOTAL	<u>\$ 3,451,774</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated:					
Land	\$ 33,139,690	\$ 390,484	\$ 370,374	\$ -	\$ 33,159,800
Construction-in-progress	<u>31,741,721</u>	<u>2,499,315</u>	<u>-</u>	<u>(32,525,929)</u>	<u>1,715,107</u>
Total Capital Assets Not Being Depreciated	<u>64,881,411</u>	<u>2,889,799</u>	<u>370,374</u>	<u>(32,525,929)</u>	<u>34,874,907</u>
Capital assets being depreciated:					
Land improvements	9,245,746	11,843	-	5,195,062	14,452,651
Buildings	332,513,388	285,399	-	27,330,867	360,129,654
Furniture and equipment	<u>31,886,521</u>	<u>853,623</u>	<u>1,026,701</u>	<u>-</u>	<u>31,713,443</u>
Total Capital Assets Being Depreciated	<u>373,645,655</u>	<u>1,150,865</u>	<u>1,026,701</u>	<u>32,525,929</u>	<u>406,295,748</u>
Accumulated depreciation for:					
Land improvements	2,391,209	590,362	-	-	2,981,571
Buildings	101,463,513	9,318,238	-	-	110,781,751
Furniture and equipment	<u>25,710,640</u>	<u>2,602,449</u>	<u>1,026,701</u>	<u>-</u>	<u>27,286,388</u>
Total accumulated depreciation	<u>129,565,362</u>	<u>12,511,049</u>	<u>1,026,701</u>	<u>-</u>	<u>141,049,710</u>
Total Capital Assets Being Depreciated, Net	<u>244,080,293</u>	<u>(11,360,184)</u>	<u>370,374</u>	<u>32,525,929</u>	<u>265,246,038</u>
Governmental Activities, Net	<u>\$308,961,704</u>	<u>\$ (8,470,385)</u>	<u>\$ 370,374</u>	<u>\$ -</u>	<u>\$300,120,945</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets:					
Furniture and equipment	\$ 428,348	\$ 100,151	\$ -	\$ -	\$ 528,499
Total Capital Assets	<u>428,348</u>	<u>100,151</u>	<u>-</u>	<u>-</u>	<u>528,499</u>
Accumulated depreciation for:					
Furniture and equipment	<u>298,580</u>	<u>45,683</u>	<u>-</u>	<u>-</u>	<u>344,263</u>
Total Accumulated Depreciation	<u>298,580</u>	<u>45,683</u>	<u>-</u>	<u>-</u>	<u>344,263</u>
Business-type Activities Capital Assets, Net	<u>\$ 129,768</u>	<u>\$ 54,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,236</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS (cont'd)

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

Governmental activities:	
Instruction	\$ 7,792,157
Instructional student support	1,094,498
Administrative and financial support services	1,092,002
Operation and maintenance of plant services	1,314,506
Pupil transportation	928,252
Student activities	280,880
Community services	<u>8,754</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 12,511,049</u>
Business-type Activities - Food Service	<u>\$ 45,683</u>

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2011 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 56,471	\$ -
Capital reserve fund	-	45,628
Capital projects fund	-	10,843
TOTAL	<u>\$ 56,471</u>	<u>\$ 56,471</u>

Interfund receivables and payables exist as a result of a time lag between dates when goods and services were provided and payments between funds were made. All will be paid within one year. The general fund transferred \$94,700 and \$2,582,101 to the capital projects and capital reserve funds, respectively, for the year ended June 30, 2011.

NOTE 8 LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2011:

	<u>Principal Outstanding July 1, 2010</u>	<u>Maturities/ Refinancing</u>	<u>Additions</u>	<u>Principal Outstanding June 30, 2011</u>
General obligation note, Series B of 2000	\$ 6,618,000	\$ 969,000	\$ -	\$ 5,649,000
General obligation bonds, Series of 2002	2,485,000	1,220,000	-	1,265,000
General obligation bonds, Series of 2003	29,970,000	29,970,000	-	-
General obligation bonds, Series A of 2005	7,360,000	7,360,000	-	-

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

(continued)	Principal Outstanding July 1, 2010	Maturities/ Refinancing	Additions	Principal Outstanding June 30, 2011
General obligation bonds, Series of 2006	34,980,000	5,000	-	34,975,000
General obligation bonds, Series A of 2006	100,700,000	1,830,000	-	98,870,000
General obligation bonds, Series AA of 2006	13,455,000	1,635,000	-	11,820,000
General obligation bonds, Refunding Series of 2006	22,020,000	115,000	-	21,905,000
General obligation bonds, Refunding Series A of 2006	37,550,000	135,000	-	37,415,000
General obligation bonds, Series of 2007	9,655,000	355,000	-	9,300,000
General obligation bonds, Refunding Series of 2009	5,410,000	1,010,000	-	4,400,000
General obligation note, Series of 2009	10,000,000	5,000	-	9,995,000
General obligation bonds, Refunding Series of 2010	22,330,000	2,065,000	-	20,265,000
General obligation bonds, Refunding Series A of 2010	-	50,000	7,510,000	7,460,000
General obligation bonds, Refunding Series AA of 2010	-	-	28,220,000	28,220,000
	<u>302,533,000</u>	<u>46,724,000</u>	<u>35,730,000</u>	<u>291,539,000</u>
Deferred amounts:				
issuance (discounts) premium	5,200,635	517,381	2,640,947	7,324,201
Refunding deferred charge	<u>125,998</u>	<u>18,000</u>	<u>-</u>	<u>107,998</u>
LONG-TERM DEBT	<u>\$307,859,633</u>	<u>\$ 47,259,381</u>	<u>\$ 38,370,947</u>	<u>\$298,971,199</u>

General Obligation Bonds

Series of 2002, original principal amount of \$30,000,000, maturing April 15, 2004 through April 15, 2022, bearing interest ranging from 3.00% to 5.00%, interest payable semi-annually on April 15 and October 15. \$ 1,265,000

Series of 2006, original principal amount of \$35,000,000, maturing May 15, 2007 through May 15, 2030, bearing interest ranging from 3.25% to 5.00%, interest payable semi-annually on May 15 and November 15. 34,975,000

Series A of 2006, original principal amount of \$100,810,000, maturing May 15, 2007 through May 15, 2030, bearing interest ranging from 3.50% to 5.00%, interest payable semi-annually on May 15 and November 15. 98,870,000

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

Series AA of 2006, original principal amount of \$18,390,000, maturing October 1, 2006 through October 1, 2020, bearing interest ranging from 3.75% to 4.00%, interest payable semi-annually on April 1 and October 1.	11,820,000
Refunding Series of 2006, original principal amount of \$22,245,000, maturing April 15, 2007 through April 15, 2024, bearing interest ranging from 4.00% to 4.25%, interest payable semi-annually on April 15 and October 15.	21,905,000
Refunding Series A of 2006, original principal amount of \$37,935,000, maturing February 1, 2007 through February 1, 2027, bearing interest ranging from 3.50% to 4.50%, interest payable semi-annually on February 15 and August 15.	37,415,000
Series of 2007, original principal amount of \$10,000,000, maturing February 15, 2009 through February 15, 2029, bearing interest ranging from 3.625% to 4.125%, interest payable semi-annually on February 15 and August 15.	9,300,000
Series of 2009, original principal amount of \$10,700,000, maturing September 15, 2009 through September 15, 2016, bearing interest ranging from 1.75% to 3.00%, interest payable semi-annually on March 15 and September 15.	4,400,000
Refunding Series of 2010, original principal amount of \$22,330,000, maturing November 15, 2010 through November 15, 2017, bearing interest ranging from 1.25% to 2.625%, interest payable semi-annually on May 15 and November 15. This current refunding was undertaken to reduce total debt payments and resulted in an economic gain of \$1,134,140.	20,265,000
Refunding Series A of 2010, original principal amount of \$7,510,000, maturing May 15, 2011 through May 15, 2022, bearing interest ranging from 2.00% to 4.00%, interest payable semi-annually on May 15 and November 15. This current refunding was undertaken to reduce total debt payments and resulted in an economic gain of \$558,655.	7,460,000
Refunding Series AA of 2010, original principal amount of \$28,220,000, maturing March 15, 2012 through March 15, 2022, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on March 15 and September 15. This current refunding was undertaken to reduce total debt payments and resulted in an economic gain of \$2,271,178.	<u>28,220,000</u>
TOTAL BONDS	<u>275,895,000</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

General Obligation Notes

Series B of 2000, original principal amount of \$13,461,000, maturing November 25, 2001 through November 25, 2015, bearing interest at a rate not to exceed 15%. Interest to be paid monthly. 5,649,000

Series of 2009, original principal amount of \$10,000,000, maturing September 15, 2010 through March 15, 2015, bearing interest at a rate not to exceed 25%. Interest to be paid monthly. 9,995,000

TOTAL NOTES 15,644,000

TOTAL BONDS AND NOTES \$291,539,000

Presented below is a summary of the bonds and notes debt service requirements to maturity by year:

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2012	\$ 12,559,000	\$ 12,061,002	\$ 24,620,002
2013	13,322,000	11,679,073	25,001,073
2014	13,767,000	11,243,123	25,010,123
2015	14,240,000	10,775,894	25,015,894
2016	13,761,000	10,310,808	24,071,808
2017-2021	76,980,000	43,450,650	120,430,650
2022-2026	94,960,000	24,756,335	119,716,335
2027-2030	<u>51,950,000</u>	<u>4,834,328</u>	<u>56,784,328</u>
	<u>\$291,539,000</u>	<u>\$129,111,213</u>	<u>\$420,650,213</u>

NOTE 9 CHANGES IN OTHER LONG-TERM LIABILITIES

Other long-term liabilities are summarized as follows:

	<u>Balance July 1, 2010</u>	<u>Additions (Deletions)</u>	<u>Balance June 30, 2011</u>
Accrued compensated absences	\$ 1,579,591	\$ (106,988)	\$ 1,472,603
Accrued severance	<u>4,615,280</u>	<u>189,245</u>	<u>4,804,525</u>
	<u>\$ 6,194,871</u>	<u>\$ 82,257</u>	<u>\$ 6,277,128</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally, the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 11 CONSTRUCTION COMMITMENTS

As of June 30, 2011, the District had construction projects yet to be completed. The commitments and amounts completed to date are as follows:

	<u>Contract Amount</u>	<u>Completed as of 06/30/2011</u>	<u>Commitments</u>
Renovations	<u>\$1,592,341</u>	<u>\$ 914,362</u>	<u>\$ 677,979</u>

In addition, the District has incurred costs totaling \$800,745 for project costs that were not under a formal contract as of June 30, 2011.

NOTE 12 RISK MANAGEMENT

The District self-insures worker's compensation through its Insurance Consortium. The District's Insurance Consortium is an association consisting of school districts, intermediate units and vocational-technical schools of the Commonwealth of Pennsylvania. The District obtained a self-insurance exemption from the Commonwealth of Pennsylvania, Department of Labor and Industry, Bureau of Worker's Compensation, which allows the District to self-insure workers' compensation.

Each year the District is required to deposit funds into the central fund. The District then is billed monthly for actual claims for the current year paid during the previous month up to the level of retention. After the level of retention is reached, claim payments are made from the central fund. At the end of each fiscal year, reserves are established or adjusted on all outstanding claims. Funds in the central fund at the end of the fiscal year are not refunded.

Additionally, the District self-insures group dental, vision and prescription coverage. The District has accrued a three-month value for potential claims under dental, vision and prescription coverage.

WEST CHESTER AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

School districts in the Commonwealth of Pennsylvania participate in a state-administered pension program. Under the program, contributions are made by each of three parties - the school district, the state and the employee. All full-time employees of the District, and part-time employees who meet certain minimum employment requirements, participate in the program.

The District's contributions for the years ended June 30, 2011, 2010 and 2009 totaled \$5,035,278, \$4,203,795 and \$4,111,269, respectively. Total covered payroll was \$89,277,970, and total payroll was \$90,547,776 for the current year. The following is a summary of plan benefit and asset information:

Plan Description

Name of Plan - The Public School Employees' Retirement System of Pennsylvania (the "System").

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

Benefits - Retirement and disability, legislative mandated *ad hoc* cost-of-living adjustments, health care insurance premium assistance to qualified annuitants.

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

Annual Financial Report - The System issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA 17108-0123.

Funding Policy

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

Contribution Rates - Members contribute from 5.25 to 7.50 percent of their qualifying compensation, depending on when their employment began.

Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 30, 2011, the rate of employer contribution was 5.64 percent of covered payroll.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The District provides a defined-benefit post-employment healthcare benefit, which provides medical benefits to eligible retirees and their spouses. The District has four bargaining units which participate in this plan: the West Chester Education Support Personnel, the Custodial Bargaining Unit, the teachers and the administrators. In addition, the nonbargaining staff members participate in the plan. All except administrators are eligible to receive post-retirement benefits at age 50 with 15 years of service in the District. For administrators, the eligibility requirements are age 50 with 10 years of service in the District and at least five years of service as an administrator. The employee must retire from service to receive the post-employment benefits and not work for another school district.

The health insurance plan is a single-employer, defined-benefit OPEB plan. The medical, prescription drug, dental and vision benefits are self-insured. Only the PC-65 product is fully insured. The medical benefits are administered through Blue Cross and the prescription drug benefits through Caremark. Separate financial statements are not issued for the plan. The term life insurance is purchased from U.S. Life; the Universal Life coverage is purchased from Genworth Financial.

Funding Policy

As established by either collective bargaining or school policy, all groups except for administrators are entitled to receive, at retirement, the single coverage provided to active employees in the Personal Choice 10/20/70 plan. Administrators receive both retiree and spousal coverage. For all other eligible retirees, the coverage is provided for the retiree only. A retiree can elect a higher coverage but the retiree must pay the difference in the premium cost. The District is responsible for funding the balance of the benefits. Teachers hired after July 1, 2003 do not receive post-retirement healthcare coverage but instead receive a \$20,000 credit to a Health Reimbursement Account at retirement.

As of July 1, 2010, the District has no segregated assets to fund this liability. It is the intention of the District to pay the premium each year as it comes due.

Funding Progress

The schedule of funding progress of OPEB is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2010	\$ -	\$26,658,307	\$26,658,307	0.00%	\$86,718,957	30.74%
7/1/2008	\$ -	\$34,304,681	\$34,304,681	0.00%	\$87,772,879	39.08%

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 OTHER POST-EMPLOYMENT BENEFITS (cont'd)

The actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made into the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents information about the actuarial value of the plan assets. In subsequent years, this schedule will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actual value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2010 actuarial valuation, the following actuarial assumptions were used:

Interest	- 4.5% compounded annually net of investment expenses
Amortization method	- Level dollar method at the valuation interest rate
Amortization period	- 30 years
Salary increases	- 4% cost of living + merit 0.25% to 3% per year
Actuarial valuation cost method	- Entry age normal

Annual OPEB Cost and Net OPEB Obligations

The District's annual other post-employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC") of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and the changes in the District's net OPEB obligation.

Annual OPEB Cost:	
Normal cost	\$ 1,450,855
Amortization of unfunded actuarial accrued liability	1,103,119
Interest on net OPEB obligation	(14,613)
Funding adjustment	<u>13,438</u>
ANNUAL OPEB COST	<u>\$ 2,552,799</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 OTHER POST-EMPLOYMENT BENEFITS (cont'd)

Net OPEB Obligation (Asset):	
Normal OPEB obligation July 1, 2010	\$ (324,735)
OPEB cost for year ended June 30, 2011	2,552,799
Contribution for year ended June 30, 2011	<u>(2,369,543)</u>
 NET OPEB OBLIGATION (ASSET)	 <u>\$ (141,479)</u>

NOTE 15 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following general fund function incurred expenditures in excess of appropriations in the following amount for the year ended June 30, 2011:

Facilities acquisition	<u>\$ 315,669</u>
------------------------	-------------------

This spending overage was the result of a noncash transaction property swap. While expenditures were incurred for this property transaction, offsetting revenue was recorded which was also not budgeted.

NOTE 16 ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The District recognizes as revenue and expenses contributions made by the Commonwealth of Pennsylvania to be used for District employees' social security and pension contributions. On-behalf payments to the District totaled \$3,319,175 and \$2,511,061 for social security and retirement contributions, respectively. These contributions are recorded in the General Fund as revenue and expenditures.

NOTE 17 SUBSEQUENT EVENTS

On October 24, 2011, the District issued \$9,585,000 of General Obligation bonds at interest rates between 0.40 and 3.22 percent. Interest is payable semi-annually beginning February 15, 2012. The bonds mature beginning February 15, 2013 and continuing through May 15, 2029. The proceeds of the bonds were used to refund all the District's outstanding General Obligation bonds, Series 2007.

The District has evaluated all subsequent events through November 14, 2011, the date the financial statements were available to be issued.

SINGLE AUDIT

Barbacane, Thornton & Company LLP
200 Springer Building
3411 Silverside Road
Wilmington, Delaware 19810

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

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November 14, 2011

Board of School Directors
West Chester Area School District
West Chester, 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 West Chester Area School District, West Chester, Pennsylvania as of and for the year ended June 30, 2011, which collectively comprise West Chester Area School District's basic financial statements, and have issued our report thereon dated November 14, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

BARBACANE
THORNTON
& COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Board of School Directors
West Chester Area School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Chester Area School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and recommendations as item #11-1.

We noted a matter involving the internal control over financial reporting that we have reported to management of West Chester Area School District in a separate letter dated November 14, 2011.

West Chester Area School District's response to the finding identified in our audit is described in the accompanying schedule of findings and recommendations. We did not audit West Chester Area School District's response and, accordingly, express no opinion on it.

This report is intended solely for the information and use of the Board of School Directors, management and federal awarding agencies and pass-through entities; and is not intended to be and should not be used by anyone other than these specified parties.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

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November 14, 2011

Board of School Directors
West Chester Area School District
West Chester, Pennsylvania

Compliance

We have audited the compliance of West Chester Area School District, West Chester, Pennsylvania, with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. West Chester Area School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and recommendations. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of West Chester Area School District's management. Our responsibility is to express an opinion on West Chester Area School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 West Chester Area School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on West Chester Area School District's compliance with those requirements.

In our opinion, West Chester Area School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of West Chester Area School District, West Chester, Pennsylvania, 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,

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CERTIFIED PUBLIC ACCOUNTANTS

To the Board of School Directors
West Chester Area School District

we considered West Chester Area School District's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Chester Area School District's internal control over compliance.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Board of School Directors, management and federal awarding agencies and pass-through entities; and is not intended to be and should not be used by anyone other than these specified parties.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued [*unqualified, qualified, adverse or disclaimer*]:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major programs [*unqualified, qualified, adverse or disclaimer*]:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

Yes No

Identification of major programs:

CFDA Number(s) _____

84.010, 84.389

84.027, 84.391

84.394

10.553, 10.555

84.367

84.410

Name of Federal Program or Cluster _____

Title I, Part A Cluster

Special Education Cluster (IDEA)

State Fiscal Stabilization Fund (SFSF) - Education

State Grants, Recovery Act

Child Nutrition Cluster

Improving Teacher Quality State Grants

Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

Yes No

WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

PERSONNEL FILES

11-1 Finding

Condition

During our current year audit, we sampled 40 personnel files to ensure that proper documentation was being maintained for existing employees. We noted that nine individuals selected in our sample did not have Form I-9, "Employment Eligibility Verification."

Criteria

In accordance with federal law, employers are required to have employees verify his or her identity and employment authorization through completion of Form I-9, "Employment Eligibility Verification." Employers are required to maintain these forms for employees hired after November 6, 1986.

Effect

The District is noncompliant with federal law and may have hired individuals who are not authorized to work in the United States.

Cause

Inconsistent implementation of Human Resources policies during the hiring process.

Recommendation

We recommend that the District review all personnel records for existing employees to ensure that appropriate documentation is completed and maintained.

WEST CHESTER AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (cont'd)

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Corrective Action

The Human Resources department will conduct a full review of all active employee files. The review will be completed for Form I-9, as well as several other required documents. Human Resources plans to finish the project by the end of the 2011-2012 school year.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

ELIGIBILITY (CHILD NUTRITION CLUSTER)

10-1 Finding

During our prior year audit, we noted that two students, out of our sample of 40, were not eligible to receive the level of benefits granted. In accordance with the Compliance Supplement for the Child Nutrition Cluster, annual certification of a child's eligibility for free or reduced price meals is required. Improper classification of students with respect to eligibility causes inaccurate monthly reimbursement claims, as these claims are a function of eligibility class and number of meals provided. This was the result of inconsistent implementation of procedures.

Recommendation

We recommended that the District examine and improve its process for approval of eligibility determinations to ensure that students are appropriately classified as paid, reduced or free for consistency with USDA income eligibility guidelines.

Status

During our current year audit, we noted that the District complied with eligibility requirements. This finding is no longer applicable.

VERIFICATION TESTING (CHILD NUTRITION CLUSTER)

10-2 Finding

During our prior year audit, we noted that special tests and provisions related to CFR Part 245.6 for verification testing were not properly performed. One of the applications selected for verification was incomplete, and another was not error prone. The resulting deficiencies caused improper population sampling and approval of incomplete meal benefit forms. This was the result of inconsistent implementation of procedures.

WEST CHESTER AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (cont'd)

STATUS OF PRIOR YEAR FINDINGS

Recommendation

We recommended that the District review prescribed verification procedures provided by the Pennsylvania Department of Education and OMB Circular A-133 to improve its process for sampling approved applications. In addition, applications for free or reduced meals that are not fully completed should be denied.

Status

During our current year audit, we noted that the District complied with verification testing requirements. This finding is no longer applicable.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning - Ending	Program or Award Amount	Total Received for Year	Accrued (Deferred) Revenue 07/01/10	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/11
U.S. Department of Education										
<u>Passed through PA Department of Education</u>										
Adult Education - Basic Grants to States	I	84.002	041-100097	07/01/09-06/30/10	\$ 19,781	\$ 8,242	\$ 8,242	\$ -	\$ -	\$ -
Adult Education - Basic Grants to States	I	84.002	041-119101	07/01/10-06/30/11	18,792	7,830	-	18,792	18,792	10,962
Total CFDA #84.002						16,072	8,242	18,792	18,792	10,962
Title I Grants to Local Education Agencies	I	84.010	013-100470	07/01/09-09/30/10	458,823	60,358	43,673	16,685	16,685	-
Title I Grants to Local Education Agencies	I	84.010	013-110470	07/01/10-09/30/11	457,663	341,147	-	445,836	445,836	104,689
Title I Grants to Local Education Agencies	I	84.010	077-100470	07/01/09-09/30/10	9,000	9,000	-	9,000	9,000	-
Title I Grants to Local Education Agencies	I	84.010	077-110470	07/01/10-09/30/11	5,000	-	-	-	-	-
Title I Grants to Local Education Agencies	I	84.010	107-100470	07/01/09-09/30/10	1,408,950	756,468	109,045	647,423	647,423	-
Title I Grants to Local Education Agencies	I	84.010	107-110470	07/01/10-09/30/11	1,318,080	432,362	-	556,218	556,218	123,856
Total CFDA #84.010						1,599,335	152,718	1,675,162	1,675,162	228,545
Safe and Drug-Free Schools and Communities - State Grants	I	84.186	100-100470	07/01/09-09/30/10	24,506	16,337	13,917	2,420	2,420	-
English Language Acquisition Grants	I	84.365	010-100470	07/01/09-09/30/10	101,000	101,000	44,229	56,771	56,771	-
English Language Acquisition Grants	I	84.365	010-110470	07/01/10-09/30/11	96,827	29,793	-	42,865	42,865	13,072
Total CFDA #84.365						130,793	44,229	99,636	99,636	13,072
Improving Teacher Quality State Grants	I	84.367	020-100470	07/01/09-09/30/10	338,670	158,046	(90,588)	248,634	248,634	-
Improving Teacher Quality State Grants	I	84.367	020-110470	07/01/10-09/30/11	344,610	115,320	-	168,161	168,161	52,841
Total CFDA #84.367						273,366	(90,588)	416,795	416,795	52,841
Title I Grants to Local Education Agencies, Recovery Act	I	84.389	133-100470	07/01/09-09/30/11	1,011,451	539,132	(61,847)	471,755	471,755	(129,224)
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	I	84.394	126-100470	07/01/10-06/30/11	834,020	695,017	-	834,020	834,020	139,003
Education Jobs Fund	I	84.410	140-119403	07/01/10-06/30/11	494,143	494,143	-	494,143	494,143	-
Adult Literacy	S	N/A	059-100100	07/01/09-06/30/10	5,000	2,083	2,083	-	-	-
Adult Literacy	S	N/A	059-110095	07/01/10-06/30/11	3,895	1,623	-	3,895	3,895	2,272
Subtotal						3,706	2,083	3,895	3,895	2,272
<u>Passed through Chester County I.U.</u>										
IDEA Special Education - Grants to States	I	84.027	-	07/01/09-09/30/10	1,296,294	108,024	108,024	-	-	-
IDEA Special Education - Grants to States	I	84.027	-	07/01/10-06/30/11	1,235,639	1,131,499	-	1,235,639	1,235,639	104,140
Total CFDA #84.027						1,239,523	108,024	1,235,639	1,235,639	104,140
IDEA Special Education - Grants to States Recovery Act	I	84.391	030-098911	02/17/09-09/30/11	1,907,771	702,154	348,665	820,721	820,721	467,232
TOTAL U.S. DEPARTMENT OF EDUCATION						5,709,578	525,443	6,072,978	6,072,978	888,843
U.S. Dept of Health and Human Services										
<u>Passed through PA Dept of Public Welfare</u>										
Title XIX Medical Assistance Program	I	93.778	-	07/01/10-06/30/11	142,827	103,827	-	142,827	142,827	39,000
<u>Passed through Chester County Government</u>										
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families	I	93.714	030-098911	07/01/09-09/30/10	45,430	32,129	3,329	28,800	28,800	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						135,956	3,329	171,627	171,627	39,000

Continued on next page.

WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning - Ending	Program or Award Amount	Total Received for Year	Accrued (Deferred) Revenue 07/01/10	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/11
U.S. Department of Agriculture										
Passed through PA Department of Agriculture										
Value of USDA Donated Commodities	I	10.555	N/A	07/01/09-06/30/10	N/A	-	(23,401)	23,401	23,401	-
Value of USDA Donated Commodities	I	10.555	N/A	07/01/10-06/30/11	N/A	118,138	-	104,118	104,118	(14,020)
Passed through PA Department of Education										
National School Lunch Program	I	10.555	362	07/01/10-06/30/11	N/A	475,058	25,506	471,773	471,773	22,221
Total CFDA #10.555						593,196	2,105	599,292	599,292	8,201
School Breakfast Program	I	10.553	365	07/01/10-06/30/11	N/A	70,227	4,849	69,820	69,820	4,442
School Breakfast Program	I	10.553	367	07/01/10-06/30/11	N/A	25,554	1,905	25,272	25,272	1,623
Total CFDA #10.553						95,781	6,754	95,092	95,092	6,065
School Breakfast Program	S	N/A	510	07/01/10-06/30/11	N/A	60,603	3,291	60,246	60,246	2,934
National School Lunch Program	S	N/A	511	07/01/10-06/30/11	N/A	8,670	616	8,597	8,597	543
Subtotal						69,273	3,907	68,843	68,843	3,477
TOTAL U.S. DEPARTMENT OF AGRICULTURE						<u>758,250</u>	<u>12,766</u>	<u>763,227</u>	<u>763,227</u>	<u>17,743</u>
TOTAL FEDERAL AWARDS AND CERTAIN STATE GRANTS						<u>\$ 6,603,784</u>	<u>\$ 541,538</u>	<u>\$ 7,007,832</u>	<u>\$ 7,007,832</u>	<u>\$ 945,586</u>
TOTAL FEDERAL AWARDS						\$ 6,530,805	\$ 535,548	\$ 6,935,094	\$ 6,935,094	\$ 939,837
TOTAL STATE GRANTS						72,979	5,990	72,738	72,738	5,749
TOTAL FEDERAL AWARDS AND CERTAIN STATE GRANTS						<u>\$ 6,603,784</u>	<u>\$ 541,538</u>	<u>\$ 7,007,832</u>	<u>\$ 7,007,832</u>	<u>\$ 945,586</u>
TITLE I PART A CLUSTER						<u>\$ 2,138,467</u>	<u>\$ 90,871</u>	<u>\$ 2,146,917</u>	<u>\$ 2,146,917</u>	<u>\$ 99,321</u>
SPECIAL EDUCATION CLUSTER (IDEA)						<u>\$ 1,941,677</u>	<u>\$ 456,689</u>	<u>\$ 2,056,360</u>	<u>\$ 2,056,360</u>	<u>\$ 571,372</u>
CHILD NUTRITION CLUSTER						<u>\$ 688,977</u>	<u>\$ 8,859</u>	<u>\$ 694,384</u>	<u>\$ 694,384</u>	<u>\$ 14,266</u>

Source Codes:

- I - Indirect Funding
- D - Direct Funding
- S - State Share

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND CERTAIN STATE GRANTS

NOTE A BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards and Certain State Grants reflects federal expenditures for all individual grants which were active during the fiscal year. Additionally, the Schedule reflects expenditures for certain state grants.

NOTE B BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C NONMONETARY FEDERAL AWARDS - DONATED COMMODITIES

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards and Certain State Grants under CFDA #10.555 (Value of USDA Commodities) represent surplus food consumed by the District during the 2010-2011 fiscal year. The District has food commodities totaling \$14,020 in inventory as of June 30, 2011.

NOTE D 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 source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2011 was \$625,766.

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*REQUIRED
SUPPLEMENTARY
INFORMATION*

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**WEST CHESTER AREA SCHOOL DISTRICT
COMPUTATION OF NON-ELECTORAL DEBT MARGIN
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	-	34,304,681	34,304,681	0%	87,772,879	39%
7/1/2010	-	26,658,607	26,658,607	0%	86,718,957	31%

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**STATISTICAL
SECTION**

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FINANCIAL TRENDS

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WEST CHESTER AREA SCHOOL DISTRICT
Net Assets by Component Unit (Full Accrual Method of Accounting)

Fiscal Year Ending June 30,	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities										
Invested in Capital Assets, net of related debt	7,083,089	8,903,159	9,418,873	6,429,491	3,547,104	5,479,152	4,537,401	2,523,412	-	-
Restricted: Capital Projects	14,506,078	14,641,919	13,811,178	16,378,062	-	-	-	-	-	-
Unrestricted	15,606,135	4,014,353	8,050,934	5,308,888	24,260,111	21,622,916	18,598,283	16,352,051	19,390,695	17,916,912
Net Assets Governmental Activities	37,195,302	27,559,431	31,280,985	28,116,441	27,807,215	27,102,068	23,135,684	18,875,463	19,390,695	17,916,912
Business-Type Activities										
Invested in Capital Assets, net of related debt	184,236	82,865	129,768	61,439	85,434	102,695	74,139	76,015	111,244	110,391
Restricted: Capital Projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,017,896	92,273	997,558	774,183	664,896	571,134	492,486	417,749	363,367	336,636
Net Assets Business Type Activities	1,202,132	175,138	1,127,326	835,622	750,330	673,829	566,625	493,764	474,611	447,027
Total Primary Government										
Invested in Capital Assets, net of related debt	7,267,325	8,986,024	9,548,641	6,490,930	3,632,538	5,581,847	4,611,540	2,599,427	111,244	110,391
Restricted: Capital Projects	14,506,078	14,641,919	13,811,178	16,378,062	-	-	-	-	-	-
Unrestricted	16,624,031	4,106,626	9,048,492	6,083,071	24,925,007	22,194,050	19,090,769	16,769,800	19,754,062	18,253,548
Net Assets Primary Government	38,397,434	27,734,569	32,408,311	28,952,063	28,557,545	27,775,897	23,702,309	19,369,227	19,865,306	18,363,939

Source: District Audited Financial Statements

WEST CHESTER AREA SCHOOL DISTRICT
Changes in Net Assets (Full Accrual Method of Accounting)

Fiscal Year Ending June 30,	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
EXPENSES										
Governmental Activities										
Instruction	117,972,385	113,068,220	103,973,612	103,397,524	95,791,662	90,858,202	87,072,443	81,142,609	76,389,309	74,116,315
Instructional student support	15,740,734	15,022,492	13,634,029	13,064,208	12,481,237	12,335,145	11,754,299	11,211,943	10,577,415	9,869,605
Administrative & financial support services	13,956,105	14,429,452	14,390,496	14,060,374	13,664,819	12,756,454	11,595,709	10,930,361	10,829,598	9,659,248
Operation & maintenance of plant services	17,729,991	19,486,401	16,604,260	14,830,364	16,260,118	13,704,052	12,676,081	11,836,094	11,202,959	11,029,637
Pupil transportation	13,469,612	13,674,801	13,219,823	12,846,908	11,809,273	11,349,906	10,510,995	9,673,711	9,234,230	8,901,161
Student activities	4,055,872	4,237,269	4,145,743	4,028,516	3,814,684	2,612,379	2,397,559	2,450,412	1,880,236	2,107,591
Community services	127,041	125,654	122,164	81,960	76,445	69,046	72,822	73,510	69,991	75,627
Interest on long term debt	12,076,323	13,636,798	13,361,141	13,695,699	16,367,340	12,738,063	10,630,001	8,875,581	6,580,671	6,701,812
Unallocated Depreciation Expense			12,484,452	9,898,713	7,263,812	7,051,970	6,667,621	6,201,865	6,010,290	5,934,199
Total Governmental Activities	195,128,063	193,681,087	191,935,720	185,904,266	177,529,390	163,475,217	153,377,530	142,396,086	132,774,699	128,395,195
Business Type Activities										
Food Service	3,224,517	3,149,556	3,171,794	3,082,865	3,011,231	2,782,260	2,538,530	2,475,568	2,334,562	2,207,912
TOTAL PRIMARY GOVERNMENT ACTIVITIES	198,352,580	196,830,643	195,107,514	188,987,131	180,540,621	166,257,477	155,916,060	144,871,654	135,109,261	130,603,107
PROGRAM REVENUE										
Governmental Activities										
Charges for service										
Instruction	759,951	516,690	430,893	405,167	368,684	456,333	354,454	260,157	324,111	288,574
Operation & maint of plant	199,984	38,933	32,844	28,234	32,299	20,536	35,848	49,532	36,259	23,025
Student activities	119,438	120,723	118,783	137,451	146,031	157,321	112,865	109,462	118,574	118,883
Operating grants and contributions	22,377,251	22,493,608	22,035,332	23,277,208	21,957,660	20,562,562	21,074,847	18,052,838	17,191,078	10,757,655
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Program Revenue	23,456,624	23,169,954	22,617,852	23,848,060	22,504,674	21,196,752	21,578,014	18,471,989	17,670,022	11,188,137
Business Type Activities										
Charges for services	2,511,962	2,624,830	2,704,187	2,597,941	2,531,512	2,396,451	2,254,398	2,171,647	2,020,217	1,846,198
Operating grants and contributions	786,659	663,190	600,091	528,494	504,267	458,009	340,531	316,938	333,645	330,293
Total Business Type Program Revenues	3,298,621	3,288,020	3,304,278	3,126,435	3,035,779	2,854,460	2,594,929	2,488,585	2,353,862	2,176,491
TOTAL PRIMARY GOVERNMENT REVENUES	26,755,245	26,457,974	25,922,130	26,974,495	25,540,453	24,051,212	24,172,943	20,960,574	20,023,884	13,364,628
NET REVENUES (EXPENSES)										
Governmental Activities	(171,671,439)	(170,511,133)	(169,317,868)	(162,056,206)	(155,024,716)	(142,278,465)	(131,799,516)	(123,924,097)	(115,104,677)	(117,207,058)
Business Type Activities	74,104	138,464	132,484	43,570	24,548	72,200	56,399	13,017	19,300	(31,421)
TOTAL PRIMARY GOVERNMENT NET REVEN	(171,597,335)	(170,372,669)	(169,185,384)	(162,012,636)	(155,000,168)	(142,206,265)	(131,743,117)	(123,911,080)	(115,085,377)	(117,238,479)

Source: District Audited Financial Statements

WEST CHESTER AREA SCHOOL DISTRICT
Fund Balance, Governmental Funds (Modified Accrual Method of Accounting)

Fiscal Year Ending June 30,	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Reserved										
Unreserved - Designed for PSERS		1,200,000								
Unreserved - Designed for Technology								813,777	363,040	446,120
Unreserved - Undesignated		10,795,399	7,861,943	7,494,323	9,631,412	8,794,148	8,287,190	5,656,067	7,623,205	7,162,455
*Restricted										
*Committed										
Pension	1,200,000									
Healthcare	1,558,100									
*Assigned										
Gate Receipts	95,549									
*Unassigned	15,609,035									
Total General Fund Fund Balance	18,462,684	11,995,399	7,861,943	7,494,323	9,631,412	8,794,148	8,287,190	6,469,844	7,986,245	7,608,575
All other funds										
Reserved - Capital Projects Fund		8,316,802	6,965,394	20,341,092						
Reserved - Capital Reserve Fund		13,811,178	14,641,919	16,378,062						
Reserved - Non-Major Funds				307,300						
Unreserved - Capital Projects Fund					36,170,115	47,694,867	60,924,506	88,899,076	81,998,840	71,498,915
Unreserved - Capital Reserve Fund					16,813,479	16,040,880	12,916,389	13,561,363	13,049,249	13,205,221
Unreserved - Debt Service Fund					568,754	-	-	-		
Unreserved - Non-Major Funds		75,606	49,596	62,758	31,874	15,618	17,720	21,525	23,604	19,610
*Restricted - Capital Projects Fund	5,838,643									
*Restricted - Capital Reserve Fund	14,506,078									
*Unrestricted - Capital Projects Fund	94,700									
Total Other Funds	20,439,421	22,203,586	21,656,909	37,089,212	53,584,222	63,751,365	73,858,615	102,481,964	95,071,693	84,723,746
TOTAL FUND BALANCE	38,902,105	34,198,985	29,518,852	44,583,535	63,215,634	72,545,513	82,145,805	108,951,808	103,057,938	92,332,321

* Note: In 2010-11, the District changed their fund balance designations to comply with GASB 45.

Source: Districts Audited Financial Statements

WEST CHESTER AREA SCHOOL DISTRICT
Change in Fund Balance - Governmental Funds (Modified Accrual Method of Accounting)
(unaudited)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Governmental Fund Revenue										
Local Source	105,341,617	111,192,968	118,143,105	129,802,122	141,224,811	149,461,478	154,427,527	156,866,132	163,508,932	165,091,475
State Source	19,588,910	21,368,451	22,058,230	24,500,908	24,480,076	26,079,099	27,227,734	29,959,702	28,990,224	28,254,872
Federal Source	1,538,248	2,053,343	2,050,272	2,645,922	2,312,323	2,649,950	2,991,122	3,130,016	4,604,950	6,866,476
Total Governmental Revenues	126,468,775	134,614,762	142,251,607	156,948,952	168,017,210	178,190,527	184,646,383	189,955,850	197,104,106	200,212,823
Governmental Expenditures										
Instruction	74,534,586	77,384,157	82,149,880	88,485,129	90,846,621	95,704,318	103,563,832	104,030,587	105,860,030	109,936,321
Support Services	38,855,121	41,823,486	44,262,156	46,980,885	49,831,849	53,260,308	56,497,225	58,954,157	58,754,657	56,682,210
Noninstructional Services	2,183,217	2,311,350	2,524,985	2,481,678	2,681,425	3,891,130	4,110,476	4,135,962	4,062,167	3,998,182
Fac Acq Const and Improvement	21,693,598	18,540,413	63,231,984	60,618,828	47,725,771	23,032,860	16,104,197	13,434,065	9,175,433	3,979,389
Debt Service Principal	6,482,000	6,983,000	7,092,000	8,222,000	9,554,000	7,983,000	10,394,000	11,216,000	12,533,569	9,394,000
Debt Service Interest	6,662,244	5,912,527	8,589,683	11,119,233	12,405,696	14,273,768	13,616,612	13,232,428	12,419,770	12,886,339
Refund of Prior Year Expense	9,367	2,800	7,434	29,634	6,927	12,190	140	79,218	4,813	107
Short Term Borrowing										
Total Governmental Expenses	150,420,133	152,957,733	207,858,122	217,937,387	213,052,289	198,157,574	204,286,482	205,082,417	202,810,439	196,876,548
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(23,951,358)	(18,342,971)	(65,606,515)	(60,988,435)	(45,035,079)	(19,967,047)	(19,640,099)	(15,126,567)	(5,706,333)	3,336,275
General Fund Other Financing Sources										
Bonds Issued Face	30,434,982	29,068,588	71,314,723	34,000,000	35,000,000	10,000,000		10,364		
Refunding Bonds			43,204,333	9,953,910	132,935,504	60,707,570		10,700,000	32,691,410	35,730,000
Interfund transfers In	3,300,832	4,085,352	3,962,164	3,675,302	4,585,620	4,874,876	5,181,698		1,340,022	2,676,801
Other financing sources									5,057	2,966,845
Debt Service Refunded			(43,018,671)	(9,771,478)	(132,500,717)	(60,070,402)	(5,181,698)	(10,648,480)	(22,310,000)	(37,330,000)
Interfund transfers Out	(3,300,834)	(4,085,352)	(3,962,164)	(3,675,302)	(4,585,620)	(4,874,876)			(1,340,022)	(2,676,801)
Total G/F Other Financing Sources	30,434,980	29,068,588	71,500,385	34,182,432	35,434,787	10,637,168	-	61,884	10,386,467	1,366,845
NET CHANGE IN G/F FUND BALANCE	6,483,622	10,725,617	5,893,870	(26,806,003)	(9,600,292)	(9,329,879)	(19,640,099)	(15,064,683)	4,680,134	4,703,120
G/F FUND BALANCE, BEGINNING OF YEAR	82,824,300	92,332,320	103,057,937	108,951,807	82,145,804	72,545,512	63,215,633	44,583,534	29,518,851	34,198,985
Prior Period Adjustment	3,024,398						1,008,000			
G/F FUND BALANCE, END OF YEAR	92,332,320	103,057,937	108,951,807	82,145,804	72,545,512	63,215,633	44,583,534	29,518,851	34,198,985	38,902,105
Debt Service as % of Expenditures	8.7%	8.4%	7.5%	8.9%	10.3%	11.2%	11.8%	11.9%	12.3%	11.3%

Source: District's Audited Financial Statements

WEST CHESTER AREA SCHOOL DISTRICT
GENERAL FUND REVENUES BY SOURCE - MODIFIED ACCRUAL METHOD OF ACCOUNTING (unaudited)
(Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Local	108,648.0	114,981.5	126,341.1	136,736.6	145,195.0	150,741.3	154,578.4	161,942.4	165,072.4
Real Estate	87,718.9	93,294.9	103,061.0	110,604.6	117,752.5	123,662.8	129,795.3	138,331.6	141,220.9
Current	83,996.3	90,363.4	99,863.2	107,927.1	115,783.1	121,988.6	128,291.6	136,999.8	140,160.5
Interim	3,722.6	2,931.5	3,197.8	2,677.5	1,969.4	1,674.2	1,503.6	1,331.8	1,060.4
Earned Income	12,960.7	13,493.2	14,738.7	15,404.5	16,889.7	16,905.6	16,764.4	16,458.0	17,080.7
Real Estate Transfer	3,926.4	4,475.0	4,703.8	5,197.7	4,261.7	3,665.9	2,666.5	2,706.8	2,466.0
Other Taxes PURTA	160.1	183.9	144.5	190.0	203.9	198.0	188.6	208.4	218.3
Delinquent Taxes	2,845.2	2,619.0	2,348.2	2,568.5	2,442.6	2,810.3	2,944.9	3,316.2	2,805.7
Investment Earnings	617.6	438.1	935.6	2,250.4	3,234.1	3,051.1	1,674.8	288.0	118.4
Gate Receipts	-	-	-	-	-	-	-	-	119.4
Other	419.1	477.4	409.3	520.9	410.5	447.6	544.0	633.4	1,043.0
State	21,368.5	22,058.2	24,500.9	24,480.3	26,115.3	27,318.3	30,058.0	28,990.2	28,254.9
Student Subsidies	18,327.9	18,033.3	20,115.4	19,881.3	20,481.7	21,116.3	24,768.9	23,568.9	22,424.6
Basic Instruction	6,094.2	6,211.1	6,330.5	6,472.6	6,710.6	6,844.8	7,050.1	6,334.1	6,029.5
Special Education	4,805.4	4,724.3	4,791.4	4,908.9	5,004.1	5,020.6	5,087.5	5,068.4	5,080.8
Tuition Private Home Place't	58.4	31.8	37.8	102.0	71.3	73.6	87.4	50.6	-
Transportation	5,220.7	4,981.7	5,337.5	5,039.2	4,976.0	4,371.1	4,828.3	4,565.1	4,434.4
Medical, Dental & Nurse	280.1	332.3	331.7	311.9	305.6	296.3	295.6	288.7	273.8
Rent	795.5	922.3	1,953.2	1,694.6	1,334.2	1,437.4	1,519.5	1,544.7	1,074.7
Charter Schools	817.7	817.7	1,053.4	1,071.4	1,294.4	1,337.4	1,641.1	1,558.4	1,478.9
Accountability Grants	-	-	272.9	272.9	339.8	348.3	343.8	343.8	322.4
Property Tax Relief	-	-	-	-	-	-	3,592.8	3,734.6	3,708.3
Other	255.9	12.1	7.0	7.8	445.7	1,386.8	322.7	80.5	21.9
Teacher Subsidies	3,040.6	4,024.9	4,385.5	4,599.0	5,633.6	6,202.0	5,289.1	5,421.3	5,830.2
Social Security	2,647.3	2,664.3	2,771.5	2,843.5	3,012.1	3,154.7	3,232.9	3,278.1	3,319.2
Retirement	393.3	1,360.6	1,614.0	1,755.5	2,621.5	3,047.3	2,056.1	2,143.2	2,511.1
Federal	2,690.2	3,011.5	3,957.8	3,626.5	3,878.6	4,231.6	4,438.9	5,901.2	6,866.5
Title I	1,542.9	1,352.4	1,733.0	1,299.4	1,523.7	1,998.5	1,492.4	2,013.5	1,675.2
Title II	319.2	349.6	372.1	404.0	357.0	310.3	327.8	182.4	416.8
Basic Education ARRA Funds	-	-	-	-	-	-	-	852.0	834.0
IDEA - ARRA funds	-	-	-	-	-	-	418.0	669.0	820.7
Ed Jobs - ARRA	-	-	-	-	-	-	-	-	494.1
Title I - ARRA	-	-	-	-	-	-	-	-	471.8
IDEA	636.9	961.2	1,311.9	1,314.2	1,228.5	1,240.5	1,308.9	1,296.3	1,235.6
MA Direct Services/Time Study	32.0	162.9	336.2	455.8	594.5	562.8	760.3	722.4	768.6
Other	159.2	185.4	204.6	153.1	174.9	119.5	131.5	165.6	149.6
Local Taxes & Subsidies	132,706.7	140,051.2	154,799.8	164,843.4	175,188.9	182,291.3	189,075.3	196,833.8	200,193.7

Source: Districts Audited Financial Statements

WEST CHESTER AREA SCHOOL DISTRICT
GENERAL FUND EXPENDITURES BY TYPE - MODIFIED ACCURAL METHOD OF ACCOUNTING (unaudited)
(Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Staff	86,665.3	92,205.1	98,092.6	102,058.1	110,044.9	115,830.4	117,168.2	118,858.8	121,408.2
Total Salaries	68,745.4	71,544.2	75,178.0	77,504.7	81,915.7	85,629.5	87,892.4	89,094.4	90,677.4
Administration									
Reg Salaries	4,855.5	5,264.0	5,669.5	6,074.0	6,358.7	6,980.7	7,402.0	7,449.8	7,028.5
Teachers									
Reg Salaries	50,736.8	52,206.0	53,981.5	55,600.3	57,724.3	59,946.7	61,097.6	62,620.9	64,228.0
Extra Duty Pymnts	690.3	873.3	1,091.8	998.2	1,028.0	1,197.0	1,118.7	899.6	843.2
Sabbatical Pymnts	87.2	283.3	395.9	228.0	301.8	43.9	103.9	129.9	168.7
Subject Chair Pymnts	152.5	152.1	169.7	201.2	392.3	412.6	437.5	429.0	420.8
Severance Pymnts	499.5	41.4	398.1	251.5	304.2	245.9	245.0	288.8	356.2
Supplemental Contracts	1,116.9	1,190.1	1,202.2	1,311.7	1,980.1	2,033.1	2,124.6	2,040.0	2,014.2
Total Teachers	53,283.2	54,746.2	57,239.3	58,590.9	61,730.8	63,879.2	65,127.2	66,408.3	68,031.1
Technical									
Reg Salaries	1,865.6	2,031.9	2,040.5	2,401.2	2,500.4	2,749.5	2,765.7	2,732.6	3,087.5
Office Clerical									
Reg Salaries	4,231.4	4,645.0	5,198.6	5,522.8	5,939.6	6,292.9	6,629.3	6,531.6	6,665.1
Crafts and Trades									
Reg Salaries	4,509.7	4,857.1	5,030.1	4,915.8	5,386.2	5,727.1	5,968.2	5,972.0	5,865.2
Benefits									
Medical	7,258.2	7,784.7	9,113.4	10,377.2	11,744.7	13,233.2	13,941.8	14,400.0	14,425.3
Dental	1,068.5	1,119.1	1,403.4	1,381.0	1,398.9	1,504.3	1,559.6	1,418.4	1,339.6
Vision	156.8	183.6	180.4	151.5	154.0	161.1	167.6	153.2	140.7
Prescription	2,657.7	2,831.5	2,816.1	3,112.9	3,473.2	3,099.7	3,223.6	3,333.9	3,611.3
Social Security	5,266.7	5,357.9	5,623.7	5,784.1	6,095.4	6,380.7	6,535.8	6,603.7	6,667.0
Retirement	795.7	2,697.5	3,153.5	3,604.6	5,209.4	6,092.4	4,111.3	4,231.4	5,067.7
Tuition Reimbursement	607.8	689.3	974.8	896.9	946.3	887.1	977.5	1,301.5	1,113.7
Life & Disability	203.0	208.7	540.6	464.0	518.6	480.6	538.9	417.1	683.0
Wrkrs Comp/Unemply/Other	833.2	1,217.9	606.6	615.8	731.3	728.5	911.1	708.8	649.6
Total Benefits	18,847.4	22,090.1	24,412.5	26,388.1	30,271.8	32,567.6	31,967.2	32,567.9	33,697.9
(Less) cost sharing	(927.5)	(1,429.2)	(1,498.0)	(1,834.6)	(2,142.6)	(2,366.6)	(2,691.4)	(2,803.6)	(2,967.1)
Net Benefits	17,920.0	20,660.9	22,914.5	24,553.5	28,129.2	30,201.0	29,275.8	29,764.4	30,730.8
Prof. & Tech. Services	7,663.2	7,847.1	9,083.1	9,814.6	9,696.0	10,700.1	12,146.9	11,585.0	12,080.2
Substitute Service	1,333.9	1,497.7	1,732.6	1,688.2	1,732.4	1,676.0	1,668.6	1,466.8	1,457.5
Contracted Therapeutic Staff	567.3	567.3	746.7	461.9	523.9	682.3	1,031.9	857.8	758.3
Contracted Aides	290.2	374.7	440.2	219.2	363.6	473.9	326.3	442.5	358.5
CCIU - Special Ed Programs	2,761.3	2,477.3	2,688.9	2,120.5	2,022.9	2,242.6	2,538.9	3,099.7	3,072.8
Occupation/Physical Therapy				889.9	930.1	966.3	984.9	925.1	919.7
Due Process Hearings	404.6	363.7	411.7	619.1	332.4	507.9	586.9	475.5	882.8
Early Intervention	105.7	258.7	217.2	159.1	224.6	196.2	366.4	369.0	255.0
Extended School Year	43.2	17.6	210.6	333.4	395.6	410.9	497.7	620.4	626.0
Alternative Ed - Special Ed	252.5	547.1	519.2	662.9	745.1	879.9	1,077.3	1,027.4	1,241.9
Alternative Education - Reg	341.2	147.0	159.3	524.2	235.5	251.3	329.9	191.3	258.9
Tax Collection	458.3	474.8	537.2	496.6	545.9	543.3	513.0	557.0	508.9
Legal	261.1	287.9	308.9	288.1	228.2	255.0	410.9	279.9	326.8
Other	843.9	833.3	1,110.6	1,351.6	1,415.8	1,614.5	1,814.2	1,272.6	1,413.1
Purchased Property Services	3,231.9	3,383.1	3,608.5	4,061.9	4,455.0	4,831.5	4,570.1	4,306.0	3,909.9
Electricity	1,698.7	1,727.4	1,919.9	2,251.7	2,631.3	2,996.8	2,740.3	2,538.2	2,247.6
Water/Sewer	229.5	251.3	287.7	302.3	345.5	403.5	427.2	421.2	486.6

WEST CHESTER AREA SCHOOL DISTRICT
GENERAL FUND EXPENDITURES BY TYPE - MODIFIED ACCRUAL METHOD OF ACCOUNTING (unaudited)
(Thousands)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Trash Removal	79.3	89.9	90.5	146.1	136.0	155.0	148.2	122.1	122.1
Office Rental	200.1	211.7	222.0	226.8	77.9	0.8	101.6	96.9	123.1
Other	1,024.3	1,102.8	1,088.4	1,135.0	1,264.3	1,275.4	1,152.8	1,127.6	930.5
Other Services	16,420.4	17,563.8	19,747.4	21,040.7	21,743.0	23,873.6	25,095.4	25,253.3	25,938.2
Charter Schools	3,288.8	3,788.9	4,305.9	4,691.2	4,455.5	5,470.3	5,905.0	6,461.8	6,558.3
Tuition: Special Education	1,102.3	1,152.5	1,679.1	1,936.6	2,195.6	2,247.9	2,472.5	2,132.0	2,418.5
Tuition: CAT	546.5	745.4	857.7	1,028.5	1,123.7	1,187.6	1,199.5	1,382.1	1,637.5
Tuition: Other	50.0	84.9	21.2	25.5	106.8	95.8	104.6	102.8	248.2
Bussing: Public Schools	3,021.5	3,266.7	3,335.4	3,701.7	3,907.0	4,436.4	4,750.8	4,628.8	4,861.9
Bussing: Non-Public	4,119.6	4,381.8	4,257.2	4,542.5	4,801.5	4,626.8	4,983.6	4,594.4	4,655.3
Bussing: Special Ed	1,922.9	1,850.0	2,740.9	2,897.5	2,836.3	3,466.8	3,153.5	3,213.8	3,089.7
Bussing: Extracurricular	177.2	188.6	192.2	223.7	334.0	260.1	384.9	281.4	333.5
Insurance	324.7	337.7	370.7	402.9	436.5	461.9	464.0	461.4	394.2
Telephone/Postage	564.6	502.8	612.2	516.9	561.0	527.1	643.0	375.3	448.7
Other Services - Glen Mills					502.8	640.2	614.1	1,263.0	1,026.8
Other	1,302.3	1,264.5	1,374.9	1,073.6	482.3	452.7	419.9	356.5	265.7
Supplies	4,455.2	5,130.1	4,641.8	5,459.0	5,025.7	6,404.7	6,630.3	5,689.8	4,711.7
Heating Fuel	493.0	659.0	571.1	930.7	1,235.9	1,060.1	1,788.1	1,097.4	1,123.8
Other Ops/Maint Supplies	576.1	614.9	657.1	738.5	819.5	925.6	789.5	807.8	603.2
Educational	1,052.6	1,395.5	1,429.0	2,341.7	2,010.9	2,591.9	2,160.2	2,149.7	1,843.8
Curriculum Proposals	300.6	1,260.3	1,415.4	925.1	396.7	1,148.5	1,373.4	850.7	622.3
Educational /Admin Software	1,034.2	524.8	235.8	303.5	353.1	464.8	314.6	610.2	347.1
Administration/Business	198.6	208.5	170.3	212.1	199.8	199.5	186.4	145.8	148.0
Other	800.1	467.1	163.1	7.4	9.8	14.3	18.1	28.2	23.5
Other Objects	220.8	241.8	255.9	326.7	283.2	351.4	262.9	258.0	226.5
Dues and Fees - Athletics					-	-	-	-	99.5
Property	3,097.0	2,682.5	2,591.5	709.8	1,748.0	2,335.8	1,133.0	972.9	1,837.1
Technology Equipment	2,120.7	1,725.0	1,632.6	-	403.0	1,290.0	282.5	-	-
G/F maint Projects							148.8	389.9	687.5
Other Equipment	976.3	957.5	958.9	709.8	1,345.0	1,045.8	701.7	583.0	1,149.6
Debt Service	12,060.5	13,864.0	16,571.0	19,845.6	19,825.5	20,106.0	21,626.3	24,436.8	21,236.6
Bond payments	12,060.5	13,864.0	16,571.0	19,845.6	19,825.5	20,106.0	21,626.3	24,436.8	21,236.6
TOTAL EXPENSE	133,814.3	142,917.5	154,591.8	163,316.4	172,821.4	184,433.6	188,633.1	191,360.5	191,447.9

Source: Districts Audited Financial Statements

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REVENUE CAPACITY

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WEST CHESTER AREA SCHOOL DISTRICT
Governmental Funds - Most Significant Own Source Revenues
(modified accrual method of accounting)

Fiscal Year	Millage Rate	Current Real Estate Taxes	Interim Real Estate Taxes	Delinquent Real Estate Taxes	Act 511 Taxes *	Other Local Revenues	Total Local Revenues
2001-02	11.63	77,896,984	4,214,280	2,508,503	16,417,218	1,559,190	102,596,175
2002-03	12.11	83,996,345	3,722,616	2,845,168	16,887,010	1,636,716	109,087,855
2003-04	12.59	90,363,380	2,931,543	2,619,049	17,968,241	1,616,815	115,499,028
2004-05	13.55	99,863,220	3,197,823	2,348,192	19,442,443	1,489,334	126,341,012
2005-06	14.32	107,927,149	2,677,530	2,568,469	20,602,185	2,961,442	136,736,776
2006-07	15.16	115,783,148	1,969,358	2,442,606	21,151,384	3,884,889	145,231,385
2007-08	15.79	121,988,633	1,674,192	2,810,278	20,571,497	3,792,586	150,837,186
2008-09	16.85	128,291,632	1,503,635	2,944,871	19,430,906	2,499,921	154,670,964
2009-10	17.85	136,999,771	1,331,749	3,316,209	19,164,815	1,129,737	161,942,281
2010-11	18.36	140,160,462	1,060,391	2,805,694	19,546,706	1,499,147	165,072,400

* Act 511 Taxes include Earned Income and Real Estate Transfer Taxes

Source: District Annual Financial Report (AFR)

WEST CHESTER AREA SCHOOL DISTRICT
ANALYSIS OF ASSESSED VALUE FOR TAXABLE REAL ESTATE
(unaudited)

LAND USE DESCRIPTION	2010-11 # of Parcels	Assessment Total	2009-10 # of Parcels	Assessment Total	2008-09 # of Parcels	Assessment Total	2007-08 # of Parcels	Assessment Total	2006-07 # of Parcels	Assessment Total
CHESTER COUNTY										
Not Identified	1	47,820	-	-	21	3,045,790	188	10,326,250	97	3,772,803
Commerical Properties	1,652	1,382,775,453	1,632	1,408,305,033	1,593	1,389,076,248	1,572	1,348,537,398	1,571	1,335,505,835
Farm Properties	72	23,464,210	72	23,568,250	73	23,523,120	73	23,627,660	72	23,679,630
Industrial Properties	90	151,052,080	90	151,028,920	89	150,726,520	88	149,886,680	90	151,185,990
Residential Properties	29,838	6,012,588,031	29,778	6,013,563,931	29,676	5,965,419,357	29,611	5,928,690,156	29,528	5,884,835,936
Vacant Land	1,061	59,182,350	1,046	64,943,920	1,088	68,860,100	981	69,079,400	959	69,842,310
TOTAL CHESTER COUNTY	32,714	7,629,109,944	32,618	7,661,410,054	32,540	7,600,651,135	32,513	7,530,147,544	32,317	7,468,822,504
DELAWARE COUNTY										
Commercial/Industrial	12	6,868,373	15	8,904,953	14	8,533,463	7	3,886,900	7	3,886,900
Residential/Farms/Vacant Land	2,190	630,726,093	2,187	637,527,895	2,179	633,531,318	2,067	623,278,141	2,067	589,333,521
TOTAL DELAWARE COUNTY	2,202	637,594,466	2,202	646,432,848	2,193	642,064,781	2,074	627,165,041	2,074	593,220,421
GRAND TOTAL	34,916	8,266,704,410	34,820	8,307,842,902	34,733	8,242,715,916	34,587	8,157,312,585	34,391	8,062,042,925

LAND USE DESCRIPTION	2005-06 # of Parcels	Assessment Total	2004-05 # of Parcels	Assessment Total	2003-04 # of Parcels	Assessment Total	2002-03 # of Parcels	Assessment Total	2001-02 # of Parcels	Assessment Total
CHESTER COUNTY										
Not Identified	154	11,367,850	114	9,209,310	103	10917525	146	9226390	526	22410880
Commerical Properties	1,546	1,305,725,145	1,509	1,267,103,205	1491	1229255515	1483	1182749505	1475	1122259080
Farm Properties	72	23,787,140	73	24,147,650	74	25408310	73	24063180	74	25924320
Industrial Properties	93	157,925,660	93	157,059,220	94	156923440	97	156666550	100	157891990
Residential Properties	29,344	5,817,319,832	29,036	5,702,870,872	28621	5564171682	28038	5350765052	27452	5149513883
Vacant Land	963	77,494,570	1,160	89,505,750	1461	106568720	1899	134706330	1988	125362630
TOTAL CHESTER COUNTY	32,172	7,393,620,197	31,985	7,249,896,007	31,844	7,093,245,192	31,736	6,858,177,007	31,615	6,603,362,783
DELAWARE COUNTY										
Commercial/Industrial	7	3,886,900	7	3,886,900	7	3,886,900	7	3,886,900	7	3,886,900
Residential/Farms/Vacant Land	2,032	508,096,636	2,028	459,262,090	1,846	419,155,141	1,585	377,828,312	1,484	352,403,329
TOTAL DELAWARE COUNTY	2,039	511,983,536	2,035	463,148,990	1,853	423,042,041	1,592	381,715,212	1,491	356,290,229
GRAND TOTAL	34,211	7,905,603,733	34,020	7,713,044,997	33,697	7,516,287,233	33,328	7,239,892,219	33,106	6,959,653,012

Source: District fact book

WEST CHESTER AREA SCHOOL DISTRICT
Market Value versus Assessed Value of Taxable Real Estate

As of June 30th	Market Value Chester County (000)	Market Value Delaware County (000)	Total Market Value (000)	Assessed Value (000)	Ratio of Market Value to Assessed Value
1999	4,885,288	262,951	5,148,238	5,808,568	89%
2000	5,514,425	282,253	5,796,678	6,004,862	97%
2001	5,787,858	279,674	6,067,532	6,959,653	87%
2002	6,495,660	334,898	6,830,558	7,239,892	94%
2003	6,778,579	381,640	7,160,219	7,516,287	95%
2004	7,667,769	442,709	8,110,479	7,713,045	105%
2005	7,866,747	492,988	8,359,734	7,905,604	106%
2006	9,008,526	582,243	9,590,769	8,062,043	119%
2007	9,086,864	610,170	9,697,034	8,157,313	119%
2008	10,393,941	674,163	11,068,104	8,242,716	134%
2009	10,480,758	671,018	11,151,776	8,307,843	134%

Source: State Tax Equalization Board

WEST CHESTER AREA SCHOOL DISTRICT
Property Tax Rates - All Direct and Overlapping Governments
(Mills)

Chester County

Fiscal Year	West Chester	Chester County	Township of East Bradford	Township of East Goshen	Township of Thornbury	Township of West Goshen	Township of		Borough of West Chester
	Area School District						West	Township of Westtown	
2001-02	11.63	3.18	0.07	0.00	0.60	0.85	0.60	0.41	3.95
2002-03	12.11	3.27	0.07	0.00	0.60	0.85	0.60	0.50	4.44
2003-04	12.59	3.41	0.07	0.00	0.84	0.85	0.60	0.70	4.44
2004-05	13.55	3.56	0.07	1.25	0.84	1.50	0.60	1.50	4.61
2005-06	14.32	3.70	0.07	1.25	0.84	1.50	0.60	1.50	5.00
2006-07	15.16	3.80	0.07	1.25	0.84	1.50	0.60	1.50	5.21
2007-08	15.79	3.80	0.07	1.25	0.84	1.50	0.60	2.00	5.60
2008-09	16.85	3.97	0.07	1.25	0.84	1.50	0.60	2.00	5.60
2009-10	17.85	3.97	0.07	1.25	0.84	2.00	0.60	2.00	5.80
2010-11	18.36	3.97	0.07	1.25	0.84	2.00	0.60	2.50	6.96

Source: Chester County website

Delaware County

Fiscal Year	West Chester	Delaware County	Township of Thornbury
	Area School District		
2001-02	11.50	3.80	0.00
2002-03	11.13	3.80	0.00
2003-04	10.20	4.10	0.00
2004-05	10.94	4.45	0.00
2005-06	11.65	4.45	0.00
2006-07	11.02	4.45	0.00
2007-08	11.87	4.45	0.00
2008-09	12.94	4.83	0.00
2009-10	14.16	4.83	0.00
2010-11	14.25	5.18	0.00

Source: DCED Website

Note: Effective June 30, 2007, Pennsylvania law has imposed restrictions on a school district's ability to increase tax rates. The State restricts increases to tax rates to no more than a pre-calculated index. A district may apply for exceptions with the State to increase the tax rate above the index.

**WEST CHESTER AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS
(Unaudited)**

Name	Township	Type of Property	2010	% of	Rank	2000	% of	Rank
			Assessment	Total		Assessment	Total	
Exton Square, Inc.	West Whiteland	Shopping Mall	83,984,710	1.02%	1	53,801,430	0.65%	1
QVC	West Goshen	Indust.Bldg./TV Shopping	48,669,780	0.59%	2	35,970,270	0.44%	2
TRC Valley Creek Asoc.	West Whiteland	Business Complex	31,796,620	0.38%	3			
Main Street at Exton	West Whiteland	Shopping Center	28,553,560	0.35%	4			
Exton Crossing Apts.	West Whiteland	Apartment Complex	21,023,480	0.25%	5			
Whiteland Investors, LP	West Whiteland	Shopping Center	19,320,000	0.23%	6	17,272,140	0.21%	4
Comcast Cable	East Goshen	Commercial Buildings	17,636,080	0.21%	7			
Hankin Group	East Goshen	Apartment Complex	16,952,250	0.21%	8	15,736,700	0.19%	9
Westtown Apt., Inc.	Westtown	Apartment Complex	16,636,690	0.20%	9	16,667,750	0.20%	6
Fern Hill LLC	West Goshen	Medical Complex	16,617,370	0.20%	10			
Exton Whiteland Dev. Co.	West Whiteland	Shopping Center				19,416,880	0.23%	3
National Properties	West Whiteland	Apartment Complex				16,687,850	0.20%	5
Hankin Group	West Whiteland	Apartment Complex				16,453,180	0.20%	7
Thomas Meeting Assoc.	West Whiteland	Apartment Complex				16,294,020	0.20%	8
Capital Enterprises, Inc.	West Goshen	Shopping Center				15,100,000	0.18%	10
Total Assessed Value--Ten Largest Taxpayers			<u>301,190,540</u>			<u>223,400,220</u>		
Total District Assessed Value			8,266,704,410			6,643,555,000		

Source: District Fact Books

WEST CHESTER AREA SCHOOL DISTRICT

REAL ESTATE TAX COLLECTION AS A RATIO OF LEVY

FISCAL YEAR	ASSESSED VALUATION	MILLS ⁽²⁾	ADJUSTED LEVY	CURRENT COLLECTION	
				AMOUNT ^{(1), (3)}	PERCENT
2001-02	6,959,653,012	11.63	80,826,088	77,880,774	96.4%
2002-03	7,239,892,219	12.11	88,659,756	85,388,907	96.3%
2003-04	7,516,287,233	12.59	93,575,495	90,445,871	96.7%
2004-05	7,713,044,997	13.55	103,275,120	99,754,954	96.6%
2005-06	7,905,603,733	14.32	111,822,461	107,927,149	96.5%
2006-07	8,062,042,925	15.16	119,874,910	115,783,148	96.6%
2007-08	8,157,312,585	15.79	126,309,274	121,988,633	96.6%
2008-09	8,242,715,916	16.85	136,344,630	131,884,468	96.7%
2009-10	8,307,842,902	17.85	145,858,549	140,734,362	96.5%
2010-11	8,264,186,266	18.36	149,110,205	143,868,716	96.5%

Source: District Fact Book

⁽¹⁾ 2008-09 through 2010-11 includes revenue received from State designated for school district property tax reduction. Special Section Act 1 of 2006 was passed to ease the financial burden of home ownership by providing school districts the means to lower property taxes to homeowners via this funding to districts provided by gaming revenue.

⁽²⁾ One mill of tax is equal to \$1.00 for every \$1,000 of assessed valuation of real estate property

⁽³⁾ Does not include delinquent or interim taxes collected.

DEBT CAPACITY

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**WEST CHESTER AREA SCHOOL DISTRICT
COMPUTATION OF NON-ELECTORAL DEBT MARGIN**

	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>
Total General Fund Revenues*	200,180,190	196,838,806	189,079,944	184,383,429	175,188,902	164,843,352	156,438,761	142,293,718	135,267,221	126,113,490
Less Required Deductions If included in total										
Rental and Sinking Fund Reimbursement	1,074,696	1,558,427	1,519,538	1,437,374	1,334,225	1,694,624	1,953,196	922,287	795,489	879,238
Sale of Property and Non-recurring revenue		5,057	10,364							
Fund Transfer				2,086,849			1,638,988	1,725,025	2,120,682	2,057,016
Net Revenues	1,074,696	1,563,484	1,529,902	3,524,223	1,334,225	1,694,624	3,592,184	2,647,312	2,916,171	2,936,254
Borrowing Base	199,105,494	195,275,323	187,550,042	180,859,206	173,854,677	163,148,728	152,846,577	139,646,406	132,351,050	123,177,236
Multiplier	225%	225%	225%	225%	225%	225%	225%	225%	225%	225%
Total Nonelectoral Debt Limit	447,987,362	439,369,476	421,987,595	406,933,214	391,173,023	367,084,637	343,904,798	314,204,414	297,789,862	277,148,781
Less Amount Debt Applicable to Debt Limit	291,539,000	302,533,000	304,530,000	315,556,000	325,945,000	320,923,000	299,672,000	273,859,000	210,421,483	185,394,483
Total Debt Margin	156,448,362	136,836,476	117,457,595	91,377,214	65,228,023	46,161,637	44,232,798	40,345,414	87,368,379	91,754,298
Ratio of Debt Limit to Debt Margin	35%	31%	28%	22%	17%	13%	13%	13%	29%	33%

Source: District Annual Financial Statements PDE 2057

* Includes other financing sources

WEST CHESTER AREA SCHOOL DISTRICT
Gross Principal Debt Outstanding

	Series B of 2000 Del Val Note	Series of 2002 GOB	Series of 2006 GOB	Series A of 2006 GOB	Series AA of 2006 GOB	Refunding Series of 2006 GOR	Refunding Series A of 2006 GOR	Series of 2007 GOB	Series of 2009 GOB	Emmaus Note 2009	Series of 2010 GOR	Series A of 2010 GOR	Series AA of 2010 GOR	Total
2011- 2012	1,019,000	1,265,000	5,000	1,910,000	1,705,000	115,000	140,000	365,000	695,000	5,000	2,950,000	605,000	1,780,000	12,559,000
2012- 2013	1,072,000		5,000	1,970,000	1,765,000	1,440,000	145,000	380,000	705,000	5,000	3,025,000	615,000	2,195,000	13,322,000
2013- 2014	1,127,000	-	5,000	2,065,000	1,845,000	1,500,000	150,000	395,000	720,000	5,000	3,095,000	625,000	2,235,000	13,767,000
2014- 2015	1,185,000		5,000	2,150,000	1,910,000	1,555,000	155,000	410,000	740,000	5,000	3,185,000	640,000	2,300,000	14,240,000
2015- 2016	1,246,000		5,000	3,785,000	695,000	1,620,000	160,000	425,000	760,000	5,000	3,270,000	665,000	1,125,000	13,761,000
20 16-21		-	1,975,000	34,740,000	3,900,000	9,175,000	890,000	2,385,000	780,000	670,000	4,740,000	3,550,000	14,175,000	76,980,000
20 21-26		-	6,655,000	36,575,000		6,500,000	33,970,000	2,900,000	-	3,190,000	-	760,000	4,410,000	94,960,000
20 26-31		-	26,320,000	15,675,000	-	-	1,805,000	2,040,000	-	6,110,000				51,950,000
Total Principal	5,649,000	1,265,000	34,975,000	98,870,000	11,820,000	21,905,000	37,415,000	9,300,000	4,400,000	9,995,000	20,265,000	7,460,000	28,220,000	291,539,000

Source: District Debt Service Schedules

**WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF DIRECT AND OVERLAPPING DEBT**

	Gross Debt Outstanding	Percentage Applicable to this Governmental Unit	Net Share of Debt
Chester County			
Direct Debt			
West Chester Area School District	291,539,000	100%	291,539,000
Overlapping Debt			
Township of East Bradford	8,659,000	100%	8,659,000 ^{(1), (2)}
Township of East Goshen	8,015,688	100%	8,015,688 ^{(1), (2)}
Township of Thornbury	-	100%	- ^{(1), (2)}
Township of West Goshen	9,867,245	100%	9,867,245 ^{(1), (2)}
Township of West Whiteland	15,295,000	100%	15,295,000 ^{(1), (2)}
Township of Westtown	19,860,000	100%	19,860,000 ^{(1), (2)}
Borough of West Chester	2,661,532	100%	2,661,532 ^{(1), (3)}
Chester County	490,981,000	22%	106,722,719 ^{(1), (2), (5)}
Total Direct and Overlapping Chester County Debt			462,620,184
Delaware County			
Direct Debt			
West Chester Area School District	291,539,000	100%	291,539,000
Overlapping Debt			
Township of Thornbury	1,031,815	100%	1,031,815 ^{(1), (4)}
Delaware County	308,445,941	1%	4,429,869 ^{(1), (5), (6)}
Total Direct and Overlapping Delaware County Debt			297,000,684

⁽¹⁾ As of December 31, 2010

⁽²⁾ Source: County of Chester

⁽³⁾ Source: West Chester Borough

⁽⁴⁾ Source: Township of Thornbury, Delaware County

⁽⁵⁾ Percentage of County Debt was derived by taking WCASD population as a Percentage of County

⁽⁶⁾ Source: County of Delaware CAFR

WEST CHESTER AREA SCHOOL DISTRICT
RATIO OF NET GENERAL DEBT TO ASSESSED VALUE AND DEBT PER CAPITA
(Unaudited)

Fiscal Year	Assessed Value (1)	Gross Bonded Debt (5)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed	Population	Net Bonded Debt per Capita	Estimated Personal Income (4)	% of Personal Income
2010-11	8,266,704,410	291,539,000		291,539,000	3.5%	108,441 (2)	2,688	7,080,655,095	4.1%
2009-10	8,307,842,902	302,533,000	-	302,533,000	3.6%	108,441 (2)	2,790	7,080,655,095	4.3%
2008-09	8,242,715,916	304,530,000	-	304,530,000	3.7%	101,207 (3)	3,009	6,608,311,065	4.6%
2007-08	8,157,312,585	315,556,000	-	315,556,000	3.9%	101,207 (3)	3,118	6,608,311,065	4.8%
2006-07	8,062,042,925	325,945,000	-	325,945,000	4.0%	101,207 (3)	3,221	6,608,311,065	4.9%
2005-06	7,905,603,733	320,923,000	-	320,923,000	4.1%	101,207 (3)	3,171	6,608,311,065	4.9%
2004-05	7,713,044,997	299,672,000	-	299,672,000	3.9%	101,207 (3)	2,961	6,608,311,065	4.5%
2003-04	7,516,287,233	273,859,000	-	273,859,000	3.6%	101,207 (3)	2,706	6,608,311,065	4.1%
2002-03	7,239,892,219	210,421,483	-	210,421,483	2.9%	101,207 (3)	2,079	6,608,311,065	3.2%
2001-02	6,959,653,012	185,394,483	-	185,394,483	2.7%	101,207 (3)	1,832	6,608,311,065	2.8%

(1) Source: District Fact Book

(2) Source: 2010 Census

(3) Source: 2000 Census

(4) Uses 1999 Household Median Income from Chester County Planning Commission

(5) Source: District Annual Financial Statements PDE 2057

**DEMOGRAPHIC AND
ECONOMIC
INFORMATION**

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WEST CHESTER AREA SCHOOL DISTRICT
Trends in Population, Market Value and Per Capita Income

	West Chester Area School District Population	Chester County Population	Pennsylvania Population	United States Population	(1)
1970	Not Available	278,311	11,758,458	203,302,031	
1980	68,170	316,660	11,855,687	226,542,199	
1990	85,900	376,396	11,881,643	248,709,873	
2000	101,207	433,501	12,281,054	281,421,906	
2010	108,441	498,886	12,702,379	308,745,538	

	Chester County Market Value	Chester County Per Capita Income	Pennsylvania Market Value	Pennsylvania Per Capita Income	(2)
2002	\$6,830,557,700	\$3,095,793,389	\$465,911,508,800	\$211,077,886,459	
2003	\$7,160,219,200	\$3,160,096,281	\$477,259,193,000	\$216,172,983,089	
2004	\$8,110,478,500	\$3,488,945,787	\$523,355,991,200	\$230,858,014,152	
2005	\$8,359,834,300	\$3,619,234,282	\$533,513,847,000	\$236,650,051,621	
2006	\$9,590,769,200	\$3,884,233,497	\$605,480,139,100	\$249,837,190,420	
2007	\$9,697,033,700	\$4,643,670,427	\$619,322,425,100	\$281,225,923,639	
2008	\$11,064,906,900	\$4,451,051,840	\$691,149,996,700	\$284,972,235,557	

(1) Source: US Census

(2) Source: PA Dept of Education

**WEST CHESTER AREA SCHOOL DISTRICT
Key Economic and Housing Indices**

Household Income

	Total households 1999	Household Income, 1999			Median Household Income, 1999 ⁽¹⁾
		less than \$40,000	\$40,000 to \$74,999	\$75,000 or more	
Chester County	158,025	44,509	46,175	67,341	65,295
West Chester Area ⁽²⁾	35,414	9,451	10,278	15,685	

Labor Force and Employment

	Population 16 years and over, 2000	Civilian Labor Force, 2000			Unemployment Rate, 2000 ⁽¹⁾
		Total	Employed	Unemployed	
Pennsylvania					3.8%
Chester County	332,513	229,469	221,255	8,214	3.6%
West Chester Area ⁽²⁾	74,680	53,141	51,129	2,012	3.8%

Housing Units

1999-2000 Change in Housing

	Total Housing Units		Units		2000-2004 New Housing Units ⁽¹⁾	
	1990	2000	1990	2000	Number	Growth %
Chester County	139,597	163,773	24,176	17.3%	18,747	11.4%
West Chester Area ⁽²⁾	30,628	36,528	5,900	19.3%	2,917	8.0%

Housing Value

Housing Value

	Total Owner Occupied Units, 2000	Housing Value				
		Less than \$100,000	\$100,000 to \$199,999	\$200,000 to \$299,999	\$300,000 to \$499,999	\$500,000 or more ⁽¹⁾
Chester County	106,254	11,071	49,959	26,969	14,268	3,987
West Chester Area ⁽²⁾	22,518	1,444	9,697	7,254	3,431	692

West Chester Area Median Home Value in 2000 = \$182,500

⁽¹⁾ Source: Chester County Planning Commission

⁽²⁾ West Chester Area is comprised of all Chester County West Chester Area municipalities

**WEST CHESTER AREA SCHOOL DISTRICT
LARGEST EMPLOYERS WITHIN THE SCHOOL DISTRICT
Unaudited**

Name	Product or Service	2010 Approximate Employment	2010 Rank	% of Total	2000 Approximate Employment	2000 Rank	% of Total
QVC Network, Inc.	Home Shopping Network	2,598	1	5.1%	2,008	2	3.9%
Chester County	County Government	2,438	2	4.8%	3,298	1	6.5%
Chester County Hospital	Health Care Services	2,010	3	3.9%	1,690	3	3.3%
West Chester University	Education	1,728	4	3.4%	1,298	6	2.5%
West Chester Area School District	Education	1,631	5	3.2%	1,219	8	2.4%
Therakos	Health Care Products	1,285	6	2.5%			
JCPenney	Retail	956	7	1.9%			
Communications Test Design, Inc	Communication Engineering	924	8	1.8%	910	9	1.8%
United Parcel Service, Inc.	Delivery Services	921	9	1.8%	1,224	7	2.4%
Synthes USA	Medical Supplies	777	10	1.5%			
QVC Realty	Div. of QVC Network				1,663	4	3.3%
Volt Human Resources	Employment Services				1,399	5	2.7%
A. Duie Pyle	Trucking				807	10	1.6%
Total		15,268			15,516		

Note: % of Total Employment uses 2000 Total West Chester Community employed population of 51,129

Source: District EIT Collection records, District Fact Book Chester County Planning Commission

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OPERATING INFORMATION

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WEST CHESTER AREA SCHOOL DISTRICT
Staffing Ratios for Professional Staff

FISCAL YEAR	NUMBER OF SCHOOL STAFF	NUMBER OF STUDENTS	RATIO STUDENTS/STAFF
1988-89	661.7	9,448	14.3
1989-90	679.1	9,623	14.2
1990-91	695.6	9,754	14.0
1991-92	696.3	9,834	14.1
1992-93	711.6	10,174	14.3
1993-94	723.2	10,497	14.5
1994-95	737.6	10,649	14.4
1995-96	750.5	11,012	14.7
1996-97	776.15**	11,282	14.5
1997-98	788.85	11,482	14.6
1998-99	805.37**	11,638	14.4
1999-00	839.62	11,711	13.9
2000-01	849.40	11,613	13.7
2001-02	874.46	11,432	13.1
2002-03	886.26	11,590	13.1
2003-04	911.25	11,646	12.8
2004-05	945.59	11,678	12.3
2005-06	959.45	11,722	12.2
2006-07	974.53	11,789	12.1
2007-08	1,006.50	11,667	11.6
2008-09	999.20	11,684	11.7
2009-10	996.78	11,810	11.8
2010-11	987.70	11,825	12.0

* Includes: teachers, librarians, guidance counselors, nurses, supervisors, school administrators and social worker.

Prior to 2004-05 excluded Federal Program employees & Technology Fund employees

** 1996-97 added 3 Special Education teachers for transfer of 3 CCIU classes to District
 1998-99 added 1 Special Education teacher & 1 aide for the transfer of a CCIU program to District
 2003-04 added 8.75 Special Education teachers for the transfer of a CCIU program to District
 2004-05 added 17.80 teachers per curriculum proposals, Strategic Plan, & full-day kindergarten

Source: District Fact Book

**WEST CHESTER AREA SCHOOL DISTRICT
DISTRICT FACILITIES**

Building	Original Construction Date	Addition and/or Renovation Date	Grades	Site Area (Acres)	Building Sq. Ft.	Sept 30th 2010 Enrollment
B. Rustin High School	2003-06	-	9-12	172.90	283,000	1,333
East High School	1973	1976/92/93/04	9-12	62.60	314,453	1,365
East/Fugett Athletic Fields	2004	-	-	43.35	-	----
Henderson High School	1951	1956/64/76/94/98/04	9-12	30.56	287,351	1,282
Henderson-North Campus Athletics	2006	-	-	28.40	-	----
E. N. Peirce Middle School	1963	1998/01/03	6-8	26.70	136,250	886
G. A. Stetson Middle School	1959	1961/98/03/07	6-8	38.40	134,857	928
J. R. Fugett Middle School	1969	2009	6-8	*	163,340	1,003
East Bradford Elementary	1958	1966/70/89	K-5	18.20	55,382	352
East Goshen Elementary	1955	1960/64/67/95/01	K-5	20.80	67,832	501
Exton Elementary	1940	1953/57/91/92/93/00	K-5	13.10	66,265	583
Fern Hill Elementary	1955	1960/89	K-5	20.00	52,353	461
Glen Acres Elementary	1966	1997	K-5	11.70	59,931	478
Hillsdale Elementary	1976	2007	K-5	20.90	70,631	576
Mary C. Howse Elementary	1962	1965/97	K-5	15.24	65,287	466
Penn Wood Elementary	1966	1970/89/01	K-5	18.60	56,162	525
Sarah W. Starkweather Elementary	1991	1998	K-5	37.90	75,094	615
Westtown-Thornbury Elementary	1954	1956/89	K-5	11.70	46,889	471
Facilities & Operations Center	1999	-	-	3.20	24,588	----
Spellman Administration	1924	1952/55/77/99	Admin	17.60	42,845	----
Total				611.85	2,002,510	11,825

* Fugett acreage included in East HS site area

Source: District Fact Book

WEST CHESTER AREA SCHOOL DISTRICT
School District Employees by Function
For the 2010-11 Fiscal Year

Functions	Elementary	Middle	High	Other	Total
1100 Regular	302.3	175.0	235.8	17.0	730.1
1200 Special	124.7	60.6	61.4	28.6	275.3
1300 Vocational	-	14.3	14.9	-	29.2
1400 Other Instructional	4.0	-	-	-	4.0
2100 Pupil Personnel	21.5	21.0	36.3	5.1	83.9
2200 Support Instruction	20.0	6.0	6.0	10.0	42.0
2300 Administration	30.0	15.0	24.0	18.0	87.0
2400 Pupil Health	10.0	3.0	6.0	6.0	25.0
2500 Business Office	-	-	-	14.5	14.5
2600 Facilities	37.0	20.5	39.5	43.8	140.8
2700 Transportation	-	-	-	4.0	4.0
2800 Technology	-	-	-	20.0	20.0
3000 Non-Instructional	-	-	8.8	-	8.8
Total 2010-11 FTEs	549.5	315.4	432.7	167.0	1,464.6

Source: District Personnel Budget Documentation

WEST CHESTER AREA SCHOOL DISTRICT

STUDENT ENROLLMENT SUMMARY

School Year:		1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-2010	2010-11	
Sp. Education	At Sept. 30	78	68	62	57	26	39	89	109	125	159	-- *	--	--	--	--	--	--	--	--
	End of Year	82	66	65	22	29	55	95	84	155	184	--	--	--	--	--	--	--	--	--
Kindergarten (half-time)	At Sept. 30	882	862	894	866	821	789	770	765	748	726	684	683	650	660	578	628	660	611	
	End of Year	857	852	901	874	832	783	772	758	746	728	686	690	653	668	584	620	658	609	609
**Kindergarten (full-time)	At Sept. 30	--	--	--	--	--	--	--	--	--	--	--	70	71	73	77	75	74	74	
	End of Year	--	--	--	--	--	--	--	--	--	--	--	65	72	70	69	77	74	74	
Grades 1-5	At Sept. 30	4360	4412	4560	4771	4865	4864	4838	4620	4358	4388	4379	4327	4375	4388	4316	4258	4290	4351	
	End of Year	4319	4407	4563	4783	4870	4868	4832	4626	4366	4407	4391	4362	4373	4385	4295	4230	4277	4351	
Grades 6-8	At Sept. 30	2333	2422	2477	2477	2521	2627	2749	2792	2770	2790	2893	2824	2862	2793	2821	2803	2801	2819	
	End of Year	2297	2422	2466	2467	2519	2607	2727	2780	2776	2772	2889	2813	2856	2788	2782	2762	2800	2812	
Grades 9-12	At Sept. 30	2844	2885	3019	3111	3253	3319	3265	3327	3431	3527	3690	3774	3764	3875	3875	3920	3985	3970	
	End of Year	2752	2809	2923	3008	3141	3200	3166	3225	3330	3429	3599	3668	3686	3795	3795	3845	3908	3894	
TOTAL-Sept.30		10497	10649	11012	11282	11486	11638	11711	11613	11432	11590	11646	11678	11722	11789	11667	11684	11810	11825	
TOTAL-End of Year		10307	10556	10918	11154	11391	11513	11592	11473	11373	11520	11565	11598	11640	11706	11525	11534	11717	11740	
Increase/Decrease at September 30		323	152	363	270	204	152	73	-98	-181	158	56	32	44	67	-122	17	126	15	

Source: District Fact Book

**Students are pulled from the half-time K & placed in full-time K

West Chester Area School District

Student Market Share Analysis

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Total Out-of-District	5,266	5,165	5,250	5,125	5,035	4,945	4,948	4,772	4,482
% of Total	31.2%	30.7%	31.0%	30.4%	29.9%	29.8%	29.7%	28.8%	27.5%
Total In-District	11,590	11,646	11,678	11,727	11,789	11,667	11,684	11,810	11,825
% of Total	68.8%	69.3%	69.0%	69.6%	70.1%	70.2%	70.3%	71.2%	72.5%
Total Students	16,856	16,811	16,928	16,852	16,824	16,612	16,632	16,582	16,307
Share Change Year-to-Year	-1.29%	0.75%	-0.42%	0.87%	0.70%	0.23%	0.03%	1.38%	1.82%

WCASD	11,590	11,646	11,678	11,727	11,789	11,667	11,684	11,810	11,825
Elementary	5,273	5,063	5,080	5,091	5,121	4,971	4,961	5,024	5,036
% of Total	31.3%	30.1%	30.0%	30.2%	30.4%	29.9%	29.8%	30.3%	30.9%
Secondary	6,317	6,583	6,598	6,636	6,668	6,696	6,723	6,786	6,789
% of Total	37.5%	39.2%	39.0%	39.4%	39.6%	40.3%	40.4%	40.9%	41.6%

Out-Of-District	5,266	5,165	5,250	5,125	5,035	4,945	4,948	4,773	4,484
Elementary	3,920	3,775	3,887	3,772	3,733	3,707	3,705	3,543	3,393
Private	216	216	179	169	186	160	185	196	171
% of Total	1.3%	1.3%	1.1%	1.0%	1.1%	1.0%	1.1%	1.2%	1.0%
Religious - Catholic	2,609	2,465	2,422	2,388	2,391	2,321	2,241	2,125	1,973
% of Total	15.5%	14.7%	14.3%	14.2%	14.2%	14.0%	13.5%	12.8%	12.1%
Religious - Other	454	448	519	442	448	446	448	394	325
% of Total	2.7%	2.7%	3.1%	2.6%	2.7%	2.7%	2.7%	2.4%	2.0%
Charter	431	437	484	485	418	501	543	545	583
% of Total	2.6%	2.6%	2.9%	2.9%	2.5%	3.0%	3.3%	3.3%	3.6%
Special Education	22	26	100	110	115	103	100	117	111
% of Total	0.1%	0.2%	0.6%	0.7%	0.7%	0.6%	0.6%	0.7%	0.7%
CCIU	-	-	-	-	-	-	-	-	-
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Alternative	-	-	-	-	-	-	-	1	2
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Home School	188	183	183	178	175	176	188	165	228
% of Total	1.1%	1.1%	1.1%	1.1%	1.0%	1.1%	1.1%	1.0%	1.4%
Secondary	1,346	1,390	1,363	1,353	1,302	1,238	1,243	1,230	1,091
Private	76	83	71	67	66	58	54	49	33
% of Total	0.5%	0.5%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%
Religious - Catholic	925	1,002	1,053	1,055	1,014	970	947	939	814
% of Total	5.5%	6.0%	6.2%	6.3%	6.0%	5.8%	5.7%	5.7%	5.0%
Religious - Other	261	235	151	156	153	139	148	142	140
% of Total	1.5%	1.4%	0.9%	0.9%	0.9%	0.8%	0.9%	0.9%	0.9%
Charter	-	-	-	-	-	-	-	-	-
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Special Education	-	-	-	-	-	-	-	-	-
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CCIU	11	9	13	21	16	23	32	37	35
% of Total	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
Alternative	73	61	75	54	53	48	62	63	69
% of Total	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%
Home School	-	-	-	-	-	-	-	-	-

TOTAL NO OF BIRTHS (AGE 5)	1,180	1,172	1,252	1,188	1,264	1,236	1,191	1,248	1,234
TOTAL NO. STUDENTS	16,856	16,811	16,928	16,852	16,824	16,612	16,632	16,583	16,309
Elementary	9,193	8,838	8,967	8,863	8,854	8,678	8,666	8,567	8,429
Secondary	7,663	7,973	7,961	7,989	7,970	7,934	7,966	8,016	7,880
Facility Breakdown									
% Public	68.8%	69.3%	69.0%	69.6%	70.1%	70.2%	70.3%	71.2%	72.5%
Schools Facilities Not WCASD									
% Private	1.7%	1.8%	1.5%	1.4%	1.5%	1.3%	1.4%	1.5%	1.3%
% Religious	25.2%	24.7%	24.5%	24.0%	23.8%	23.3%	22.8%	21.7%	19.9%
% Charter	2.6%	2.6%	2.9%	2.9%	2.5%	3.0%	3.3%	3.3%	3.6%
% Special Education	0.1%	0.2%	0.6%	0.7%	0.7%	0.6%	0.6%	0.7%	0.7%
% CCIU	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%
% Alternative	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.4%
% Home School	1.1%	1.1%	1.1%	1.1%	1.0%	1.1%	1.1%	1.0%	1.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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