



WEST CHESTER AREA SCHOOL DISTRICT

Inspiring students to achieve their personal best

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2013

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



WEST CHESTER AREA SCHOOL DISTRICT
Inspiring students to achieve their personal best

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2013

Prepared by the

**West Chester Area School District
Business Office**

Dr. Suzanne K. Moore, Director of Business Affairs

Ms. Elizabeth Butch, Assistant Director of Business Affairs

Mr. Justin Matys, Accounting Manager

Ms. Jennifer Matthews, Senior Accountant

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

WEST CHESTER AREA SCHOOL DISTRICT

TABLE OF CONTENTS

INTRODUCTORY SECTION

Transmittal Letter	1
List of Board of School Directors and District Administrators.....	7
WCASD Management Team	8
ASBO Certificate of Excellence.....	9

FINANCIAL SECTION

Independent Auditor’s Report.....	10
Management’s Discussion and Analysis (MD&A)..... (Required Supplementary Information)	13

BASIC FINANCIAL STATEMENTS:

Entity-wide Financial Statements:	
Statement of Net Position.....	23
Statement of Activities.....	24
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	25
Reconciliation of Balance Sheet – Governmental Funds to Statement of Net Position	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	27

WEST CHESTER AREA SCHOOL DISTRICT

TABLE OF CONTENTS

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to Statement of Activities	28
Budgetary Comparison Statement – General Fund.....	29
Statement of Net Position – Proprietary Fund.....	30
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund.....	31
Statement of Cash Flows – Proprietary Fund.....	32
Statement of Net Position – Fiduciary Fund	33
Statement of Changes in Net Position – Fiduciary Funds.....	34
Notes to the Basic Financial Statements.....	35
<i>(the notes are an integral part of the basic financial statement)</i>	

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress – Post Employment Benefits Plan.....	55
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	56

STATISTICAL SECTION

Narrative Explanation of Statistical Section	57
--	----

FINANCIAL TRENDS

Net Assets by Component.....	58
Changes in Net Assets.....	59

WEST CHESTER AREA SCHOOL DISTRICT

TABLE OF CONTENTS

Fund Balance – Governmental Funds	60
Changes in Fund Balance – Governmental Funds	61
General Fund Revenues by Source.....	62
General Fund Expenditures by Type.....	63
<i>REVENUE CAPACITY</i>	
Governmental Funds - Most Significant Own-Source Revenues.....	65
Analysis of Assessed Value for Taxable Real Estate	66
Market Value verses Assessed Value of Taxable Real Estate	67
Property Tax Rates - All Direct and Overlapping Governments	68
Ten Largest Real Property Taxpayers.....	69
Real Estate Tax Collection as a Ratio of Levy	70
<i>DEBT CAPACITY</i>	
Computation of Non-Electoral Debt Margin.....	71
Gross Principal Debt Outstanding.....	72
Schedule of Direct and Overlapping Debt.....	73
Ratio of Net General Debt to Assessed Value and Debt per Capita.....	74
<i>DEMOGRAPHIC AND ECONOMIC INFORMATION</i>	
Trends in Population, Market Value and Per Capita Income.....	75

WEST CHESTER AREA SCHOOL DISTRICT

TABLE OF CONTENTS

Key Economic and Housing Indices.....	76
Largest Employers within the School District	77
<i>OPERATING INFORMATION</i>	
Staffing Ratios for Professional Staff.....	78
District Facilities	79
School District Employees by Function	80
Student Enrollment Summary	81
Student Market Share Analysis	82
Single Audit.....	83

INTRODUCTORY SECTION



WEST CHESTER AREA SCHOOL DISTRICT

Inspiring students to achieve their personal best

December 2, 2013

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, 2013. 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 2012-13 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, 2013. 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, 2013. 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 634 children that live within the District boundaries that attend charter schools. During the year ending June 30, 2013, the District paid \$8,031,659 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 property taxes to within a cost of living index. Any property tax increases above this cost of living index need to be approved by voter referendum. In 2012-13, the index allowed for a 1.7% increase in property taxes and the School Board opted for a property tax increase of 1.7% which brought the tax rate in Chester County to 18.67 mills.

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 increased from the 2010-11 contribution rate of 5.64% to the projected rate of 28.30% in 2016-17. In regard to 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. The State eliminated the Charter School subsidies in 2011-12 which reduced annual revenue by more than \$1,400,000. 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 evaluating the above issues and coupling this with the forecasted slow economic recovery, the District took budgetary action. In 2009, the District formed a Community Budgetary Task Force that included parents, members of the community, board members and key staff members. The 2009 Community 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. The District initiated another budget task force in 2011 to help

close the budget gap in the 2012-13 budget. The second Budget Task Force was successful in finding reductions of \$1 million, offering opportunities for the Board to close the 2012-13 budget gap.

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

The District recently completed renovation of all secondary schools. The District is in the middle of a multiyear elementary school renovation project. The most recent elementary school master plan projects renovating all of the District's ten (10) elementary schools between 2011-12 and 2022-23. In 2012-13, the District completed a majority of the renovations at the Westtown-Thornbury and Pennwood Elementary schools. The original construction and renovation of the District buildings is included in the statistical section of the CAFR under operating information. It is important to note that District enrollment is expected to stay relatively consistent for the projected future.

In light of the current economic outlooks, the District is cautiously planning the funding of these projects. The District has always exercised caution and a conservative approach to borrowing.

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 2012-13 financial statements is included in the Financial Section of this report and complies with applicable guidelines.

Awards

The Association of School Business Officials International (ASBO) awarded the Certificate of Excellence (COE) in Financial Reporting to the West Chester Area School district for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This

award confirms the school business officials' commitment to financial accountability and transparency. Recognition through the COE program can help strengthen a district's presentation for bond issuance statements and promotes a high level of financial reporting.

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 cursive script that reads "Suzanne K. Moore".

Dr. Suzanne K. Moore
Director of Business Affairs

WEST CHESTER AREA SCHOOL DISTRICT

2012-13 School Board Members

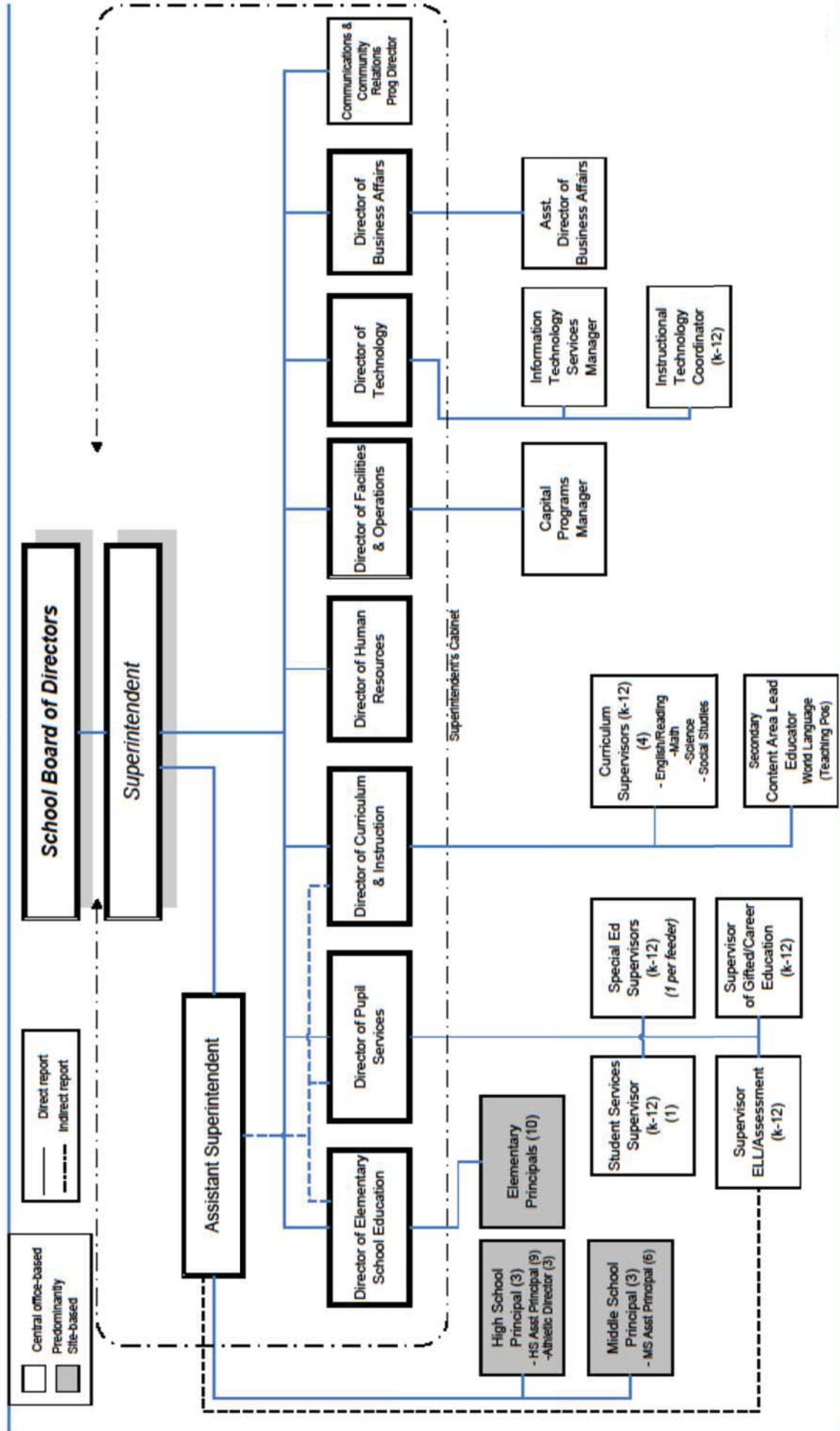
Vincent Murphy	School Board President
Karen Miller	School Board Vice President
Heidi Adsett	Member
Sean Carpenter	Member
Ed Coyle	Member
Dr. Maria Pimley	Member
Linda Raileanu	Member
Maureen Snook	Member
Susan Tiernan	Member

District Administrators

Dr. Jim Scanlon	Superintendent
Dr. Robert Fraser	Assistant Superintendent
Dr. Sara Missett	Director of Elementary Education
Kevin Campbell	Director of Facilities and Operations
Dr. Robert Sokoloski	Director of Secondary Education
Dr. June Garwin	Director of Information Technology
Jeff Ulmer	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



Association of School Business Officials International

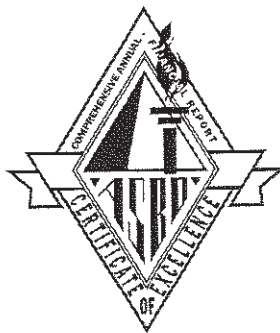


*The Certificate of Excellence in Financial Reporting Award
is presented to*

West Chester Area School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'Ron McCulley', written over a horizontal line.

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

**FINANCIAL
SECTION**

INDEPENDENT AUDITOR'S REPORT

December 9, 2013

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013 and the respective changes in financial position and, where applicable, cash flows, and the budgetary comparison for the general fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 17 to the financial statements, in 2013, the District adopted new accounting guidance, GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of School Directors
West Chester Area School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2013

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, 2013. 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 No. 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

- In 2012-2013, while the economy had started to recover, the nationwide recovery was slow. The District's revenues reflected this slow recovery. District revenues that were economically driven experienced a slight growth in 2012-13.
- The largest District revenue stream is local property tax. In 2012-13, the School Board raised property taxes 1.7 percent or 0.31 mills. The taxpayers in Chester County were assessed for property taxes at 18.67 mills. (Please note that one mill is equal to one-tenth of a cent or \$0.001 of assessed value.) The Delaware County tax rate was assessed based upon the equalized millage calculation, which resulted in a reduction in tax rate from 14.25 mills in 2011-2012 to 13.78 mills in 2012-2013.
- On an entity-wide basis, the District's total net position was \$53,739,934 at June 30, 2013. This represented an increase of \$10,344,769 from the prior year.
- On a fund level reporting basis, compared to the prior year, the District's General Fund total revenues, excluding other financing sources, increased 2.4 percent or \$4,786,425. This increase was driven by property tax revenue growth.
- On a fund level reporting basis, compared to the prior year, the District's General Fund expenditures increased \$2,931,920 or 1.5 percent. The driving factor in this increase was the rising cost of employee benefits. Employer pension rates for all Pennsylvania school districts rose from 8.65 percent in 2011-2012 to 12.36 percent in 2012-13, driving benefit costs upward.

OVERVIEW OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with GASB Statement No. 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 Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2013

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 Position includes all of the government's assets, deferred outflow of resources 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 position and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources and liabilities, is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position 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.

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. The District's major governmental funds are the General Fund, the Capital Projects Fund and the Capital Reserve Fund. 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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2013

- **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 Position. 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 position was \$53,739,934 at June 30, 2013. This represents an increase of \$10,344,769 over the prior year. The table below presents condensed financial information for the net position of the District as of June 30, 2013 and 2012.

Statement of Net Position
June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 81,483,225	\$ 62,038,341	\$ 1,578,510	\$ 1,422,543	\$ 83,061,735	\$ 63,460,884
Capital assets	298,940,644	293,795,370	169,778	171,996	299,110,422	293,967,366
TOTAL ASSETS	380,423,869	355,833,711	1,748,288	1,594,539	382,172,157	357,428,250
Deferred outflows of Resources	4,391,514	-	-	-	4,391,514	-
Current liabilities	39,141,565	33,790,870	398,570	266,637	39,540,135	34,057,507
Noncurrent liabilities	293,283,602	279,897,384	-	-	293,283,602	279,897,384
TOTAL LIABILITIES	332,425,167	313,688,254	398,570	266,637	332,823,737	313,954,891
Deferred inflows of Resources	-	78,194	-	-	-	78,194
Net Position:						
Net investment in capital assets	5,876,233	8,057,190	169,778	171,997	6,046,011	8,229,187
Restricted for capital projects	15,646,701	14,329,759	-	-	15,646,701	14,329,759
Unrestricted	30,867,282	19,680,314	1,179,940	1,155,905	32,047,222	20,836,219
TOTAL NET POSITION	\$ 52,390,216	\$ 42,067,263	\$ 1,349,718	\$ 1,327,902	\$ 53,739,934	\$ 43,395,165

The governmental activities restricted net position in the amount of \$15,646,701 is set aside to fund capital improvements, the replacement of and additions to public works, and deferred maintenance. The total unrestricted net position in the amount of \$32,047,222 included \$1,179,940 which could be used for capital and other expenses within the District's food service program. The unrestricted net position was available to fund any unforeseen financial issues.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2013

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 below 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 \$5,260,130, or 2.6 percent. The largest change in revenue occurred in property tax. Property taxes increased \$3,187,467 or 2.2 percent. The balance of the revenue growth came from increases in other local taxes and operating grants and contributions.

Expenses increased by \$2,012,357 or 1.0 percent. The largest driver of this increase was instructional spending. This was the result of an increase in the employer retirement rate increasing from 8.65 percent in 2012 to 12.36 percent in 2013. Operations and maintenance of plant also grew as a result of Capital spending pattern changes as the District progressed through its Elementary master plan projects.

Statement of Activities
For the Years Ended June 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program services:						
Charges for services	\$ 1,438,693	\$ 1,190,680	\$ 2,549,584	\$ 2,604,560	\$ 3,988,277	\$ 3,795,240
Operating grants and contributions	23,107,309	22,238,269	861,272	832,383	23,968,581	23,070,652
General revenues:						
Property taxes	147,198,156	144,010,689	-	-	147,198,156	144,010,689
Other taxes	22,388,938	21,581,847	-	-	22,388,938	21,581,847
Grants, subsidies and contributions not restricted	10,472,277	10,654,228	-	-	10,472,277	10,654,228
Other revenue	654,990	297,935	1,771	2,269	656,761	300,204
TOTAL REVENUES	205,260,363	199,973,648	3,412,627	3,439,212	208,672,990	203,412,860
EXPENSES						
Instruction	121,882,871	119,941,564	-	-	121,882,871	119,941,564
Instructional student support	14,429,547	14,597,033	-	-	14,429,547	14,597,033
Administrative/financial support	14,417,208	14,211,207	-	-	14,417,208	14,211,207
Operation and maintenance of plant services	16,984,316	15,529,375	-	-	16,984,316	15,529,375
Pupil transportation	13,208,001	13,365,853	-	-	13,208,001	13,365,853
Student activities	4,147,431	4,095,132	-	-	4,147,431	4,095,132
Community services	145,929	115,730	-	-	145,929	115,730
Interest on long-term debt	9,722,107	11,146,528	-	-	9,722,107	11,146,528
Food service	-	-	3,390,811	3,313,442	3,390,811	3,313,442
TOTAL EXPENSES	194,937,410	193,002,422	3,390,811	3,313,442	198,328,221	196,315,864
CHANGE IN NET POSITION	10,322,953	6,971,226	21,816	125,770	10,344,769	7,096,996
BEGINNING NET POSITION	42,067,263	35,096,037	1,327,902	1,202,132	43,395,165	36,298,169
ENDING NET POSITION	\$ 52,390,216	\$ 42,067,263	\$ 1,349,718	\$ 1,327,902	\$ 53,739,934	\$ 43,395,165

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2013

EXPENSES

The table below 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 \$999,886 or 0.6 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.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Governmental-type Activities</u>				
Expenses - Governmental Activities:				
Instruction	\$121,882,871	\$119,941,564	\$103,830,667	\$103,573,467
Instructional student support	14,429,547	14,597,033	13,508,678	13,550,028
Administrative and financial support	14,417,208	14,211,207	14,417,208	14,211,207
Operation and maintenance of plant services	16,984,316	15,529,375	15,535,119	13,933,967
Pupil transportation	13,208,001	13,365,853	9,498,006	9,070,783
Student activities	4,147,431	4,095,132	3,733,694	3,971,763
Community services	145,929	115,730	145,929	115,730
Interest on long-term debt	<u>9,722,107</u>	<u>11,146,528</u>	<u>9,722,107</u>	<u>11,146,528</u>
TOTAL EXPENSES	<u>\$194,937,410</u>	<u>\$193,002,422</u>	170,391,408	169,573,473
Less: Grants, subsidies and contributions not restricted			<u>(10,472,277)</u>	<u>(10,654,228)</u>
Amount needed to be funded by other other revenue sources			<u>\$159,919,131</u>	<u>\$158,919,245</u>
<u>Business-type Activities</u>				
Expenses - Business-type Activities:				
Food services	<u>\$ 3,390,811</u>	<u>\$ 3,313,442</u>	<u>\$ (20,045)</u>	<u>\$ (123,501)</u>

THE DISTRICT FUNDS

General Fund

At June 30, 2013, the District reported a General Fund fund balance of \$32,371,889, which represents 16.6 percent of total expenditures and was an increase of \$6,995,885 over the prior year. Of this amount, the District committed \$4,171,100 for the purpose of healthcare rate stabilization. Due to the nature 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 last year and increased this commitment by \$1,493,400 to bring the balance of the commitment to \$4,171,100. The District also added to the commitment for future pension costs. The District added another \$1,300,000 to the previous commitment of \$3,700,000 for PSERS costs bringing the total commitment balance to \$5,000,000. Lastly, the District assigned \$6,830,500 of the fund balance towards Tax Rate Stabilization. These funds will be used to offset the 2014-2015 budget gaps and eliminate the need for future tax increases. The School Board of West Chester Area School District manages the fund balance to respond to unforeseen contingencies and economic conditions. This

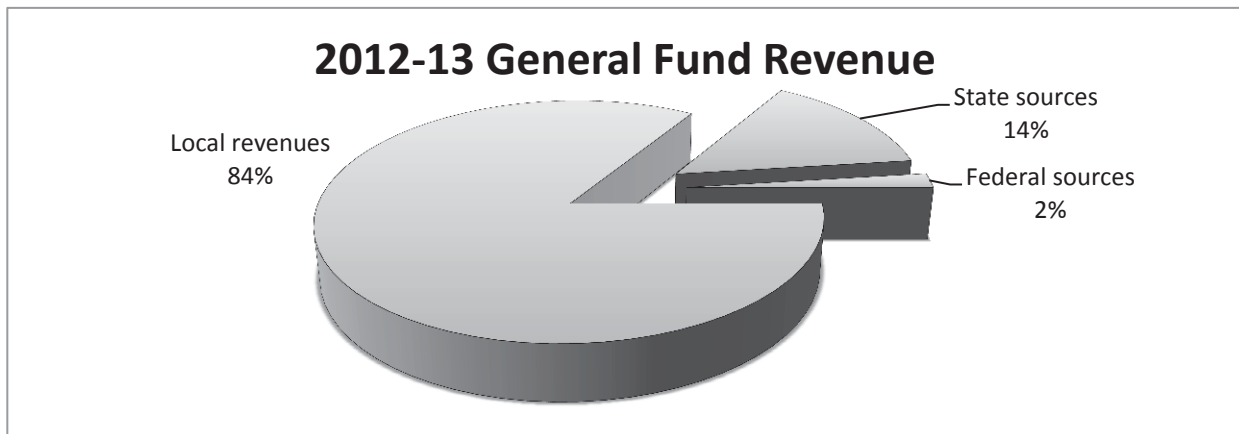
WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2013

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. The remaining assigned fund balance of \$102,739 is assigned for athletic activities.

REVENUE

General Fund Revenues, excluding other financing sources, total \$205,104,395, which is an increase from the collections in the prior year. The table below reflects a comparison of current year revenues to prior year revenues:

	<u>G/F Revenue 2013</u>	<u>Percentage of Total</u>	<u>Increase from 2012</u>	<u>Percentage Change</u>
Local revenues	\$ 171,526,098	83.6%	\$ 3,945,665	2.4%
State sources	29,530,022	14.4%	914,194	3.2%
Federal sources	4,048,275	2.0%	(73,434)	-1.8%
	<u>\$ 205,104,395</u>	<u>100.0%</u>	<u>\$ 4,786,425</u>	<u>2.4%</u>



The largest change in annual revenue collections occurred in local sourced revenues. Local revenues increased by \$3,945,665. The District's real estate tax revenues increased \$2,694,410 from the prior year due to a 1.7 percent or 0.31 mill increase in the tax rate. Additionally, earned income taxes grew \$595,764, transfer taxes increased \$212,881 and delinquent real estate tax collection increased \$253,735.

The increase in State revenues is the net effect of an increase in the District's retirement subsidy and decrease in the Transportation subsidy. The state reimburses the District for 50 percent of the District's pension cost. The dramatic increase in the state pension rates caused both an increase in the annual pension costs as well as an increase of \$1,543,478 in the related retirement subsidy reimbursement.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2013

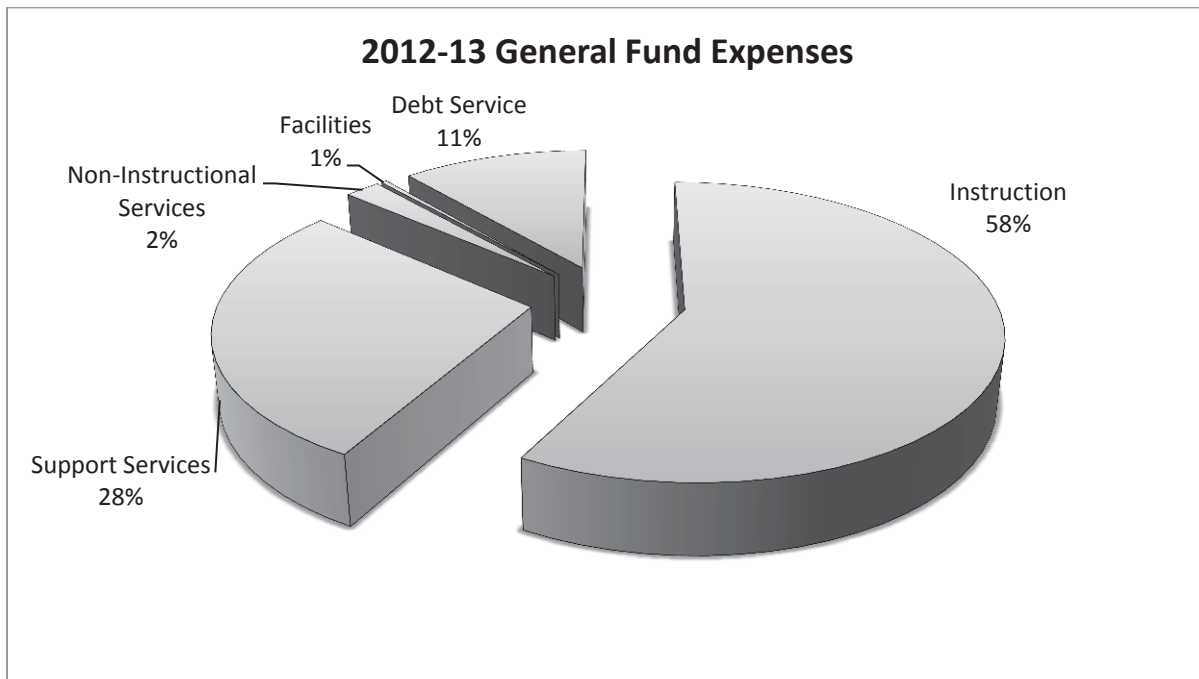
This was offset by a reduction in the District's Transportation subsidy. The State provides a Transportation subsidy based upon the prior year expenses. The District reduced busing expense in the prior year through route reorganizations. This resulted in less subsidy in 2012-2013.

Federal revenues decreased slightly by 1.8 percent as a result of changes in spending patterns.

EXPENDITURES

General Fund expenditures, excluding transfers to other governmental funds, totaled \$194,826,502. This was an increase of \$2,931,920 or 1.5 percent over the prior year, and it was \$6,553,736 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 2012-2013 budget, are as follows:

	GF Expenditures 2013	Percentage of Total	Increase from 2012	Variance with Final Budget
Instruction	\$ 113,035,856	58.0%	\$ 3,428,480	\$ (448,223)
Support services	55,084,663	28.3%	1,059,716	3,030,483
Noninstructional services	4,159,666	2.1%	109,468	602,474
Facilities acquisition and construction	650,293	0.3%	223,772	72,207
Debt service	21,896,024	11.2%	(1,889,516)	3,296,795
TOTAL EXPENDITURES BY FUNCTION	\$ 194,826,502	100.0%	\$ 2,931,920	\$ 6,553,736



WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2013

The driving factor for the 2012-2013 increases in expenses was benefit cost. Employer pension rates for all school districts in Pennsylvania rose from 8.65 percent in 2011-2012 to 12.36 percent in 2012-2013. Rising health care costs added to benefit cost. Benefit costs drove the increase in instruction, support service and non-instructional support services expenses. The increase in Facilities acquisition and construction illustrates the commitment the District has made to cyclical maintenance in District facilities. The District reduced debt service expense by taking advantage of the favorable interest rate market for borrowers and refinancing debt when possible.

Capital Projects Fund

The second year of the District's elementary school master plan renovations was represented in 2012-2013. By the completion of this plan, all 10 elementary schools will have been renovated. As of June 30, 2013, the District had a capital projects fund balance of \$7,119,899. This was an increase of \$6,326,403 from the prior year. The District reported cash inflows of \$20,832,563 (net of issuance costs of \$39,463) which represented the new bond funds secured to fund the latest elementary school renovations. The District also reported expenditures of \$14,506,160 in 2012-2013. These expenditures were primarily related to the design and renovation of the elementary schools.

Capital Reserve Fund

The Capital Reserve Fund had a fund balance of \$15,646,701 at June 30, 2013. This was a \$1,316,942 increase from the prior year. The Capital Reserve Fund is funded by transfers from the General Fund. In 2012-2013, the capital outflows from the Capital Reserve Fund were spent on technology replacements as well as repairs and maintenance projects. The Capital Reserve Fund received a transfer of \$3,693,995 from the General Fund. This transfer represented savings from general fund maintenance projects, savings in variable rate debt and debt service savings achieved through refinancing an existing bond issue.

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, the District's projections indicated that future budget years would experience a budgetary shortfall due to rising pension rates and limited local revenue increases. In reaction to this anticipated gap, the District has been conservative with spending. This is evident when reviewing the District's actual expenditures versus the approved budget. Total revenues were collected near budgeted amounts at \$4,186,150 over budget or 2.1 percent. Total expenditures were under the amended budget by \$6,553,736 or 3.3 percent.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2013

CAPITAL ASSETS

At June 30, 2013, the District had \$299,110,422 invested in a broad range of capital assets, including land, construction-in-progress, buildings and furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$5,143,056 or 1.7 percent from the prior year. Additionally, the District's construction-in-progress balance increased by \$12,967,661 from the prior year. Since the elementary school renovation projects were incomplete as of June 30, 2013, they are included in the construction-in-progress balance.

The following schedule depicts the capital assets for the period July 1, 2012 through June 30, 2013. More detailed information about fixed assets is included in the notes to the financial statements.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Assets</u>
Capital assets:			
Land	\$ 33,159,800	\$ -	\$ 33,159,800
Land improvements	14,737,125	-	14,737,125
Buildings	363,112,043	-	363,112,043
Construction-in-progress	18,914,012	-	18,914,012
Furniture and equipment	<u>33,152,717</u>	<u>598,500</u>	<u>33,751,217</u>
TOTAL CAPITAL ASSETS	463,075,697	598,500	463,674,197
TOTAL ACCUMULATED DEPRECIATION	<u>164,135,053</u>	<u>428,722</u>	<u>164,563,775</u>
CAPITAL ASSETS, NET	<u>\$ 298,940,644</u>	<u>\$ 169,778</u>	<u>\$ 299,110,422</u>

DEBT ADMINISTRATION

As of June 30, 2013, the District had total outstanding bonds and related charges of \$295,792,796, an increase of \$9,261,120 over the prior year. During 2012-2013, the District refinanced \$49,595,000 in outstanding debt to take advantage of the favorable financing market conditions. The District incurred \$21,000,000 in new debt during 2012-2013. 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.

Debt Service Schedule
June 30, 2013

	<u>Principal Outstanding June 30, 2012</u>	<u>Maturities/ Refinancing</u>	<u>Additions</u>	<u>Principal Outstanding June 30, 2013</u>
GENERAL OBLIGATION BONDS AND NOTES	\$ 279,630,000	\$ 60,732,000	\$ 68,545,000	\$ 287,443,000
<i>Deferred amounts:</i>				
Issuance (discounts) premium	6,823,482	2,770,643	8,688,471	12,741,310
Refunding deferred charge	<u>78,194</u>	<u>(525,182)</u>	<u>(4,994,890)</u>	<u>(4,391,514)</u>
LONG-TERM DEBT	<u>\$ 286,531,676</u>	<u>\$ 62,977,461</u>	<u>\$ 72,238,581</u>	<u>\$ 295,792,796</u>

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2013

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.

THE DISTRICT'S FUTURE

West Chester Area School District forecasts budgetary impacts five years forward. Looking forward, the District is currently forecasting expenses to outpace revenues, creating a budgetary gap. Local revenue, the District's largest budgetary stream, has been slow to recover after the national economic downturn. Interim real estate tax, earned income tax, growth in real estate tax base and transfer tax collections all follow local economic trends. While State and Federal funding has increased recently, increases were driven by pension and social security subsidy increases that are mirrored by the cost and do not assist in addressing budgetary gaps. Expense growth in the future will continue to be driven by pension and health care costs. Pension rates rose to 16.75 percent in 2013-2014 and will continue to increase going forward. The District also projects an annual increase of seven percent per year in health benefits.

In response, the District continues to budget conservatively. The District uses fund balance management techniques to reserve funds for future pension needs, potential health care cost and reduce millage impact. The District has changed health care plans for all but one of its labor groups in an attempt to limit health care expenses. While currently the District is showing a 2013-2014 General Fund budget deficit, the District School Board and staff are working hard to develop methods to address the District's long-term financial needs.

Within the District's capital funds, the District initiated 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 completed. The District is completing two building renovations and is in progress with the third renovation. As for the balance of the plan, the District is cautious 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.

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 POSITION
JUNE 30, 2013

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 22,136,164	\$ 360,600	\$ 22,496,764
Investments	47,173,414	1,118,327	48,291,741
Investments - restricted	1,894,735	-	1,894,735
Due from other governments	2,170,257	34,279	2,204,536
Other receivables	1,429,544	30,548	1,460,092
Taxes receivable	4,760,811	-	4,760,811
Prepaid expenses	1,918,300	-	1,918,300
Inventories	-	34,756	34,756
Total Current Assets	<u>81,483,225</u>	<u>1,578,510</u>	<u>83,061,735</u>
Noncurrent Assets:			
Capital assets			
Land	33,159,800	-	33,159,800
Construction-in-progress	18,914,012	-	18,914,012
Land improvements	14,737,125	-	14,737,125
Buildings	363,112,043	-	363,112,043
Furniture and equipment	33,152,717	598,500	33,751,217
Less: Accumulated depreciation	(164,135,053)	(428,722)	(164,563,775)
Total Noncurrent Assets	<u>298,940,644</u>	<u>169,778</u>	<u>299,110,422</u>
TOTAL ASSETS	<u>380,423,869</u>	<u>1,748,288</u>	<u>382,172,157</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	4,391,514	-	4,391,514
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 384,815,383</u>	<u>\$ 1,748,288</u>	<u>\$ 386,563,671</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable and other current liabilities	\$ 23,697,396	\$ 296,768	\$ 23,994,164
Accrued interest	1,654,712	-	1,654,712
Unearned revenues	23,781	101,802	125,583
Bonds and notes payable, net	13,765,676	-	13,765,676
Total Current Liabilities	<u>39,141,565</u>	<u>398,570</u>	<u>39,540,135</u>
Noncurrent Liabilities:			
Bonds and notes payable, net	286,418,634	-	286,418,634
Accrued severance and compensated absences	6,827,788	-	6,827,788
Other post-employment benefits	37,180	-	37,180
Total Noncurrent Liabilities	<u>293,283,602</u>	<u>-</u>	<u>293,283,602</u>
TOTAL LIABILITIES	<u>332,425,167</u>	<u>398,570</u>	<u>332,823,737</u>
NET POSITION			
Net investment in capital assets	5,876,233	169,778	6,046,011
Restricted	15,646,701	-	15,646,701
Unrestricted	30,867,282	1,179,940	32,047,222
TOTAL NET POSITION	<u>52,390,216</u>	<u>1,349,718</u>	<u>53,739,934</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 384,815,383</u>	<u>\$ 1,748,288</u>	<u>\$ 386,563,671</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, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
Instruction	\$ 121,882,871	\$ 17,325,292	\$ -	\$(103,830,667)	\$ -	\$(103,830,667)
Instructional student support	14,429,547	920,869	-	(13,508,678)	-	(13,508,678)
Administrative and financial support services	14,417,208	-	-	(14,417,208)	-	(14,417,208)
Operation and maintenance of plant services	16,984,316	1,151,153	-	(15,535,119)	-	(15,535,119)
Pupil transportation	13,208,001	3,709,995	-	(9,498,006)	-	(9,498,006)
Student activities	4,147,431	-	-	(3,733,694)	-	(3,733,694)
Community services	145,929	-	-	(145,929)	-	(145,929)
Interest on long-term debt	9,722,107	-	-	(9,722,107)	-	(9,722,107)
TOTAL GOVERNMENTAL ACTIVITIES	194,937,410	23,107,309	-	(170,391,408)	-	(170,391,408)
BUSINESS-TYPE ACTIVITIES:						
Food service	3,390,811	861,272	-	-	20,045	20,045
TOTAL PRIMARY GOVERNMENT	\$ 198,328,221	\$ 23,968,581	\$ -	(170,391,408)	20,045	(170,371,363)
GENERAL REVENUES						
Property taxes, levied for general purposes				147,198,156	-	147,198,156
Taxes levied for specific purposes				22,388,938	-	22,388,938
Grants, entitlements and contributions not restricted to specific programs				10,472,277	-	10,472,277
Investment earnings				153,653	1,771	155,424
Gain on sale of asset				5,300	-	5,300
Other				496,037	-	496,037
TOTAL GENERAL REVENUES				180,714,361	1,771	180,716,132
CHANGE IN NET POSITION				10,322,953	21,816	10,344,769
NET POSITION, BEGINNING OF YEAR RESTATED				42,067,263	1,327,902	43,395,165
NET POSITION, END OF YEAR				\$ 52,390,216	\$ 1,349,718	\$ 53,739,934

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

**WEST CHESTER AREA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Fund</u>	<u>Totals</u>
ASSETS					
Cash and cash equivalents	\$ 18,596,024	\$ 959,412	\$ 2,580,728	-	\$ 22,136,164
Investments	27,978,463	9,395,583	9,799,368	-	47,173,414
Investments - restricted	1,894,735	-	-	-	1,894,735
Taxes receivable	4,760,811	-	-	-	4,760,811
Due from other funds	-	-	3,693,995	-	3,693,995
Due from other governments	2,170,257	-	-	-	2,170,257
Other receivables	1,427,255	-	2,289	-	1,429,544
Prepaid expenditures	1,918,300	-	-	-	1,918,300
TOTAL ASSETS	<u>\$ 58,745,845</u>	<u>\$ 10,354,995</u>	<u>\$ 16,076,380</u>	<u>\$ -</u>	<u>\$ 85,177,220</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 5,289,419	\$ 3,235,096	\$ 429,679	-	\$ 8,954,194
Unearned revenue	23,781	-	-	-	23,781
Due to other funds	3,693,995	-	-	-	3,693,995
Payroll accruals and withholdings	14,743,202	-	-	-	14,743,202
TOTAL LIABILITIES	<u>23,750,397</u>	<u>3,235,096</u>	<u>429,679</u>	<u>-</u>	<u>27,415,172</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	2,623,559	-	-	-	2,623,559
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,623,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,623,559</u>
FUND BALANCES:					
Nonspendable	1,918,300	-	-	-	1,918,300
Restricted	1,894,735	7,119,899	15,646,701	-	24,661,335
Committed	9,171,100	-	-	-	9,171,100
Assigned	6,933,239	-	-	-	6,933,239
Unassigned	12,454,515	-	-	-	12,454,515
TOTAL FUND BALANCES	<u>32,371,889</u>	<u>7,119,899</u>	<u>15,646,701</u>	<u>-</u>	<u>55,138,489</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 58,745,845</u>	<u>\$ 10,354,995</u>	<u>\$ 16,076,380</u>	<u>\$ -</u>	<u>\$ 85,177,220</u>

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 POSITION
JUNE 30, 2013**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS		\$ 55,138,489
<p>Amounts reported for governmental activities in the statement of net position 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 \$463,075,697 and the accumulated depreciation was \$164,135,053.</p>		298,940,644
<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 unavailable revenue - property taxes in the governmental funds.</p>		2,623,559
<p>Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the life life of the refunding debt.</p>		4,391,514
<p>Other post-employment benefits (OPEB) are not financial resources and, therefore, are not reported in the governmental funds.</p>		(37,180)
<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>		
<p>Accrued interest</p>	\$ (1,654,712)	
<p>Bonds and notes payable in future years, net</p>	(300,184,310)	
<p>Accumulated compensated absences</p>	<u>(6,827,788)</u>	<u>(308,666,810)</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 52,390,216</u></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, 2013

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Fund</u>	<u>Totals</u>
REVENUES					
Local sources	\$ 171,526,098	-	\$ 23,936	-	\$ 171,550,034
State sources	29,530,022	-	-	-	29,530,022
Federal sources	4,048,275	-	-	-	4,048,275
TOTAL REVENUES	<u>205,104,395</u>	<u>-</u>	<u>23,936</u>	<u>-</u>	<u>205,128,331</u>
EXPENDITURES					
Current:					
Instruction	113,035,856	-	1,266,260	-	114,302,116
Support services	55,084,663	39,463	752,446	164,587	56,041,159
Operation of noninstructional services	4,159,666	-	-	-	4,159,666
Debt service:					
Principal	11,137,000	-	-	-	11,137,000
Interest	10,759,024	-	-	-	10,759,024
Capital outlays	650,293	14,506,160	387,116	-	15,543,569
TOTAL EXPENDITURES	<u>194,826,502</u>	<u>14,545,623</u>	<u>2,405,822</u>	<u>164,587</u>	<u>211,942,534</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,277,893</u>	<u>(14,545,623)</u>	<u>(2,381,886)</u>	<u>(164,587)</u>	<u>(6,814,203)</u>
OTHER FINANCING SOURCES (USES)					
Refund of prior year expenditures	411,014	-	506	-	411,520
Proceeds from long-term debt	-	21,000,000	-	47,545,000	68,545,000
Payment to refund bonds	-	-	-	(56,196,858)	(56,196,858)
Premium on bonds issued	-	-	-	8,929,010	8,929,010
Discount on bonds issued	-	(240,539)	-	-	(240,539)
Proceeds from sale of capital assets	973	-	4,327	-	5,300
Transfers in	-	112,565	3,693,995	-	3,806,560
Transfers out	(3,693,995)	-	-	(112,565)	(3,806,560)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,282,008)</u>	<u>20,872,026</u>	<u>3,698,828</u>	<u>164,587</u>	<u>21,453,433</u>
NET CHANGE IN FUND BALANCES	6,995,885	6,326,403	1,316,942	-	14,639,230
FUND BALANCES, BEGINNING OF YEAR	<u>25,376,004</u>	<u>793,496</u>	<u>14,329,759</u>	<u>-</u>	<u>40,499,259</u>
FUND BALANCES, END OF YEAR	<u>\$ 32,371,889</u>	<u>\$ 7,119,899</u>	<u>\$ 15,646,701</u>	<u>\$ -</u>	<u>\$ 55,138,489</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, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$14,639,230

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	\$ 16,794,122	
Depreciation expense	<u>(11,648,848)</u>	5,145,274

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. (284,788)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (9,261,120)

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. (318,759)

In the statement of activities, certain operating expenses—other post-employment benefits—are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid). This is the amount by which current period amounts paid exceeded current period amounts earned. 4,693

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. 398,423

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$10,322,953

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, 2013**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 169,738,101	\$ 168,141,227	\$ 171,526,098	\$ 3,384,871
State sources	29,042,211	29,042,211	29,530,022	487,811
Federal sources	2,500,407	3,734,807	4,048,275	313,468
TOTAL REVENUES	<u>201,280,719</u>	<u>200,918,245</u>	<u>205,104,395</u>	<u>4,186,150</u>
EXPENDITURES				
Current:				
Instruction				
Regular programs, elementary/secondary	80,294,592	80,288,333	79,378,432	909,901
Special programs, elementary/secondary	26,694,854	26,687,857	28,577,118	(1,889,261)
Vocational education programs	4,868,565	4,876,001	4,447,155	428,846
Other instructional programs	731,278	718,727	593,490	125,237
Nonpublic school programs	25,150	16,715	10,692	6,023
Adult education programs	-	-	28,969	(28,969)
Total Instruction	<u>112,614,439</u>	<u>112,587,633</u>	<u>113,035,856</u>	<u>(448,223)</u>
Support services				
Pupil personnel	7,477,411	7,463,226	7,296,705	166,521
Instructional staff	5,558,517	5,544,408	4,921,268	623,140
Administration	10,137,458	10,119,037	9,887,950	231,087
Pupil health	1,918,251	1,912,535	1,907,607	4,928
Business	1,516,498	1,514,998	1,377,790	137,208
Operation and maintenance of plant services	16,284,825	16,281,364	14,582,011	1,699,353
Student transportation services	12,948,786	12,948,787	12,849,133	99,654
Central	2,203,138	2,203,167	2,136,470	66,697
Other support services	127,624	127,624	125,729	1,895
Total Support Services	<u>58,172,508</u>	<u>58,115,146</u>	<u>55,084,663</u>	<u>3,030,483</u>
Operation of noninstructional services				
Student activities	4,595,345	4,630,992	4,030,794	600,198
Community services	105,696	131,148	128,872	2,276
Total Operation of Noninstructional Services	<u>4,701,041</u>	<u>4,762,140</u>	<u>4,159,666</u>	<u>602,474</u>
Facilities acquisition				
Site acquisition	722,500	722,500	650,293	72,207
Debt service				
Principal, interest and fiscal agent fees	25,257,819	25,192,819	21,896,024	3,296,795
TOTAL EXPENDITURES	<u>201,468,307</u>	<u>201,380,238</u>	<u>194,826,502</u>	<u>6,553,736</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(187,588)</u>	<u>(461,993)</u>	<u>10,277,893</u>	<u>10,739,886</u>
OTHER FINANCING SOURCES (USES)				
Refund of prior year expenditures	-	(65,000)	411,014	476,014
Budgetary reserve	-	(23,070)	-	23,070
Sale of assets	-	-	973	973
Transfers out	(325,100)	(325,100)	(3,693,995)	(3,368,895)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(325,100)</u>	<u>(413,170)</u>	<u>(3,282,008)</u>	<u>(2,868,838)</u>
NET CHANGE IN FUND BALANCE	(512,688)	(875,163)	6,995,885	7,871,048
FUND BALANCE, BEGINNING OF YEAR	18,242,900	18,462,684	25,376,004	6,913,320
FUND BALANCE, END OF YEAR	<u>\$ 17,730,212</u>	<u>\$ 17,587,521</u>	<u>\$ 32,371,889</u>	<u>\$ 14,784,368</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2013**

	<u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 360,600
Investments	1,118,327
Due from other governments	34,279
Other receivables	30,548
Inventories	<u>34,756</u>
TOTAL CURRENT ASSETS	<u>1,578,510</u>
 CAPITAL ASSETS:	
Furniture and equipment, net	<u>169,778</u>
 TOTAL ASSETS	 <u><u>\$ 1,748,288</u></u>
 LIABILITIES AND NET POSITION	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	\$ 296,768
Unearned revenue	<u>101,802</u>
TOTAL LIABILITIES	<u>398,570</u>
 NET POSITION:	
Net investment in capital assets	169,778
Unrestricted	<u>1,179,940</u>
TOTAL NET POSITION	<u>1,349,718</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 1,748,288</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 POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Food Service Fund</u>
OPERATING REVENUES	
Food service revenues	\$ 2,549,584
TOTAL OPERATING REVENUES	<u>2,549,584</u>
OPERATING EXPENSES	
Professional and contract services	3,270,395
Depreciation	41,411
Other operating costs	79,005
TOTAL OPERATING EXPENSES	<u>3,390,811</u>
OPERATING LOSS	<u>(841,227)</u>
NONOPERATING REVENUES	
State sources	65,874
Federal sources	795,398
Interest income	1,771
TOTAL NONOPERATING REVENUES	<u>863,043</u>
CHANGE IN NET POSITION	21,816
NET POSITION, BEGINNING OF YEAR	<u>1,327,902</u>
NET POSITION, END OF YEAR	<u><u>\$ 1,349,718</u></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, 2013**

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,553,004
Payments to suppliers	<u>(3,146,393)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(593,389)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	64,088
Federal sources	<u>653,476</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>717,564</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(39,193)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(39,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale of investment securities and deposits to investment pools	94,602
Interest income	<u>1,771</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>96,373</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	181,355
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>179,245</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 360,600</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (841,227)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	41,411
Commodities usage	122,213
Changes in assets and liabilities:	
Increase in other receivables	(23,079)
Increase in inventory	(24,640)
Increase in accounts payable and accrued liabilities	105,434
Increase in unearned revenue	<u>26,499</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (593,389)</u></u>
SUPPLEMENTAL DISCLOSURE:	
NONCASH NONCAPITAL FINANCING ACTIVITY:	
USDA donated commodities	<u><u>\$ 122,213</u></u>

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

WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2013

	Student Activity Funds	Other Agency Fund	Total Agency Funds	Private- Purpose Trust
ASSETS				
Cash and cash equivalents	\$ 284,237	\$ 71,900	\$ 356,137	\$ 680,659
Other receivables	<u>-</u>	<u>8,676</u>	<u>8,676</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 284,237</u>	<u>\$ 80,576</u>	<u>\$ 364,813</u>	<u>\$ 680,659</u>
LIABILITIES AND NET POSITION				
LIABILITIES:				
Other current liabilities	\$ 284,237	\$ 80,576	\$ 364,813	\$ -
TOTAL LIABILITIES	<u>284,237</u>	<u>80,576</u>	<u>364,813</u>	<u>-</u>
NET POSITION:				
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>680,659</u>
TOTAL NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>680,659</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 284,237</u>	<u>\$ 80,576</u>	<u>\$ 364,813</u>	<u>\$ 680,659</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Private- Purpose Trust</u>
ADDITIONS	
Gifts and contributions	<u>\$ 960,639</u>
TOTAL ADDITIONS	<u>960,639</u>
DEDUCTIONS	
Grants	<u>866,195</u>
TOTAL DEDUCTIONS	<u>866,195</u>
CHANGE IN NET POSITION	94,444
NET POSITION, BEGINNING OF YEAR	<u>586,215</u>
NET POSITION, END OF YEAR	<u><u>\$ 680,659</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). 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 position 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.

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

Capital Reserve Fund - This capital reserve fund is used for funds set aside that are legally restricted to expenditures for specific purposes.

The District reports one nonmajor fund (debt service) which is used to record certain debt activity.

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 Position 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, 2013.

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		

Prepaid Items

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

Inventory

All inventories are valued at the lower of cost (first-in, first-out method) or market.

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 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.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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.

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 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 position. Bond premiums and discounts are netted against outstanding principal balances and amortized over the life of the bonds. Bond issuance costs are expensed when incurred. Deferred amounts on refunding are recorded as deferred inflows or outflows of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amortized amounts are amortized using the straight-line method which approximates the effective interest method.

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.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. The District currently has two types of items that qualify for reporting in these categories. Delinquent taxes not collected within 60 days of year end and, therefore, are not available under modified accrual reporting, are reflected as deferred inflows of resources on the general fund balance sheet. The deferred amount on refunding reported as a deferred outflow of resources in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Early Implementation of GASB Statement

During the current year, the District elected to early implement the provisions of GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). See the restatement footnote disclosure for the restatement effects to these financial statements.

Fund Equity

Fund balance will be displayed in the following classification (if applicable) depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

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.

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. A negative unassigned fund balance may be reported in the other governmental funds (not general fund) if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes.

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.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 BUDGETARY INFORMATION (cont'd)

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

1. The Director of Business Affairs 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.
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 but operates under the provisions of Commonwealth laws (Act 72). At June 30, 2013, the carrying amount of the District's deposits was \$23,533,560 and the bank balance was \$25,150,744. Of the bank balance, \$250,000 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.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS (cont'd)

As of June 2013, the District had the following investments.

Investments held in the District's Name:

<u>Money Market</u>	
General fund accounts	\$ 2,946,309
Capital reserve fund account	28,312
Total Money Market	<u>2,974,621</u>
<u>Agencies and CDs</u>	
General fund accounts	18,382,363
Capital reserve fund account	9,760,972
Total Agencies and CDs	<u>28,143,335</u>
Total Investments Held in the District's Name	<u>\$ 31,117,956</u>

The District purchases money market holdings, certificates of deposit ("CDs") and agencies through Fulton Financial Advisors. The money market is a federal money market fund and maintains 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, 2013, it was rated AAA by a nationally recognized statistical rating agency. Fulton Financial Advisors is a registered member of the Securities and Exchange Commission and subject to the Commission's oversight. These investments are held by a third party. Investments are in short-term securities in accordance with the District's investment policy and school district code. All agencies purchased are highly rated by a nationally recognized rating agency. All CDs are purchased at values to stay within the FDIC insurance limits.

Pooled Investments:

<u>Pennsylvania School District Liquid Asset Fund ("PSDLAF")</u>	
General fund accounts	\$ 1,993,586
Capital reserve fund account	778
Total Pennsylvania School District Liquid Asset Fund	<u>1,994,364</u>
<u>Pennsylvania Local Government Investment Trust ("PLGIT")</u>	
Capital project fund account	9,395,583
Capital reserve fund account	9,302
Total Pennsylvania Local Government Investment Trust	<u>9,404,885</u>
<u>Pennsylvania Treasurer's Investment Program ("PTIP")</u>	
General fund account	6,550,942
Capital reserve fund account	2
Food service fund account	1,118,327
Total Pennsylvania Treasurer's Investment Program	<u>7,669,271</u>
Total Pooled Investments	<u>\$ 19,068,520</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS (cont'd)

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, 2013, each was rated as AAAM 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	\$ 3,111,832
Transfer taxes	337,812
Earned income taxes	<u>1,311,167</u>
Net Taxes Receivable	<u>\$ 4,760,811</u>

The District's evaluation of taxes resulted in no allowance for uncollectible accounts.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, unavailable revenue of \$2,623,559 reported in the governmental funds resulted from delinquent property taxes receivable which was not collected within 60 days of fiscal year end.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 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	\$ 33,159,800	\$ -	\$ -	\$ -	\$ 33,159,800
Construction-in-progress	<u>5,946,351</u>	<u>14,760,723</u>	<u>-</u>	<u>(1,793,062)</u>	<u>18,914,012</u>
Total Capital Assets Not Being Depreciated	<u>39,106,151</u>	<u>14,760,723</u>	<u>-</u>	<u>(1,793,062)</u>	<u>52,073,812</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS (cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
(cont'd)					
Capital assets being depreciated:					
Land improvements	14,452,651	-	-	284,474	14,737,125
Buildings	361,025,298	578,157	-	1,508,588	363,112,043
Furniture and equipment	31,878,086	1,455,242	180,611	-	33,152,717
Total Capital Assets Being Depreciated	<u>407,356,035</u>	<u>2,033,399</u>	<u>180,611</u>	<u>1,793,062</u>	<u>411,001,885</u>
Accumulated depreciation for:					
Land improvements	3,702,105	725,510	-	-	4,427,615
Buildings	120,327,042	9,446,835	-	-	129,773,877
Furniture and equipment	28,637,669	1,476,503	180,611	-	29,933,561
Total Accumulated Depreciation	<u>152,666,816</u>	<u>11,648,848</u>	<u>180,611</u>	<u>-</u>	<u>164,135,053</u>
Total Capital Assets Being Depreciated, Net	<u>254,689,219</u>	<u>(9,615,449)</u>	<u>-</u>	<u>1,793,062</u>	<u>246,866,832</u>
Governmental Activities, Net	<u>\$293,795,370</u>	<u>\$ 5,145,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$298,940,644</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets:					
Furniture and equipment	\$ 559,307	\$ 39,193	\$ -	\$ -	\$ 598,500
Total Capital Assets	<u>559,307</u>	<u>39,193</u>	<u>-</u>	<u>-</u>	<u>598,500</u>
Accumulated depreciation for:					
Furniture and equipment	387,311	41,411	-	-	428,722
Total Accumulated Depreciation	<u>387,311</u>	<u>41,411</u>	<u>-</u>	<u>-</u>	<u>428,722</u>
Business-type Activities					
Capital Assets, Net	<u>\$ 171,996</u>	<u>\$ (2,218)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,778</u>

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

Governmental activities:	
Instruction	\$ 7,294,255
Instructional student support	861,538
Administrative and financial support services	876,891
Operation and maintenance of plant services	1,571,218
Pupil transportation	788,604
Student activities	247,629
Community services	8,713
Total Depreciation Expense - Governmental Activities	<u>\$ 11,648,848</u>
Business-type Activities - Food Service	<u>\$ 41,411</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ -	\$ 3,693,995
Capital reserve fund	<u>3,693,995</u>	<u>-</u>
TOTAL	<u>\$ 3,693,995</u>	<u>\$ 3,693,995</u>

The Board approved a general fund transfer of \$3,693,995 to the capital reserve fund to fund future planned capital expenditures. The transfer wasn't made as of June 30, 2013 and is shown as a receivable and payable between the two funds. The debt service fund transferred \$112,565 in excess funds from the bond refunding to the capital projects fund for future planned capital expenditures.

NOTE 8 LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2013:

	<u>Principal Outstanding July 1, 2012</u>	<u>Maturities</u>	<u>Additions</u>	<u>Principal Outstanding June 30, 2013</u>	<u>Due in One Year</u>
General obligation note, Series B of 2000	\$ 4,630,000	\$1,072,000	\$ -	\$ 3,558,000	\$1,127,000
General obligation bonds, Series of 2006	34,970,000	5,000	-	34,965,000	5,000
General obligation bonds, Series A of 2006	96,960,000	41,245,000	-	55,715,000	1,195,000
General obligation bonds, Series AA of 2006	10,115,000	10,115,000	-	-	-
General obligation bonds, Refunding Series of 2006	21,790,000	1,440,000	-	20,350,000	1,500,000
General obligation bonds, Refunding Series A of 2006	37,275,000	145,000	-	37,130,000	150,000
General obligation bonds, Refunding Series of 2009	3,705,000	705,000	-	3,000,000	720,000
General obligation note, Series of 2009	9,990,000	5,000	-	9,985,000	5,000
General obligation bonds, Refunding Series of 2010	17,315,000	3,025,000	-	14,290,000	3,095,000
General obligation bonds, Refunding Series A of 2010	6,855,000	615,000	-	6,240,000	625,000

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

(continued)	Principal Outstanding July 1, 2012	Maturities	Additions	Principal Outstanding June 30, 2013	Due in One Year
General obligation bonds, Refunding Series AA of 2010	26,440,000	2,195,000	-	24,245,000	2,235,000
General obligation bonds, Refunding Series of 2011	9,585,000	165,000	-	9,420,000	495,000
General obligation bonds, Series A of 2012	-	-	21,000,000	21,000,000	-
General obligation bonds, Series AA of 2012	-	-	39,330,000	39,330,000	5,000
General obligation bonds, Series of 2013	-	-	8,215,000	8,215,000	1,445,000
	<u>279,630,000</u>	<u>60,732,000</u>	<u>68,545,000</u>	<u>287,443,000</u>	<u>\$12,602,000</u>
Deferred amounts:					
Issuance (discounts) premium	6,823,482	2,770,643	8,688,471	12,741,310	
Refunding deferred charge	<u>78,194</u>	<u>(525,182)</u>	<u>(4,994,890)</u>	<u>(4,391,514)</u>	
LONG-TERM DEBT	<u>\$286,531,676</u>	<u>\$62,977,461</u>	<u>\$72,238,581</u>	<u>\$295,792,796</u>	

General Obligation Bonds

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. \$ 34,965,000

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. 55,715,000

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. 20,350,000

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. 37,130,000

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. 3,000,000

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

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. 14,290,000

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. 6,240,000

Refunding Series AA of 2010, original principal amount of \$28,220,000, maturing March 15, 2013 through March 15, 2022, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on March 15 and September 15. 24,245,000

Refunding Series of 2011, original principal amount of \$9,585,000, maturing February 15, 2013 through February 15, 2029, bearing interest ranging from 2.00% to 3.20%, interest payable semi-annually on February 15 and August 15. 9,420,000

Series A of 2012, original principal amount of \$21,000,000, maturing May 15, 2023 through May 15, 2032, bearing interest at 3%, interest payable semi-annually on May 15 and November 15. 21,000,000

Refunding Series AA of 2012, original principal amount of \$39,330,000, maturing May 15, 2014 through May 15, 2022, bearing interest ranging from 2% to 3%, interest payable semi-annually on May 15 and November 15. The refunding resulted in a cash flow savings of \$3,677,738 and an economic benefit of \$3,608,539. 39,330,000

Refunding Series of 2013, original principal amount of \$8,215,000, maturing October 1, 2013 through October 1, 2020, bearing interest at 2% to 4%, interest payable semi-annually on April 1 and October 1. The refunding resulted in a cash flow savings and economic benefit of \$573,432. 8,215,000

TOTAL BONDS 273,900,000

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. 3,558,000

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

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.

9,985,000

TOTAL NOTES

13,543,000

TOTAL BONDS AND NOTES

\$ 287,443,000

Bonds and notes payable are comprised of the following:

Bonds and notes payable, at face
Unamortized premium

\$ 287,443,000
12,741,310

Bonds payable, net

\$ 300,184,310

Amounts due in one year
Amounts due after one year

\$ 13,765,676
286,418,634

Bonds and notes payable, net

\$ 300,184,310

Payments of long-term debt are expected to be funded by the General Fund.

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>
2014	\$ 12,602,000	\$ 11,512,788	\$ 24,114,788
2015	14,510,000	11,129,583	25,639,583
2016	14,016,000	10,685,285	24,701,285
2017	14,470,000	10,233,298	24,703,298
2018	14,985,000	9,761,000	24,746,000
2019-2023	84,290,000	38,929,189	123,219,189
2024-2027	98,730,000	19,034,952	117,764,952
2028-2032	33,840,000	<u>2,474,295</u>	<u>36,314,295</u>
	<u>\$287,443,000</u>	<u>\$113,760,390</u>	<u>\$401,203,390</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 CHANGES IN OTHER LONG-TERM LIABILITIES

Other long-term liabilities are summarized as follows:

	<u>Balance July 1, 2012</u>	<u>Additions (Deletions)</u>	<u>Balance June 30, 2013</u>
Accrued compensated absences	\$ 1,390,630	\$ 68,394	\$ 1,459,024
Accrued severance	<u>5,118,399</u>	<u>250,365</u>	<u>5,368,764</u>
	<u>\$ 6,509,029</u>	<u>\$ 318,759</u>	<u>\$ 6,827,788</u>

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, 2013, 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 June 30, 2013</u>	<u>Commitments</u>
Renovations	<u>\$ 29,942,766</u>	<u>\$ 16,657,683</u>	<u>\$ 13,285,083</u>

In addition, the District has incurred costs totaling \$2,256,329 for project costs that were not under a formal contract as of June 30, 2013.

NOTE 12 RISK MANAGEMENT

The District self-insures workers' 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 Workers' Compensation, which allows the District to self-insure workers' compensation.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 RISK MANAGEMENT (cont'd)

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. Total claims paid for the year ended June 30, 2013 were \$163,402.

Additionally, the District self-insures group medical, dental, vision and prescription coverage. The District has accrued a three-month value for potential claims under dental, vision and prescription coverage. Total claims paid for the year ended June 30, 2013 were \$5,531,193.

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, 2013, 2012 and 2011 totaled \$10,336,175, \$7,377,780 and \$5,035,278, respectively. Total covered payroll was \$83,626,010, and total payroll was \$86,145,768 for the current year. Shown below 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 Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended), 24 Pa. C.S. 8101-8535.

Annual Financial Report - The System issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to 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 Employees' Retirement Code and requires contributions by active members, employers and the Commonwealth.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (cont'd)

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, 2013, the rate of employer contribution was 12.36 percent of covered payroll.

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, teachers and nonbargaining staff 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 teachers and nonbargaining staff 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.

In 2012-2013, through contract negotiations, the support staff and custodial retiree healthcare benefits were changed. Support staff and custodial eligible retirees that are 50 years of age before July 1, 2012, who retire after July 1, 2012, do not receive post-retirement healthcare coverage. Instead, they receive an annual \$2,000 healthcare credit in a Health Reimbursement Account for a maximum of four years.

As of July 1, 2012, the most recent valuation, 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.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Funding Progress

The schedule of funding progress of OPEB is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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]
7/1/2012	\$ -	\$19,107,176	\$19,107,176	0.00%	\$80,033,237	23.87%
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%

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.

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, 2012 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.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Annual OPEB Cost:		
Normal cost		\$ 898,916
Amortization of unfunded actuarial accrued liability		1,108,125
Interest on net OPEB obligation		1,884
Funding adjustment		<u>(2,428)</u>
 ANNUAL OPEB COST		 <u>\$ 2,006,497</u>
Net OPEB Obligation:		
Normal OPEB obligation July 1, 2012		\$ 41,873
OPEB cost for year ended June 30, 2013		2,006,497
Contribution for year ended June 30, 2013		<u>(2,011,190)</u>
 NET OPEB OBLIGATION		 <u>\$ 37,180</u>

NOTE 15 FUND BALANCES

As of June 30, 2013, 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>
Nonspendable	\$ 1,918,300	\$ -	\$ -	\$ 1,918,300
Restricted:				
Capital projects	-	7,119,899	15,646,701	22,766,600
Healthcare	1,894,735	-	-	1,894,735
Committed:				
PSERS	5,000,000	-	-	5,000,000
Healthcare	4,171,100	-	-	4,171,100
Assigned:				
Tax stabilization	6,830,500	-	-	6,830,500
Gate receipts	102,739	-	-	102,739
Unassigned	<u>12,545,515</u>	<u>-</u>	<u>-</u>	<u>12,545,515</u>
Total Fund Balances	<u>\$ 32,371,889</u>	<u>\$ 7,119,899</u>	<u>\$ 15,646,701</u>	<u>\$ 55,138,489</u>

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 \$3,172,963 and \$3,688,225 for social security and retirement contributions, respectively. These contributions are recorded in the General Fund as revenue and expenditures.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 17 RESTATEMENT OF NET POSITION

The District has decreased its July 1, 2012 governmental activities net position by \$2,089,774 due to the effects of implementing GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," which requires bond issuance costs to be expensed when incurred.

NOTE 18 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2013:

Special programs, elementary/secondary	\$ 1,889,261
Adult education programs	\$ 28,969

The excess of expenditures over appropriations was financed by current year revenue sources.

NOTE 19 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through December 9, 2013, the date the financial statements were available to be issued.

*REQUIRED
SUPPLEMENTARY
INFORMATION*

WEST CHESTER AREA SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS POST EMPLOYMENT BENEFITS PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Coverd 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	39.08%
7/1/2010	-	26,658,607	26,658,607	0%	86,718,957	30.74%
7/1/2012	-	19,107,176	19,107,176	0%	80,033,237	23.87%

WEST CHESTER AREA SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Agency Fund - Fund 40				
Assets				
Cash and cash equivalents	58,177	289,863	276,140	71,900
other receivables	24,780	8,676	24,780	8,676
Total Assets	82,957	298,539	300,920	80,576
Liabilities				
Other current liabilities	82,957	298,539	300,920	80,576
Total Liabilities	82,957	298,539	300,920	80,576
Student Activity Fund - Fund 50				
Assets				
Cash and cash equivalents	318,771	375,302	409,835	284,238
other receivables	-	-	-	-
Total Assets	318,771	375,302	409,835	284,238
Liabilities				
Other current liabilities	318,771	-	-	318,771
Total Liabilities	318,771	-	-	318,771
TOTAL ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	376,948	665,165	685,975	356,138
other receivables	24,780	8,676	24,780	8,676
Total Assets	401,728	673,841	710,755	364,814
Liabilities				
Other current liabilities	401,728	298,539	300,920	399,347
Total Liabilities	401,728	298,539	300,920	399,347

STATISTICAL SECTION

STATISTICAL SECTION

The Statistical Section of the West Chester Area School District's Comprehensive Annual Financial Report (CAFR) presents other detailed information to allow the reader a better understanding of the Government's overall financial health in conjunction with the information in the financial statements, note disclosures, and required supplementary information.

Contents	Pages
Financial Trends	58-64
<i>These schedules contain selected information from current and previous years' financial statements to allow users to assess financial trends.</i>	
Revenue Capacity	65-70
<i>These schedules contain information useful in assessing the District's ability to raise own-source revenue.</i>	
Debt Capacity	71-74
<i>These schedules contain information useful in assessing the District's ability to afford the existing debt as well as the District's ability to issue new debt.</i>	
Demographic and Economic Information.....	75-77
<i>These schedules contain information about the socio-economic environment within which the District's financial activities take place.</i>	
Operating Information	78-82
<i>These schedules contain information about the size of the District's workforce, the services it provides in relation to other service providers in the area and District's facilities.</i>	

FINANCIAL TRENDS

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

Fiscal Year Ending June 30,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in Capital Assets, net of related debt	2,523,412	4,537,401	5,479,152	3,547,104	6,429,491	9,418,873	8,903,159	7,083,089	8,057,190	5,876,233
Restricted: Capital Projects	-	-	-	-	16,378,062	13,811,178	14,641,919	14,506,078	14,329,759	15,646,701
Unrestricted	16,352,051	18,598,283	21,622,916	24,260,111	5,308,888	8,050,934	4,014,353	15,606,135	21,770,088	30,867,282
Net Position Governmental Activities	18,875,463	23,135,684	27,102,068	27,807,215	28,116,441	31,280,985	27,559,431	37,195,302	44,157,037	52,390,216
Business-Type Activities										
Invested in Capital Assets, net of related debt	76,015	74,139	102,695	85,434	61,439	129,768	82,865	184,236	171,996	169,778
Restricted: Capital Projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	417,749	492,486	571,134	664,896	774,183	997,558	92,273	1,017,896	1,155,906	1,179,940
Net Position Business Type Activities	493,764	566,625	673,829	750,330	835,622	1,127,326	175,138	1,202,132	1,327,902	1,349,718
Total Primary Government										
Invested in Capital Assets, net of related debt	2,599,427	4,611,540	5,581,847	3,632,538	6,490,930	9,548,641	8,986,024	7,267,325	8,229,186	6,046,011
Restricted: Capital Projects	-	-	-	-	16,378,062	13,811,178	14,641,919	14,506,078	14,329,759	15,646,701
Unrestricted	16,769,800	19,090,769	22,194,050	24,925,007	6,083,071	9,048,492	4,106,626	16,624,031	22,925,994	32,047,222
Net Position Primary Government	19,369,227	23,702,309	27,775,897	28,557,545	28,952,063	32,408,311	27,734,569	38,397,434	45,484,939	53,739,934

Source: District Audited Financial Statements

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

Fiscal Year Ending June 30,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental Activities										
Instruction	81,142,609	87,072,443	90,858,202	95,791,662	103,397,524	103,973,612	113,068,220	117,972,385	119,941,565	121,882,872
Instructional student support	11,211,943	11,754,299	12,335,145	12,481,237	13,064,208	13,634,029	15,022,492	15,740,734	14,597,033	14,429,547
Administrative & financial support services	10,930,361	11,595,709	12,756,454	13,664,819	14,060,374	14,390,496	14,429,452	13,956,105	14,211,207	14,417,208
Operation & maintenance of plant services	11,836,094	12,676,081	13,704,052	16,260,118	14,830,364	16,604,260	19,486,401	17,729,991	15,529,375	16,984,316
Pupil transportation	9,673,711	10,510,995	11,349,906	11,809,273	12,846,908	13,219,823	13,674,801	13,469,612	13,365,853	13,208,001
Student activities	2,450,412	2,397,559	2,612,379	3,814,684	4,028,516	4,145,743	4,237,269	4,055,872	4,095,132	4,147,431
Community services	73,510	72,822	69,046	76,445	81,960	122,164	125,654	127,041	115,730	145,929
Interest on long term debt	8,875,581	10,630,001	12,738,063	16,367,340	13,695,699	13,361,141	13,636,798	12,076,323	11,156,020	9,722,107
Unallocated Depreciation Expense	6,201,865	6,667,621	7,051,970	7,263,812	9,898,713	12,484,452				
Total Governmental Activities	142,396,086	153,377,530	163,475,217	177,529,390	185,904,266	191,935,720	193,681,087	195,128,063	193,011,915	194,937,411
Business Type Activities										
Food Service	2,475,568	2,538,530	2,782,260	3,011,231	3,082,865	3,171,794	3,149,556	3,224,517	3,313,442	3,390,811
TOTAL PRIMARY GOVERNMENT ACTIVITIES	144,871,654	155,916,060	166,257,477	180,540,621	188,987,131	195,107,514	196,830,643	198,352,580	196,325,357	198,328,222
PROGRAM REVENUE										
Governmental Activities										
Charges for service										
Instruction	260,157	354,454	456,333	368,684	405,167	430,893	516,690	759,951	846,715	726,912
Operation & maint of plant	49,532	35,848	20,536	32,299	28,234	32,844	38,933	199,984	220,596	298,044
Student activities	109,462	112,865	157,321	146,031	137,451	118,783	120,723	119,438	123,369	413,737
Operating grants and contributions	18,052,838	21,074,847	20,562,562	21,957,660	23,277,208	22,035,332	22,493,608	22,377,251	22,238,269	23,107,309
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Program Revenue	18,471,989	21,578,014	21,196,752	22,504,674	23,848,060	22,617,852	23,169,954	23,456,624	23,428,949	24,546,002
Business Type Activities										
Charges for services	2,171,647	2,254,398	2,396,451	2,531,512	2,597,941	2,704,187	2,624,830	2,511,962	2,604,560	2,549,584
Operating grants and contributions	316,938	340,531	458,009	504,267	528,494	600,091	663,190	786,659	832,383	861,272
Total Business Type Program Revenues	2,488,585	2,594,929	2,854,460	3,035,779	3,126,435	3,304,278	3,288,020	3,298,621	3,436,943	3,410,856
TOTAL PRIMARY GOVERNMENT REVENUES	20,960,574	24,172,943	24,051,212	25,540,453	26,974,495	25,922,130	26,457,974	26,755,245	26,865,892	27,956,858
NET REVENUES (EXPENSES)										
Governmental Activities	(123,924,097)	(131,799,516)	(142,278,465)	(155,024,716)	(162,056,206)	(169,317,868)	(170,511,133)	(171,671,439)	(169,582,966)	(170,391,409)
Business Type Activities	13,017	56,399	72,200	24,548	43,570	132,484	138,464	74,104	123,501	20,045
TOTAL PRIMARY GOVERNMENT NET REVEN	(123,911,080)	(131,743,117)	(142,206,265)	(155,000,168)	(162,012,636)	(169,185,384)	(170,372,669)	(171,597,335)	(169,459,465)	(170,371,364)

Source: District Audited Financial Statements

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

Fiscal Year Ending June 30,	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved							1,200,000			
Unreserved - Designed for PSERS	813,777									
Unreserved - Designed for Technology							10,795,399		1,277,682	1,918,300
Unreserved - Undesignated	5,656,067	8,287,190	8,794,148	9,631,412	7,494,323	7,861,943			1,892,658	1,894,735
*Non-Spendable								1,200,000	3,700,000	5,000,000
*Restricted								1,558,100	2,677,700	4,171,100
*Committed										
Pension								95,549	124,160	102,739
Healthcare									3,349,200	6,830,500
*Assigned								15,609,035	12,354,604	12,454,515
Gate Receipts										
Tax Stabilization										
*Unassigned										
Total General Fund Fund Balance	6,469,844	8,287,190	8,794,148	9,631,412	7,494,323	7,861,943	11,995,399	18,462,684	25,376,004	32,371,889
All other funds										
Reserved - Capital Projects Fund					20,341,092	6,965,394	8,316,802			
Reserved - Capital Reserve Fund					16,378,062	14,641,919	13,811,178			
Reserved - Non-Major Funds					307,300					
Unreserved - Capital Projects Fund	88,899,076	60,924,506	47,694,867	36,170,115						
Unreserved - Capital Reserve Fund	13,561,363	12,916,389	16,040,880	16,813,479						
Unreserved - Debt Service Fund	-	-	-	568,754						
Unreserved - Non-Major Funds	21,525	17,720	15,618	31,874	62,758	49,596	75,606	5,838,643	793,496	7,119,899
*Restricted - Capital Projects Fund								14,506,078	14,329,759	15,646,701
*Restricted - Capital Reserve Fund								94,700		
*Unrestricted - Capital Projects Fund										
Total Other Funds	102,481,964	73,858,615	63,751,365	53,584,222	37,089,212	21,656,909	22,203,586	20,439,421	40,499,259	55,138,489
TOTAL FUND BALANCE	108,951,808	82,145,805	72,545,513	63,215,634	44,583,535	29,518,852	34,198,985	38,902,105	40,499,259	55,138,489

* Note: In 2010-11, the District changed their fund balance designations to comply with GASB 54.

Source: Districts Audited Financial Statements

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

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Governmental Fund Revenue										
Local Source	118,143,105	129,802,122	141,224,811	149,461,478	154,427,527	156,866,132	163,508,932	165,091,475	167,600,895	171,548,746
State Source	22,058,230	24,500,908	24,480,076	26,079,099	27,227,734	29,959,702	28,990,224	28,254,872	28,615,828	29,520,369
Federal Source	2,050,272	2,645,922	2,312,323	2,649,950	2,991,122	3,130,016	4,604,950	6,866,476	4,271,701	4,059,216
Total Governmental Revenues	142,251,607	156,948,952	168,017,210	178,190,527	184,646,383	189,955,850	197,104,106	200,212,823	200,488,424	205,128,331
Governmental Expenditures										
Instruction	82,149,880	88,485,129	90,846,621	95,704,318	103,563,832	104,030,587	105,860,030	109,936,321	110,622,632	114,302,116
Support Services	44,262,156	46,980,885	49,831,849	53,260,308	56,497,225	58,954,157	58,754,657	56,682,210	54,893,514	55,837,109
Noninstructional Services	2,524,985	2,481,678	2,681,425	3,891,130	4,110,476	4,135,962	4,062,167	3,998,182	4,050,198	4,159,666
Fac Acq Const and Improvement	63,231,984	60,618,828	47,725,771	23,032,860	16,104,197	13,434,065	9,175,433	3,979,389	5,725,834	15,543,569
Debt Service Principal	7,092,000	8,222,000	9,554,000	7,983,000	10,394,000	11,216,000	12,533,569	9,394,000	12,194,000	11,137,000
Debt Service Interest	8,589,683	11,119,233	12,405,696	14,273,768	13,616,612	13,232,428	12,419,770	12,886,339	11,591,540	10,963,236
Short Term Borrowing										
Total Governmental Expenditures	207,850,688	217,907,753	213,045,362	198,145,384	204,286,342	205,003,199	202,805,626	196,876,441	199,077,718	211,942,696
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,599,081)	(60,958,801)	(45,028,152)	(19,954,857)	(19,639,959)	(15,047,349)	(5,701,520)	3,336,382	1,410,706	(6,814,365)
Governmental Other Financing Sources										
Bonds Issued Face	71,314,723	34,000,000	35,000,000	10,000,000	10,000,000	10,364				
Refunding Bonds	43,204,333	9,953,910	132,995,504	60,707,570	10,700,000	10,700,000	32,691,410	35,730,000	9,585,000	47,707,234
Interfund transfers In	3,962,164	3,675,302	4,585,620	4,874,876	5,181,698		1,340,022	2,676,801	1,500,000	3,693,995
Other financing sources							5,057	2,966,845	76,310	8,688,470
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)	(9,484,197)	(56,191,492)
Sale of Assets									9,929	5,300
Refund of Prior Year Revenues									(36,146)	21,219,259
Refund of Prior Year Expenditures	(7,434)	(29,634)	(6,927)	(12,190)	(140)	(79,218)	(4,813)	(107)	35,552	24,824
Interfund transfers Out	(3,962,164)	(3,675,302)	(4,585,620)	(4,874,876)			(1,340,022)	(2,676,801)	(1,500,000)	(3,693,995)
Total Govmtl Other Financing Sources	71,492,951	34,152,798	35,427,860	10,624,978	(140)	(17,334)	10,381,654	1,366,738	186,448	21,453,595
NET CHANGE IN GOVMTL FUND BALANCE	5,893,870	(26,806,003)	(9,600,292)	(9,329,879)	(19,640,099)	(15,064,683)	4,680,134	4,703,120	1,597,154	14,639,230
GOVMTL FUND BALANCE, BEGINNING OF YEAR	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	40,499,259
Prior Period Adjustment				1,008,000						
GOVMTL FUND BALANCE, END OF YEAR	108,951,807	82,145,804	72,545,512	63,215,633	44,583,534	29,518,851	34,198,985	38,902,105	40,499,259	55,138,489
Debt Service as % of Expenditures	7.5%	8.9%	10.3%	11.2%	11.8%	11.9%	12.3%	11.3%	11.9%	10.4%

Source: District's Audited Financial Statements

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

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Local	114,981.5	126,341.1	136,736.6	145,195.0	150,741.3	154,578.4	161,942.4	165,072.4	167,580.4	171,524.8
Real Estate	93,294.9	103,061.0	110,604.6	117,752.5	123,662.8	129,795.3	138,331.6	141,220.9	140,718.6	143,413.1
Current	90,363.4	99,863.2	107,927.1	115,783.1	121,988.6	128,291.6	136,999.8	140,160.5	139,648.0	141,839.9
Interim	2,931.5	3,197.8	2,677.5	1,969.4	1,674.2	1,503.6	1,331.8	1,060.4	1,070.6	1,573.2
Earned Income	13,493.2	14,738.7	15,404.5	16,889.7	16,905.6	16,764.4	16,458.0	17,080.7	18,095.8	18,691.5
Real Estate Transfer	4,475.0	4,703.8	5,197.7	4,261.7	3,665.9	2,666.5	2,706.8	2,466.0	3,260.7	3,473.6
Other Taxes/PURTA	183.9	144.5	190.0	203.9	198.0	188.6	208.4	218.3	225.3	223.8
Delinquent Taxes	2,619.0	2,348.2	2,568.5	2,442.6	2,810.3	2,944.9	3,316.2	2,805.7	3,816.1	4,069.9
Investment Earnings	438.1	935.6	2,250.4	3,234.1	3,051.1	1,674.8	288.0	118.4	173.6	129.8
Gate Receipts	-	-	-	-	-	-	-	-	119.4	123.4
Other	477.4	409.3	520.9	410.5	447.6	544.0	633.4	1,043.0	1,166.8	1,400.2
State	22,058.2	24,500.9	24,480.3	26,115.3	27,318.3	30,058.0	28,990.2	28,254.9	28,615.9	29,520.4
Student Subsidies	18,033.3	20,115.4	19,881.3	20,481.7	21,116.3	24,768.9	23,568.9	22,424.6	21,754.7	21,204.2
Basic Instruction	6,211.1	6,330.5	6,472.6	6,710.6	6,844.8	7,050.1	6,334.1	6,029.5	7,050.1	7,047.0
Special Education	4,724.3	4,791.4	4,908.9	5,004.1	5,020.6	5,087.5	5,068.4	5,080.8	5,146.9	5,355.9
Tuition Private Home Place't	31.8	37.8	102.0	71.3	73.6	87.4	50.6	-	17.6	121.7
Transportation	4,981.7	5,337.5	5,039.2	4,976.0	4,371.1	4,828.3	4,565.1	4,434.4	4,295.1	3,710.0
Medical, Dental & Nurse	332.3	331.7	311.9	305.6	296.3	295.6	288.7	273.8	273.9	261.5
Rent	922.3	1,953.2	1,694.6	1,334.2	1,437.4	1,519.5	1,544.7	1,074.7	1,224.8	1,151.2
Charter Schools	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	126.6	126.7
Property Tax Relief	-	-	-	-	-	3,592.8	3,734.6	3,708.3	3,604.0	3,425.3
Other	12.1	7.0	7.8	445.7	1,386.8	322.7	80.5	21.9	15.7	4.9
Teacher Subsidies	4,024.9	4,385.5	4,599.0	5,633.6	6,202.0	5,289.1	5,421.3	5,830.2	6,861.2	8,316.2
Social Security	2,664.3	2,771.5	2,843.5	3,012.1	3,154.7	3,232.9	3,278.1	3,319.2	3,173.0	3,084.5
Retirement	1,360.6	1,614.0	1,755.5	2,621.5	3,047.3	2,056.1	2,143.2	2,511.1	3,688.2	5,231.7
Federal	3,011.5	3,957.8	3,626.5	3,878.6	4,231.6	4,438.9	5,901.2	6,866.5	4,121.7	4,059.2
Title I	1,352.4	1,733.0	1,299.4	1,523.7	1,998.5	1,492.4	2,013.5	1,675.2	1,341.4	1,752.2
Title II	349.6	372.1	404.0	357.0	310.3	327.8	182.4	416.8	311.2	249.0
Basic Education ARRA Funds	-	-	-	-	-	-	852.0	834.0	-	-
IDEA - ARRA funds	-	-	-	-	-	-	669.0	820.7	494.1	0.4
Ed Jobs - ARRA	-	-	-	-	-	418.0	-	-	7.3	-
Title I - ARRA	-	-	-	-	-	-	471.8	471.8	249.3	-
IDEA	961.2	1,311.9	1,314.2	1,228.5	1,240.5	1,308.9	1,296.3	1,235.6	1,310.3	1,282.4
MA Direct Services/Time Study	162.9	336.2	455.8	594.5	562.8	760.3	722.4	768.6	773.4	659.4
Other	185.4	204.6	153.1	174.9	119.5	131.5	165.6	149.6	128.8	115.8
Local Taxes & Subsidies	140,051.2	154,799.8	164,843.4	175,188.9	182,291.3	189,075.3	196,833.8	200,193.7	200,318.0	205,104.4

Source: Districts Audited Financial Statements

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

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Staff	92,205.1	98,092.6	102,058.1	110,044.9	115,830.4	117,168.2	118,858.8	121,408.2	119,821.3	122,215.9
Total Salaries	71,544.2	75,178.0	77,504.7	81,915.7	85,629.5	87,892.4	89,094.4	90,677.4	85,915.5	84,930.4
Administration										
Reg Salaries	5,264.0	5,669.5	6,074.0	6,358.7	6,980.7	7,402.0	7,449.8	7,028.5	6,903.00	7,328.40
Teachers										
Reg Salaries	52,206.0	53,981.5	55,600.3	57,724.3	59,946.7	61,097.6	62,620.9	64,228.0	61,569.9	60,035.7
Extra Duty Pymnts	873.3	1,091.8	998.2	1,028.0	1,197.0	1,118.7	899.6	843.2	840.2	992.6
Sabbatical Pymnts	283.3	395.9	228.0	301.8	43.9	103.9	129.9	168.7	88.4	179.1
Subject Chair Pymnts	152.1	169.7	201.2	392.3	412.6	437.5	429.0	420.8	389.4	348.5
Severance Pymnts	41.4	398.1	251.5	304.2	245.9	245.0	288.8	356.2	158.5	144.4
Supplemental Contracts	1,190.1	1,202.2	1,311.7	1,980.1	2,033.1	2,124.6	2,040.0	2,014.2	1,938.0	1,899.8
Total Teachers	54,746.2	57,239.3	58,590.9	61,730.8	63,879.2	65,127.2	66,408.3	68,031.1	64,984.4	63,600.1
Technical										
Reg Salaries	2,031.9	2,040.5	2,401.2	2,500.4	2,749.5	2,765.7	2,732.6	3,087.5	2,842.4	2,928.1
Office Clerical										
Reg Salaries	4,645.0	5,198.6	5,522.8	5,939.6	6,292.9	6,629.3	6,531.6	6,665.1	6,068.4	5,860.8
Crafts and Trades										
Reg Salaries	4,857.1	5,030.1	4,915.8	5,386.2	5,727.1	5,968.2	5,972.0	5,865.2	5,117.3	5,213.0
Benefits										
Medical	7,784.7	9,113.4	10,377.2	11,744.7	13,233.2	13,941.8	14,400.0	14,425.3	15,607.6	16,558.1
Dental	1,119.1	1,403.4	1,381.0	1,398.9	1,504.3	1,559.6	1,418.4	1,339.6	1,306.8	1,236.8
Vision	183.6	180.4	151.5	154.0	161.1	167.6	153.2	140.7	140.4	168.0
Prescription	2,831.5	2,816.1	3,112.9	3,473.2	3,099.7	3,223.6	3,333.9	3,611.3	4,100.2	4,037.1
Social Security	5,357.9	5,623.7	5,784.1	6,095.4	6,380.7	6,535.8	6,603.7	6,667.0	6,369.0	6,239.8
Retirement	2,697.5	3,153.5	3,604.6	5,209.4	6,092.4	4,111.3	4,231.4	5,067.7	7,345.7	10,373.6
Tuition Reimbursement	689.3	974.8	896.9	946.3	887.1	977.5	1,301.5	1,113.7	728.0	733.3
Life & Disability	208.7	540.6	464.0	518.6	480.6	538.9	417.1	683.0	397.0	263.1
Wrkrs Comp/Unemply/Other	1,217.9	606.6	615.8	731.3	728.5	911.1	708.8	649.6	720.5	654.3
Total Benefits	22,090.1	24,412.5	26,388.1	30,271.8	32,567.6	31,967.2	32,567.9	33,697.9	36,715.2	40,264.1
(Less) cost sharing	(1,429.2)	(1,498.0)	(1,834.6)	(2,142.6)	(2,366.6)	(2,691.4)	(2,803.6)	(2,967.1)	(2,809.4)	(2,978.7)
Net Benefits	20,660.9	22,914.5	24,553.5	28,129.2	30,201.0	29,275.8	29,764.4	30,730.8	33,905.8	37,285.4
Prof. & Tech. Services	7,847.1	9,083.1	9,814.6	9,696.0	10,700.1	12,146.9	11,585.0	12,080.2	11,987.6	13,149.7
Substitute Service	1,497.7	1,732.6	1,688.2	1,732.4	1,676.0	1,668.6	1,466.8	1,457.5	1,500.1	1,447.7
Contracted Therapeutic Staff	567.3	746.7	461.9	523.9	682.3	1,031.9	857.8	758.3	620.8	666.7
Contracted Aides	374.7	440.2	219.2	363.6	473.9	326.3	442.5	358.5	679.2	831.6
CCIU - Special Ed Programs	2,477.3	2,688.9	2,120.5	2,022.9	2,242.6	2,538.9	3,099.7	3,072.8	3,235.6	3,208.9
Occupation/Physical Therapy			889.9	930.1	966.3	984.9	925.1	919.7	975.0	1,087.4
Due Process Hearings	363.7	411.7	619.1	332.4	507.9	586.9	475.5	882.8	694.8	738.2
Early Intervention	258.7	217.2	159.1	224.6	196.2	366.4	369.0	255.0	263.1	353.7
Extended School Year	17.6	210.6	333.4	395.6	410.9	497.7	620.4	626.0	447.2	564.7
Alternative Ed - Special Ed	547.1	519.2	662.9	745.1	879.9	1,077.3	1,027.4	1,241.9	949.2	1,378.6
Alternative Education - Reg	147.0	159.3	524.2	235.5	251.3	329.9	191.3	258.9	410.1	419.4
Tax Collection	474.8	537.2	496.6	545.9	543.3	513.0	557.0	508.9	535.9	627.7
Legal	287.9	308.9	288.1	228.2	255.0	410.9	279.9	326.8	308.4	416.2
Other	833.3	1,110.6	1,351.6	1,415.8	1,614.5	1,814.2	1,272.6	1,413.1	1,368.2	1,408.9
Purchased Property Services	3,383.1	3,608.5	4,061.9	4,455.0	4,831.5	4,570.1	4,306.0	3,909.9	3,535.9	3,616.2
Electricity	1,727.4	1,919.9	2,251.7	2,631.3	2,996.8	2,740.3	2,538.2	2,247.6	1,875.7	1,983.2
Water/Sewer	251.3	287.7	302.3	345.5	403.5	427.2	421.2	486.6	473.7	511.6
Trash Removal	89.9	90.5	146.1	136.0	155.0	148.2	122.1	122.1	122.0	91.8
Office Rental	211.7	222.0	226.8	77.9	0.8	101.6	96.9	123.1	121.3	123.9
Other	1,102.8	1,088.4	1,135.0	1,264.3	1,275.4	1,152.8	1,127.6	930.5	943.2	905.7

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

Other Services	17,563.8	19,747.4	21,040.7	21,743.0	23,873.6	25,095.4	25,253.3	25,938.2	26,532.5	27,473.0
Charter Schools	3,788.9	4,305.9	4,691.2	4,455.5	5,470.3	5,905.0	6,461.8	6,558.3	7,069.2	8,031.7
Tuition: Special Education	1,152.5	1,679.1	1,936.6	2,195.6	2,247.9	2,472.5	2,132.0	2,418.5	2,645.8	2,548.0
Tuition: CAT	745.4	857.7	1,028.5	1,123.7	1,187.6	1,199.5	1,382.1	1,637.5	1,683.4	1,658.3
Tuition: Other	84.9	21.2	25.5	106.8	95.8	104.6	102.8	248.2	443.4	419.5
Bussing: Public Schools	3,266.7	3,335.4	3,701.7	3,907.0	4,436.4	4,750.8	4,628.8	4,861.9	4,470.0	4,519.8
Bussing: Non-Public	4,381.8	4,257.2	4,542.5	4,801.5	4,626.8	4,983.6	4,594.4	4,655.3	4,465.9	4,395.9
Bussing: Special Ed	1,850.0	2,740.9	2,897.5	2,836.3	3,466.8	3,153.5	3,213.8	3,089.7	3,579.6	3,570.3
Bussing: Extracurricular	188.6	192.2	223.7	334.0	260.1	384.9	281.4	333.5	274.3	291.1
Insurance	337.7	370.7	402.9	436.5	461.9	464.0	461.4	394.2	381.8	416.9
Telephone/Postage	502.8	612.2	516.9	561.0	527.1	643.0	375.3	448.7	497.1	462.1
Other Services - Glen Mills				502.8	640.2	614.1	1,263.0	1,026.8	714.3	866.0
Other	1,264.5	1,374.9	1,073.6	482.3	452.7	419.9	356.5	265.7	307.7	293.4
Supplies	5,130.1	4,641.8	5,459.0	5,025.7	6,404.7	6,630.3	5,689.8	4,711.7	4,708.2	4,758.0
Heating Fuel	659.0	571.1	930.7	1,235.9	1,060.1	1,788.1	1,097.4	1,123.8	780.8	695.0
Other Ops/Maint Supplies	614.9	657.1	738.5	819.5	925.6	789.5	807.8	603.2	670.3	735.4
Educational	1,395.5	1,429.0	2,341.7	2,010.9	2,591.9	2,160.2	2,149.7	1,843.8	2,295.0	2,078.2
Curriculum Proposals	1,260.3	1,415.4	925.1	396.7	1,148.5	1,373.4	850.7	622.3	455.0	793.5
Educational /Admin Software	524.8	235.8	303.5	353.1	464.8	314.6	610.2	347.1	410.3	356.9
Administration/Business	208.5	170.3	212.1	199.8	199.5	186.4	145.8	148.0	77.1	99.0
Other	467.1	163.1	7.4	9.8	14.3	18.1	28.2	23.5	19.7	-
Other Objects	241.8	255.9	326.7	283.2	351.4	262.9	258.0	226.5	344.7	(126.6)
Dues and Fees - Athletics				-	-	-	-	99.5	94.8	144.3
Property	2,682.5	2,591.5	709.8	1,748.0	2,335.8	1,133.0	972.9	1,837.1	1,117.4	1,313.7
Technology Equipment	1,725.0	1,632.6	-	403.0	1,290.0	282.5	-	-	-	-
G/F maint Projects						148.8	389.9	687.5	531.7	650.3
Other Equipment	957.5	958.9	709.8	1,345.0	1,045.8	701.7	583.0	1,149.6	585.7	663.4
Debt Service	13,864.0	16,571.0	19,845.6	19,825.5	20,106.0	21,626.3	24,436.8	21,236.6	24,023.0	21,896.0
Bond payments	13,864.0	16,571.0	19,845.6	19,825.5	20,106.0	21,626.3	24,436.8	21,236.6	23,773.0	21,896.0
Variable Rate Delta Capital Reserve									250.0	-
TOTAL EXPENSE	142,917.5	154,591.8	163,316.4	172,821.4	184,433.6	188,633.1	191,360.5	191,447.9	192,165.4	194,440.2

Source: Districts Audited Financial Statements

REVENUE CAPACITY

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
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
2011-12	18.36	139,648,021	1,070,637	3,816,141	21,356,508	1,689,127	167,580,434
2012-13	18.67	141,839,871	1,573,196	4,069,877	22,165,152	1,876,713	171,524,810

* 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	2003-04 # of Parcels	Assessment Total	2004-05 # of Parcels	Assessment Total	2005-06 # of Parcels	Assessment Total	2006-07 # of Parcels	Assessment Total	2007-08 # of Parcels	Assessment Total
CHESTER COUNTY										
Not Identified	103	10,917,525	114	9,209,310	154	11,367,850	97	3,772,803	188	10,326,250
Commercial Properties	1491	1,229,255,515	1,509	1,267,103,205	1,546	1,305,725,145	1,571	1,335,505,835	1,572	1,348,537,398
Farm Properties	74	25,408,310	73	24,147,650	72	23,787,140	72	23,679,630	73	23,627,660
Industrial Properties	94	156,923,440	93	157,059,220	93	157,925,660	90	151,185,990	88	149,886,680
Residential Properties	28621	5,564,171,682	29,036	5,702,870,872	29,344	5,817,319,832	29,528	5,884,835,936	29,611	5,928,690,156
Vacant Land	1461	106,568,720	1,160	89,505,750	963	77,494,570	959	69,842,310	981	69,079,400
TOTAL CHESTER COUNTY	31,844	7,093,245,192	31,985	7,249,896,007	32,172	7,393,620,197	32,317	7,468,822,504	32,513	7,530,147,544
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	1,846	419,155,141	2,028	459,262,090	2,032	508,096,636	2,067	589,333,521	2,067	623,278,141
TOTAL DELAWARE COUNTY	1,853	423,042,041	2,035	463,148,990	2,039	511,983,536	2,074	593,220,421	2,074	627,165,041
GRAND TOTAL	33,697	7,516,287,233	34,020	7,713,044,997	34,211	7,905,603,733	34,391	8,062,042,925	34,587	8,157,312,585

LAND USE DESCRIPTION	2008-09 # of Parcels	Assessment Total	2009-10 # of Parcels	Assessment Total	2010-11 # of Parcels	Assessment Total	2011-12 # of Parcels	Assessment Total	2012-13 # of Parcels	Assessment Total
CHESTER COUNTY										
Not Identified	21	3,045,790	-	-	1	47,820	-	-	-	-
Commercial Properties	1,593	1,389,076,248	1,632	1,408,305,033	1,652	1,382,775,453	1,659	1,365,477,339	1,677	1,391,810,649
Farm Properties	73	23,523,120	72	23,568,250	72	23,464,210	70	22,838,800	70	22,769,440
Industrial Properties	89	150,726,520	90	151,028,920	90	151,052,080	89	150,689,470	89	148,943,570
Residential Properties	29,676	5,965,419,357	29,778	6,013,563,931	29,838	6,012,588,031	29,917	6,015,067,375	30,033	6,012,449,332
Vacant Land	1,088	68,860,100	1,046	64,943,920	1,061	59,182,350	1,044	69,623,000	1,308	55,913,330
TOTAL CHESTER COUNTY	32,540	7,600,651,135	32,618	7,661,410,054	32,714	7,629,109,944	32,779	7,623,695,984	33,177	7,631,886,321
DELAWARE COUNTY										
Commercial/Industrial	14	8,533,463	15	8,904,953	12	6,868,373	14	8,533,463	14	8,533,463
Residential/Farms/Vacant Land	2,179	633,531,318	2,187	637,527,895	2,190	630,726,093	2,190	628,332,131	2,189	629,392,646
TOTAL DELAWARE COUNTY	2,193	642,064,781	2,202	646,432,848	2,202	637,594,466	2,204	636,865,594	2,203	637,926,109
GRAND TOTAL	34,733	8,242,715,916	34,820	8,307,842,902	34,916	8,266,704,410	34,983	8,260,561,578	35,380	8,269,812,430

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
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%
2010	11,334,739	690,551	12,025,290	8,266,704	145%
2011	11,311,170	682,225	11,993,395	8,269,812	145%

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 Area School District	Chester County	Township of East Bradford				Township of Thornbury				Township of West			Borough of West Chester
			East Bradford	East Goshen	Thornbury	West Goshen	Whiteland	Westtown	West Chester					
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					
2011-12	18.36	3.97	0.34	1.25	0.84	2.00	0.60	2.50	6.96					
2012-13	18.67	4.16	0.34	1.25	0.84	2.00	0.72	3.50	6.96					

Source: Chester County website

Delaware County

Fiscal Year	West Chester Area School District	Delaware County	Township of Thornbury	
			Delaware County	Thornbury
2003-04	10.20	4.10	0.00	0.00
2004-05	10.94	4.45	0.00	0.00
2006-07	11.02	4.45	0.00	0.00
2007-08	11.87	4.45	0.00	0.00
2008-09	12.94	4.83	0.00	0.00
2009-10	14.16	4.83	0.00	0.00
2010-11	14.25	5.18	0.00	0.00
2011-12	14.22	5.18	0.00	0.00
2012-13	13.78	5.30	0.00	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	2012		2002	
			Assessment	% of Total	Assessment	% of Total
Exton Square, Inc.	West Whiteland	Shopping Mall	77,784,710	0.95%	110,509,830	1.53%
QVC	West Goshen	Indust.Bldg./TV Shopping	35,696,530	0.43%	48,371,130	0.67%
Main Street at Exton	West Whiteland	Shopping Center	28,553,560	0.35%		
TRC Valley Creek Assoc.	West Whiteland	Business Complex	28,500,000	0.35%		
Exton Crossing Apts.	West Whiteland	Apartment Complex	21,023,480	0.26%		
Whiteland Investors, LP	West Whiteland	Shopping Center	19,320,000	0.23%	17,272,140	0.24%
Comcast Cable	East Goshen	Commercial Buildings	17,636,080	0.21%		
Westtown Apt., Inc.	Westtown	Apartment Complex	16,636,690	0.20%	16,667,750	0.23%
Fern Hill LLC	West Goshen	Medical Complex	16,617,370	0.20%		
Hankin Group	East Goshen	Apartment Complex	16,216,110	0.20%	22,048,750	0.30%
Exton Whiteland Dev. Co.	West Whiteland	Shopping Center			19,416,880	0.27%
National Properties	West Whiteland	Apartment Complex			20,700,020	0.29%
Hankin Group	West Whiteland	Apartment Complex			16,453,180	0.23%
Thomas Meeting Assoc.	West Whiteland	Apartment Complex			16,294,020	0.23%
Capital Enterprises, Inc.	West Goshen	Shopping Center			15,145,770	0.21%

Total Assessed Value--Ten Largest Taxpayers

277,984,530

302,879,470

Total District Assessed Value

8,228,527,694

7,239,428,253

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
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	8,266,704,410	18.36	149,229,022	143,868,716	96.4%
2011-12	8,267,705,393	18.36	149,159,276	143,252,119	96.0%
2012-13	8,228,527,694	18.67	150,509,123	144,033,647	95.7%

Source: District Fact Book

⁽¹⁾ 2008-09 through 2010-11 Includes revenue received from State designated for school district property tax

⁽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

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

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Total General Fund Revenues*	142,293,718	156,438,761	164,843,352	175,188,902	184,383,429	189,079,944	196,838,806	200,193,855	200,328,038	205,516,382
Less Required Deductions if included in total Rental and Sinking Fund										
Reimbursement	922,287	1,953,196	1,694,624	1,334,225	1,437,374	1,519,538	1,558,427	1,074,696	1,224,820	1,151,153
Sale of Property and Non-recurring revenue						10,364	5,057			973
Fund Transfer	1,725,025	1,638,988			2,086,849					
Net Revenues	2,647,312	3,592,184	1,694,624	1,334,225	3,524,223	1,529,902	1,563,484	1,074,696	1,224,820	1,152,126
Borrowing Base	139,646,406	152,846,577	163,148,728	173,854,677	180,859,206	187,550,042	195,275,323	199,119,159	199,103,218	204,364,256
Multiplier	225%	225%	225%	225%	225%	225%	225%	225%	225%	225%
Total Nonelectoral Debt Limit	314,204,414	343,904,798	367,084,637	391,173,023	406,933,214	421,987,595	439,369,476	448,018,108	447,982,241	459,819,576
Less Amount Debt Applicable to Debt Limit	273,859,000	299,672,000	320,923,000	325,945,000	315,556,000	304,530,000	302,533,000	291,539,000	279,630,000	287,443,000
Total Debt Margin	40,345,414	44,232,798	46,161,637	65,228,023	91,377,214	117,457,595	136,836,476	156,479,108	168,352,241	172,376,576
Ratio of Debt Limit to Debt Margin	13%	13%	13%	17%	22%	28%	31%	35%	38%	37%

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 2006 GOR		Series A of 2006 GOR		Refunding Series of 2006 GOR		Series of 2009 GOR		Series of 2009 Emmaus Note		Series of 2010 GOR		Series A of 2010 GOR		Series AA of 2010 GOR		Series 2011 GOR		Series A of 2012 GOB		Series AA of 2012 GOR		Series 2013 GOR		Total
		Series of 2006 GOR	Series A of 2006 GOR	Refunding Series of 2006 GOR	Series of 2009 GOR	Series of 2009 Emmaus Note	Series of 2010 GOR	Series A of 2010 GOR	Series AA of 2010 GOR	Series 2011 GOR	Series A of 2012 GOB	Series AA of 2012 GOR	Series 2013 GOR	Total												
2013- 2014	1,127,000	5,000	1,195,000	1,500,000	150,000	720,000	5,000	3,095,000	625,000	2,235,000	495,000	-	-	5,000	1,445,000	12,602,000										
2014- 2015	1,185,000	5,000	2,150,000	1,555,000	155,000	740,000	5,000	3,185,000	640,000	2,300,000	505,000	-	-	110,000	1,975,000	14,510,000										
2015- 2016	1,246,000	5,000	3,785,000	1,620,000	160,000	760,000	5,000	3,270,000	665,000	1,125,000	515,000	-	-	115,000	745,000	14,016,000										
2016- 2017	-	5,000	3,885,000	1,685,000	165,000	780,000	5,000	3,350,000	680,000	2,510,000	525,000	-	-	115,000	765,000	14,470,000										
2017- 2018	-	5,000	-	1,755,000	170,000	-	5,000	1,390,000	695,000	1,795,000	540,000	-	-	7,835,000	795,000	14,985,000										
2018- 2023	-	4,390,000	13,410,000	9,980,000	960,000	-	1,830,000	-	2,935,000	14,280,000	2,860,000	5,000	5,000	31,150,000	2,490,000	84,290,000										
2023- 2028	-	14,445,000	31,290,000	2,255,000	35,370,000	-	8,130,000	-	-	-	3,270,000	3,970,000	3,970,000	-	-	98,730,000										
2028- 2032	-	16,105,000	-	-	-	-	-	-	-	-	710,000	17,025,000	17,025,000	-	-	33,840,000										
Total Principal	3,558,000	34,965,000	55,715,000	20,350,000	37,130,000	3,000,000	9,985,000	14,290,000	6,240,000	24,245,000	9,420,000	21,000,000	21,000,000	39,330,000	8,215,000	287,443,000										

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	287,443,000	100%	287,443,000
Overlapping Debt				
	Township of East Bradford	11,752,341	100%	11,752,341 ^{(1), (2)}
	Township of East Goshen	3,394,731	100%	3,394,731 ^{(1), (2)}
	Township of Thornbury	196,501	100%	196,501 ^{(1), (2)}
	Township of West Goshen	7,395,462	100%	7,395,462 ^{(1), (2)}
	Township of West Whiteland	14,225,000	100%	14,225,000 ^{(1), (2)}
	Township of Westtown	15,920,930	100%	15,920,930 ^{(1), (2)}
	Borough of West Chester	36,129,377	100%	36,129,377 ^{(1), (3)}
	Chester County	543,885,996	20%	109,470,349 ^{(1), (2), (5)}
Total Direct and Overlapping Chester County Debt				485,927,691
Delaware County				
Direct Debt				
	West Chester Area School District	287,443,000	100%	287,443,000
Overlapping Debt				
	Township of Thornbury	239,499	100%	239,499 ^{(1), (6)}
	Delaware County	305,244,141	1%	4,383,886 ^{(1), (5), (6)}
Total Direct and Overlapping Delaware County Debt				292,066,385

⁽¹⁾ As of December 31, 2012

⁽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		Population	Net Bonded Debt per Capita	Estimated Personal Income (4)	% of Personal Income
					Assessed	Bonded				
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%
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%
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%
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%
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%
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%
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%
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%
2011-12	8,260,561,578	279,630,000	-	279,630,000	3.4%		108,441 (2)	2,579	7,080,655,095	3.9%
2012-13	8,269,812,430	287,443,000	-	287,443,000	3.5%		108,441 (2)	2,651	7,080,655,095	4.1%

(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

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

	West Chester Area School District Population (3)		Chester County (1)		Pennsylvania (1)		United States (1)	
	District Population	Population	Population	Population	Population	Population	Population	Population
1970	Not Available	278,311		11,758,458		203,302,031		
1980	68,170	316,660		11,855,687		226,542,199		
1990	81,172	376,396		11,881,643		248,709,873		
2000	94,114	433,501		12,281,054		281,421,906		
2010	100,413	498,886		12,702,379		308,745,538		

	Chester County (2)		Pennsylvania (2)	
	West Chester Market Value	Per Capita Income	Market Value	Per Capita Income
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
2009	\$11,151,776,000	\$4,217,565,767	\$699,875,265,754	\$269,983,839,121
2010	\$12,025,290,349	\$4,599,671,765	\$753,847,457,918	\$285,034,294,226

(1) Source: US Census

(2) Source: PA Dept of Education

(3) Chester County Planning Commission

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

Household Income

	Total households 1999	Household Income, 2010			Median Household Income, 1999 ⁽¹⁾
		less than \$50,000	\$50,000 to \$100,000	\$100,000 or more	
Chester County	158,025	44,509	46,175	67,341	65,295
West Chester Area ⁽²⁾	37,583	10,777	11,783	15,023	

Labor Force and Employment

	Population 16 years and over, 2010	Civilian Labor Force, 2010			Unemployment Rate, 2010 ⁽¹⁾
		Total	Employed	Unemployed	
Pennsylvania					8.5%
Chester County	378,828	261,929	249,690	12,239	6.5%
West Chester Area ⁽²⁾	74,680	53,141	51,129	2,012	N/A

Housing Value

	Total Owner Occupied Units, 2010	Housing Value				
		Less than \$150,000	\$150,000 to \$300,000	\$300,001 to \$400,000	\$400,001 to \$500,000	\$500,001 or more ⁽¹⁾
Chester County	106,254	11,071	49,959	26,969	14,268	3,987
West Chester Area ⁽²⁾	26,707	1,189	7,645	6,640	5,140	6,093

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

⁽¹⁾ Source: U S Census Bureau American Community Survey 2005-2009

⁽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	2012 Approximate		% of 2012		2001		% of 2001	
		Employment	Rank	Total	Employment	Total	Employment	Rank	Total
West Chester University	Education	2,980	1	5.8%	1,378	5	2.7%		
QVC Network, Inc.	Home Shopping Network	2,867	2	5.6%	1,532	4	3.0%		
Chester County Hospital	Health Care Services	2,177	3	4.3%	1,842	3	3.6%		
Chester County	County Government	1,820	4	3.6%	2,572	1	5.0%		
West Chester Area School District	Education	1,675	5	3.3%	1,288	6	2.5%		
Giant Food Stores LLC	Grocery	1,097	6	2.1%			0.0%		
United Parcel Service, Inc.	Delivery Services	1,086	7	2.1%	1,001	10	2.0%		
Comcast Cable Communications	Telecommunication	981	8	1.9%					
Brians House Inc.	Human Services	864	9	1.7%					
Synthes USA	Medical Supplies	806	10	1.6%					
QVC Studios	Div. of QVC Network				1,875	2	3.7%		
Volt Human Resources	Employment Services				1,075	8	2.1%		
Communications Test Design	Communications Hardware				1,053	9	2.1%		
A. Duie Pyle	Trucking				1,114	7	2.2%		
Total		16,353			14,730				

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

OPERATING INFORMATION

WEST CHESTER AREA SCHOOL DISTRICT
Staffing Ratios for Professional Staff

FISCAL YEAR	NUMBER OF SCHOOL STAFF	NUMBER OF STUDENTS	RATIO STUDENTS/STAFF
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
2011-12	976.10	11,822	12.1
2012-13	972.40	11,688	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

DISTRICT FACILITIES

<u>Building</u>	<u>Original Construction Date</u>	<u>Addition and/or Renovation Date</u>	<u>Grades</u>	<u>Site Area (Acres)</u>	<u>Building Sq. Ft.</u>	<u>Sept. 30th 2012 Enrollment</u>
B. Rustin High School	2003-06	-	9-12	172.90	283,000	1,285
East High School	1973	1976/92/93/04	9-12	62.60	314,453	1,325
East/Fugett Athletic Fields	2004	-	-	43.35	-	----
Henderson High School	1951	1956/64/76/94/98/04	9-12	30.56	287,351	1,245
Henderson-North Campus Athletics	2006	-	-	28.40	-	----
E. N. Peirce Middle School	1963	1998/01/03	6-8	26.70	136,250	852
G. A. Stetson Middle School	1959	1961/98/03/07	6-8	38.40	134,857	915
J. R. Fugett Middle School	1969	2009	6-8	*	163,340	996
East Bradford Elementary	1958	1966/70/89/2013	K-5	18.20	55,382	346
East Goshen Elementary	1955	1960/64/67/95/01	K-5	20.80	67,832	469
Exton Elementary	1940	1953/57/91/92/93/00	K-5	13.10	66,265	547
Fern Hill Elementary	1955	1960/89	K-5	20.00	52,353	436
Glen Acres Elementary	1966	1997	K-5	11.70	59,931	508
Hillsdale Elementary	1976	2007	K-5	20.90	70,631	597
Mary C. Howse Elementary	1962	1965/97	K-5	15.24	65,287	514
Penn Wood Elementary	1966	1970/89/01/2012	K-5	18.60	56,162	547
Sarah W. Starkweather Elementary	1991	1998	K-5	37.90	75,094	641
Westtown-Thornbury Elementary	1954	1956/89/2012	K-5	11.70	46,889	464
Facilities & Operations Center	1999	-	-	3.20	24,588	----
Spellman Administration	1924	1952/55/77/99	Admin	17.60	42,845	----
				611.85	2,002,510	11,687

* Fugett acreage included in East HS site area

WEST CHESTER AREA SCHOOL DISTRICT
School District Employees by Function
For the 2012-13 Fiscal Year

Functions	Elementary	Middle	High	Other	Total
1100 Regular	307.30	171.9	228.9	16.0	724.1
1200 Special	122.2	61.0	61.5	26.6	271.3
1300 Vocational		14.2	10.8		25.0
1400 Other Instructional	3.00				3.00
2100 Pupil Personnel	23.2	15.0	37.0	5.2	80.4
2200 Support Instruction	15.0	6.0	7.7	11.0	39.7
2300 Administration	25.0	15.0	21.0	15.0	76.0
2400 Pupil Health	6.8	3.0	3.0	11.2	24.0
2500 Business Office				13.0	13.0
2600 Facilities	37.0	20.5	36.5	41.8	135.8
2700 Transportation				4.0	4.0
2800 Technology				19.0	19.0
3000 Non-Instructional			8.8	-	8.8
Total 2012-13 FTEs	539.5	306.6	415.2	162.8	1,424.10

Source: District Personnel Budget Documentation

**WEST CHESTER AREA SCHOOL DISTRICT
STUDENT ENROLLMENT SUMMARY**

School Year:	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	2011-12	2012-13	
Sp. Education	68	62	57	26	39	89	109	125	159	--*	--	--	--	--	--	--	--	--	--	--
End of Year	66	65	22	29	55	95	84	155	184	--	--	--	--	--	--	--	--	--	--	--
Kindergarten	862	894	866	821	789	770	765	748	726	684	683	650	660	578	628	660	611	630	616	616
(half-time)	852	901	874	832	783	772	758	746	728	686	690	653	668	584	620	658	609	646	609	609
**Kindergarten (full-time)	--	--	--	--	--	--	--	--	--	--	70	71	73	77	75	74	74	76	76	76
	--	--	--	--	--	--	--	--	--	65	72	72	70	69	77	74	74	72	76	76
Grades 1-5	4412	4560	4771	4865	4864	4838	4620	4358	4388	4379	4327	4375	4388	4316	4258	4290	4351	4379	4377	4377
End of Year	4407	4563	4783	4870	4868	4832	4626	4366	4407	4391	4362	4373	4385	4295	4230	4277	4351	4385	4385	4327
Grades 6-8	2422	2477	2477	2521	2627	2749	2792	2770	2790	2893	2824	2862	2793	2821	2803	2801	2819	2790	2763	2763
End of Year	2422	2466	2467	2519	2607	2727	2780	2776	2772	2889	2813	2856	2788	2782	2762	2800	2812	2777	2728	2728
Grades 9-12	2885	3019	3111	3253	3319	3265	3327	3431	3527	3690	3774	3764	3875	3875	3920	3985	3970	3947	3855	3855
End of Year	2809	2923	3008	3141	3200	3166	3225	3330	3429	3599	3668	3686	3795	3795	3845	3908	3894	3896	3815	3815
TOTAL-Sept.30	10649	11012	11282	11486	11638	11711	11613	11432	11590	11646	11678	11722	11789	11667	11684	11810	11825	11822	11687	11687
TOTAL-End of Year	10556	10918	11154	11391	11513	11592	11473	11373	11520	11565	11598	11640	11706	11525	11534	11717	11740	11776	11776	11555

Increase/Decrease at September 30	152	363	270	204	152	73	-98	-181	158	56	32	44	67	-122	17	126	15	-3	-135	-135
--------------------------------------	-----	-----	-----	-----	-----	----	-----	------	-----	----	----	----	----	------	----	-----	----	----	------	------

**West Chester Area School District
Student Market Share Analysis**

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Total Out-of-District	5,164	5,250	5,125	5,035	4,945	4,948	4,772	4,371	4,334	4,388
% of Total	30.7%	31.0%	30.4%	29.9%	29.8%	29.7%	28.8%	27.0%	26.8%	27.3%
Total In-District	11,646	11,678	11,727	11,789	11,667	11,684	11,810	11,825	11,822	11,687
% of Total	69.3%	69.0%	69.6%	70.1%	70.2%	70.3%	71.2%	73.0%	73.2%	72.7%
Total Students	16,810	16,928	16,852	16,824	16,612	16,632	16,582	16,196	16,156	16,075
Share Change Year-to-Year	0.75%	-0.42%	0.87%	0.70%	0.23%	0.03%	1.38%	2.51%	0.22%	-0.64%

WCASD	11,646	11,678	11,727	11,789	11,667	11,684	11,810	11,825	11,822	11,687
Elementary	5,063	5,080	5,091	5,121	4,971	4,961	5,024	5,036	5,085	5,069
% of Total	30.1%	30.0%	30.2%	30.4%	29.9%	29.8%	30.3%	31.1%	31.5%	31.5%
Secondary	6,583	6,598	6,636	6,668	6,696	6,723	6,786	6,789	6,737	6,618
% of Total	39.2%	39.0%	39.4%	39.6%	40.3%	40.4%	40.9%	41.9%	41.7%	41.2%

Out-Of-District	5,164	5,250	5,125	5,035	4,945	4,948	4,772	4,371	4,334	4,388
Elementary	3,774	3,887	3,772	3,733	3,707	3,705	3,542	3,320	3,299	3,279
Private	216	179	169	186	160	185	196	171	185	216
% of Total	1.3%	1.1%	1.0%	1.1%	1.0%	1.1%	1.2%	1.1%	1.1%	1.3%
Religious - Catholic	2,465	2,422	2,388	2,391	2,321	2,241	2,125	1,973	1,850	1,805
% of Total	14.7%	14.3%	14.2%	14.2%	14.0%	13.5%	12.8%	12.2%	11.5%	11.2%
Religious - Other	448	519	442	448	446	448	394	325	375	336
% of Total	2.7%	3.1%	2.6%	2.7%	2.7%	2.7%	2.4%	2.0%	2.3%	2.1%
Charter	437	484	485	418	501	543	545	583	610	650
% of Total	2.6%	2.9%	2.9%	2.5%	3.0%	3.3%	3.3%	3.6%	3.8%	4.0%
Special Education	25	100	110	115	103	100	117	103	114	107
% of Total	0.1%	0.6%	0.7%	0.7%	0.6%	0.6%	0.7%	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%	0.0%
Alternative	-	-	-	-	-	-	-	-	-	-
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Home School	183	183	178	175	176	188	165	165	165	165
% of Total	1.1%	1.1%	1.1%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%
Secondary	1,390	1,363	1,353	1,302	1,238	1,243	1,230	1,051	1,035	1,109
Private	83	71	67	66	58	54	49	33	39	46
% of Total	0.5%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%
Religious - Catholic	1,002	1,053	1,055	1,014	970	947	939	814	803	874
% of Total	6.0%	6.2%	6.3%	6.0%	5.8%	5.7%	5.7%	5.0%	5.0%	5.4%
Religious - Other	235	151	156	153	139	148	142	140	123	98
% of Total	1.4%	0.9%	0.9%	0.9%	0.8%	0.9%	0.9%	0.9%	0.8%	0.6%
Charter	-	-	-	-	-	-	-	-	-	-
% of Total	0.0%	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%	0.0%
CCIU	9	13	21	16	23	32	37	23	31	32
% of Total	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.2%	0.2%
Alternative	61	75	54	53	48	62	63	41	39	59
% of Total	0.4%	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%	0.2%	0.4%
Home School	-	-	-	-	-	-	-	-	-	-

TOTAL NO. STUDENTS	16,810	16,928	16,852	16,824	16,612	16,632	16,582	16,196	16,156	16,075
Elementary	8,837	8,967	8,863	8,854	8,678	8,666	8,566	8,356	8,384	8,348
Secondary	7,973	7,961	7,989	7,970	7,934	7,966	8,016	7,840	7,772	7,727

TOTAL NO OF BIRTHS (AGE 5)	1,172	1,252	1,188	1,264	1,236	1,191	1,248	1,234	1,150	1,155
TOTAL NO. STUDENTS	16,810	16,928	16,852	16,824	16,612	16,632	16,582	16,196	16,156	16,075
Elementary	8,837	8,967	8,863	8,854	8,678	8,666	8,566	8,356	8,384	8,348
Secondary	7,973	7,961	7,989	7,970	7,934	7,966	8,016	7,840	7,772	7,727

Facility Breakdown										
% Public	69.3%	69.0%	69.6%	70.1%	70.2%	70.3%	71.2%	73.0%	73.2%	72.7%
Schools Facilities Not WCASD										
% Private	1.8%	1.5%	1.4%	1.5%	1.3%	1.4%	1.5%	1.3%	1.4%	1.6%
% Religious	24.7%	24.5%	24.0%	23.8%	23.3%	22.8%	21.7%	20.1%	19.5%	19.4%
% Charter	2.6%	2.9%	2.9%	2.5%	3.0%	3.3%	3.3%	3.6%	3.8%	4.0%
% Special Education	0.1%	0.6%	0.7%	0.7%	0.6%	0.6%	0.7%	0.6%	0.7%	0.7%
% CCIU	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.2%	0.2%
% Alternative	0.4%	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%	0.2%	0.4%
% Home School	1.1%	1.1%	1.1%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SINGLE AUDIT

INDEPENDENT AUDITOR'S
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

December 9, 2013

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

We have audited, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise West Chester Area School District's basic financial statements, and have issued our report thereon dated December 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Chester Area School District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Chester Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Chester Area School District's internal control.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP

INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

December 9, 2013

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

Report on Compliance for Each Major Federal Program

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 West Chester Area School District's major federal program for the year ended June 30, 2013. West Chester Area School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for West Chester Area School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for the major federal program. However, our audit does not provide a legal determination of West Chester Area School District's compliance.

Board of School Directors
West Chester Area School District

Opinion on Each Major Federal Program

In our opinion, West Chester Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of West Chester Area School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Chester Area School District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP

WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse or disclaimer*]:

Unmodified

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 auditor's report issued on compliance for major programs [*unmodified, qualified, adverse or disclaimer*]:

Unmodified

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 program:

CFDA Numbers

Name of Federal Program or Cluster

84.027, 84.173

Special Education Cluster (IDEA)

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

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

**WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

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 07/01/12	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/13
U.S. Department of Education										
Passed through PA Department of Education										
Title I Grants to Local Education Agencies	I	84.010	013-130470	07/01/12-09/30/13	\$ 514,255	\$ 306,112	\$ -	\$ 512,387	\$ 512,387	\$ 206,275
Title I Grants to Local Education Agencies	I	84.010	013-120470	07/01/11-09/30/12	441,244	80,251	68,155	12,096	12,096	-
Title I Grants to Local Education Agencies	I	84.010	107-130470	07/01/12-09/30/13	1,094,908	288,181	-	325,594	325,594	37,413
Title I Grants to Local Education Agencies	I	84.010	107-120470	07/01/10-09/30/12	1,035,712	691,914	(210,248)	902,162	902,162	-
Total CFDA #84.010						1,366,458	(142,093)	1,752,239	1,752,239	243,688
English Language Acquisition Grants	I	84.365	010-130470	07/01/12-09/30/13	98,857	26,362	-	33,569	33,569	7,207
English Language Acquisition Grants	I	84.365	010-120470	07/01/11-09/30/12	109,053	79,446	22,499	56,947	56,947	-
Total CFDA #84.365						105,808	22,499	90,516	90,516	7,207
Improving Teacher Quality State Grants	I	84.367	020-130470	07/01/12-09/30/13	291,759	77,990	-	91,118	91,118	13,128
Improving Teacher Quality State Grants	I	84.367	020-120470	07/01/11-09/30/12	292,642	194,584	36,712	157,872	157,872	-
Total CFDA #84.367						272,574	36,712	248,990	248,990	13,128
ARRA Education Jobs Fund	I	84.410	140-120470	07/01/11-09/30/12	7,663	7,663	7,302	361	361	-
Passed through Chester County O.I.C.										
Adult Education - Basic Grants to States	I	84.002	041-130010	07/01/12-06/30/13	24,000	22,000	-	24,000	24,000	2,000
Adult Education - Basic Grants to States	I	84.002	041-120010	07/01/11-06/30/12	24,000	2,000	2,000	-	-	-
Total CFDA #84.002						24,000	2,000	24,000	24,000	2,000
Passed through Chester County I.U.										
IDEA Special Education - Grants to States	I	84.027	N/A	07/01/12-06/30/13	1,264,456	842,971	-	1,264,456	1,264,456	421,485
IDEA Special Education - Grants to States	I	84.027	N/A	07/01/11-06/30/12	1,290,509	225,469	225,469	-	-	-
Total CFDA #84.027						1,068,440	225,469	1,264,456	1,264,456	421,485
IDEA Special Education - Preschool Grants	I	84.173	N/A	07/01/12-06/30/13	8,333	8,333	-	8,333	8,333	-
TOTAL U.S. DEPARTMENT OF EDUCATION						2,853,276	151,889	3,388,895	3,388,895	687,508
U.S. Dept of Health and Human Services										
Passed through PA Dept of Public Welfare										
Title XIX Medical Assistance Program	I	93.778	N/A	07/01/12-06/30/13	111,380	111,380	-	111,380	111,380	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						111,380	-	111,380	111,380	-

Continued on next page.

**WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

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 07/01/12	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/13
U.S. Department of Agriculture										
Passed through PA Department of Agriculture										
Value of USDA Donated Commodities	I	10.555	N/A	07/01/12-06/30/13	N/A	146,854	-	112,098	112,098	(34,756)
Value of USDA Donated Commodities	I	10.555	N/A	07/01/11-06/30/12	N/A	-	(10,115)	10,115	10,115	-
Passed through PA Department of Education										
National School Lunch Program	I	10.555	362	07/01/11-06/30/13	N/A	539,244	8,244	555,435	555,435	24,435
Total CFDA #10.555						<u>686,098</u>	<u>(1,871)</u>	<u>677,648</u>	<u>677,648</u>	<u>(10,321)</u>
School Breakfast Program	I	10.553	365	07/01/11-06/30/13	N/A	100,138	2,679	103,644	103,644	6,185
School Breakfast Program	I	10.553	367	07/01/11-06/30/13	N/A	14,094	601	14,106	14,106	613
Total CFDA #10.553						<u>114,232</u>	<u>3,280</u>	<u>117,750</u>	<u>117,750</u>	<u>6,798</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE						<u>800,330</u>	<u>1,409</u>	<u>795,398</u>	<u>795,398</u>	<u>(3,523)</u>
TOTAL FEDERAL AWARDS						<u>\$ 3,764,986</u>	<u>\$ 153,298</u>	<u>\$ 4,295,673</u>	<u>\$ 4,295,673</u>	<u>\$ 683,985</u>
SPECIAL EDUCATION CLUSTER (IDEA) (CFDA's #84.027 AND #84.173)										
						<u>\$ 1,076,773</u>	<u>\$ 225,469</u>	<u>\$ 1,272,789</u>	<u>\$ 1,272,789</u>	<u>\$ 421,485</u>
CHILD NUTRITION CLUSTER (CFDA's #10.553 AND #10.555)										
						<u>\$ 800,330</u>	<u>\$ 1,409</u>	<u>\$ 795,398</u>	<u>\$ 795,398</u>	<u>\$ (3,523)</u>

Source Code:

I - Indirect Funding

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF PRESENTATION

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

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 under CFDA #10.555 (Value of USDA Commodities) represent surplus food consumed by the District during the 2012-2013 fiscal year. The District has food commodities totaling \$34,756 in inventory as of June 30, 2013.

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, 2013 was \$548,000.