



WEST CHESTER AREA SCHOOL DISTRICT

Inspiring students to achieve their personal best

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2014

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, 2014

Prepared by the

**West Chester Area School District
Business Office**

Dr. Suzanne K. Moore, Director of Business Affairs

Mr. Justin Matys, Assistant Director of Business Affairs

Ms. Jennifer Matthews, Controller

Ms. Catherine Hug, Accounting Supervisor

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

WEST CHESTER AREA SCHOOL DISTRICT

TABLE OF CONTENTS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Trends in Population, Market Value and Per Capita Income.....	75
Key Economic and Housing Indices.....	76
Largest Employers within the School District	77

OPERATING INFORMATION

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

Single Audit.....	83
-------------------	----

INTRODUCTORY SECTION



WEST CHESTER AREA SCHOOL DISTRICT

Inspiring students to achieve their personal best

November 14, 2014

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, 2014. 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 2013-14 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, 2014. 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, 2014. 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 15,700 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 670 children that live within the District boundaries that attend charter schools. During the year ending June 30, 2014, the District paid \$8,114,014 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 2013-14, the index allowed for a 1.7% increase in property taxes and the School Board opted to not increase property tax increase and the tax rate in Chester County remained at 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 10 years. The District contribution rate increased from the 2010-11 contribution rate of 5.64% to the projected rate of 29.27% 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.

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 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 2023-24. In 2013-14, the District completed a majority of the renovations at East Bradford, Westtown-Thornbury and Pennwood Elementary schools and is in the bidding phase for Fern Hill Elementary school. 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 2013-14 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, 2013. 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 black ink, appearing to read 'Suzanne K. Moore', with a long horizontal flourish extending to the right.

Dr. Suzanne K. Moore
Director of Business Affairs

WEST CHESTER AREA SCHOOL DISTRICT

2013-14 School Board Members

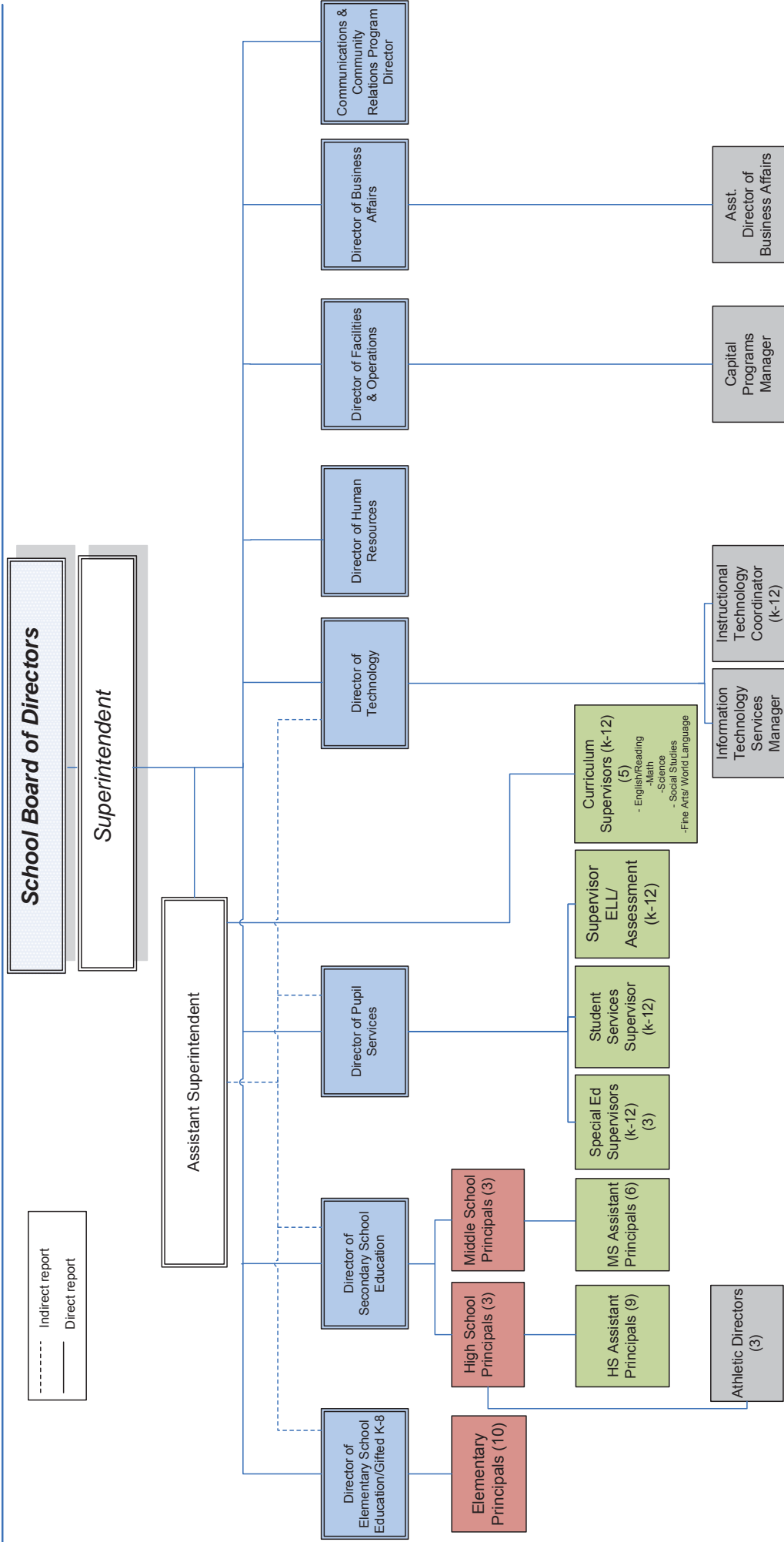
Dr. Ricky Swalm	School Board President
Sue Tiernan	School Board Vice President
Gary Bevilacqua	Member
Brent Binder	Member
Joyce Chester	Member
Robin Kaliner	Member
Chris McCune	Member
Vincent Murphy	Member
Maureen Snook	Member

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 Sokolowski	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

October 2013



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, 2013*

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



A handwritten signature in black ink, reading 'Terrie S. Simmons'.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

November 14, 2014

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, 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014, 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

Board of School Directors
West Chester Area School District

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, 2014

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, 2014. 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 2013-2014, 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 2013-2014.
- The largest District revenue stream is local property tax. In 2013-2014, the School Board did not raise property taxes to balance the budget. The taxpayers in Chester County continued to be 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 13.78 mills in 2012-2013 to 13.62 mills in 2013-2014.
- On an entity-wide basis, the District's total net position was \$60,797,145 at June 30, 2014. This represented an increase of \$7,057,211 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, was relatively flat, with an increase of 0.65 percent or \$1,334,053. This increase was driven by State subsidy increases related to Pennsylvania School Employee Retirement System ("PSERS").
- On a fund level reporting basis, compared to the prior year, the District's General Fund expenditures increased \$5,968,652 or 3.1 percent. The driving factor in this increase was the rising cost of employee benefits. Employer pension rates for all Pennsylvania school districts rose from 12.36 percent in 2012-2013 to 16.93 percent in 2013-2014, 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.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2014

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.

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 outflows 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 they have 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.

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 the 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

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2014

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.

- **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 student activity and 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 \$60,797,145 at June 30, 2014. This represents an increase of \$7,057,211 over the prior year. The table below presents condensed financial information for the net position of the District as of June 30, 2014 and 2013.

Statement of Net Position
June 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 86,506,066	\$ 81,483,225	\$ 1,602,246	\$ 1,578,510	\$ 88,108,312	\$ 83,061,735
Capital assets	298,973,179	298,940,644	224,324	169,778	299,197,503	299,110,422
TOTAL ASSETS	385,479,245	380,423,869	1,826,570	1,748,288	387,305,815	382,172,157
Deferred outflows of Resources	5,544,256	4,391,514	-	-	5,544,256	4,391,514
Current liabilities	42,357,535	39,141,565	513,979	398,570	42,871,514	39,540,135
Noncurrent liabilities	289,181,412	293,283,602	-	-	289,181,412	293,283,602
TOTAL LIABILITIES	331,538,947	332,425,167	513,979	398,570	332,052,926	332,823,737
Net Position:						
Net investment in capital assets	7,710,407	5,876,233	224,324	169,778	7,934,731	6,046,011
Restricted for capital projects	17,672,551	15,646,701	-	-	17,672,551	15,646,701
Unrestricted	34,101,596	30,867,282	1,088,267	1,179,940	35,189,863	32,047,222
TOTAL NET POSITION	\$ 59,484,554	\$ 52,390,216	\$ 1,312,591	\$ 1,349,718	\$ 60,797,145	\$ 53,739,934

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2014

The governmental activities restricted net position in the amount of \$17,672,551 is set aside to fund capital improvements, the replacement of and additions to public works, and deferred maintenance. These funds are legally restricted once put into the Capital Reserve Fund by the District. The total unrestricted net position in the amount of \$35,189,863 included \$1,088,267 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.

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 page presents condensed financial information for the statement of activities in a different format so that the reader can see the total revenues for the year. Compared to the prior year, the District's total revenues increased by \$1,080,440, or 0.5 percent. The largest change in revenue occurred in other taxes. Other taxes increased \$765,785 or 3.4 percent. The balance of the revenue growth came from increases in other local taxes and operating grants and contributions.

Expenses increased by \$4,367,998 or 2.2 percent. The largest drivers of this increase were operation and maintenance of plant services and administrative/financial support spending. This was the result of an increase in the employer retirement rate increasing from 12.36 percent in 2013 to 16.93 percent in 2014.

Statement of Activities
for the Years Ended June 30, 2014 and 2013

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program services:						
Charges for services	\$ 1,189,792	\$ 1,438,693	\$ 2,549,726	\$ 2,549,584	\$ 3,739,518	\$ 3,988,277
Operating grants and contributions	23,727,227	23,107,309	904,898	861,272	24,632,125	23,968,581
General revenues:						
Property taxes	147,270,504	147,198,156	-	-	147,270,504	147,198,156
Other taxes	23,154,723	22,388,938	-	-	23,154,723	22,388,938
Grants, subsidies, and contributions not restricted	10,652,411	10,472,277	-	-	10,652,411	10,472,277
Other revenue	302,822	654,990	1,327	1,771	304,149	656,761
TOTAL REVENUES	206,297,479	205,260,363	3,455,951	3,412,627	209,753,430	208,672,990
EXPENSES						
Instruction	121,627,033	121,882,871	-	-	121,627,033	121,882,871
Instructional student support	15,311,671	14,429,547	-	-	15,311,671	14,429,547
Administrative/financial support	15,643,360	14,417,208	-	-	15,643,360	14,417,208
Operation and maintenance of plant services	18,309,057	16,984,316	-	-	18,309,057	16,984,316
Pupil transportation	13,420,543	13,208,001	-	-	13,420,543	13,208,001
Student activities	4,377,690	4,147,431	-	-	4,377,690	4,147,431
Community services	116,354	145,929	-	-	116,354	145,929
Interest on long-term debt	10,397,433	9,722,107	-	-	10,397,433	9,722,107
Food service	-	-	3,493,078	3,390,811	3,493,078	3,390,811
TOTAL EXPENSES	199,203,141	194,937,410	3,493,078	3,390,811	202,696,219	198,328,221
CHANGE IN NET POSITION	7,094,338	10,322,953	(37,127)	21,816	7,057,211	10,344,769
BEGINNING NET POSITION	52,390,216	42,067,263	1,349,718	1,327,902	53,739,934	43,395,165
ENDING NET POSITION	\$ 59,484,554	\$ 52,390,216	\$ 1,312,591	\$ 1,349,718	\$ 60,797,145	\$ 53,739,934

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2014

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 \$3,714,580 or 2.3 percent more than the prior year. The table for business-type activities reflects condensed financial activities of the food service program, the only business-type activity of the District.

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
<u>Governmental Activities</u>				
Expenses - Governmental Activities:				
Instruction	\$ 121,627,033	\$ 121,882,871	\$ 106,548,408	\$ 103,830,667
Instructional student support	15,311,671	14,429,547	13,273,111	13,508,678
Administrative and financial support	15,643,360	14,417,208	14,645,258	14,417,208
Operation and maintenance of plant services	18,309,057	16,984,316	16,015,098	15,535,119
Pupil transportation	13,420,543	13,208,001	9,644,603	9,498,006
Student activities	4,377,690	4,147,431	3,647,874	3,733,694
Community services	116,354	145,929	114,337	145,929
Interest on long-term debt	10,397,433	9,722,107	10,397,433	9,722,107
TOTAL EXPENSES	<u>\$ 199,203,141</u>	<u>\$ 194,937,410</u>	174,286,122	170,391,408
Less: Grants, subsidies, and contributions not restricted			<u>(10,652,411)</u>	<u>(10,472,277)</u>
Total needed from local taxes and other revenues			<u>\$ 163,633,711</u>	<u>\$ 159,919,131</u>
<u>Business-type Activities</u>				
Expenses - Business-type Activities:				
Food services	<u>\$ 3,493,078</u>	<u>\$ 3,390,811</u>	<u>\$ 38,454</u>	<u>\$ (20,045)</u>

THE DISTRICT FUNDS

General Fund

At June 30, 2014, the District reported a General Fund fund balance of \$33,351,072, which represents 16.6 percent of total expenditures and was an increase of \$979,183 over the prior year. Of this amount, the District committed \$4,856,190 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 in 2011 and increased this commitment in 2014 by \$685,090 to bring the balance of the commitment to \$4,856,190. The District also utilized \$500,000 of the previous commitment of \$5,000,000 for PSERS costs bringing the total commitment balance to \$4,500,000. Lastly, the District

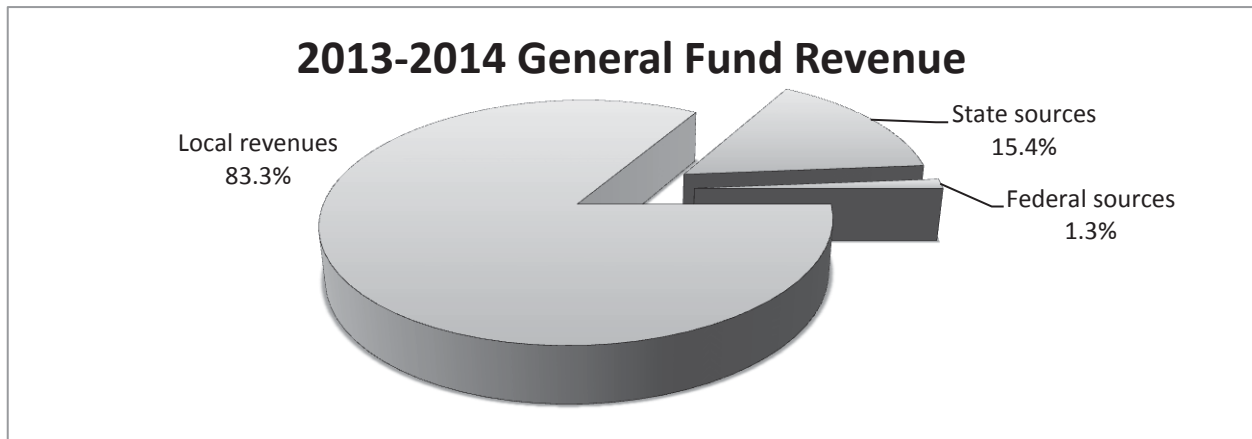
WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2014

assigned \$5,951,300 of the fund balance towards Tax Rate Stabilization. These funds will be used to offset the 2015-2016 budget gap and reduce 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 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 \$119,782 is assigned for athletic activities.

REVENUE

General Fund Revenues, excluding other financing sources, total \$206,438,448, 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:

	General Fund Revenue 2014	Percentage of Total	Increase/ (Decrease) from 2013	Variance Over/(Under) Final Budget
Local revenues	\$ 172,058,808	83.3%	\$ 532,710	\$ 2,676,777
State sources	31,717,857	15.4%	2,187,835	110,384
Federal sources	2,661,783	1.3%	(1,386,492)	(177,117)
	<u>\$ 206,438,448</u>	<u>100.0%</u>	<u>\$ 1,334,053</u>	<u>\$ 2,610,044</u>



Local revenues increased slightly by \$532,710. The District's earned income taxes grew \$768,921, transfer taxes increased \$251,132 and were offset by a decrease in delinquent real estate tax collection by \$703,972.

The largest change in annual revenue collections occurred in state-sourced revenues. The increase in state revenues is due to an increase in the District's retirement 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 \$1,996,017 in the related retirement subsidy reimbursement.

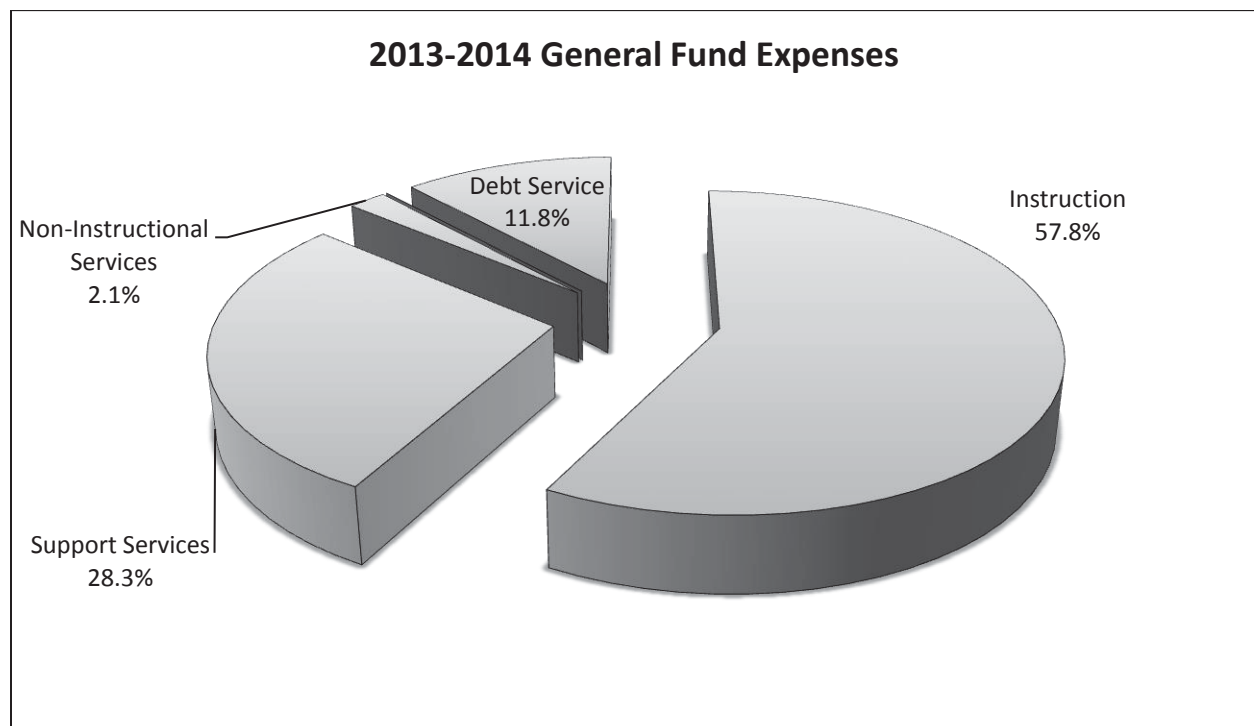
WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2014

Federal revenues decreased by 34.25 percent as a result of the District transitioning control of Title I Delinquent federal funds, in the amount of \$1,227,756 in 2012-2013, to the Chester County Intermediate Unit. The additional decrease is related to changes in spending patterns.

EXPENDITURES

General Fund expenditures, excluding transfers to other governmental funds, totaled \$200,795,154. This was an increase of \$5,968,652 or 3.1 percent over the prior year, and it was \$2,934,513 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 2013-2014 budget, are as follows:

	General Fund Expenditures 2014	Percentage of Total	Increase/ (Decrease) from 2013	Variance Over/(Under) Final Budget
Instruction	\$ 116,101,438	57.8%	\$ 3,065,582	\$ (1,650,296)
Support services	56,801,957	28.3%	1,717,294	(1,011,237)
Non-instructional services	4,237,967	2.1%	78,301	(175,236)
Facilities acquisition and construction	-	0.0%	(650,293)	-
Debt service	23,653,792	11.8%	1,757,768	(97,744)
TOTAL EXPENDITURES BY FUNCTION	\$ 200,795,154	100.0%	\$ 5,968,652	\$ (2,934,513)



WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2014

The driving factor for the 2013-2014 increases in expenses was benefit cost. Employer pension rates for all school districts in Pennsylvania rose from 12.36 percent in 2012-2013 to 16.93 percent in 2013-2014. Rising healthcare costs added to benefit cost. The increase in instructional expenses for 2013-2014 was due primarily to benefits cost increases and the settlement of the teacher contract which included mid-year salary increases. Benefit costs drove the increase in support services and non-instructional support services expenses. The District's debt service expense increased due to planned principal and interest repayments.

Capital Projects Fund

The 2013-2014 year represented the third year of a 14-year District elementary school master plan renovation. By the completion of this plan, all ten elementary schools will have been renovated. As of June 30, 2014, the District had a capital projects fund balance of \$8,376,597. This was an increase of \$1,256,698 from the prior year. The District reported net cash inflows of \$11,874,928 which represented the new bond funds secured to fund the latest elementary school renovations. The District also reported expenditures of \$10,618,230 in 2013-2014. These expenditures were primarily related to the design and renovation of the elementary schools related to the master plan.

Capital Reserve Fund

The Capital Reserve Fund had a fund balance of \$17,672,551 at June 30, 2014. This was a \$2,025,850 increase from the prior year. The Capital Reserve Fund is funded by transfers from the General Fund. In 2013-2014, 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 in of \$4,581,247 from the General Fund. This transfer represented dedicated millage, 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 \$2,610,044 over budget or 1.3 percent. Total expenditures were under the amended budget by \$2,934,513 or 1.4 percent.

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2014

CAPITAL ASSETS

At June 30, 2014, the District had \$299,197,503 invested in a broad range of governmental capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deletions, and depreciation) of \$87,081, or 0.03 percent, from the prior year. Additionally, the District's construction-in-progress balance increased by \$8,355,486 from the prior year. Since the elementary school renovation projects were incomplete as of June 30, 2014, they are included in the construction-in-progress balance.

The following schedule depicts the capital assets as of June 30, 2014. More detailed information about capital 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	364,460,917	-	364,460,917
Construction-in-progress	27,269,498	-	27,269,498
Furniture and equipment	<u>33,064,984</u>	<u>692,440</u>	<u>33,757,424</u>
TOTAL CAPITAL ASSETS	472,692,324	692,440	473,384,764
TOTAL ACCUMULATED DEPRECIATION	<u>173,719,145</u>	<u>468,116</u>	<u>174,187,261</u>
CAPITAL ASSETS, NET	<u>\$ 298,973,179</u>	<u>\$ 224,324</u>	<u>\$ 299,197,503</u>

DEBT ADMINISTRATION

As of June 30, 2014, the District had total outstanding bonds and related charges of \$299,639,369, a decrease of \$544,941 from the prior year. During 2013-14, the District refinanced \$32,715,000 in outstanding debt to take advantage of the favorable financing market conditions. The District incurred \$12,000,000 in new debt during 2013-14. 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, 2014**

	<u>Principal Outstanding June 30, 2013</u>	<u>Maturities/ Refinancing</u>	<u>Additions</u>	<u>Principal Outstanding June 30, 2014</u>
GENERAL OBLIGATION BONDS AND NOTES	\$ 287,443,000	\$ 45,317,000	\$ 42,890,000	\$ 285,016,000
<i>Deferred amounts:</i>				
Net issuance premium	<u>12,741,310</u>	<u>2,637,497</u>	<u>4,519,556</u>	<u>14,623,369</u>
LONG-TERM DEBT	<u>\$ 300,184,310</u>	<u>\$ 47,954,497</u>	<u>\$ 47,409,556</u>	<u>\$ 299,639,369</u>

WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2014

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. The District's local real estate tax base, impacting the District's largest revenue stream, has been slow to recover after the national economic downturn. The District is experiencing healthy growth in earned income tax and transfer tax collections which 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 healthcare costs. Pension rates rose to 21.40 percent in 2014-2015 and will continue to increase going forward. The District also projects an annual increase of 7.5 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 healthcare costs, and reduced millage impact. The District has changed healthcare plans to lower cost for all its labor groups in an attempt to limit healthcare expenses and is using the Act I Index for the basis for contract salary increases. While currently the District is showing a 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 its third building renovation and is in progress with the fourth 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, 2014**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 17,622,072	\$ 143,531	\$ 17,765,603
Investments	57,583,651	1,407,854	58,991,505
Internal balances	12,270	(12,270)	-
Due from other governments	2,683,899	41,888	2,725,787
Other receivables	868,411	4,043	872,454
Taxes receivable	4,253,307	-	4,253,307
Prepaid expenses	3,482,456	-	3,482,456
Inventories	-	17,200	17,200
Total Current Assets	86,506,066	1,602,246	88,108,312
Noncurrent Assets:			
Capital assets			
Land	33,159,800	-	33,159,800
Construction-in-progress	27,269,498	-	27,269,498
Land improvements	14,737,125	-	14,737,125
Buildings	364,460,917	-	364,460,917
Furniture and equipment	33,064,984	692,440	33,757,424
Less: Accumulated depreciation	(173,719,145)	(468,116)	(174,187,261)
Total Noncurrent Assets	298,973,179	224,324	299,197,503
TOTAL ASSETS	385,479,245	1,826,570	387,305,815
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	5,544,256	-	5,544,256
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 391,023,501	\$ 1,826,570	\$ 392,850,071
LIABILITIES AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable and other current liabilities	\$ 24,631,472	\$ 410,969	\$ 25,042,441
Accrued interest	2,062,171	-	2,062,171
Unearned revenues	92,149	103,010	195,159
Bonds and notes payable, net	15,571,743	-	15,571,743
Total Current Liabilities	42,357,535	513,979	42,871,514
Noncurrent Liabilities:			
Bonds and notes payable, net	284,067,626	-	284,067,626
Accrued severance and compensated absences	4,877,394	-	4,877,394
Other post-employment benefits	236,392	-	236,392
Total Noncurrent Liabilities	289,181,412	-	289,181,412
TOTAL LIABILITIES	331,538,947	513,979	332,052,926
NET POSITION			
Net investment in capital assets	7,710,407	224,324	7,934,731
Restricted	17,672,551	-	17,672,551
Unrestricted	34,101,596	1,088,267	35,189,863
TOTAL NET POSITION	59,484,554	1,312,591	60,797,145
TOTAL LIABILITIES AND NET POSITION	\$ 391,023,501	\$ 1,826,570	\$ 392,850,071

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, 2014**

	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Totals
PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 121,627,033	\$ 437,675	\$ 14,640,950	\$ (106,548,408)	\$ (106,548,408)
Instructional student support	15,311,671	-	2,038,560	(13,273,111)	(13,273,111)
Administrative and financial support services	15,643,360	-	998,102	(14,645,258)	(14,645,258)
Operation and maintenance of plant services	18,309,057	332,728	1,961,231	(16,015,098)	(16,015,098)
Pupil transportation	13,420,543	-	3,775,940	(9,644,603)	(9,644,603)
Student activities	4,377,690	419,389	310,427	(3,647,874)	(3,647,874)
Community services	116,354	-	2,017	(114,337)	(114,337)
Interest on long-term debt	10,397,433	-	-	(10,397,433)	(10,397,433)
TOTAL GOVERNMENTAL ACTIVITIES	199,203,141	1,189,792	23,727,227	(174,286,122)	(174,286,122)
BUSINESS-TYPE ACTIVITIES:					
Food service	3,493,078	2,549,726	904,898	(38,454)	(38,454)
TOTAL PRIMARY GOVERNMENT	\$ 202,696,219	\$ 3,739,518	\$ 24,632,125	(38,454)	(174,324,576)
GENERAL REVENUES					
Property taxes, levied for general purposes			147,270,504	-	147,270,504
Taxes levied for specific purposes			23,154,723	-	23,154,723
Grants, entitlements, and contributions not restricted to specific programs			10,652,411	-	10,652,411
Investment earnings			135,847	1,327	137,174
Gain on sale of asset			20,608	-	20,608
Other			146,367	-	146,367
TOTAL GENERAL REVENUES			181,380,460	1,327	181,381,787
CHANGE IN NET POSITION			7,094,338	(37,127)	7,057,211
NET POSITION, BEGINNING OF YEAR			52,390,216	1,349,718	53,739,934
NET POSITION, END OF YEAR			\$ 59,484,554	\$ 1,312,591	\$ 60,797,145

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

**WEST CHESTER AREA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<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	\$ 12,074,848	\$ 1,289,075	\$ 4,258,149	-	\$ 17,622,072
Investments	38,266,714	9,489,493	9,827,444	-	57,583,651
Taxes receivable	4,253,307	-	-	-	4,253,307
Due from other funds	26,553	-	3,628,147	-	3,654,700
Due from other governments	2,683,899	-	-	-	2,683,899
Other receivables	868,411	-	-	-	868,411
Prepaid expenditures	3,482,456	-	-	-	3,482,456
TOTAL ASSETS	<u>\$ 61,656,188</u>	<u>\$ 10,778,568</u>	<u>\$ 17,713,740</u>	<u>-</u>	<u>\$ 90,148,496</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 6,038,230	\$ 2,387,688	\$ 41,189	-	\$ 8,467,107
Unearned revenue	92,149	-	-	-	92,149
Due to other funds	3,628,147	14,283	-	-	3,642,430
Payroll accruals and withholdings	16,164,365	-	-	-	16,164,365
TOTAL LIABILITIES	<u>25,922,891</u>	<u>2,401,971</u>	<u>41,189</u>	<u>-</u>	<u>28,366,051</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	2,382,225	-	-	-	2,382,225
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,382,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,382,225</u>
FUND BALANCES:					
Nonspendable	3,482,456	-	-	-	3,482,456
Restricted	-	8,376,597	17,672,551	-	26,049,148
Committed	9,356,190	-	-	-	9,356,190
Assigned	6,071,082	-	-	-	6,071,082
Unassigned	14,441,344	-	-	-	14,441,344
TOTAL FUND BALANCES	<u>33,351,072</u>	<u>8,376,597</u>	<u>17,672,551</u>	<u>-</u>	<u>59,400,220</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 61,656,188</u>	<u>\$ 10,778,568</u>	<u>\$ 17,713,740</u>	<u>-</u>	<u>\$ 90,148,496</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, 2014**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 59,400,220

Amounts reported for governmental activities in the statement of net position are different because:

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 \$472,692,324 accumulated depreciation was \$173,719,145. 298,973,179

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. 2,382,225

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. 5,544,256

Other post-employment benefits (OPEB) are not financial resources and, therefore, are not reported in the governmental funds. (236,392)

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.

Accrued interest	\$ (2,062,171)	
Bonds and notes payable in future years, net	(299,639,369)	
Accumulated compensated absences	<u>(4,877,394)</u>	<u>(306,578,934)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 59,484,554

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, 2014

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Fund	Totals
REVENUES					
Local sources	\$ 172,058,808	-	\$ 64,877	-	\$ 172,123,685
State sources	31,717,857	-	-	-	31,717,857
Federal sources	2,661,783	-	-	-	2,661,783
TOTAL REVENUES	206,438,448	-	64,877	-	206,503,325
EXPENDITURES					
Current:					
Instruction	116,101,438	-	1,241,180	-	117,342,618
Support services	56,801,957	-	661,121	-	57,463,078
Operation of noninstructional services	4,237,967	-	-	-	4,237,967
Debt service:					
Principal	12,602,000	-	-	-	12,602,000
Interest	11,051,792	-	-	-	11,051,792
Bond issuance costs	-	26,891	-	-	118,098
Capital outlays	-	10,591,339	744,513	91,207	11,335,852
TOTAL EXPENDITURES	200,795,154	10,618,230	2,646,814	91,207	214,151,405
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,643,294	(10,618,230)	(2,581,937)	(91,207)	(7,648,080)
OTHER FINANCING SOURCES (USES)					
Refund of prior year expenditures	14,880	-	-	-	14,880
Refund of prior year revenue	(97,744)	-	-	-	(97,744)
Refunding bonds issued	-	-	-	-	30,890,000
Bonds issued for capital projects	-	12,000,000	-	-	12,000,000
Payment to refund bonds	-	-	-	-	(35,443,421)
Premium on bonds issued	-	-	-	4,662,649	4,662,649
Discount on bonds issued	-	(143,093)	-	-	(143,093)
Proceeds from sale of capital assets	-	18,021	26,540	-	26,540
Transfers in	(4,581,247)	-	4,581,247	-	4,599,268
Transfers out	(4,664,111)	-	-	(18,021)	(4,599,268)
TOTAL OTHER FINANCING SOURCES (USES)	(4,664,111)	11,874,928	4,607,787	91,207	11,909,811
NET CHANGE IN FUND BALANCES	979,183	1,256,698	2,025,850	-	4,261,731
FUND BALANCES, BEGINNING OF YEAR	32,371,889	7,119,899	15,646,701	-	55,138,489
FUND BALANCES, END OF YEAR	\$ 33,351,072	\$ 8,376,597	\$ 17,672,551	\$ -	\$ 59,400,220

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, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,261,731

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	\$ 11,752,323	
Depreciation expense	<u>(11,713,856)</u>	38,467

Loss on disposal of capital assets (5,932)

Because some amounts will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. (241,334)

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. 544,941

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 of the refunding debt. 1,152,742

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 paid exceeded current period compensated absences earned. 1,950,394

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. (199,212)

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. (407,459)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 7,094,338

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, 2014**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 169,382,031	\$ 169,382,031	\$ 172,058,808	\$ 2,676,777
State sources	31,607,473	31,607,473	31,717,857	110,384
Federal sources	2,838,900	2,838,900	2,661,783	(177,117)
TOTAL REVENUES	<u>203,828,404</u>	<u>203,828,404</u>	<u>206,438,448</u>	<u>2,610,044</u>
EXPENDITURES				
Current:				
Instruction				
Regular programs, elementary/secondary	82,028,953	82,476,052	81,156,213	1,319,839
Special programs, elementary/secondary	28,397,374	29,973,963	29,689,925	284,038
Vocational education programs	4,761,477	4,695,962	4,692,319	3,643
Other instructional programs	854,298	594,001	551,225	42,776
Nonpublic school programs	16,712	11,756	11,756	-
Adult education programs	34,908	-	-	-
Total Instruction	<u>116,093,722</u>	<u>117,751,734</u>	<u>116,101,438</u>	<u>1,650,296</u>
Support services				
Pupil personnel	7,784,036	7,720,816	7,675,484	45,332
Instructional staff	5,538,249	5,300,491	4,881,281	419,210
Administration	10,549,885	10,665,523	10,502,799	162,724
Pupil health	1,936,984	2,030,735	2,002,751	27,984
Business	1,466,561	1,545,766	1,521,955	23,811
Operation and maintenance of plant services	16,331,140	15,535,341	15,281,210	254,131
Student transportation services	13,330,549	12,693,731	12,650,019	43,712
Central	2,223,695	2,193,042	2,158,719	34,323
Other support services	126,149	127,749	127,739	10
Total Support Services	<u>59,287,248</u>	<u>57,813,194</u>	<u>56,801,957</u>	<u>1,011,237</u>
Operation of noninstructional services				
Student activities	4,651,152	4,243,693	4,080,327	163,366
Community services	124,074	169,510	157,640	11,870
Total Operation of Noninstructional Services	<u>4,775,226</u>	<u>4,413,203</u>	<u>4,237,967</u>	<u>175,236</u>
Debt service				
Principal, interest, and fiscal agent fees	24,976,962	23,751,536	23,653,792	97,744
TOTAL EXPENDITURES	<u>205,133,158</u>	<u>203,729,667</u>	<u>200,795,154</u>	<u>2,934,513</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,304,754)</u>	<u>98,737</u>	<u>5,643,294</u>	<u>5,544,557</u>
OTHER FINANCING SOURCES (USES)				
Refund of prior year expenditures	-	-	14,880	14,880
Refund of prior year revenues	-	(97,744)	(97,744)	-
Transfers out	(3,275,500)	(4,581,247)	(4,581,247)	-
TOTAL OTHER FINANCING USES	<u>(3,275,500)</u>	<u>(4,678,991)</u>	<u>(4,664,111)</u>	<u>14,880</u>
NET CHANGE IN FUND BALANCE	(4,580,254)	(4,580,254)	979,183	5,559,437
FUND BALANCE, BEGINNING OF YEAR	<u>32,371,889</u>	<u>32,371,889</u>	<u>32,371,889</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 27,791,635</u>	<u>\$ 27,791,635</u>	<u>\$ 33,351,072</u>	<u>\$ 5,559,437</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, 2014**

	<u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 143,531
Investments	1,407,854
Due from other governments	41,888
Other receivables	4,043
Inventories	<u>17,200</u>
TOTAL CURRENT ASSETS	1,614,516
 CAPITAL ASSETS:	
Furniture and equipment, net	<u>224,324</u>
 TOTAL ASSETS	 <u><u>\$ 1,838,840</u></u>
 LIABILITIES AND NET POSITION	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	\$ 410,969
Due to other funds	12,270
Unearned revenue	<u>103,010</u>
TOTAL LIABILITIES	<u>526,249</u>
 NET POSITION:	
Net investment in capital assets	224,324
Unrestricted	<u>1,088,267</u>
TOTAL NET POSITION	<u>1,312,591</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 1,838,840</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, 2014**

	<u>Food Service Fund</u>
OPERATING REVENUES	
Food service revenues	\$ 2,549,726
TOTAL OPERATING REVENUES	<u>2,549,726</u>
OPERATING EXPENSES	
Professional and contract services	3,360,142
Depreciation	39,394
Other operating costs	93,542
TOTAL OPERATING EXPENSES	<u>3,493,078</u>
OPERATING LOSS	<u>(943,352)</u>
NONOPERATING REVENUES	
State sources	64,862
Federal sources	840,036
Interest income	1,327
TOTAL NONOPERATING REVENUES	<u>906,225</u>
CHANGE IN NET POSITION	(37,127)
NET POSITION, BEGINNING OF YEAR	<u>1,349,718</u>
NET POSITION, END OF YEAR	<u><u>\$ 1,312,591</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, 2014**

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,577,438
Payments to suppliers	<u>(3,176,259)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(598,821)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	64,410
Federal sources	<u>699,482</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>763,892</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(93,940)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(93,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment securities and deposits to investment pools	(289,527)
Interest income	<u>1,327</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(288,200)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(217,069)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>360,600</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 143,531</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (943,352)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	39,394
Commodities usage	133,398
Changes in assets and liabilities:	
Decrease in other receivables	26,504
Decrease in inventory	17,556
Increase in accounts payable and accrued liabilities	114,201
Increase in due to other funds	12,270
Increase in unearned revenue	<u>1,208</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (598,821)</u>
SUPPLEMENTAL DISCLOSURE	
NONCASH NONCAPITAL FINANCING ACTIVITY:	
USDA donated commodities	<u>\$ 133,398</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, 2014

	Student Activity Funds	Other Agency Fund	Total Agency Funds	Private- Purpose Trust
ASSETS				
Cash and cash equivalents	\$ 313,275	\$ 78,841	\$ 392,116	\$ 672,477
Other receivables	-	1,815	1,815	-
TOTAL ASSETS	\$ 313,275	\$ 80,656	\$ 393,931	\$ 672,477
LIABILITIES AND NET POSITION				
LIABILITIES:				
Other current liabilities	\$ 313,275	\$ 80,656	\$ 393,931	\$ 550
TOTAL LIABILITIES	313,275	80,656	393,931	550
NET POSITION:				
Restricted	-	-	-	671,927
TOTAL NET POSITION	-	-	-	671,927
TOTAL LIABILITIES AND NET POSITION	\$ 313,275	\$ 80,656	\$ 393,931	\$ 672,477

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, 2014**

	<u>Private- Purpose Trust</u>
ADDITIONS	
Gifts and contributions	<u>\$ 714,446</u>
TOTAL ADDITIONS	<u>714,446</u>
DEDUCTIONS	
Grants	<u>723,178</u>
TOTAL DEDUCTIONS	<u>723,178</u>
CHANGE IN NET POSITION	(8,732)
NET POSITION, BEGINNING OF YEAR	<u>680,659</u>
NET POSITION, END OF YEAR	<u><u>\$ 671,927</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 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 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, 2014.

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. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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 are 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. The liabilities for vacation, sick and severance pay also include the District's share of FICA taxes net of the anticipated state subsidy reimbursement.

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 personnel who have completed at least 12 years of credit District service and retire under normal PSERS guidelines receive severance pay in the form of compensation. 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 \$65 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 and governmental funds balance sheet 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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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.

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.

Net Position

The entity-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of borrowings attributable to acquiring, constructing, or improving those assets. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Those restrictions affect net position arising from the capital projects fund. Unrestricted net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 BUDGETARY INFORMATION

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

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

1. The 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 meetings 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, 2014, the carrying amount of the District's deposits was \$18,830,196 and the bank balance was \$20,878,580. 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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS (cont'd)

United States of America, the Commonwealth of Pennsylvania, any of its agencies or instrumentalities or any of its political subdivisions backed by the full faith and credit of the political subdivision; or approved local government investment pools or mutual funds.

As of June 2014, the District had the following investments.

Investments held in the District's Name:

<u>Money Market</u>	
General fund accounts	\$ 6,157,410
Capital reserve fund account	76,419
Total Money Market	<u>6,233,829</u>
<u>Agencies and CDs</u>	
General fund accounts	26,192,828
Capital reserve fund account	9,750,245
Total Agencies and CDs	<u>35,943,073</u>
Total Investments Held in the District's Name	<u>\$ 42,176,902</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, 2014, 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	\$ 1,994,912
Capital reserve fund account	778
Total Pennsylvania School District Liquid Asset Fund	<u>1,995,690</u>
<u>Pennsylvania Local Government Investment Trust ("PLGIT")</u>	
Capital project fund account	9,489,493
Total Pennsylvania Local Government Investment Trust	<u>9,489,493</u>
<u>Pennsylvania Treasurer's Investment Program ("PTIP")</u>	
General fund account	3,921,564
Capital reserve fund account	2
Food service fund account	1,407,854
Total Pennsylvania Treasurer's Investment Program	<u>5,329,420</u>
Total Pooled Investments	<u>\$ 16,814,603</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, 2014, 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	\$ 2,743,923
Transfer taxes	507,964
Earned income taxes	<u>1,001,420</u>
Total Taxes Receivable	<u>\$ 4,253,307</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 \$2,382,225 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, 2014 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>18,914,012</u>	<u>9,714,045</u>	<u>-</u>	<u>(1,358,559)</u>	<u>27,269,498</u>
Total Capital Assets Not Being Depreciated	<u>52,073,812</u>	<u>9,714,045</u>	<u>-</u>	<u>(1,358,559)</u>	<u>60,429,298</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
(cont'd)					
Capital assets being depreciated:					
Land improvements	14,737,125	-	-	-	14,737,125
Buildings	363,112,043	-	-	1,348,874	364,460,917
Furniture and equipment	33,152,717	2,038,278	2,135,696	9,685	33,064,984
Total Capital Assets Being Depreciated	<u>411,001,885</u>	<u>2,038,278</u>	<u>2,135,696</u>	<u>1,358,559</u>	<u>412,263,026</u>
Accumulated depreciation for:					
Land improvements	4,427,615	728,353	-	-	5,155,968
Buildings	129,773,877	9,435,071	-	-	139,208,948
Furniture and equipment	29,933,561	1,550,432	2,129,764	-	29,354,229
Total Accumulated Depreciation	<u>164,135,053</u>	<u>11,713,856</u>	<u>2,129,764</u>	<u>-</u>	<u>173,719,145</u>
Total Capital Assets Being Depreciated, Net	<u>246,866,832</u>	<u>(9,675,578)</u>	<u>5,932</u>	<u>1,358,559</u>	<u>238,543,881</u>
Governmental Activities, Net	<u>\$298,940,644</u>	<u>\$ 38,467</u>	<u>\$ 5,932</u>	<u>\$ -</u>	<u>\$298,973,179</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets:					
Furniture and equipment	\$ 598,500	\$ 93,940	\$ -	\$ -	\$ 692,440
Total Capital Assets	<u>598,500</u>	<u>93,940</u>	<u>-</u>	<u>-</u>	<u>692,440</u>
Accumulated depreciation for:					
Furniture and equipment	428,772	39,394	-	-	468,116
Total Accumulated Depreciation	<u>428,772</u>	<u>39,394</u>	<u>-</u>	<u>-</u>	<u>468,116</u>
Business-type Activities Capital Assets, Net	<u>\$ 169,778</u>	<u>\$ 54,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,324</u>

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

Governmental activities:	
Instruction	\$ 7,215,495
Instructional student support	895,277
Administrative and financial support services	927,923
Operation and maintenance of plant services	1,636,705
Pupil transportation	777,860
Student activities	250,903
Community services	9,693
Total Depreciation Expense - Governmental Activities	<u>\$ 11,713,856</u>
Business-type Activities - Food Service	<u>\$ 39,394</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, 2014 is as follows:

<u>Receivable to</u>	<u>Payable from</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 14,283
General Fund	Food Service Fund	12,270
Capital Reserve Fund	General Fund	3,628,147
TOTAL		<u>\$ 3,654,700</u>

Interfund receivables and payables exist as a result of a time lag between dates when goods and services were provided and payments between funds were made. All will be paid within one year. The general fund transferred \$4,581,247 to the capital reserve fund for the year ended June 30, 2014 to fund future planned capital expenditures. In addition, excess funds of \$18,021 related to the current year bond refunding were transferred from the other governmental fund to the Capital Projects Fund.

NOTE 8 LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2014:

	<u>Principal Outstanding July 1, 2013</u>	<u>Maturities</u>	<u>Additions</u>	<u>Principal Outstanding June 30, 2014</u>	<u>Due in One Year</u>
General obligation note, Series B of 2000	\$ 3,558,000	\$1,127,000	\$ -	\$ 2,431,000	\$1,185,000
General obligation bonds, Series of 2006	34,965,000	5,665,000	-	29,300,000	5,000
General obligation bonds, Series A of 2006	55,715,000	25,970,000	-	29,745,000	2,150,000
General obligation bonds, Refunding Series of 2006	20,350,000	1,500,000	-	18,850,000	1,555,000
General obligation bonds, Refunding Series A of 2006	37,130,000	150,000	-	36,980,000	155,000
General obligation bonds, Refunding Series of 2009	3,000,000	3,000,000	-	-	-
General obligation note, Series of 2009	9,985,000	5,000	-	9,980,000	5,000
General obligation bonds, Refunding Series of 2010	14,290,000	3,095,000	-	11,195,000	3,185,000
General obligation bonds, Refunding Series A of 2010	6,240,000	625,000	-	5,615,000	640,000
General obligation bonds Refunding Series AA of 2010	24,245,000	2,235,000	-	22,010,000	2,300,000

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

	Principal Outstanding July 1, 2013	Maturities	Additions	Principal Outstanding June 30, 2014	Due in One Year
General obligation bonds, Refunding Series of 2011	9,420,000	495,000	-	8,925,000	505,000
General obligation bonds, Series A of 2012	21,000,000	-	-	21,000,000	-
General obligation bonds, Series AA of 2012	39,330,000	5,000	-	39,325,000	110,000
General obligation bonds, Series of 2013	8,215,000	1,445,000	-	6,770,000	1,975,000
General obligation bonds, Series of 2014	-	-	12,000,000	12,000,000	-
General obligation bonds, Series A of 2014	-	-	30,890,000	30,890,000	5,000
	<u>287,443,000</u>	<u>45,317,000</u>	<u>42,890,000</u>	<u>285,016,000</u>	<u>13,775,000</u>
Deferred amounts:					
Issuance premium	<u>12,741,310</u>	<u>2,637,497</u>	<u>4,519,556</u>	<u>14,623,369</u>	<u>1,796,743</u>
LONG-TERM DEBT	<u>\$300,184,310</u>	<u>\$47,954,497</u>	<u>\$47,409,556</u>	<u>\$299,639,369</u>	<u>\$15,571,743</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 4.00% to 5.00%, interest payable semi-annually on May 15 and November 15.	\$ 29,300,000
Series A of 2006, original principal amount of \$100,810,000, maturing May 15, 2007 through May 15, 2030, bearing interest ranging from 4.50% to 5.00%, interest payable semi-annually on May 15 and November 15.	29,745,000
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.	18,850,000
Refunding Series A of 2006, original principal amount of \$37,935,000, maturing February 1, 2007 through February 1, 2027, bearing interest ranging from 3.70% to 4.50%, interest payable semi-annually on February 15 and August 15.	36,980,000
Refunding Series of 2010, original principal amount of \$22,330,000, maturing November 15, 2010 through November 15, 2017, bearing interest ranging from 2.00% to 3.00%, interest payable semi-annually on May 15 and November 15.	11,195,000

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

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.	5,615,000
Refunding Series AA of 2010, original principal amount of \$28,220,000, maturing March 15, 2014 through March 15, 2022, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on March 15 and September 15.	22,010,000
Refunding Series of 2011, original principal amount of \$9,585,000, maturing February 15, 2014 through February 15, 2029, bearing interest ranging from 2.00% to 3.20%, interest payable semi-annually on February 15 and August 15.	8,925,000
Series A of 2012, original principal amount of \$21,000,000, maturing May 15, 2023 through May 15, 2032, bearing interest at 3.00%, 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 2.00% to 5.00%, interest payable semi-annually on May 15 and November 15.	39,325,000
Refunding Series of 2013, original principal amount of \$8,215,000, maturing October 1, 2014 through October 1, 2020, bearing interest at 2.00% to 4.00%, interest payable semi-annually on April 1 and October 1.	6,770,000
Refunding Series A of 2014, original principal amount of \$30,890,000, maturing May 5, 2015 through May 15, 2024, bearing interest at 0.30% to 5.00%, interest payable semi-annually on May 15 and November 15. The refunding resulted in a cash flow savings of \$1,936,530 and economic benefit of \$1,880,270.	30,890,000
Series of 2014, original principal amount of \$12,000,000, maturing May 15, 2025 through May 15, 2032, bearing interest ranging from 3.75% to 4.25%, interest payable semi-annually on May 15 and November 15.	<u>12,000,000</u>
TOTAL BONDS	<u>272,605,000</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

General Obligation Notes

Series B of 2000, original principal amount of \$13,461,000, maturing November 25, 2001 through November 25, 2015, bearing interest at a rate not to exceed 15%. Interest to be paid monthly. 2,431,000

Series of 2009, original principal amount of \$10,000,000, maturing September 15, 2010 through March 15, 2015, bearing interest at a rate not to exceed 25%. Interest to be paid monthly. 9,980,000

TOTAL NOTES 12,411,000

TOTAL BONDS AND NOTES \$ 285,016,000

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>
2015	\$ 13,775,000	\$ 11,352,968	\$ 25,177,127
2016	13,261,000	11,077,132	24,338,132
2017	14,290,000	10,645,535	24,935,535
2018	14,985,000	10,310,937	25,295,937
2019	15,545,000	9,716,212	25,261,212
2020-2024	87,635,000	38,052,499	125,687,499
2025-2029	96,690,000	17,163,961	113,853,961
2030-2032	<u>28,835,000</u>	<u>1,811,538</u>	<u>30,646,538</u>
	<u>\$285,016,000</u>	<u>\$110,130,782</u>	<u>\$395,146,782</u>

NOTE 9 CHANGES IN OTHER LONG-TERM LIABILITIES

Other long-term liabilities are summarized as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>
Accrued compensated absences	\$ 1,459,024	\$ 822,605	\$ 503,199	\$ 1,778,430
Accrued severance	<u>5,368,764</u>	<u>676,868</u>	<u>2,946,668</u>	<u>3,098,964</u>
	<u>\$ 6,827,788</u>	<u>\$ 1,499,473</u>	<u>\$ 3,449,867</u>	<u>\$ 4,877,394</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 CHANGES IN OTHER LONG-TERM LIABILITIES (cont'd)

During the current year, management changed their estimate of the severance portion of the compensated absences liability in order to be consistent with the labor agreements. Per the labor agreements, certain employees upon retirement under the provisions of PSERS are entitled to a severance payment based on the number of unused sick days multiplied by a daily rate. Retiring employees are eligible for this severance payment upon reaching 12 or 15 years of service with the District. In the past, management had assumed that employees that had reached five years of service with the District would eventually retire from the District and have the required years of service as defined above which would make them eligible for the payout. The compensated absences liability now only includes the liability for employees that have met the required years of service. This assumption change which decreased the prior year liability by \$2,135,869 was treated as a change in accounting estimate and has been accounted for in the current year statement of activities for the governmental activities opinion unit.

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, 2014, 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, 2014</u>	<u>Commitments</u>
Renovations	<u>\$ 30,736,639</u>	<u>\$ 26,221,979</u>	<u>\$ 4,514,660</u>

In addition, the District has incurred costs totaling \$1,047,519 for project costs that were not under a formal contract as of June 30, 2014.

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, 2014 were \$205,190.

Additionally, the District self-insures group medical, dental, vision, and prescription coverage. The District has accrued a three-month value for potential claims under medical, dental, vision, and prescription coverage. Total accrued claims for the year ended June 30, 2014 were \$4,090,044. Total claims paid for the year ended June 30, 2014 were \$22,796,979.

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, 2014, 2013, and 2012 totaled \$14,321,025, \$10,336,175, and \$7,377,780, respectively. Total covered payroll was \$84,589,634, and total payroll was \$87,121,085 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, 2014, the rate of employer contribution was 16.93 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 12 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 Independence 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 and Personal Choice 320 plan, respectively. 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.

Throughout 2012-2014, through contract negotiations, the support staff and custodial retiree healthcare benefits were changed. Support staff and custodial eligible retirees that reach superannuation with at least 20 years of service at the District and 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.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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.

Funding Progress

The schedule of funding progress of OPEB is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2012	\$ -	\$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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and the changes in the District's net OPEB obligation.

Annual OPEB Cost:		
Normal cost		\$ 898,916
Amortization of unfunded actuarial accrued liability		1,108,125
Interest on net OPEB obligation		1,673
Funding adjustment		<u>(2,156)</u>
ANNUAL OPEB COST		<u>\$ 2,006,558</u>
Net OPEB Obligation:		
Normal OPEB obligation July 1, 2013		\$ 37,180
OPEB cost for year ended June 30, 2014		2,006,558
Contribution for year ended June 30, 2014		<u>(1,807,346)</u>
NET OPEB OBLIGATION		<u>\$ 236,392</u>

NOTE 15 FUND BALANCES

As of June 30, 2014, 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	\$ 3,482,456	\$ -	\$ -	\$ 3,482,456
Restricted:				
Capital projects	-	8,376,597	17,672,551	26,049,148
Committed:				
PSERS	4,500,000	-	-	4,500,000
Healthcare	4,856,190	-	-	4,856,190
Assigned:				
Tax stabilization	5,951,300	-	-	5,951,300
Gate receipts	119,782	-	-	119,782
Unassigned	<u>14,441,344</u>	<u>-</u>	<u>-</u>	<u>14,441,344</u>
Total Fund Balances	<u>\$ 33,351,072</u>	<u>\$ 8,376,597</u>	<u>\$ 17,672,551</u>	<u>\$ 59,400,220</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 \$3,148,810 and \$7,197,265 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 SUBSEQUENT EVENTS

On September 22, 2014, the District issued Series AA of 2014 General Obligation Bonds in the amount of \$57,635,000 for the purpose of refunding the Series 2006 and Series A of 2006 General Obligation Bonds. The refunding resulted in a cash flow savings of \$7,433,269.

The District has evaluated all subsequent events through November 14, 2014, 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, 2013	Additions	Deductions	Balance June 30, 2014
Agency Fund - Fund 40				
Assets				
Cash and cash equivalents	71,900	229,443	222,502	78,841
other receivables	8,676	-	6,861	1,815
Total Assets	80,576	229,443	229,363	80,656
Liabilities				
Other current liabilities	80,576	229,443	229,363	80,656
Total Liabilities	80,576	229,443	229,363	80,656
 Student Activity Fund - Fund 50				
Assets				
Cash and cash equivalents	284,238	383,761	354,724	313,275
other receivables	-	-	-	-
Total Assets	284,238	383,761	354,724	313,275
Liabilities				
Other current liabilities	284,238	383,761	354,724	313,275
Total Liabilities	284,238	383,761	354,724	313,275
 TOTAL ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	356,138	613,204	577,226	392,116
other receivables	8,676	-	6,861	1,815
Total Assets	364,814	613,204	584,087	393,931
Liabilities				
Other current liabilities	364,814	613,204	584,087	393,931
Total Liabilities	364,814	613,204	584,087	393,931

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,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in Capital Assets,										
net of related debt	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	7,710,407
Restricted: Capital Projects	-	-	-	16,378,062	13,811,178	14,641,919	14,506,078	14,329,759	15,646,701	17,672,551
Unrestricted	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	34,101,596
Net Position Governmental Activities	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	59,484,554
Business-Type Activities										
Invested in Capital Assets,										
net of related debt	74,139	102,695	85,434	61,439	129,768	82,865	184,236	171,996	169,778	224,324
Restricted: Capital Projects										
Unrestricted	492,486	571,134	664,896	774,183	997,558	92,273	1,017,896	1,155,906	1,179,940	1,088,267
Net Position Business Type Activities	566,625	673,829	750,330	835,622	1,127,326	175,138	1,202,132	1,327,902	1,349,718	1,312,591
Total Primary Government										
Invested in Capital Assets,										
net of related debt	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	7,934,731
Restricted: Capital Projects	-	-	-	16,378,062	13,811,178	14,641,919	14,506,078	14,329,759	15,646,701	17,672,551
Unrestricted	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	35,189,863
Net Position Primary Government	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	60,797,145

Source: District Audited Financial Statements

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

Fiscal Year Ending June 30,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
Governmental Activities										
Instruction	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	121,627,033
Instructional student support	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	15,311,671
Administrative & financial support services	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	15,643,360
Operation & maintenance of plant services	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	18,309,057
Pupil transportation	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	13,420,543
Student activities	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	4,377,690
Community services	72,822	69,046	76,445	81,960	122,164	125,654	127,041	115,730	145,929	116,354
Interest on long term debt	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	10,397,433
Unallocated Depreciation Expense	6,667,621	7,051,970	7,263,812	9,898,713	12,484,452					
Total Governmental Activities	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	199,203,141
Business Type Activities										
Food Service	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	3,493,078
TOTAL PRIMARY GOVERNMENT ACTIVITIES	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	202,696,219
PROGRAM REVENUE										
Governmental Activities										
Charges for service										
Instruction	354,454	456,333	368,684	405,167	430,893	516,690	759,951	846,715	726,912	437,675
Operation & maint of plant	35,848	20,536	32,299	28,234	32,844	38,933	199,984	220,596	298,044	332,728
Student activities	112,865	157,321	146,031	137,451	118,783	120,723	119,438	123,369	413,737	419,389
Operating grants and contributions	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	23,727,227
Capital grants and contributions										
Total Governmental Program Revenue	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	24,917,019
Business Type Activities										
Charges for services	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	2,549,726
Operating grants and contribution	340,531	458,009	504,267	528,494	600,091	663,190	786,659	832,383	861,272	904,898
Total Business Type Program Revenue	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	3,454,624
TOTAL PRIMARY GOVERNMENT REVENUES	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	28,371,643
NET REVENUES (EXPENSES)										
Governmental Activities	(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)	(174,286,122)
Business Type Activities	56,399	72,200	24,548	43,570	132,484	138,464	74,104	123,501	20,045	(38,454)
TOTAL PRIMARY GOVERNMENT NET REVENUES	(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)	(174,324,576)
GENERAL REVENUES										
Property taxes, levied for general purpose	105,637,259	112,597,540	120,239,104	126,716,391	132,999,091	141,802,111	145,008,645	144,010,689	147,198,156	147,270,504
Taxes levied for specific purpose	19,586,966	20,792,213	21,355,282	20,769,459	19,619,521	19,373,245	19,764,970	21,581,847	22,388,938	23,154,723
Grants, entitlements, and contributions not restricted to specific programs	7,383,915	7,544,014	8,036,082	8,272,720	12,382,310	12,479,116	12,573,663	10,654,228	10,472,277	10,652,411
Investment earnings	2,988,344	5,301,927	6,141,668	5,201,672	2,459,306	429,007	135,772	196,339	155,424	137,174
Gain on sale of asset	-	-	-	-	-	-	-	9,929	5,300	20,608
Other	18,939	44,159	9,580	122,733	44,093	152,932	103,408	93,938	496,037	146,367
Total General Revenues	135,615,423	146,279,853	155,781,716	161,082,975	167,504,321	174,236,411	177,586,458	176,546,970	180,716,132	181,381,787
Change in Net Position	3,872,306	4,073,588	781,548	(929,661)	(1,681,063)	3,863,742	5,989,123	7,087,505	10,344,768	7,057,211

Source: District Audited Financial Statements

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

Fiscal Year Ending June 30,	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved						1,200,000				
Unreserved - Designed for PSERS										
Unreserved - Designed for Technology						10,795,399				
Unreserved - Undesignated	8,287,190	8,794,148	9,631,412	7,494,323	7,861,943			1,277,682	1,918,300	3,482,456
*Non-Spendable								1,892,658	1,894,735	-
*Restricted										
*Committed										
Pension							1,200,000	3,700,000	5,000,000	4,500,000
Healthcare							1,558,100	2,677,700	4,171,100	4,856,190
*Assigned							95,549	124,160	102,739	119,782
Gate Receipts								3,349,200	6,830,500	5,951,300
Tax Stabilization								12,354,604	12,454,515	14,441,344
*Unassigned							15,609,035			
Total General Fund Fund Balance	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	33,351,072
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	60,924,506	47,694,867	36,170,115							
Unreserved - Capital Reserve Fund	12,916,389	16,040,880	16,813,479							
Unreserved - Debt Service Fund	-	-	568,754							
Unreserved - Non-Major Funds	17,720	15,618	31,874	62,758	49,596	75,606	5,838,643	793,496	7,119,899	8,376,597
*Restricted - Capital Projects Fund							14,506,078	14,329,759	15,646,701	17,672,551
*Restricted - Capital Reserve Fund							94,700			
*Unrestricted - Capital Projects Fund										
Total Other Funds	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	59,400,220
TOTAL FUND BALANCE	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	59,400,220

* 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)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental Fund Revenue										
Local Source	129,802,122	141,224,811	149,461,478	154,427,527	156,866,132	163,508,932	165,091,475	167,600,895	171,550,034	172,123,685
State Source	24,500,908	24,480,076	26,079,099	27,227,734	29,959,702	28,990,224	28,254,872	28,615,828	29,530,022	31,717,857
Federal Source	2,645,922	2,312,323	2,649,950	2,991,122	3,130,016	4,604,950	6,866,476	4,271,701	4,048,275	2,661,783
Total Governmental Revenues	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	206,503,325
Governmental Expenditures										
Instruction	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	117,342,618
Support Services	46,980,885	49,831,849	53,260,308	56,497,225	58,954,157	58,754,657	56,682,210	54,893,514	56,041,159	57,581,176
Noninstructional Services	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	4,237,967
Fac Acq Const and Improvement	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	11,335,852
Debt Service Principal	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	12,602,000
Debt Service Interest	11,119,233	12,405,696	14,273,768	13,616,612	13,232,428	12,419,770	12,886,339	11,591,540	10,759,024	11,051,792
Total Governmental Expenditures	217,907,753	213,045,362	198,145,384	204,286,342	205,003,199	202,805,626	196,876,441	199,077,718	211,942,534	214,151,405
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,958,801)	(45,028,152)	(19,954,857)	(19,639,959)	(15,047,349)	(5,701,520)	3,336,382	1,410,706	(6,814,203)	(7,648,080)
Governmental Other Financing Sources										
Proceeds from long-term debt	43,953,910	167,935,504	70,707,570	-	10,710,364	32,691,410	35,730,000	9,585,000	68,545,000	42,890,000
Interfund transfers In	3,675,302	4,585,620	4,874,876	5,181,698	-	1,340,022	2,676,801	1,500,000	3,806,560	4,599,268
Other financing sources	-	-	-	-	-	5,057	2,966,845	76,310	8,688,471	4,519,556
Debt Service Refunded	(9,771,478)	(132,500,717)	(60,070,402)	(5,181,698)	(10,648,480)	(22,310,000)	(37,330,000)	(9,484,197)	(56,196,858)	(35,443,421)
Sale of Assets	-	-	-	-	-	-	-	9,929	5,300	26,540
Refund of Prior Year Revenues	-	-	-	-	-	-	-	(36,146)	-	(97,744)
Refund of Prior Year Expenditures	(29,634)	(6,927)	(12,190)	(140)	(79,218)	(4,813)	(107)	35,552	411,520	14,880
Interfund transfers Out	(3,675,302)	(4,585,620)	(4,874,876)	(4,874,876)	(1,340,022)	(1,340,022)	(2,676,801)	(1,500,000)	(3,806,560)	(4,599,268)
Total Govmtl Other Financing Sources	34,152,798	35,427,860	10,624,978	(140)	(17,334)	10,381,654	1,366,738	186,448	21,453,433	11,909,811
NET CHANGE IN GOVMTL FUND BALANCE	(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	4,261,731
GOVMTL FUND BALANCE, BEGINNING 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
Prior Period Adjustment	-	-	-	1,008,000	-	-	-	-	-	-
GOVMTL FUND BALANCE, END OF YEAR	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	59,400,220
Debt Service as % of Expenditures	8.9%	10.3%	11.2%	11.8%	11.9%	12.3%	11.3%	11.9%	10.3%	11.0%

Source: District's Audited Financial Statements

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

	<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>	<u>2013-14</u>
Local	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	172,073.7
Real Estate	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	143,904.6
Current	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	143,225.1
Interim	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	679.5
Earned Income	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	19,460.5
Real Estate Transfer	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	3,724.7
Other Taxes PURTA	144.5	190.0	203.9	198.0	188.6	208.4	218.3	225.3	223.8	210.8
Delinquent Taxes	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	3,365.9
Investment Earnings	935.6	2,250.4	3,234.1	3,051.1	1,674.8	288.0	118.4	173.6	129.8	71.0
Gate Receipts	-	-	-	-	-	-	119.4	123.4	122.9	130.7
Other	409.3	520.9	410.5	447.6	544.0	633.4	1,043.0	1,166.8	1,400.2	1,205.5
State	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	31,717.8
Student Subsidies	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	21,371.8
Basic Instruction	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	7,247.3
Special Education	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	5,311.1
Tuition Private Home Place't	37.8	102.0	71.3	73.6	87.4	50.6	-	17.6	121.7	113.9
Transportation	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	3,750.5
Medical, Dental & Nurse	331.7	311.9	305.6	296.3	295.6	288.7	273.8	273.9	261.5	256.8
Rent	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	1,160.4
Charter Schools	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	126.7
Property Tax Relief	-	-	-	-	3,592.8	3,734.6	3,708.3	3,604.0	3,425.3	3,405.1
Other	7.0	7.8	445.7	1,386.8	322.7	80.5	21.9	15.7	4.9	-
Teacher Subsidies	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	10,346.1
Social Security	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	3,148.8
Retirement	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	7,197.3
Federal	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	2,661.8
Title I	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	459.6
Title II	372.1	404.0	357.0	310.3	327.8	182.4	416.8	311.2	249.0	199.4
Basic Education ARRA Funds	-	-	-	-	-	852.0	834.0	-	-	-
IDEA - ARRA funds	-	-	-	-	418.0	669.0	820.7	-	-	-
Ed Jobs - ARRA	-	-	-	-	-	-	494.1	7.3	0.4	-
Title I - ARRA	-	-	-	-	-	-	471.8	249.3	-	-
IDEA	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	1,154.7
MA Direct Services/Time Study	336.2	455.8	594.5	562.8	760.3	722.4	768.6	773.4	659.4	722.7
Other	204.6	153.1	174.9	119.5	131.5	165.6	149.6	128.8	115.8	125.5
Local Taxes & Subsidies	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	206,453.4

Source: Districts Audited Financial Statements

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

	<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>	<u>2013-14</u>
Staff	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	128,483.3
Total Salaries	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	86,263.3
Administration										
Reg Salaries	5,669.5	6,074.0	6,358.7	6,980.7	7,402.0	7,449.8	7,028.5	6,903.0	7,328.4	7,337.7
Teachers										
Reg Salaries	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	60,830.1
Extra Duty Pymnts	1,091.8	998.2	1,028.0	1,197.0	1,118.7	899.6	843.2	840.2	992.6	1,007.6
Sabbatical Pymnts	395.9	228.0	301.8	43.9	103.9	129.9	168.7	88.4	179.1	35.2
Subject Chair Pymnts	169.7	201.2	392.3	412.6	437.5	429.0	420.8	389.4	348.5	346.7
Severance Pymnts	398.1	251.5	304.2	245.9	245.0	288.8	356.2	158.5	144.4	380.6
Supplemental Contracts	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	1,948.3
Total Teachers	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	64,548.5
Technical										
Reg Salaries	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	3,022.6
Office Clerical										
Reg Salaries	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	5,932.0
Crafts and Trades										
Reg Salaries	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	5,422.6
Benefits										
Medical	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	17,768.2
Dental	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	1,108.5
Vision	180.4	151.5	154.0	161.1	167.6	153.2	140.7	140.4	168.0	113.1
Prescription	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	4,060.6
Social Security	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	6,322.0
Retirement	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	14,359.6
Tuition Reimbursement	974.8	896.9	946.3	887.1	977.5	1,301.5	1,113.7	728.0	733.3	610.0
Life & Disability	540.6	464.0	518.6	480.6	538.9	417.1	683.0	397.0	263.1	307.0
Wrkrs Comp/Unemply/Other	606.6	615.8	731.3	728.5	911.1	708.8	649.6	720.5	654.3	800.6
Total Benefits	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	45,449.6
(Less) cost sharing	(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)	(3,229.5)
Net Benefits	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	42,220.0
Prof. & Tech. Services	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	13,396.4
Substitute Service	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	1,350.9
Contracted Therapeutic Staff	746.7	461.9	523.9	682.3	1,031.9	857.8	758.3	620.8	666.7	860.2
Contracted Aides	440.2	219.2	363.6	473.9	326.3	442.5	358.5	679.2	831.6	1,123.4
CCIU - Special Ed Programs	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	3,455.2
Occupation/Physical Therapy		889.9	930.1	966.3	984.9	925.1	919.7	975.0	1,087.4	1,004.4
Due Process Hearings	411.7	619.1	332.4	507.9	586.9	475.5	882.8	694.8	738.2	603.3
Early Intervention	217.2	159.1	224.6	196.2	366.4	369.0	255.0	263.1	353.7	260.5
Extended School Year	210.6	333.4	395.6	410.9	497.7	620.4	626.0	447.2	564.7	573.1
Alternative Ed - Special Ed	519.2	662.9	745.1	879.9	1,077.3	1,027.4	1,241.9	949.2	1,378.6	1,212.5
Alternative Education - Reg	159.3	524.2	235.5	251.3	329.9	191.3	258.9	410.1	419.4	426.5
Tax Collection	537.2	496.6	545.9	543.3	513.0	557.0	508.9	535.9	627.7	669.7
Legal	308.9	288.1	228.2	255.0	410.9	279.9	326.8	308.4	416.2	441.0
Other	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	1,415.8
Purchased Property Services	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	3,365.5
Electricity	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	1,696.4
Water/Sewer	287.7	302.3	345.5	403.5	427.2	421.2	486.6	473.7	511.6	505.4
Trash Removal	90.5	146.1	136.0	155.0	148.2	122.1	122.1	122.0	91.8	95.2
Office Rental	222.0	226.8	77.9	0.8	101.6	96.9	123.1	121.3	123.9	103.3
Other	1,088.4	1,135.0	1,264.3	1,275.4	1,152.8	1,127.6	930.5	943.2	905.7	965.1

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

	<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>	<u>2013-14</u>
(continued)										
Other Services	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	26,284.5
Charter Schools	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	8,114.0
Tuition: Special Education	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	2,376.4
Tuition: CAT	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	1,828.8
Tuition: Other	21.2	25.5	106.8	95.8	104.6	102.8	248.2	443.4	419.5	200.7
Bussing: Public Schools	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	4,413.3
Bussing: Non-Public	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	4,530.5
Bussing: Special Ed	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	3,370.2
Bussing: Extracurricular	192.2	223.7	334.0	260.1	384.9	281.4	333.5	274.3	291.1	284.6
Insurance	370.7	402.9	436.5	461.9	464.0	461.4	394.2	381.8	416.9	478.5
Telephone/Postage	612.2	516.9	561.0	527.1	643.0	375.3	448.7	497.1	462.1	390.2
Other Services - Glen Mills			502.8	640.2	614.1	1,263.0	1,026.8	714.3	866.0	-
Other	1,374.9	1,073.6	482.3	452.7	419.9	356.5	265.7	307.7	293.4	297.3
Supplies	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	4,724.8
Heating Fuel	571.1	930.7	1,235.9	1,060.1	1,788.1	1,097.4	1,123.8	780.8	695.0	978.8
Other Ops/Maint Supplies	657.1	738.5	819.5	925.6	789.5	807.8	603.2	670.3	735.4	777.4
Educational	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	1,651.5
Curriculum Proposals	1,415.4	925.1	396.7	1,148.5	1,373.4	850.7	622.3	455.0	793.5	885.1
Educational /Admin Software	235.8	303.5	353.1	464.8	314.6	610.2	347.1	410.3	356.9	327.0
Administration/Business	170.3	212.1	199.8	199.5	186.4	145.8	148.0	77.1	99.0	104.9
Other	163.1	7.4	9.8	14.3	18.1	28.2	23.5	19.7	-	-
Other Objects	255.9	326.7	283.2	351.4	262.9	258.0	226.5	344.7	(126.6)	359.6
Dues and Fees - Athletics			-	-	-	-	99.5	94.8	144.3	113.7
Property	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	511.4
Technology Equipment	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	958.9	709.8	1,345.0	1,045.8	701.7	583.0	1,149.6	585.7	663.4	511.4
Debt Service	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	23,653.8
Bond payments	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	23,653.8
Variable Rate Delta Capital Reserve									-	-
TOTAL EXPENSE	154,591.8	163,316.4	172,821.4	184,433.6	188,633.1	191,360.5	191,447.9	191,915.4	194,440.2	200,892.9

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
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	1,878,001	171,526,098
2013-14	18.67	143,225,113	679,486	3,365,905	23,185,205	1,603,099	172,058,808

* 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	2004-05 # of Parcels	Assessment Total	2005-06 # of Parcels	Assessment Total	2006-07 # of Parcels	Assessment Total	2007-08 # of Parcels	Assessment Total	2008-09 # of Parcels	Assessment Total
CHESTER COUNTY										
Not Identified	114	9,209,310	154	11,367,850	97	3,772,803	188	10,326,250	21	3,045,790
Commercial Properties	1,509	1,267,103,205	1,546	1,305,725,145	1,571	1,335,505,835	1,572	1,348,537,398	1,593	1,389,076,248
Farm Properties	73	24,147,650	72	23,787,140	72	23,679,630	73	23,627,660	73	23,523,120
Industrial Properties	93	157,059,220	93	157,925,660	90	151,185,990	88	149,886,680	89	150,726,520
Residential Properties	29,036	5,702,870,872	29,344	5,817,319,832	29,528	5,884,835,936	29,611	5,928,690,156	29,676	5,965,419,357
Vacant Land	1,160	89,505,750	963	77,494,570	959	69,842,310	981	69,079,400	1,088	68,860,100
TOTAL CHESTER COUNTY	31,985	7,249,896,007	32,172	7,393,620,197	32,317	7,468,822,504	32,513	7,530,147,544	32,540	7,600,651,135
DELAWARE COUNTY										
Commercial/Industrial	7	3,886,900	7	3,886,900	7	3,886,900	7	3,886,900	14	8,533,463
Residential/Farms/Vacant Land	2,028	459,262,090	2,032	508,096,636	2,067	589,333,521	2,067	623,278,141	2,179	633,531,318
TOTAL DELAWARE COUNTY	2,035	463,148,990	2,039	511,983,536	2,074	593,220,421	2,074	627,165,041	2,193	642,064,781
GRAND TOTAL	34,020	7,713,044,997	34,211	7,905,603,733	34,391	8,062,042,925	34,587	8,157,312,585	34,733	8,242,715,916

LAND USE DESCRIPTION	2009-10 # of Parcels	Assessment Total	2010-11 # of Parcels	Assessment Total	2011-12 # of Parcels	Assessment Total	2012-13 # of Parcels	Assessment Total	2013-14 # of Parcels	Assessment Total
CHESTER COUNTY										
Not Identified	-	-	1	47,820	-	-	-	-	-	-
Commercial Properties	1,632	1,408,305,033	1,652	1,382,775,453	1,659	1,365,477,339	1,677	1,391,810,649	1,714	1,369,224,799
Farm Properties	72	23,568,250	72	23,464,210	70	22,838,800	70	22,769,440	68	22,066,740
Industrial Properties	90	151,028,920	90	151,052,080	89	150,689,470	89	148,943,570	88	146,750,180
Residential Properties	29,778	6,013,563,931	29,838	6,012,588,031	29,917	6,015,067,375	30,033	6,012,449,332	30,145	6,044,809,459
Vacant Land	1,046	64,943,920	1,061	59,182,350	1,044	69,623,000	1,308	55,913,330	1,162	50,755,900
TOTAL CHESTER COUNTY	32,618	7,661,410,054	32,714	7,629,109,944	32,779	7,623,695,984	33,177	7,631,886,321	33,177	7,633,607,078
DELAWARE COUNTY										
Commercial/Industrial	15	8,904,953	12	6,868,373	14	8,533,463	14	8,533,463	14	8,533,463
Residential/Farms/Vacant Land	2,187	637,527,895	2,190	630,726,093	2,190	628,332,131	2,189	629,392,646	2,193	629,105,934
TOTAL DELAWARE COUNTY	2,202	646,432,848	2,202	637,594,466	2,204	636,865,594	2,203	637,926,109	2,207	637,639,397
GRAND TOTAL	34,820	8,307,842,902	34,916	8,266,704,410	34,983	8,260,561,578	35,380	8,269,812,430	35,384	8,271,246,475

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%
2012	11,830,153	706,388	12,536,541	8,271,246	152%

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 Goshen		Township of West Whiteland		Borough of West Chester
			East Bradford	East Goshen	Thornbury	West Goshen	West Whiteland	Westtown						
2004-05	13.55	3.56	0.07	1.25	0.84	1.50	0.60	1.50	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	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	1.50	0.60	1.50	5.21		
2007-08	15.79	3.80	0.07	1.25	0.84	1.50	0.60	1.50	2.00	0.60	2.00	5.60		
2008-09	16.85	3.97	0.07	1.25	0.84	1.50	0.60	1.50	2.00	0.60	2.00	5.60		
2009-10	17.85	3.97	0.07	1.25	0.84	2.00	0.60	2.00	2.00	0.60	2.00	5.80		
2010-11	18.36	3.97	0.07	1.25	0.84	2.00	0.60	2.00	2.50	0.60	2.50	6.96		
2011-12	18.36	3.97	0.34	1.25	0.84	2.00	0.60	2.00	2.50	0.60	2.50	6.96		
2012-13	18.67	4.16	0.34	1.25	0.84	2.00	0.72	2.00	3.50	0.72	3.50	6.96		
2013-14	18.67	4.16	0.34	1.25	1.00	2.00	0.72	2.00	3.50	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	Township of Thornbury
2004-05	10.94	4.45	4.45	0.00
2006-07	11.02	4.45	4.45	0.00
2007-08	11.87	4.45	4.45	0.00
2008-09	12.94	4.83	4.83	0.00
2009-10	14.16	4.83	4.83	0.00
2010-11	14.25	5.18	5.18	0.00
2011-12	14.22	5.18	5.18	0.00
2012-13	13.78	5.30	5.30	0.00
2013-14	13.62	5.45	5.45	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	2013			2003		
			Assessment	% of Total	Rank	Assessment	% of Total	Rank
Exton Square, Inc.	West Whiteland	Shopping Mall	77,784,710	0.94%	1	110,168,920	1.47%	1
QVC	West Goshen	Indust.Bldg./TV Shopping	35,696,530	0.43%	2	48,371,130	0.64%	2
Main Street at Exton	West Whiteland	Shopping Center	28,553,560	0.35%	3	23,573,510	0.31%	3
TRC Valley Creek Assooc.	West Whiteland	Business Complex	22,767,180	0.28%	4			
Exton Crossing Apts.	West Whiteland	Apartment Complex	21,023,480	0.25%	5			
Whiteland Investors, LP	West Whiteland	Shopping Center	19,320,000	0.23%	6	19,320,000	0.26%	7
Hankin Family Ltd Partnership	East Goshen	Apartment Complex	17,328,750	0.21%	7	22,048,750	0.29%	5
Westtown Apt., Inc.	Westtown	Apartment Complex	16,636,690	0.20%	8	16,667,750	0.22%	9
Fern Hill LLC	West Goshen	Medical Complex	16,617,370	0.20%	9			
Pointe Apartments Owner LP	West Goshen	Apartment Complex	16,444,580	0.20%	10			
Exton Whiteland Dev. Co.	West Whiteland	Shopping Center				23,345,000	0.31%	4
National Properties	West Whiteland	Apartment Complex				20,700,020	0.28%	6
Capital Enterprises, Inc.	West Goshen	Shopping Center				18,917,500	0.25%	8
Walmart & Sam's Club	West Whiteland	Shopping Center				16,468,750	0.22%	10

Total Assessed Value--Ten Largest Taxpayers

272,172,850

319,581,330

Total District Assessed Value

8,271,246,475

7,516,287,233

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
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%
2013-14	8,252,670,875	18.67	150,859,519	146,434,400	97.1%

Source: District Tax Records

⁽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>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>	<u>2013-14</u>
Total General Fund Revenues*	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	206,453,328
Less Required Deductions if included in total Rental and Sinking Fund										
Reimbursement	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	1,160,377
Sale of Property and Non-recurring revenue					10,364	5,057	-	-	973	-
Fund Transfer	1,638,988			2,086,849						
Net Revenues	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	1,160,377
Borrowing Base	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	205,292,951
Multiplier	225%	225%	225%	225%	225%	225%	225%	225%	225%	225%
Total Nonelectoral Debt Limit	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	461,909,139
Less Amount Debt Applicable to Debt Limit	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	285,016,000
Total Debt Margin	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	176,893,139
Ratio of Debt Limit to Debt Margin	13%	13%	17%	22%	28%	31%	35%	38%	37%	38%

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 A of 2006		Refunding Series of 2006		Series A of 2006		Emmaus Note 2009	Series of 2010		Series A of 2010		Series AA of 2010		Series 2011		Series A of 2012		Series AA of 2012		Series 2013		Series 2014		Series A 2014		Total		
		GOR	GOR	GOR	GOR	GOR	GOR		GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR	GOR		GOR	GOR
2014- 2015	1,185,000	5,000	2,150,000	1,555,000	155,000	5,000	3,185,000	5,000	640,000	2,300,000	505,000	110,000	1,975,000	5,000	13,775,000														
2015- 2016	1,246,000	5,000	3,785,000	1,620,000	160,000	5,000	3,270,000	5,000	665,000	1,125,000	515,000	115,000	745,000	5,000	13,261,000														
2016- 2017	-	5,000	-	1,685,000	165,000	5,000	3,350,000	5,000	680,000	2,510,000	525,000	115,000	765,000	4,485,000	14,290,000														
2017- 2018	-	-	-	1,755,000	170,000	5,000	1,390,000	5,000	695,000	1,795,000	540,000	7,835,000	795,000	5,000	14,985,000														
2018- 2019	-	-	-	1,830,000	180,000	5,000	-	5,000	710,000	3,160,000	545,000	8,295,000	815,000	5,000	15,545,000														
2019- 2024	-	-	-	10,405,000	7,555,000	2,470,000	-	2,470,000	2,225,000	11,120,000	2,935,000	22,855,000	1,675,000	26,385,000	87,635,000														
2024- 2029	-	21,035,000	23,810,000	-	28,595,000	7,485,000	-	7,485,000	-	-	3,360,000	8,035,000	4,370,000	-	96,690,000														
2029- 2033	-	8,250,000	-	-	-	-	-	-	-	-	-	12,955,000	7,630,000	-	28,835,000														
Total Principal	2,431,000	29,300,000	29,745,000	18,850,000	36,980,000	9,980,000	11,195,000	9,980,000	5,615,000	22,010,000	8,925,000	39,325,000	6,770,000	30,890,000	285,016,000														

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	285,016,000	100%	285,016,000
Overlapping Debt				
	Township of East Bradford	12,321,369	100%	12,321,369 ^{(1), (2)}
	Township of East Goshen	5,834,778	100%	5,834,778 ^{(1), (2)}
	Township of Thornbury	220,547	100%	220,547 ^{(1), (2)}
	Township of West Goshen	6,513,195	100%	6,513,195 ^{(1), (2)}
	Township of West Whiteland	13,905,000	100%	13,905,000 ^{(1), (2)}
	Township of Westtown	14,025,000	100%	14,025,000 ^{(1), (2)}
	Borough of West Chester	35,640,000	100%	35,640,000 ^{(1), (3)}
	Chester County	532,941,407	20%	107,267,483 ^{(1), (2), (5)}
Total Direct and Overlapping Chester County Debt				480,743,372
Delaware County				
Direct Debt				
	West Chester Area School District	285,016,000	100%	285,016,000
Overlapping Debt				
	Township of Thornbury	220,547	100%	220,547 ^{(1), (6)}
	Delaware County	305,740,681	1%	4,391,017 ^{(1), (5), (6)}
Total Direct and Overlapping Delaware County Debt				289,627,564

⁽¹⁾ As of December 31, 2013

⁽²⁾ Source: County of Chester

⁽³⁾ Source: West Chester Borough

⁽⁴⁾ Source: Township of Thornbury, Delaware County

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

⁽⁶⁾ Source: County of Delaware CAFR

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

Fiscal Year	Assessed Value (1)	Gross Bonded Debt (5)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed		Population	Net Bonded Debt per Capita	Estimated Personal Income (4)	% of Personal Income
					Bonded Debt to Assessed	Bonded Debt to Assessed				
2004-05	7,713,044,997	299,672,000	-	299,672,000	3.9%	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%	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%	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%	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%	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%	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%	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%	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%	3.5%	108,441 (2)	2,651	7,080,655,095	4.1%
2013-14	8,271,246,475	285,016,000	-	285,016,000	3.4%	3.4%	108,441 (2)	2,628	7,080,655,095	4.0%

(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 Population	Pennsylvania Population ⁽¹⁾	United States Population ⁽¹⁾
1970	Not Available	278,311	11,758,458	203,302,031
1980	68,170	316,660	11,855,687	226,542,199
1990	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
2011*	101,738	503,662	12,741,310	311,582,564
2012*	102,075	506,575	12,764,475	313,873,685
2013*	102,782	509,468	12,773,801	316,128,839

* As estimated by US Census Bureau

	West Chester Market Value	West Chester Area School District Adjusted Personal Income	Pennsylvania Market Value	Pennsylvania Adjusted Personal Income ⁽²⁾
2002	\$6,830,557,700	\$3,095,793,389	\$465,911,508,800	\$211,077,886,459
2003	\$7,160,219,200	\$3,160,096,281	\$477,259,193,000	\$216,172,983,089
2004	\$8,110,478,500	\$3,488,945,787	\$523,355,991,200	\$230,858,014,152
2005	\$8,359,834,300	\$3,619,234,282	\$533,513,847,000	\$236,650,051,621
2006	\$9,590,769,200	\$3,884,233,497	\$605,480,139,100	\$249,837,190,420
2007	\$9,697,033,700	\$4,643,670,427	\$619,322,425,100	\$281,225,923,639
2008	\$11,064,906,900	\$4,451,051,840	\$691,149,996,700	\$284,972,235,557
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
2011	\$11,993,394,605	\$4,245,577,671	\$756,045,821,766	\$295,345,108,406
2012	\$12,536,540,440	\$4,698,094,232	\$776,736,893,311	\$312,219,585,188
2013	\$12,546,941,355	Not Available	\$781,362,158,748	Not Available

⁽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	2013 Approximate		% of 2013		2003 Approximate		% of 2003	
		Employment	Rank	Total	Rank	Employment	Rank	Total	Rank
QVC Network, Inc.	Home Shopping Network	2,770	2	5.4%	4	1,515	4	3.0%	3.0%
West Chester University	Education	2,431	1	4.8%	6	1,323	6	2.6%	2.6%
Chester County Hospital	Health Care Services	2,055	3	4.0%	3	1,843	3	3.6%	3.6%
Chester County	County Government	1,601	4	3.1%	1	2,596	1	5.1%	5.1%
West Chester Area School District	Education	1,553	5	3.0%	5	1,325	5	2.6%	2.6%
Johnson & Johnson Services Inc.	Drug Research & Testing	1,443		2.8%					
United Parcel Service, Inc.	Delivery Services	1,087	7	2.1%					
Giant Food Stores LLC	Grocery	1054		2.1%					
Comcast Cable Communications	Telecommunications	908	8	1.8%					
Communications Test Design	Communications Engineering	678		1.3%					
QVC Publishing	Div. of QVC Network				2	1,951	2	3.8%	3.8%
Volt Human Resources	Employment Services				7	1,184	7	2.3%	2.3%
Communications Test Design	Communications Hardware				10	850	10	1.7%	1.7%
Chester County Intermediate Unit	Education				9	912	9	1.8%	1.8%
A. Duie Pyle	Trucking				8	1,075	8	2.1%	2.1%
Total		15,580				14,574			

Note: % of Total Employment uses 2010 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
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
2013-14	971.80	11,659	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 2013 Enrollment</u>
B. Rustin High School	2003-06	-	9-12	172.90	283,000	1,297
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	1,279
Henderson-North Campus Athletics	2006	-	-	28.40	-	----
E. N. Peirce Middle School	1963	1998/01/03	6-8	26.70	136,250	829
G. A. Stetson Middle School	1959	1961/98/03/07	6-8	38.40	134,857	917
J. R. Fugett Middle School	1969	2009	6-8	*	163,340	941
East Bradford Elementary	1958	1966/70/89/2013	K-5	18.20	55,382	347
East Goshen Elementary	1955	1960/64/67/95/01	K-5	20.80	67,832	424
Exton Elementary	1940	1953/57/91/92/93/00	K-5	13.10	66,265	512
Fern Hill Elementary	1955	1960/89/2014	K-5	20.00	52,353	496
Glen Acres Elementary	1966	1997	K-5	11.70	59,931	541
Hillsdale Elementary	1976	2007	K-5	20.90	70,631	594
Mary C. Howse Elementary	1962	1965/97	K-5	15.24	65,287	538
Penn Wood Elementary	1966	1970/89/01/2012	K-5	18.60	64,350	560
Sarah W. Starkweather Elementary	1991	1998	K-5	37.90	75,094	618
Westtown-Thornbury Elementary	1954	1956/89/2012	K-5	11.70	55,556	448
Facilities & Operations Center	1999	-	-	3.20	24,588	----
Spellman Administration	1924	1952/55/77/99	Admin	<u>17.60</u>	<u>42,845</u>	<u>----</u>
				611.85	2,019,365	11,666

* Fugett acreage included in East HS site area

WEST CHESTER AREA SCHOOL DISTRICT
School District Employees by Function
For the 2013-14 Fiscal Year

Functions	Elementary	Middle	High	Other	Total
1100 Regular	300.30	170.10	231.90	16.00	718.3
1200 Special	111.03	64.40	71.30	28.76	275.5
1300 Vocational		14.20	13.00		27.2
1400 Other Instructional	3.00				3.00
2100 Pupil Personnel	23.40	15.00	37.00	4.00	79.4
2200 Support Instruction	15.00	6.00	7.20	11.05	39.3
2300 Administration	25.00	15.00	21.00	14.00	75.0
2400 Pupil Health	6.80	3.00	3.00	12.20	25.0
2500 Business Office				14.00	14.0
2600 Facilities	37.00	21.00	39.00	38.80	135.8
2700 Transportation				4.00	4.0
2800 Technology				19.00	19.0
3000 Non-Instructional			8.80	-	8.8
Total 2013-14 FTEs	521.53	308.70	432.20	161.81	1,424.24

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	2013-14
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	557
(half-time)	852	901	874	832	783	772	758	746	728	686	690	653	668	584	620	658	609	646	609	571
**Kindergarten (full-time)	--	--	--	--	--	--	--	--	--	--	70	71	73	77	75	74	74	76	76	90
	--	--	--	--	--	--	--	--	--	65	65	72	70	69	77	74	74	72	76	75
Grades 1-5	4412	4560	4771	4865	4864	4838	4620	4358	4388	4379	4327	4375	4388	4316	4258	4290	4351	4379	4377	4431
End of Year	4407	4563	4783	4870	4868	4832	4626	4366	4407	4391	4362	4373	4385	4295	4230	4277	4351	4385	4327	4434
Grades 6-8	2422	2477	2477	2521	2627	2749	2792	2770	2790	2893	2824	2862	2793	2821	2803	2801	2819	2790	2763	2687
End of Year	2422	2466	2467	2519	2607	2727	2780	2776	2772	2889	2813	2856	2788	2782	2762	2800	2812	2777	2728	2670
Grades 9-12	2885	3019	3111	3253	3319	3265	3327	3431	3527	3690	3774	3764	3875	3875	3920	3985	3970	3947	3855	3901
End of Year	2809	2923	3008	3141	3200	3166	3225	3330	3429	3599	3668	3686	3795	3795	3845	3908	3894	3896	3815	3853
TOTAL-Sept.30	10649	11012	11282	11486	11638	11711	11613	11432	11590	11646	11678	11722	11789	11667	11684	11810	11825	11822	11687	11666
TOTAL-End of Year	10556	10918	11154	11391	11513	11592	11473	11373	11520	11565	11598	11640	11706	11525	11534	11717	11740	11776	11555	11603
Increase/Decrease at September 30	152	363	270	204	152	73	-98	-181	158	56	32	44	67	-122	17	126	15	-3	-135	-21

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

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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Total Out-of-District	5,250	5,125	5,035	4,945	4,948	4,772	4,371	4,334	4,322	4,073
% of Total	31.0%	30.4%	29.9%	29.8%	29.7%	28.8%	27.0%	26.8%	27.0%	25.9%
Total In-District	11,678	11,727	11,789	11,667	11,684	11,810	11,825	11,822	11,687	11,666
% of Total	69.0%	69.6%	70.1%	70.2%	70.3%	71.2%	73.0%	73.2%	73.0%	74.1%
Total Students	16,928	16,852	16,824	16,612	16,632	16,582	16,196	16,156	16,009	15,739
Share Change Year-to-Year	-0.42%	0.87%	0.70%	0.23%	0.03%	1.38%	2.51%	0.22%	-0.23%	1.53%

WCASD	11,678	11,727	11,789	11,667	11,684	11,810	11,825	11,822	11,687	11,666
Elementary	5,080	5,091	5,121	4,971	4,961	5,024	5,036	5,085	5,069	5,078
% of Total	30.0%	30.2%	30.4%	29.9%	29.8%	30.3%	31.1%	31.5%	31.7%	32.3%
Secondary	6,598	6,636	6,668	6,696	6,723	6,786	6,789	6,737	6,618	6,588
% of Total	39.0%	39.4%	39.6%	40.3%	40.4%	40.9%	41.9%	41.7%	41.3%	41.9%

Out-Of-District	5,250	5,125	5,035	4,945	4,948	4,772	4,371	4,334	4,322	4,073
Elementary	3,887	3,772	3,733	3,707	3,705	3,542	3,320	3,299	3,268	3,040
Private	179	169	186	160	185	196	171	185	188	181
% of Total	1.1%	1.0%	1.1%	1.0%	1.1%	1.2%	1.1%	1.1%	1.2%	1.2%
Religious - Catholic	2,422	2,388	2,391	2,321	2,241	2,125	1,973	1,850	1,805	1,682
% of Total	14.3%	14.2%	14.2%	14.0%	13.5%	12.8%	12.2%	11.5%	11.3%	10.7%
Religious - Other	519	442	448	446	448	394	325	375	336	248
% of Total	3.1%	2.6%	2.7%	2.7%	2.7%	2.4%	2.0%	2.3%	2.1%	1.6%
Charter	484	485	418	501	543	545	583	610	656	670
% of Total	2.9%	2.9%	2.5%	3.0%	3.3%	3.3%	3.6%	3.8%	4.1%	4.3%
Special Education	100	110	115	103	100	117	103	114	107	91
% of Total	0.6%	0.7%	0.7%	0.6%	0.6%	0.7%	0.6%	0.7%	0.7%	0.6%
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	178	175	176	188	165	165	165	176	168
% of Total	1.1%	1.1%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	1.1%	1.1%
Secondary	1,363	1,353	1,302	1,238	1,243	1,230	1,051	1,035	1,054	1,033
Private	71	67	66	58	54	49	33	39	46	35
% of Total	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.3%	0.2%
Religious - Catholic	1,053	1,055	1,014	970	947	939	814	803	819	762
% of Total	6.2%	6.3%	6.0%	5.8%	5.7%	5.7%	5.0%	5.0%	5.1%	4.8%
Religious - Other	151	156	153	139	148	142	140	123	98	84
% of Total	0.9%	0.9%	0.9%	0.8%	0.9%	0.9%	0.9%	0.8%	0.6%	0.5%
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	13	21	16	23	32	37	23	31	32	90
% of Total	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.2%	0.2%	0.6%
Alternative	75	54	53	48	62	63	41	39	59	62
% of Total	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%	0.2%	0.4%	0.4%
Home School	-	-	-	-	-	-	-	-	-	-

TOTAL NO. STUDENTS	16,928	16,852	16,824	16,612	16,632	16,582	16,196	16,156	16,009	15,739
Elementary	8,967	8,863	8,854	8,678	8,666	8,566	8,356	8,384	8,337	8,118
Secondary	7,961	7,989	7,970	7,934	7,966	8,016	7,840	7,772	7,672	7,621

TOTAL NO OF BIRTHS (AGE 5)	1,252	1,188	1,264	1,236	1,191	1,248	1,234	1,150	1,155	1,123
TOTAL NO. STUDENTS	16,928	16,852	16,824	16,612	16,632	16,582	16,196	16,156	16,009	15,739
Elementary	8,967	8,863	8,854	8,678	8,666	8,566	8,356	8,384	8,337	8,118
Secondary	7,961	7,989	7,970	7,934	7,966	8,016	7,840	7,772	7,672	7,621

Facility Breakdown										
% Public	69.0%	69.6%	70.1%	70.2%	70.3%	71.2%	73.0%	73.2%	73.0%	74.1%
Schools Facilities Not WCASD										
% Private	1.5%	1.4%	1.5%	1.3%	1.4%	1.5%	1.3%	1.4%	1.5%	1.4%
% Religious	24.5%	24.0%	23.8%	23.3%	22.8%	21.7%	20.1%	19.5%	19.1%	17.6%
% Charter	2.9%	2.9%	2.5%	3.0%	3.3%	3.3%	3.6%	3.8%	4.1%	4.3%
% Special Education	0.6%	0.7%	0.7%	0.6%	0.6%	0.7%	0.6%	0.7%	0.7%	0.6%
% CCIU	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.2%	0.2%	0.6%
% Alternative	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%	0.2%	0.4%	0.4%
% Home School	1.1%	1.1%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	1.1%	1.1%
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

November 14, 2014

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, 2014, 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 November 14, 2014.

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

November 14, 2014

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

Report on Compliance for Each Major Federal Program

We have audited West Chester Area School District's compliance 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, 2014. 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 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, 2014.

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 _____

10.553, 10.555

Child Nutrition Cluster

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, 2014**

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 (Unearned) Revenue 07/01/13	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 06/30/14
U.S. Department of Education										
Passed through PA Department of Education										
Title I Grants to Local Education Agencies	I	84.010	013-140470	07/01/13-09/30/14	\$ 457,707	\$ 398,665	\$ -	\$ 457,707	\$ 457,707	\$ 59,042
Title I Grants to Local Education Agencies	I	84.010	013-130470	07/01/12-09/30/13	514,255	208,143	206,275	1,868	1,868	-
Title I Grants to Local Education Agencies	I	84.010	107-130470	07/01/12-09/30/13	1,094,908	-	37,413	-	-	37,413
Total CFDA #84.010						606,808	243,688	459,575	459,575	96,455
English Language Acquisition Grants	I	84.365	010-140470	07/01/13-09/30/14	94,510	31,503	-	60,187	60,187	28,684
English Language Acquisition Grants	I	84.365	010-130470	07/01/12-09/30/13	98,857	72,495	7,207	65,288	65,288	-
Total CFDA #84.365						103,998	7,207	125,475	125,475	28,684
Improving Teacher Quality State Grants	I	84.367	020-140470	07/01/13-09/30/14	276,775	73,977	-	-	-	(73,977)
Improving Teacher Quality State Grants	I	84.367	020-130470	07/01/12-09/30/13	291,759	174,902	13,128	199,397	199,397	37,623
Total CFDA #84.367						248,879	13,128	199,397	199,397	(36,354)
Passed through Chester County O.I.C.										
Adult Education - Basic Grants to States	I	84.002	041-120010	07/01/12-06/30/13	24,000	2,000	2,000	-	-	-
Total CFDA #84.002						2,000	2,000	-	-	-
Passed through Chester County IU										
IDEA Special Education - Grants to States	I	84.027	62-1300024	07/01/13-09/30/14	1,148,571	842,285	-	1,148,571	1,148,571	306,286
IDEA Special Education - Grants to States	I	84.027	62-1200024	07/01/12-09/30/13	1,264,456	421,485	421,485	-	-	-
Total CFDA #84.027						1,263,770	421,485	1,148,571	1,148,571	306,286
IDEA Special Education - Preschool Grants	I	84.173	131-130024B	07/01/13-09/30/14	6,095	6,095	-	6,095	6,095	-
TOTAL U.S. DEPARTMENT OF EDUCATION						2,231,550	687,508	1,939,113	1,939,113	395,071
U.S. Department of Health and Human Services										
Passed through PA Dept of Public Welfare										
Title XIX Medical Assistance Program	I	93.778	N/A	07/01/13-06/30/14	51,514	51,514	-	51,514	51,514	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						51,514	-	51,514	51,514	-

Continued on next page.

**WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

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 (Unearned) Revenue 07/01/13	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 06/30/14
U.S. Department of Agriculture										
Passed through PA Department of Agriculture										
Value of USDA Donated Commodities	I	10.555	N/A	07/01/13-06/30/14	N/A	115,840	-	98,642	98,642	(17,198)
Value of USDA Donated Commodities	I	10.555	N/A	07/01/12-06/30/13	N/A	-	(34,756)	34,756	34,756	-
Passed through PA Department of Education										
National School Lunch Program	I	10.555	362	07/01/13-06/30/14	N/A	586,334	24,435	592,094	592,094	30,195
Total CFDA #10.555						702,174	(10,321)	725,492	725,492	12,997
School Breakfast Program	I	10.553	365	07/01/13-06/30/14	N/A	112,535	6,185	114,544	114,544	8,194
School Breakfast Program	I	10.553	367	07/01/13-06/30/14	N/A	613	613	-	-	-
Total CFDA #10.553						113,148	6,798	114,544	114,544	8,194
TOTAL U.S. DEPARTMENT OF AGRICULTURE						815,322	(3,523)	840,036	840,036	21,191
TOTAL FEDERAL AWARDS						\$ 3,098,386	\$ 683,985	\$ 2,830,663	\$ 2,830,663	\$ 416,262
SPECIAL EDUCATION CLUSTER (IDEA) (CFDA's #84.027 AND #84.173)										
						\$ 1,269,865	\$ 421,485	\$ 1,154,666	\$ 1,154,666	\$ 306,286
CHILD NUTRITION CLUSTER (CFDA's #10.553 AND #10.555)										
						\$ 815,322	\$ (3,523)	\$ 840,036	\$ 840,036	\$ 21,191

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 2013-2014 fiscal year. The District has food commodities totaling \$17,200 in inventory as of June 30, 2014.

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, 2014 was \$671,156.