

West Chester Area School District
Dr. Alan G. Elko, Superintendent

2002-2003 OFFICIAL BUDGET



Adopted June 3, 2002
Reopened & Revised July 29, 2002

Spellman Administration Building
829 Paoli Pike
West Chester, PA 19380
610-436-7000

OFFICIAL BUDGET

OF THE

WEST CHESTER AREA SCHOOL DISTRICT
829 Paoli Pike
West Chester, PA 19380

For 2002-03

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Association of School Business Officials International



This Meritorious Budget Award is presented to

West Chester Area School District

for excellence in the preparation and issuance
of its school system budget
for the Fiscal Year 2001-2002.

The budget is judged to conform
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Clark J. Goholl

President

Don Thompson

Executive Director

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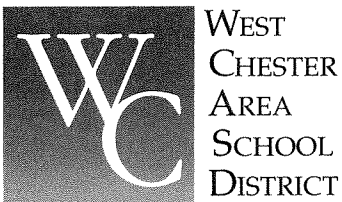
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WEST CHESTER AREA SCHOOL DISTRICT
2002-03 BUDGET

INTRODUCTORY SECTION



829 Paoli Pike • West Chester, Pennsylvania 19380 • (610) 436-7000 • FAX (610) 436-1662

July 29, 2002

TO: Board of Education, Residents, and Taxpayers of the West Chester Area School District
FROM: Dr. Alan G. Elko, Superintendent of Schools
SUBJECT: 2002-03 Budget, West Chester Area School District

This document contains full details of the 2002-03 West Chester Area School District General Fund budget with supporting materials. Including Technology and Federal Programs, the budget totals \$139,310,194. Planning for the budget began in the fall of 2001 and involved a cooperative effort between the School Board and Administration.

Several factors came together to create a challenging financial picture as we engaged in the planning process. These factors were not unique to West Chester but were impacting districts across the state. They included only a 2.5% increase in the state's basic education subsidy for 2002-03, and a 1.5% increase in the special education subsidy, both included in the Governor's budget. As a result of last minute changes to the Governor's budget, our District received unexpected funding for charter school tuitions and non-public transportation. This supplemented the minimal increase in basic education and special education.

Our insurance costs are increased substantially this year, in part because of the impact of the September 11 terrorists' attacks. Increases in fire, property, general liability, accident and related insurances total 56%. Worker's compensation is projected to increase almost 40%; medical and dental insurance, 22.7% and 2%, respectively, and prescription drug coverage, 15%. The School District has no control over these increased costs, which have had a major impact on the 2002-03 budget.

With the above increases in mind, the Administration scrutinized all other elements of the budget in order to keep the tax millage rate as low as possible. The result is a budget that maintains the district's existing programs with modest additions in staffing and programs for the coming year. When first approved on June 3, 2002 the budget contained tax rates of 12.30 mills in Chester County and 11.30 in Delaware County. These rates were necessary to support the budget with the state revenues anticipated at the time.

In early July 2002, the Pennsylvania General Assembly approved a new state budget for fiscal year 2002-2003 which increased the state funding for School Districts. This increase in funding caused school Districts across the state to re-open their budgets and recognize the revenues. School Districts were given three options for recognizing the additional revenues. They could:

- 1) Restore funding to any educational programs eliminated in the original budget
- 2) Reduce or retire outstanding indebtedness of the District
- 3) Abate local taxes levied in connection with the original budget adoption

On July 29, 2002, the West Chester Area School District re-opened their budget and recognized additional state revenues for Basic Education in the amount of \$95,645, additional transportation revenues in the amount of \$410,000 and a charter school subsidy in the amount of \$828,971. The West Chester Area School District opted to use these additional revenues to abate the taxes that were levied with the original

budget. The West Chester Area School District will issue tax rebates to all property owners who were billed with the millage rates established in the original budget.

Taking the rebate into account, the effective millage rate for Chester County in 2002-03 is 12.11 mills, or a 0.48 mill (4.1%) increase over last year. For the average homeowner in Chester County, it equates to an \$88 increase in taxes this year.

In Delaware County, taxes have decreased by .37 mills, or (-3.3%), to a new millage rate of 11.13. This equates to an \$81 decrease in taxes for the average homeowner this year. The decrease reflects a shifting of the tax burden from Delaware County to Chester County by the State Tax Equalization Board. Also, there has been a significant increase in the assessed value of real estate in Delaware County.

We want to stress the high quality of the educational program that our citizens have historically received for their tax dollars and will continue to receive this year. Our district has a reputation for excellence based on exceptional student achievement in all areas of school life, including academics, sports, and the arts. Student achievement is described in background materials included in this budget document.

In terms of programs and overall district operations, many of the major improvements funded in the 2002-03 budget are the result of the new five-year Strategic Plan. This plan is a product of a community-wide effort that began in the spring of 2001 and continued through the spring of 2002 with final approval by the School Board in May 2002. The budget includes funding for various initiatives scheduled for implementation this year. The initiatives are part of carefully defined Strategies that will guide decision-making as it relates to facilities, staffing, student assessment, technology, and student reporting over the next five years.

The facilities initiatives contained within the Strategic Plan are based in part on the School Board's decision to construct a new, third high school on the Marshall Jones tract in Westtown Township. I am pleased to report that the School District acquired this 175-acre tract from the Westrum Land Development Corporation, by deed in lieu of condemnation, in March. The 2002-03 budget supports the debt service required to proceed with planning for the new school and with renovations and additions to Henderson and the East/Fugett complex as well. All these projects are part of the overall secondary schools expansion program approved by the Board in November of 2001.

Facilities initiatives written into the Strategic Plan and budgeted for implementation in 2002-03 deal with continuing to accommodate growth and provide an effective learning environment for our students. Included is \$50,000 for developing a comprehensive demographics process to project student population in each attendance area and \$20,000 to establish a long-term collaborative process for identifying future school sites. Along with this we included additional funds for consulting services to evaluate potential sites.

Staffing initiatives budgeted for full or partial implementation this year include \$10,000 to revise the system for monitoring and evaluating staff job performance and \$6,000 for an increased effort to recruit and employ a high quality and diverse staff. A major assessment initiative, funded for \$175,000, will create a curriculum management system that will enable the district to track individual student achievement as it relates to state and local standards. In the area of technology, we have budgeted \$93,000 to train our teachers and support staff to meet technology standards; this is an ongoing project that will continue into subsequent years of the Strategic Plan. Finally, as part of a Strategic Plan initiative, we have included in the budget a total of \$32,436 to create a database of student information for the purpose of identifying and meeting the special needs of our students.

This year's budget also contains funding to complete implementation of Safe Schools proposals that were initiated last year. Included is the installation of security systems with one-way videos for doors and parking areas in all our schools, at a cost of \$188,000. This money will come from the Capital Projects

Fund. From the General Fund, we have budgeted \$19,050 to expand video surveillance on our school buses with the purchase of 25 additional video cameras. These cameras have proved to be invaluable in improving safety on our buses. Also as part of the Safe Schools initiative, we have budgeted \$22,000 for defibrillators in 11 buildings. Including six defibrillators we acquired last year, we will have these life-saving devices in every district building.

Charter School costs continue to grow and are budgeted at \$3.5 million for 2002-03. This money will support 399 students in seven charter schools, including 33 students in cyber schools. The amount budgeted represents an increase of 374% over costs to support 88 students in 1999-00. I also want to stress that the \$3.5 million budgeted for this year represents only our best estimate of costs.

A program initiated last spring and funded for \$100,000 in this year's budget is RSVP, or the Retired Senior Volunteer Program. Through RSVP, our senior citizens can earn a maximum tax rebate of \$560 by volunteering for a variety of tasks. The costs of the program are offset by the services provided.

In the curricular area, the Technology Fund has budgeted \$37,000 to expand the highly successful, phonics-based Breakthrough to Literacy Program into second grade classrooms in four elementary schools this year. This program, which is currently in place district-wide in all kindergarten and first grade classrooms, uses computers in combination with printed materials to build the skills necessary for our students to become proficient readers.

Other curriculum improvements include new textbooks for the middle school honors algebra program, for which \$34,710 is budgeted from the General Fund. Also budgeted is \$151,278 for a program to introduce Spanish language instruction into our elementary schools, and \$269,920 for the K-2 curriculum proposal.

In addition to the K-2 curriculum proposal, the 2002-03 budget contains staff development money to continue a review and evaluation of the 3-5 curriculum that was initiated last year, and staff development money to begin an evaluation of the 6-8 curriculum. These evaluations are part of a regular curriculum design cycle that the district follows to ensure cohesive instruction completely aligned to state and national standards. Staff development money has been budgeted for other areas as well, including for the second grade Breakthrough to Literacy Program.

In the staffing area, we have budgeted monies for negotiations on a new teachers' contract. The current teachers' contract expires on June 30, 2003.

Staffing additions are minimal due to the close scrutiny of our programs in light of budgetary constraints. They include 2.0 elementary Spanish teachers and 3.8 elementary reading teachers for the new foreign language program and the K-2 reading program, respectively; 2.5 psychologists to provide services previously purchased from the Chester County Intermediate Unit; 1.0 secretary for pupil services; 1.4 nurses to provide coverage at the public and non-public schools due to increased enrollment; an additional ESL teacher to meet increased needs; an additional athletic trainer on the high school level, again to meet increased needs; and a technology secretary. Other than the above specific additions, no regular education teachers on the elementary or secondary level have been added to the budget. We stress, however, that we have carefully assessed class size and determined that we can remain competitive in this area without staff additions.

Also in the staffing area, we reorganized the responsibilities of our drug and alcohol counselor to include guidance. This reorganization, which was part of a series of cost reduction initiatives, enabled us to cover increased enrollment at Henderson without adding a guidance counselor. In another cost saving initiative, we delayed three requested additions to the custodial staff. Other staff related cost reductions include the elimination of our benefits broker for our self-insured employee medical programs, saving us \$38,000.

In addition, we reduced Central Office administrative travel and equipment requests by 25%. We eliminated the Superintendent's grants for \$50,000 from the 2002-03 budget and are postponing the National Teacher Certification Program at a savings of \$57,500. We have reduced our transportation costs by \$500,000 and are providing greatly improved services for our students through our initiative to change bus schedules last year. As a result, the 2002-03 budget contains no increase in transportation costs over the 2001-02 budget. In other cost savings, the 2002-03 budget for General Maintenance projects is reduced by \$205,418 because of the large number of projects we were able to complete in 2001-02. Finally, by participating on a county committee, we were able to increase our district's allocation of IDEA funds from \$101,000 in 2000-01 to \$466,650 in 2002-03. This is offsetting special education expenses.

To further keep the millage increase at a minimum, we have reduced the budget contingency from \$2.8 million in last year's budget to \$2.5 million this year

A detailed summary of expenses and revenues in the proposed 2002-03 budget, including a comparison to last year's budget, is provided on the following pages.

TAX LEVY ANALYSIS

The 2002-03 tax increase is recommended after a thorough analysis of expenditures and revenues for this school year.

ANALYSIS OF 2002-03 TAX LEVY 2002-03 BUDGET VS. 2001-02 BUDGET		
MILLAGE ANALYSIS FOR CHESTER COUNTY		
	2002-03 MILLAGE	MILLS
	2002-03 MILLAGE	12.11
	2001-02 MILLAGE	11.63
INCREASE:	4.1%	0.48
INCREASE IN STEB EQUALIZATION AND TAX BURDEN RELATIVE TO DEL. CO.		0.03
INCREASE IN ASSESSED VALUE IN CHESTER COUNTY		(0.48)
BUDGET REVENUE AND EXPENSE INCREASES/DECREASES		
REVENUES		
DECREASE IN FUND BALANCE (EXCLUDES FUNDING NEEDED FOR TECHNOLOGY FUND EXPENSES-SEE EXPENSE LINE ITEM BELOW)		0.23
INCREASE IN STATE AND LOCAL REVENUES		(0.44)
INCREASE IN TOTAL REVENUES		(0.21)
CHANGES IN EXPENSES NEEDED TO MEET CONTRACTUAL OBLIGATIONS, MAINTAIN SERVICE LEVEL AND PROVIDE FOR STUDENT GROWTH:		
INCREASE IN THE FUNDING FOR TECHNOLOGY FROM THE GENERAL FUND BUDGET		0.10
CONTRACTUAL SALARY INCREASES AND ADDITIONS TO STAFF		0.48
CONTRACTUAL EMPLOYEE BENEFIT COSTS		0.27
INCREASE IN DEBT SERVICE AND FUNDING FOR CAPITAL PROJECTS		0.13
INCREASE IN TRANSPORTATION OF STUDENTS		-
INCREASE IN FACILITY OPERATING COSTS		0.05
DECREASE IN GENERAL FUND FACILITY PROJECTS		(0.03)
INCREASE IN TUITIONS & CONTRACTED SRVCS. FOR SPECIAL ED, CASE, CAT, ETC.		0.09
INCREASE IN CHARTER SCHOOL TUITIONS		0.16
DECREASE IN COSTS OF CURRICULUM PROPOSALS (BOARD SHARE)		(0.01)
DECREASE IN PER PUPIL ALLOCATION SCHOOL BUILDING BUDGETS		-
DECREASE IN BUDGETED CONTINGENCY		(0.05)
INCREASE IN OTHER EXPENSES		(0.04)
TOTAL IMPACT OF EXPENSES TO LEVY		1.14
NET AMOUNT TO BE RAISED FROM TAXES		0.48

The analysis, summarized in the chart above, compares the 2001-02 Chester County millage to the 2002-03 millage. The comparison shows that existing and proposed services, contractual obligations, and program changes recommended by the Administration as well as an increasing student population will

create an additional tax burden of 1.14 mills for Chester County residents in 2002-03. At the same time, the State Tax Equalization Board has increased the tax burden on Chester County in relation to Delaware County by 0.03 mills. These additional tax burdens are offset somewhat by an increase in assessed real estate value in Chester County and an increase in revenues other than those realized from real estate taxes. The combined impact of all these factors brings the net real estate tax increase down to 0.48 mills for Chester County.

Major factors impacting the millage calculations on the expense side of the budget include:

- An increase of .75 mills is required to support staff additions, salary increases, and benefits costs.
- An increase of 0.13 mills is required to support debt service, which funds school construction projects.
- An increase of 0.10 mills is required to support the Technology Fund.
- An increase of 0.09 mills is required to support tuition and contracted services for students. Included in this are tuition costs for the charter schools, for the Centers for Arts and Technology (CAT), for special education students, and for alternative education.

It is important to place the district's millage rate in a regional and historic context. West Chester is fortunate to have a rich industrial and commercial tax base. As a result, the district has historically levied low taxes in comparison to other districts in Chester County. That remains true for 2002-03, when the tax rate remains lower than the other districts.

The district's 2001-02 tax rate of 11.63 mills was the lowest in Chester County. The average 2001-02 millage for the other school districts in Chester County was 16.76. The district's millage of 12.11 for 2002-03 will remain substantially below that average. In fact, for at least the past ten years, the district's tax rate has been the lowest in the county's twelve school districts, and the district's tax increases have been among the lowest.

As of 1999-00 (the last year for which figures are available), West Chester is ranked 428th out of the state's 501 school districts in the level of what is called "taxpayer effort." Taxpayer effort reflects the total value of all local taxes as a percentage of the total wealth of the district. Taxpayers in 427 districts across the state pay more in taxes as a percentage of their wealth than in West Chester.

THE BUDGET PROCESS

Planning for the 2002-03 budget followed a calendar set by the West Chester Area School Board and, specifically, by the Board's Property and Finance Committee. The presentation of the preliminary budget in April was part of that calendar. A public hearing was held on May 6, followed by several work sessions. Budget adoption was held on June 3. As was stated earlier, due to late appropriations in the approved state budget, the school District re-opened its budget on July 29, 2002. The Board recognized the additional revenues from the state and adopted a revised District budget at that time.

The budget calendar began with the presentation of 2002-03 enrollment projections last October. Budgetary forecasts, a capital projects update, and a financing update were included in the planning process in subsequent months.

Several items have had an ongoing impact on district budgets. Included is the Technology Fund, established in 1995. The 2002-03 budget allocates \$5.1 million to the Technology Fund for technology initiatives. Of that amount, \$2,012,514 is funded by the Capital Reserve Fund. The remaining \$3,136,899 is funded by current millage in the General Fund and by the fund balance carried forward from the 2001-02 year in the Technology Fund.

The district's debt service, which reflects a renovation and expansion plan dating back to 1988, has also had an ongoing, significant impact on budgets. Included are renovations and additions to eight elementary schools, the construction of the Sarah Starkweather Elementary School, and the razing and rebuilding of both Peirce and Stetson Middle Schools, all completed in past years. The district is now engaged in the process of building a new third high school. As part of that process, the district will be renovating and adding an addition to the Henderson building. The current East/Fugett complex will be renovated as well, with an addition constructed on East. Bond issues are needed to complete these projects.

ANALYSIS OF BUDGETS

This document focuses on the General Fund budget, which is the source of most public interest. The General Fund budget is divided into three parts: the District Fund budget, the Technology Fund budget, and the Federal Programs budget. Local and state revenues support the District and Technology Fund budgets. The Federal Programs budget supplements several educational programs, including programs for the educationally disadvantaged, for adult education, and for drug free schools.

WEST CHESTER AREA SCHOOL DISTRICT 2002-03 BUDGETS				
FUND	BEG FUND BAL	REVENUE	EXPENSE	ENDING FUND BAL
GENERAL FUND				
District Fund	\$ 3,795,755	\$127,801,879	\$131,597,634	\$ -
Technology Fund	\$ 3,136,899	\$2,012,514	\$5,149,413	\$ -
Federal Programs	\$ -	\$2,563,147	\$2,563,147	\$ -
TOTAL GENERAL FUND	\$6,932,654	\$132,377,540	\$139,310,194	\$0
SPECIAL REVENUE FUND				
ATHLETIC FUND	\$ 3,500	\$77,000	\$80,500	\$ -
CAPITAL RESERVE FUND	\$ 9,884,137	\$1,100,000	\$2,012,514	\$ 8,971,623
CAPITAL PROJECTS FUND	\$ 64,168,392	\$54,000,000	\$19,817,301	\$ 98,351,091
TOTAL ALL GOVERNMENTAL FUNDS	\$ 80,988,683	\$ 187,554,540	\$ 161,220,509	\$ 107,322,714
FOOD SERVICE FUND	\$ 476,000	\$2,291,604	\$2,246,604	\$ 521,000
TOTAL PROPRIETARY FUND TYPES	\$ 476,000	\$ 2,291,604	\$ 2,246,604	\$ 521,000

Other funds are separate from the General Fund budget. The source of funding for the Capital Projects Fund is bond issues, i.e., district-borrowed money. The expenditures from this fund include facilities acquisitions, construction and renovation projects, and technology initiatives, the majority being over \$25,000. The Capital Reserve Fund contains funds the district sets aside for major capital projects and technology equipment. Dedicated millage, savings from refinancings and proceeds from the sale of fixed assets go into this fund. The Athletic Fund contains gate receipts from school athletic events. The money in this fund goes back to the schools to offset expenses for their athletic programs. The Food Service Fund is supported by the sale of school meals and by state and federal subsidies. This fund includes all direct operating expenses of the district's food service program.

The remainder of this budget discussion will focus on the General Fund including the Technology Fund and Federal Programs.

SUMMARY OF BUDGETED REVENUES AND EXPENSES FOR THE TECHNOLOGY FUND

The 2002-03 Technology Fund budget, totaling \$5,149,413 is a \$139,666 increase over anticipated 2001-02 expenditures. The continued financial support for this fund represents a strong commitment to all aspects of technology in the district's educational program. The goal is to enable students to fully meet the demands and challenges of the 21st century. In preparing the 2002-03 Technology Fund budget, therefore, the administration, in cooperation with the building principals, analyzed the technology already available to students and the integration of that technology into the curriculum. Various options for building on and improving existing programs were explored in depth before decisions were made. The funding commitment that resulted continues the trend of the past few years of highly substantial allocations to technology. The district is proud of this funding commitment, which is providing the necessary technological structure upon which programs can be built now and in future years.

The Technology Fund is part of the General Fund. In 2002-03, however, \$2,012,514 will be transferred from the district's Capital Reserve to the General Fund, specifically to support technology. This transfer is recorded as a revenue in the Technology Fund budget. The remaining \$3,136,899 of the total \$5.1million Technology Fund budget comes from General Fund revenues, or local taxes.

Major expenses in the 2002-03 Technology Fund budget are:

Salaries, benefits, and staff development total \$1,574,299. This total includes the existing staff and one new employee in the technology department.

Curriculum areas total \$123,500. This amount funds technology to expand the Breakthrough to Literacy Program (\$37,000); technology related to the K-2 curriculum proposal (\$15,000); and technology related to specific content-area curricula, including language arts, mathematics, science, physical education, and music (\$71,500).

Communication charges for WAN lines and Internet access total \$273,400.

Computer repairs and supplies total \$160,000.

The remainder of the 2002-03 Technology Fund budget is earmarked for new and replacement computer hardware and software in the schools and for other technology projects.

SUMMARY OF BUDGETED REVENUES AND EXPENSES FOR FEDERAL PROGRAMS

These programs are funded by the federal government. Revenues from the federal government are budgeted to completely offset expenditures for the various programs with the exception of Title I.

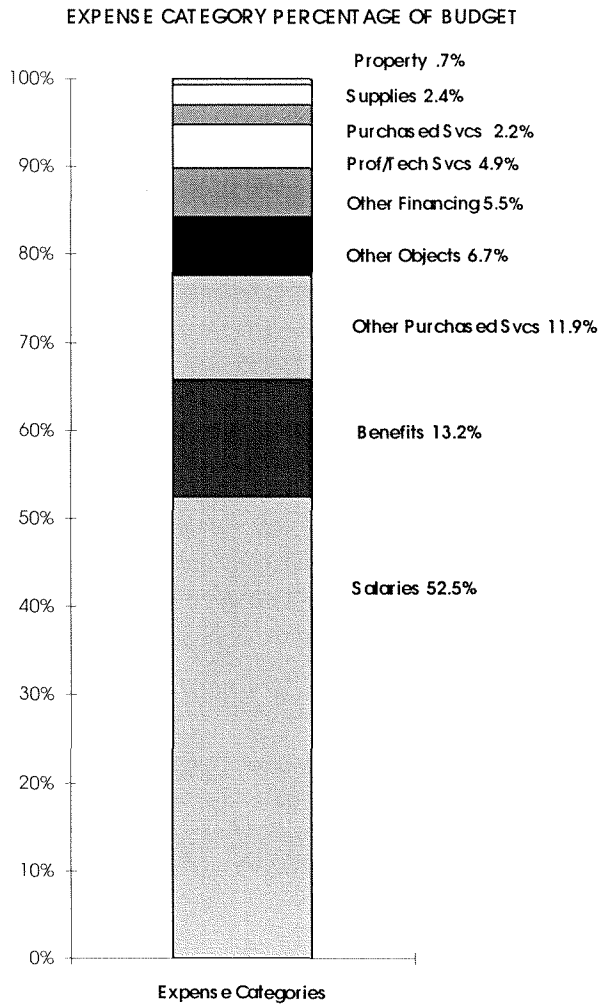
The 2002-03 Federal Programs budget totals \$2,563,147.

Title I Programs total \$1,627,107. This is 63% of the Federal Programs budget. Title I Programs provide supplemental services to students who are educationally deprived. Reading specialists in the elementary schools are part of the Title I Program. As a result of reduced funding, the district's taxpayers must provide \$131,997 of the district's own program expense. Federal funds fully support Title I Programs at Glen Mills School and the Baptist Children's Service (Thornbury Group Home).

Other programs in the Federal Programs budget include Drug Free Schools, Title VI, Title II, Title III, the class size reduction initiative, and IDEA funding for special education.

SUMMARY OF BUDGETED GENERAL FUND EXPENSES

Expenses, totaling \$131,597,634 in 2002-03, are budgeted to increase \$10.5 million over 2001-02 anticipated expenses. Excluding the \$2.5 million contingency for 2002-03, the increase in expenses is 6.6%.



Salaries, which represent 52.5% of the 2002-03 budget, are up \$3,521,375.

- Salary increases account for \$2,961,224 of the total increase. This includes contractual and merit raises and salaries for vacancies in 2001-02, offset by \$500,000 in attrition.
- Salaries for additions to the staff account for \$560,152 of the total increase. Additional positions include: 2.0 elementary Spanish (proposal) teachers, 3.8 K-2 program reading teachers, a 1.0 ESL teacher, 2.5 psychologists, a 1.0 pupil services secretary, a 0.2 foreign language supervisor, 1.4 nurses, and a 1.0 athletic trainer.

Benefits, which represent 13.2% of the budget, are up \$1,821,991.

- Health care costs are up \$1,352,192. Social security is projected to increase \$204,345. A small increase (\$19,300) is projected for life/disability insurance.
- Workers compensation, tuition reimbursement, and other benefits are up \$29,400.
- Benefits for staff additions total \$145,048.

Staff development, printing, curriculum writing, new textbooks, equipment, and supplies for curriculum proposals total \$310,240. This is a reduction in the costs from the 2001-02 year. The central administration budget will fund 100% of the total cost. No funding will come from the schools' per pupil allocations.

- The K-2 proposal totals \$254,420. In addition, expenses for technology related to this proposal are included in the Technology Fund in the amount of \$15,500.
- The elementary foreign language (Spanish) proposal totals \$21,110.
- The middle school algebra honors proposal totals \$34,710.

Tuition and Contracted Instructional Services for our students are increasing \$654,000 as a result of increased enrollment and level of service. There are increases of \$94,000 for alternative education and \$665,000 for the charter schools. The increases are partially offset by a decrease of \$105,000 in payments for special education students.

Contracted student transportation costs are up \$582,395 over 2001-02 projection. Overall, as a result of significant efficiencies gained in our bus routing in 2001-02, the 2002-03 transportation budget has not increased over the 2001-02 budget.

- Nine buses have been added at a cost of \$314,032. Two have been added to meet increased ridership in our northern schools; two are for private schools; one is for CASE (the Center for Alternative Secondary Education); and four are for special education placements.
- The budget includes a 3% increase in the contractual daily rate, for a total of \$268,110.

The per pupil allocation has decreased in 2002-03 in the amount of \$23,287.

Facilities maintenance projects have decreased by \$205,418. We were able to reduce this budget due to the large number of projects completed this year.

Utility costs reflect cost savings initiatives such as the Act 29 lighting project. For the 2002-03 budget, these savings in cost are offset by rising oil prices and possible increases in electric rates.

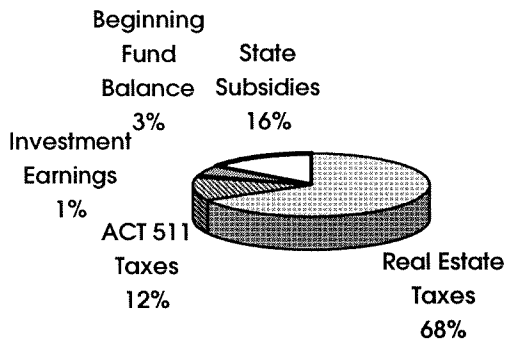
The Capital Reserve Fund will not be allocated any contribution in the 2002-03 budget. In 2001-02, we contributed \$243,642 to the Capital Reserve Fund as a result of interest savings on our DVRFA loan.

Debt service will increase \$1.143 million. This increase will support principal and interest payments on existing bond issues, including the most recent \$30 million bond issue in February 2002. A total of \$837,823 of the funds from this recent issue are being used to pay this year's debt service, thus minimizing the millage impact this year.

The budget contingency is set at \$2.5 million, which is 1.9% of the total budget.

SUMMARY OF BUDGETED REVENUES

REVENUE SUMMARY



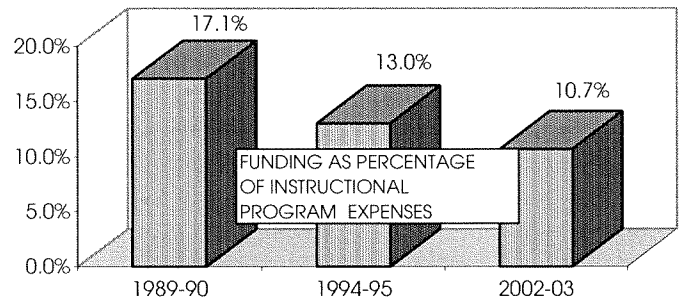
The General Fund budget receives revenues from state subsidies, local sources and the fund balance carried forward from the previous year. The fund balance includes the previous year's budget contingency as well as net savings in expenditures and increases in revenue over budgeted amounts. The primary funding source for district operated programs and services is local revenue, i.e., taxes, investment earnings and fund balance, which accounts for 84% of total budgeted General Fund revenue. The district's largest revenue category is real estate taxes.

transportation. The state also funds 50% of the District's employee social security and retirement costs.

In general, state instructional subsidies have not kept pace with rising costs, so that the district has been forced to rely increasingly on local revenue. For instance, the state's share of regular instructional costs dropped from 17.1% in 1989-90 to a projected 10.7% in 2002-03.

The largest state subsidies are for regular instructional programs, special education, and

STATE FUNDING FOR REGULAR EDUCATION



Budgeted state revenues in 2002-03 show increases over 2001-02.

- The subsidy for basic education in 2002-03 is expected to increase \$155,245 based on growing student population. This allocation does not offset increased program costs.
- The subsidy for special education is budgeted to increase by only \$66,582. The state has again changed the formula for funding special education, which drastically under funds the mandates in this area.
- The state created a new subsidy for charter school tuitions. As a result the District will receive \$828,971 for this subsidy.
- The state transportation subsidy is \$541,894 more than 2001-02. This is a result of funding for increased bus runs, additional students and an increase in the state subsidy for nonpublic transportation.

Local revenues budgeted for 2002-03 are affected by economic factors:

- Interim real estate taxes are generated by new construction in the district and are projected to be \$1,400,000 less than 2001-02. The reduction does not reflect an economic recession in our district. Rather, it reflects exceptionally high collections in 2001-02.
- Real estate transfer taxes are generated by the sale of existing and new properties in the district. These taxes are projected to be \$700,000 less than 2001-02.
- An increase of \$650,000 is projected for the earned income tax.
- The budget projects liens and delinquent taxes will be \$300,000 less than 2001-02.

THE DISTRICT'S FUTURE

The district will continue to experience enrollment growth in the next five years. This growth will be very similar to the heavy growth in the past ten years. We anticipate an increase of 363 students by the 2006-07 school year. This growth along with the district's technology and facility renovation programs will result in the hiring of additional teaching staff, custodians, and other support staff, the addition of school buses, and the issuance of more bonds to finance technology, renovations and building expansion, including the new high school. In addition to the \$34.0 million bond issue scheduled for this year, the district will need \$93.9 million in bonds to complete our capital program. Over the next three years, in Chester County, millage is projected to increase on average by 7.7% per year. Millage increases in Delaware County are projected to increase on average by 8.3% per year.

As our district continues to grow we have remained competitive in academics and athletics. We have revised curriculums and provided the staff necessary to maximize students' academic experience. This is demonstrated by our scores in standardized tests compared to national and state averages. Our students score well above the state and national averages on College Boards and the Pennsylvania System of School Assessment. We have won numerous state and national academic competitions, and we always have students who are National Merit finalists. Our music program has produced many students who have won vocal and instrumental competitions and participated in selective choral and orchestra programs. And our athletic programs remain strong with many championships in both girls' and boys' sports. You can be assured that we will have many more of these successes in our district's future.

WEST CHESTER AREA SCHOOL DISTRICT
2002-03 BUDGET

BOARD OF DIRECTORS

<i>Jeffrey T. Seagraves</i>	<i>Board President</i>
<i>Thomas G. Wolpert, Esq.</i>	<i>Board Vice President</i>
<i>Dr. Cynthia Benzing</i>	<i>Board Member</i>
<i>June L. Cardosi</i>	<i>Board Member</i>
<i>Terri Clark</i>	<i>Board Member</i>
<i>Joseph P. Green, Jr., Esq.</i>	<i>Board Member</i>
<i>Jessie Pincus</i>	<i>Board Member</i>
<i>Gail Tomassini</i>	<i>Board Member</i>
<i>Rogers W. Vaughn</i>	<i>Board Member</i>

WEST CHESTER AREA SCHOOL DISTRICT
2002-03 BUDGET

BOARD COMMITTEES

EDUCATION COMMITTEE

Thomas G. Wolpert, Esq., Chair
June L. Cardosi
Gail Tomassini
Jessie Pincus

**PUPIL SERVICES/COMMUNITY
RELATIONS COMMITTEE**

Terri Clark, Chair
Rogers W. Vaughn
Thomas G. Wolpert, Esq.
Jessie Pincus

PERSONNEL COMMITTEE

Dr. Cynthia Benzing, Chair
Joseph P. Green, Jr., Esq.
Terri Clark
June L. Cardosi

PROPERTY & FINANCE COMMITTEE

Joseph P. Green, Jr., Esq., Chair
Dr. Cynthia Benzing
Rogers W. Vaughn
Gail Tomassini

LIAISONS:

PSBA REPRESENTATIVE and EMPLOYEE RELATIONS CONTACT – Jeffrey T. Seagraves

CHESTER COUNTY INTERMEDIATE UNIT – Thomas G. Wolpert, Esq.

LEGISLATIVE – June L. Cardosi

CHARTER SCHOOLS – Dr. Cynthia Benzing

**WEST CHESTER AREA SCHOOL DISTRICT
2002-03 BUDGET**

ORGANIZATION - DISTRICT ADMINISTRATION

Dr. Alan G. Elko	Superintendent
Dr. Linda R. Antonowich	Assistant Superintendent/Curriculum & Staff Development
Michael J. DiBartolomeo	Director of Secondary Education
David L. Flamer	Director of Elementary Education
Dr. June Garwin	Director of Information Technology
Dr. John H. Hewlett	Director of Human Resources
Jack Hurd	Assistant Director of Human Resources
Suzanne K. Moore	Director of Business Affairs
John T. Scully	Assistant Director of Business Affairs
Marcia Conti-D'Antonio	Director of Special Education & Pupil Services
Vacant	Director of Facilities & Operations
Mark Groves	Capital Projects Manager
Rose Marie Salsbury	Supervisor of High School Special Education
Terri-Lynne Alston	Supervisor of Middle School Special Education
Michele McCann	Supervisor of Elementary School Special Education
David W. Clark	Supervisor of Social Studies
Dr. Kathleen Conn	Supervisor of Science
Susan S. Tiernan	Supervisor of Language Arts
Dr. Christina Anderson	Supervisor of Gifted Programs
Dr. Deborah E. Sahijwani	Supervisor of Assessment/Title I
Dr. Robert Palladino	Supervisor of Humanities
Richard Stevenson	Supervisor of Health/Physical Education
Susan K. White	Supervisor of Mathematics
Dr. Richard F. Dunlap, Jr.	Principal, East High School
John Rogers	Assistant Principal, East High School
Troy Czukoski	Assistant Principal, East High School
William W. Bailey, III	Assistant Principal, East High School
Crystal Dowdell	Assistant Principal, East High School
David J. Berkes	Principal, B. Reed Henderson High School
Dr. Elaine Kirkland	Assistant Principal, B. Reed Henderson High School
James Attanasio	Assistant Principal, B. Reed Henderson High School
David A. Geanette	Assistant Principal, B. Reed Henderson High School
Marc Bertrando	Assistant Principal, B. Reed Henderson High School
Dr. Eliot W. Larson	Principal, J. R. Fugett Middle School
Joseph F. Morris	Assistant Principal, J. R. Fugett Middle School
Kimberly Shaver-Hood	Assistant Principal, J. R. Fugett Middle School
Dr. Constance Bompadre	Principal, E. N. Peirce Middle School
Anthony Barber	Assistant Principal, E. N. Peirce Middle School
John N. Trezise	Assistant Principal, E. N. Peirce Middle School
Dr. Phyllis R. Simmons	Principal, G. A. Stetson Middle School
Dr. Charles A. Cognato	Assistant Principal, G. A. Stetson Middle School
Leroy Whitehead	Assistant Principal, G. A. Stetson Middle School
Ann Helion	Principal, East Bradford Elementary School
Dianne Smith	Principal, East Goshen Elementary School
Roberta Gettis	Principal, Exton Elementary School
Cheryl V. Ash	Principal, Fern Hill Elementary School
Dr. Susan T. Huber	Principal, Glen Acres Elementary School
James P. Householder	Principal, Hillsdale Elementary School
Mary V. Powell	Principal, Mary C. Howse Elementary School
Ellen M. Gacomis	Principal, Penn Wood Elementary School
Donald S. Pitt	Principal, Sarah W. Starkweather Elementary School
Dennis Brown	Principal, Westtown-Thornbury Elementary School
Florence L. Miller	Coordinator of Communications
Vacant	Elementary Instructional Technology Coordinator
Linda McElvenny	Secondary Instructional Technology Coordinator