

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 6, 2013

NEW ISSUE—BOOK-ENTRY ONLY

**RATINGS: Moody's: _____ (Underlying)
(See Ratings herein)**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under §57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of Federal individual or corporate alternative minimum taxes. The Bonds and interest income therefrom, are free from taxation for purposes of personal income, corporate net income and personal property taxes within the Commonwealth of Pennsylvania.

The School District has declared that the Bonds are "qualified tax exempt obligations" for the purposes and effect contemplated by Section 265 of the Internal Revenue Code of 1986, as amended (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

For further information concerning federal and state tax matters relating to the Bonds, see "Tax Exemption" herein.

West Jefferson Hills School District

(Allegheny County, Pennsylvania)

\$3,435,000*

General Obligation Bonds, Series of 2013

Bonds Dated: May 3, 2013

Principal Due: August 1, as shown on inside cover

Denominations: Integral multiples of \$5,000

First Interest Payment: August 1, 2013

Interest Due: February 1 and August 1

Form: Book-Entry Only

The Bonds described herein are in the aggregate principal amount of \$3,435,000* General Obligation Bonds, Series of 2013 (the "Bonds"). The Bonds, when issued, will be registered in the name of Cede & Co., which is the partnership nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 and integral multiples thereof only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For a purchaser to be the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, the Bonds are ever issued in certificated form, they will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the West Jefferson Hills School District, a public school district located in Allegheny County, Pennsylvania (the "School District"), payable from local taxes, state subsidy and other general revenues. The School District has covenanted in a Resolution adopted by the Board of the School District on March 19, 2013 (the "Resolution") that authorized the Bonds, that it will budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its legally available revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power including the power to levy ad valorem taxes on all taxable real property within the School District, to the extent permitted by law. (See "Security" and "Taxing Powers of the School District" *infra*).

Interest on each of the Bonds is payable initially on August 1, 2013, and thereafter semiannually on February 1 and August 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed U. S. Bank National Association (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its designated corporate trust office, presently located in Pittsburgh, Pennsylvania (or any successor paying agent or other designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," *infra*). **The Bonds are subject to redemption prior to maturity as described herein.**

Proceeds of the Bonds will be used to: (1) currently refund all of the School District's General Obligation Bonds, Series A of 2003, (2) currently refund all of the School District's General Obligation Bonds, Series B of 2003; and (3) pay the costs of issuing the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth pursuant to the Pennsylvania Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

MATURITIES, AMOUNTS, RATES AND INITIAL OFFERING PRICES/YIELDS

See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Law Offices of Wayne D. Gerhold, Pittsburgh, Pennsylvania, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by Ira Weiss, Esquire, Pittsburgh, Pennsylvania, School District Solicitor. Public Financial Management, Inc. of Harrisburg, Pennsylvania, will act as the School District's Financial Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about May 3, 2013.

Public Financial Management, Inc.

Financial Advisor to the School District

Dated: _____

*Estimated, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

West Jefferson Hills School District
(Allegheny County, Pennsylvania)
\$3,435,000*
General Obligation Bonds, Series of 2013

Bonds Dated: May 3, 2013

Denominations: Integral multiples of \$5,000

Interest Due: February 1 and August 1

Form: Book-Entry Only

Principal Due: August 1, as shown on inside cover

First Interest Payment: August 1, 2013

Maturity Date (August 1) Year	Principal Amounts	Interest Rates	Initial Offering Yields
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			

(A portion of the Bonds may be structured as Term Bonds. See "Invitation to Bid".)

*Estimated, subject to change

WEST JEFFERSON HILLS SCHOOL DISTRICT
(Allegheny County, Pennsylvania)

BOARD OF SCHOOL DIRECTORS

Anthony M. Angotti	President
Shauna M. D'Alessandro	Vice President
Carolyn Bourgeois.....	Vice President
Alan J. Caponi	Member
Dr. David L. Graham.....	Member
Anna Louise Lilley	Member
Marianne L. Neel.....	Member
Deborah Pozycki	Member
Darlene Schreiber	Member

ACTING SUPERINTENDENT
DR. LINDA HIPPERT

DIRECTOR OF FINANCE/BOARD SECRETARY
TRACY A. HARRIS

SOLICITOR
IRA WEISS, ESQUIRE
Pittsburgh, Pennsylvania

BOND COUNSEL
LAW OFFICES OF WAYNE D. GERHOLD
Pittsburgh, Pennsylvania

FINANCIAL ADVISOR
PUBLIC FINANCIAL MANAGEMENT, INC.
Harrisburg, Pennsylvania

PAYING AGENT
U. S. BANK NATIONAL ASSOCIATION
Pittsburgh, Pennsylvania

SCHOOL DISTRICT ADDRESS
835 Old Clairton Road
Jefferson Hills, Pennsylvania 15025

No dealer, broker, salesman or other person has been authorized by the School District to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

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PRELIMINARY OFFICIAL STATEMENT

West Jefferson Hills School District Allegheny County, Pennsylvania

\$3,435,000*

General Obligation Bonds, Series of 2013

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by West Jefferson Hills School District (the "School District"), a public school district located in Allegheny County, Pennsylvania, in connection with the offering of \$3,435,000* aggregate principal amount of General Obligation Bonds, Series of 2013 (the "Bonds"), dated as of May 3, 2013. The Bonds are being issued pursuant to, and are secured by, a Resolution of the Board of School Directors of the School District adopted on March 19, 2013 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa.C.S. Chs. 80-82 (the "Debt Act").

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds can be made in book-entry only form and purchaser will not receive certificates representing their interest in the Bonds. So long as DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See "DESCRIPTION OF THE BONDS" AND "BOOK-ENTRY ONLY SYSTEM" HEREIN.

The information which follows contains summaries of the Resolution, the Bonds, relevant provisions of state and federal laws, and the School District's budget and financial statements. Such summaries do not purport to be complete and reference is made to the Resolution, the School District's budget and the School District's financial statements, copies of which are on file and available for examination at the offices of the School District. Reference is also made to the Bonds and to the full text of the cited laws and regulations.

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to: (1) currently refund all of the School District's General Obligation Bonds, Series A of 2003 outstanding in the principal amount of \$725,000 (the "2003A Bonds"), (2) currently refund all of the School District's General Obligation Bonds, Series B of 2003 outstanding in the principal amount of \$2,550,000 (the "2003B Bonds"); and (3) pay the costs of issuing the Bonds.

Proceeds of the Bonds, after paying the costs and expenses of issuing the Bonds will be deposited with U.S. Bank National Association, successor paying agent, to redeem the outstanding 2003A Bonds and 2003B Bonds, at a redemption price of 100% of principal amount plus accrued interest, pursuant to the optional redemption provisions applicable to the 2003A Bonds and 2003B Bonds, on or within 90 days of the issuance date of the Bonds.

Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

<u>SOURCE OF FUNDS</u>	<u>Total</u>
Par Amount	
Net Original Issue Premium (Discount)	
<i>Total Source of Funds</i>	
<u>USE OF FUNDS</u>	
Amount Required to Redeem the 2003A Bonds.....	
Amount Required to Redeem the 2003B Bonds.....	
Cost of Issuance ⁽¹⁾	
<i>Total Use of Funds</i>	

⁽¹⁾Includes legal, financial advisor, printing, rating, underwriters discount, CUSIP, paying agent, redemption fees, and miscellaneous costs.

*Estimated, subject to change

THE BONDS

Description

The Bonds will be issued in registered form, without coupons, in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$3,435,000* and will be dated May 3, 2013, when interest begins to accrue. The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on each of the Bonds will be payable initially on August 1, 2013, and thereafter, semiannually on February 1 and August 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See "BOOK – ENTRY ONLY SYSTEM" herein.

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC, and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid. If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:

The principal of certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds U. S. Bank National Association, Pittsburgh, Pennsylvania (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office (or to any successor paying agent or alternate designated office(s)).

Interest will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding August 1, 2013, in which event such Bond shall bear interest from May 3, 2013, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth calendar day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such certificated Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under "Book-Entry Only System," certificated Bonds are transferable or exchangeable upon surrender of such Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of certificated Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same series, maturity date and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of such Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

*Estimated, subject to change

Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity date and interest rate.

The School District and the Paying Agent shall not be required (a) to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

SECURITY FOR THE BONDS

General Obligation Pledge Security

The Bonds are general obligations of the School District and are payable from its local taxes, state subsidies and other general revenues. The School District has covenanted in the Resolution that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes *ad valorem* taxes on all taxable property within the School District, presently without limitation as to rate or amount for such purpose (But see “*Local Tax Limitations under Act 1 of 2006*” herein). The Debt Act presently provides for enforcement of debt service payments as hereinafter described (see “*Defaults and Remedies*” herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see “*Commonwealth Enforcement of Debt Service Payments*” herein).

Sinking Fund

Sinking fund for the payment of debt service on the Bonds, designated “Sinking Fund, General Obligation Bonds, Series of 2013” (the “Sinking Fund”), has been created in accordance with the Resolution and will be maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent as authorized by the Debt Act and upon direction of the School District. Such deposits and securities shall be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Fund the principal of and interest on the Bonds, as and when due and payable.

State Subsidy Intercept under Section 633 of the Pennsylvania School Code

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 154 of 1998 (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness or the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any State appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

There can be no assurance, however, that any payments pursuant to this withholding provision will be made by the date on which such payments are due to the Bondholders. The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally.

Actions in the Event of Default on the Bonds

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of a county in which the School District is located. The Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25% of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the "Issuer") and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The Ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE SCHOOL DISTRICT NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

The Issuer and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Preliminary Official Statement.

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REDEMPTION OF BONDS

Mandatory Redemption

Bidders may elect to structure the issue to include term bonds, which term bonds, if selected by the bidder, will be subject to mandatory redemption prior to maturity, in the years and amounts as shown in the Invitation to Bid, upon payment of the principal amount of Bonds to be redeemed, together with accrued interest to the date fixed for redemption, or upon maturity, as applicable. Bonds to be redeemed shall be selected by lot by the Paying Agent.

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

Optional Redemption

The Bonds stated to mature on or after August 1, 2019 shall be subject to redemption prior to maturity, at the option of the School District, as a whole, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), on August 1, 2018, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

Notice of Redemption

Notice of any redemption shall be given by mailing a copy of the redemption notice not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to each of the registered owners of Bonds to be redeemed, in whole or in part at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof shall not affect the validity of any proceeding for redemption of any Bonds with respect to which no such failure or defect occurred.

On the date designated for redemption and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds and portions thereof so called for redemption shall cease to accrue and such Bonds and portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for payment of the principal, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

Manner of Redemption

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000, each \$5,000 portion of such Bonds being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of the same series of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

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THE SCHOOL DISTRICT

Introduction

The West Jefferson Hills School District encompasses a land area of 19.6 square miles on the Monongahela River, due south of the City of Pittsburgh. The School District is thirteen miles south of Pittsburgh and part of the Pittsburgh Primary Metropolitan Statistical Area ("PMSA"). Commuting time to Pittsburgh is approximately twenty to forty minutes. Access to the city is provided by State Route 51 and 885.

Administration

The School District is governed by a nine member Board of School Directors (the "School Board") 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 and finance. The Business Manager is responsible for budget, financial and non-instructional aspects of operations. Both officials are appointed by the Board of School Directors.

School Facilities

The School District is currently organized on the following grade level structure: K-5, 6-8 and 9-12. The following table depicts the component elements of the existing physical plant of the School District.

**TABLE 1
WEST JEFFERSON HILLS SCHOOL DISTRICT
SCHOOL FACILITIES**

Buildings	Original Construction Date	Addition/ Renovation Date(s)	Grades	Rated Pupil Capacity	2012-13 Enrollment
<i>Elementary:</i>					
Gill Hall	1955	2003	K-5	400	282
McClellan.....	1955	2003	K-5	570	383
Jefferson.....	1993	---	K-5	570	564
<i>Middle:</i>					
Pleasant Hills.....	1965	2004	6-8	1,200	668
<i>High School:</i>					
Thomas Jefferson	1953	1992	9-12	1,600	901

Source: School District Officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollment for the next five years, as prepared by the School District's administrative officials.

**TABLE 2
WEST JEFFERSON HILLS SCHOOL DISTRICT
ENROLLMENT TRENDS**

School Year	Actual Enrollments				School Year	Projected Enrollments			
	K	1-6	7-12	Total		K	1-6	7-12	Total
2008-09	431	826	1,257	2,514	2013-14	161	1,218	1,411	2,790
2009-10	434	784	1,218	2,436	2014-15	158	1,196	1,438	2,792
2010-11	193	1303	1,386	2,882	2015-16	155	1,160	1,443	2,758
2011-12	186	1250	1,348	2,784	2016-17	152	1,156	1,454	2,762
2012-13	179	1278	1,341	2,798	2017-18	152	1,156	1,454	2,762

Source: Actual/Projected Enrollments, School District Officials.

SCHOOL DISTRICT FINANCES

Introduction

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education (“PDE”). An annual operating budget is prepared by the Superintendent and Business Manager and submitted to the School Board for approval prior to the beginning of each fiscal year on July 1.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. Its financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of Hosack, Specht, Muetzel & Wood, LLP, of Pittsburgh, Pennsylvania currently serves as School District auditor.

Budgeting Process as modified by Act 1 of 2006 (Taxpayer Relief Act)

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education (“PDE”). An annual operating budget is prepared by school district administrative officials on a uniform form furnished by PDE and submitted to the board of school directors for approval prior to the beginning of each fiscal year on which commences July 1.

Procedures for Adoption of the Annual Budget. Unless the Simplified Procedures described below are utilized, under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (together “The Taxpayer Relief Act” or “Act 1”) all school districts of the first class A, second class, third class and fourth class must adopt a preliminary budget (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the primary election immediately preceding the beginning of each fiscal year. This preliminary budget must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days’ public notice of its intent to adopt the preliminary budget prior to its adoption. The board of school directors shall print the final budget and make it available for public inspection at least 20 days prior to its adoption and shall give public notice of its intent to adopt the final budget at least 10 days prior to adoption, and may hold a public hearing prior to adoption. Guidance from PDE suggests that the preliminary budget be converted to a proposed budget adopted by the board of school directors at least 30 days prior to the adoption of the final budget as required by the School Code. The School District follows the requirements of Act 1 and the guidance of PDE pursuant to the requirements of the School Code.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to PDE no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district’s Index (see “**The Taxpayer Relief Act (Act 1)**” herein) and within 10 days of the receipt of the information about the preliminary budget, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under The Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see “**The Taxpayer Relief Act (Act 1)**” herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district’s request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district’s request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared and approved at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days’ public notice be given of the board’s intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4 which follow. Tables 4 and 5 show audited revenue and expenditures for the past five years and the 2012-13 budget. The budget is projecting a balanced budget of \$37,814,555 for revenue and expenditures.

**TABLE 3
WEST JEFFERSON HILLS SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Fiscal Years Ending June 30)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
ASSETS					
Cash and Cash Equivalents	\$8,296,866	\$12,158,598	\$14,302,054	\$17,618,880	\$20,940,784
Due From Other Funds.....	0	0	47,842	0	0
Taxes Receivable	2,798,208	2,504,364	3,479,306	3,263,432	3,490,274
Due from Other Governments.....	0	0	697,681	343,207	635,084
State Revenue Receivable	464,421	0	0	182,869	394,892
Federal Revenue Receivable	229,258	234,704	0	146,908	287,258
Other Receivables	756,814	529,654	410,438	0	0
Prepaid Expenses/Expenditures	9,253	4,626	11,285	8,464	5,643
TOTAL ASSETS	<u>\$12,554,820</u>	<u>\$15,431,946</u>	<u>\$18,948,606</u>	<u>\$21,563,760</u>	<u>\$25,753,935</u>
LIABILITIES					
Accounts Payable	\$474,687	\$657,652	\$568,179	\$326,356	\$431,894
Accrued Salaries and Benefits.....	1,628,367	1,607,089	1,577,173	1,822,147	1,980,051
Payroll Deductions and Withholdings....	182,165	186,648	179,987	164,363	273,148
Deferred Revenues	2,798,208	2,504,364	3,095,269	2,736,534	2,938,392
TOTAL LIABILITIES	<u>\$5,083,427</u>	<u>\$4,955,753</u>	<u>\$5,420,608</u>	<u>\$5,049,400</u>	<u>\$5,623,485</u>
FUND EQUITIES					
Non-spendable Fund Balance.....	\$0	\$0	\$0	\$0	\$5,643
Reserve for Capital Projects.....	2,500,000	3,500,000	5,000,000	8,000,000	0
Committed Fund Balance.....	2,500,000	4,500,000	6,000,000	6,000,000	17,500,000
Unreserved – Undesignated	2,471,393	2,476,193	2,527,998	2,514,360	2,624,807
TOTAL FUND EQUITIES	<u>\$7,471,393</u>	<u>\$10,476,193</u>	<u>\$13,527,998</u>	<u>\$16,514,360</u>	<u>\$20,130,450</u>
TOTAL LIABILITIES AND FUND EQUITIES	<u>\$12,554,820</u>	<u>\$15,431,946</u>	<u>\$18,948,606</u>	<u>\$21,563,760</u>	<u>\$25,753,935</u>

Source: School District Annual Financial Reports.

**TABLE 4
WEST JEFFERSON HILLS SCHOOL DISTRICT
SUMMARY OF CHANGES IN FUND BALANCE*
(Fiscal Years ending June 30)**

	<u>Actual</u>					<u>Budget</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013⁽¹⁾</u>
Beginning Fund Balance	\$6,261,470	\$7,471,393	\$10,476,193	\$13,527,998	\$16,514,360	\$20,130,451
Revenues over (under) Expenditure	1,209,923	3,004,800	3,051,805	2,959,078	3,616,091	0
Other	0	0	0	27,284	0	0
Ending Fund Balance	<u>\$7,471,393</u>	<u>\$10,476,193</u>	<u>\$13,527,998</u>	<u>\$16,514,360</u>	<u>\$20,130,451</u>	<u>\$20,130,451</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 26, 2012.

Source: School District Annual Financial Reports and proposed Budget.

Revenue Sources

The School District received \$38,723,565 in total revenue for its 2011-12 fiscal year and has budgeted revenue of \$37,814,555 for its 2012-13 fiscal year. Local revenue sources decreased as a share of total revenue in the past five years, from 72.3% in 2007-08 to 70.3% in 2011-12. Revenue from Commonwealth sources increased as a share of total revenue in the past five years, from 27.0% in 2007-08 to 28.5% in 2011-12. Federal and other sources increased as a share of total revenue in the past five years, from 0.7% in 2007-08 to 1.2% in 2011-12.

TABLE 5
WEST JEFFERSON HILLS SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES*
(For years ending June 30)

REVENUE:	Actual					Budget
	2008	2009	2010	2011	2012	2013 ⁽¹⁾
Local Sources:						
Current Real Estate Taxes	\$19,663,349	\$20,217,737	\$20,367,761	\$20,662,682	\$20,892,337	\$21,170,000
Interim Real Estate Taxes	0	0	0	0	267,552	0
Public Utility Realty Tax	33,353	30,509	33,094	34,620	34,271	35,000
Current Act 511 Taxes	3,850,489	3,922,876	4,110,398	3,892,286	4,518,993	3,745,400
Delinquency on Taxes Levied	1,037,837	1,346,887	1,283,404	1,083,126	943,576	835,000
Earnings from Investments	587,502	368,254	107,697	72,024	42,184	40,000
State Rev. Received from Other PA Public Schools...	0	0	628,623	372,338	98,368	0
Federal IDEA Pass Through Revenue	256,702	261,691	10,961	0	253,796	0
Other Revenue from Intermediary Sources	0	31,691	0	1,525	0	250,000
Rentals	40,920	40,723	38,522	41,274	41,254	40,000
Regular Day Tuition	0	0	57,800	0	0	0
Receipts from Other LEAs	0	62,300	0	0	0	0
Refunds of Prior Years' Expenditures	2,947	137,812	35,965	73,076	46,124	0
All Other Local Revenues Not Specified	18,355	17,947	20,768	112,320	96,923	33,000
Total Local Sources	\$25,491,454	\$26,438,427	\$26,694,993	\$26,345,271	\$27,235,378	\$26,148,400
State Sources:						
Basic Instructional Subsidy	\$4,868,618	\$5,155,173	\$4,815,734	\$4,611,861	\$5,155,044	\$5,155,044
Charter Schools	68,183	51,067	50,652	52,112	0	0
Tuition for Orphans & Children in Private Homes	22,704	17,283	2,918	0	28,690	0
Homebound Instruction	199	271	0	0	0	0
Special Education	1,654,327	1,677,419	1,695,742	1,686,526	1,686,526	1,686,526
Transportation	690,217	745,289	709,482	722,778	701,406	741,983
Rentals and Sinking Fund Payments	773,833	746,418	723,354	766,336	774,860	767,529
Health Services	56,185	54,384	56,601	57,019	53,439	53,481
State Property Tax Allocation	0	1,110,561	1,111,613	1,111,695	1,111,634	1,111,592
PA Accountability Grant	290,204	\$286,431	286,431	268,597	105,528	0
Additional grants not listed elsewhere	6,586	14,085	6,862	39,917	0	0
Revenue for Social Security	556,094	570,434	552,288	534,832	664,900	680,000
Revenue for Retirement	529,100	357,399	367,584	422,534	747,608	1,100,000
Classrooms for the Future	0	121,141	0	50,000	0	0
Total State Sources	\$9,516,250	\$10,907,355	\$10,379,261	\$10,324,207	\$11,029,635	\$11,296,155
Federal Sources:						
Total Federal Sources	\$254,539	\$332,823	\$1,201,332	\$1,668,833	\$458,551	\$370,000
Other Sources:						
Total Other Sources	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$35,262,243	\$37,678,605	\$38,275,586	\$38,338,311	\$38,723,565	\$37,814,555

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 26, 2012.

Source: School District Annual Financial Reports and Budget.

TABLE 5 (continued)
WEST JEFFERSON HILLS SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
EXPENDITURES*
(For years ending June 30)

EXPENDITURES:	Actual					Budget
	2008	2009	2010	2011	2012	2013⁽¹⁾
Instruction.....	\$19,140,023	\$18,918,319	\$19,442,823	\$18,962,638	\$19,075,461	\$20,565,250
Pupil Personnel.....	936,012	937,954	1,037,431	1,033,686	928,660	1,155,722
Instructional Staff.....	816,729	814,271	840,088	782,816	710,952	931,260
Administration.....	1,978,587	2,143,350	2,251,002	2,360,363	2,341,737	2,527,823
Pupil Health.....	520,404	564,783	521,562	549,695	573,260	600,627
Business.....	299,800	377,640	393,865	326,402	421,185	369,643
Operation and Maintenance.....	2,951,216	3,083,829	3,025,565	3,260,492	3,371,814	3,544,488
Student Transportation.....	2,110,054	2,073,561	2,009,042	2,097,274	2,191,208	2,310,979
Central.....	667,158	954,130	983,596	1,155,976	1,239,392	1,349,210
Other Support Services.....	36,457	37,790	39,145	39,535	37,767	37,767
Operation of Non-instructional Services.....	909,955	936,821	881,808	1,010,411	1,024,386	1,029,121
Debt Service.....	214,941	0	0	0	47,306	3,392,665
Refund of Prior Year Receipts.....	0	134,216	114,035	113,453	5,519	0
Fund Transfers.....	3,470,984	3,697,141	3,683,819	3,686,492	3,138,827	0
TOTAL EXPENDITURES	<u>\$34,052,320</u>	<u>\$34,673,805</u>	<u>\$35,223,781</u>	<u>\$35,379,233</u>	<u>\$35,107,474</u>	<u>\$37,814,555</u>
SURPLUS (DEFICIT) OF						
REVENUES OVER EXPENDITURES	<u>\$1,209,923</u>	<u>\$3,004,800</u>	<u>\$3,051,805</u>	<u>\$2,959,078</u>	<u>\$3,616,091</u>	<u>\$0</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 26, 2012.

Source: School District Annual Financial Reports and Budget.

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SCHOOL DISTRICT TAXING POWERS AND LIMITS

In General

Subject to certain limitations imposed by the Taxpayer Relief Act (more specifically described below), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended by Act 32 of 2008, enacted July 2, 2008 (53 P.S. §6924.101) the (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

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The Taxpayer Relief Act (Act 1)

Under The Taxpayer Relief Act (Act 1), a school district may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act, or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by PDE:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004 ("Act 72"), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 (as in the case of the School District); to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
3. to make payments into the State Public School Employees' Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Act 1 Index applicable to the School District in the current and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Index</u>
2012-13	2.2%
2011-12	1.8
2010-11	3.7
2009-10	5.2
2008-09	5.5

Source: Pennsylvania Department of Education website.

In accordance with Act 1, the School District put a referendum question on the ballot for the May, 15, 2007, primary election seeking voter approval to levy (or increase the rate of) its earned income and net profits tax ("EIT") or a personal income tax ("PIT") and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. The referendum was **NOT** approved by the voters.

A board of school directors may submit, but is not required to submit, a referendum question to the voters at the municipal election in any future municipal election seeking approval to levy or increase the rate of an EIT or impose PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

There can be no assurance; however, that approval will be given by the board of school directors to utilize a further referendum question to the voters in any future fiscal year or years.

Status of the Bonds under Act 1

The obligations refunded by the Bonds all constitute debt that was originally approved (“incurred” as defined by the Debt Act and Act 1) by the board of school directors prior to the effective date of Act 1, and the board of school directors previously elected not to become subject to the provisions of former Act 72 of 2004 (“Act 72”) (Act 72 was repealed by Act 1) which, like Act 1, limited the power of the board to increase taxes above a certain index. Consequently, the School District is entitled by Act 1 to apply to the PDE for approval to utilize an Act 1 referendum exception, if and to the extent a tax increase greater than the Index is needed to pay the principal and interest on the Bonds in any particular fiscal year (see also “**Budgeting Process in School Districts under Pennsylvania Act 1 of 2006 (Taxpayer Relief Act)**” herein). Act 1 provides that PDE shall approve a school district’s request if a review of the data demonstrates that the school district qualifies for the exception sought and the sum of the dollar amounts of all exceptions for which the school district qualifies is not more than what is necessary to balance the budget after giving effect to the revenue to be raised by the allowable tax increase under the Index. There can be no assurance; however, that approval will be given by PDE to utilize a referendum exception in any future fiscal year or years.

Act 48 of 2003

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

<u>Total Budgeted Expenditures:</u>	<u>Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total budgeted Expenditures:</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%

“Estimated ending unreserved fund balance” is defined in Act 2003-48 as that portion of the fund balance which is appropriable for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district’s budget was adopted and held in the general fund accounts of the school district.

This summary of portions of Act 48 is not intended to be an exhaustive discussion of the provisions of Act 48 nor a legal interpretation of any provisions of Act 48, and a prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.

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Tax Levy Trends

Table 6 which follows shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District and the township located in the School District and the County.

**TABLE 6
WEST JEFFERSON HILLS SCHOOL DISTRICT TAX RATES**

Fiscal Year	Real Estate (mills)	Real Estate Transfer Tax (%)	Wage & Income Tax (%)	Local Services Tax (\$)	Business Privilege (mills)	Mercantile (mills)
2008-09	21.08	0.5	0.5	5.00	6.0	1.0
2009-10	21.08	0.5	0.5	5.00	6.0	1.0
2010-11	21.08	0.5	0.5	5.00	6.0	1.0
2011-12	21.08	0.5	0.5	5.00	6.0	1.0
2012-13	21.08	0.5	0.5	5.00	6.0	1.0

Source: School District Officials.

**TABLE 7
WEST JEFFERSON HILLS SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)**

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
<i>School District</i>	21.08	21.08	21.08	21.08	21.08
Jefferson Borough	5.08	5.08	5.08	5.08	5.08
Pleasant Hills Borough (P)	6.25	6.25	6.25	6.25	6.25
West Elizabeth Borough	6.00	6.00	6.00	6.00	6.00
Allegheny County	4.69	4.69	4.69	4.69	4.69

(P) Portion located in the School District.

Source: School District Officials.

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Real Property Tax

The real property tax (excluding delinquent collections) produced \$20,892,337 in 2011-12, approximately 70.33% of overall revenue. The tax is levied on July 1 of each year. Taxpayers who remit within two months receive a 2% discount, and those who remit subsequent to four months after July 1 are assessed a 10% penalty.

The last countywide assessment became effective in 2001 and 2002. A county-wide reassessment has been court ordered and is scheduled to be implemented on January 1, 2013.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data.

**TABLE 8
WEST JEFFERSON HILLS SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Fiscal Year	Market Value	Assessed Value	Ratio
2007-08	\$954,506,341	\$954,506,341	100.00%
2008-09	964,938,767	964,938,767	100.00%
2009-10	970,478,635	970,478,635	100.00%
2010-11	980,569,935	980,569,935	100.00%
2011-12	992,182,535	992,182,535	100.00%

Source: Pennsylvania State Tax Equalization Board. Market Values based on County Pre-Determined Ratio.

**TABLE 9
WEST JEFFERSON HILLS SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2010-11 Market Value	2010-11 Assessed Value	2011-12 Market Value	2011-12 Assessed Value
<i>School District</i>	\$ 998,763,412	\$ 980,569,935	\$ 1,010,713,057	\$ 992,182,535
Jefferson Borough	530,669,757	533,691,383	541,904,182	544,700,183
Pleasant Hills Borough (P)	457,579,131	436,560,687	458,504,595	437,374,087
West Elizabeth Borough	10,514,524	10,317,865	10,304,279	10,108,265
Allegheny County	59,865,550,369	58,710,386,788	60,067,491,135	58,906,301,681

(P) Portion located in the School District.

Source: Pennsylvania State Tax Equalization Board.

**TABLE 10
WEST JEFFERSON HILLS SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2007-08	2008-09	2009-10	2010-11	2011-12
Residential	\$732,004,956	\$735,818,982	\$750,016,850	\$757,896,850	\$769,314,050
Lots	20,430,235	20,229,035	19,330,835	19,770,535	19,312,835
Industrial	25,128,000	25,054,600	22,665,900	21,065,900	22,589,100
Commercial	175,031,650	180,084,850	176,751,850	180,310,350	177,826,050
Agriculture	523,800	585,900	587,000	625,000	629,400
Land	1,386,600	1,479,900	1,125,100	900,200	897,400
Minerals	1,100	1,100	1,100	1,100	1,100
Trailers	0	1,684,400	0	0	1,612,600
Total	\$954,506,341	\$964,938,767	\$970,478,635	\$980,569,935	\$992,182,535

Source: Pennsylvania State Tax Equalization Board.

**TABLE 11
WEST JEFFERSON HILLS SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Millage</u>	<u>Adjusted Levy ⁽¹⁾</u>	<u>Current Year Collections June-July</u>	<u>Current Year and Delinquent Collections</u>	<u>Percent Current Collections</u>	<u>Total Collections as Percent</u>
2008-09 ⁽²⁾	\$1,030,777,867	21.08	\$20,130,468	\$20,217,737	100.43%	\$21,169,145	105.16%
2009-10 ⁽²⁾	1,062,730,885	21.08	20,942,106	20,367,761	97.26%	21,319,012	101.80%
2010-11 ⁽²⁾	1,023,457,203	21.08	21,574,558	20,662,682	95.77%	21,431,759	99.34%
2011-12 ⁽²⁾	1,043,702,319	21.08	22,001,245	20,892,337	94.96%	21,714,333	98.70%
2012-13 ⁽²⁾	1,057,394,771	21.08	22,289,882	21,250,000	95.33%	22,050,000	98.92%

⁽¹⁾Flat billing plus penalties, less discounts, rebates and exonerations.

⁽²⁾Beginning in 2008-09 the amount of the Adjusted Levy is reduced by the amount of the Homestead/Farmstead Exemptions.

The Adjusted levy shown excludes the amount payable from the Property Tax and Rent Rebate Program funded pursuant to Act 1 of the Commonwealth.

Source: School District Officials.

The ten largest real property taxpayers, together with 2012-13 assessed values, are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 8.13% of total assessed value.

**TABLE 12
WEST JEFFERSON HILLS SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2012-13**

<u>Owner</u>	<u>2013 Assessed Value</u>
PZ SOUTHLAND LIMITED PARTNERSHIP	\$26,363,200
PLEASANT HILLS APARTMENT LP	13,791,000
SOUTH HILLS HEALTH SYSTEM & CONTROLLERS OFFICE	12,317,100
SOUTHWESTERN INDEPENDENT LIVING FACILITY INC	11,645,800
JEFFERSON MEDICAL ASSOC	11,518,800
VAR PROPERTIES LP	11,394,100
BOWSER PONTIAC INC	9,850,000
SOUTHWESTERN INDEPENDENT LIVING FACILITY INC	8,638,200
S&J VENTURES LIMITED PARTNERSHIP (Previously South Pointe Towers Company)	5,586,600
PAYNE HILL LLC	5,085,400
Total	\$116,190,200

Source: School District Officials.

Other Taxes

Under Act 511, the School District has projected an estimated \$4,518,993 in other taxes in 2011-12. Among the taxes authorized by Act 511, Real Estate Transfer Tax, Earned Income Tax, Business Privilege Tax, Mercantile Tax and Local Services Tax are levied by the School District. The Act 511 limit for 2011-12, equal to 12 mills on the estimated market value of real property, was \$11,906,190.

Real Estate Transfer. The School District levies a tax at a rate 0.5% of the value of real estate transfers. In 2011-12 the collected portion of this tax yielded \$243,829 or less than one percent of the School District's total revenue.

Earned Income Tax. The School District levies a tax at a rate of 0.5% on the earned income of residents. In 2011-12 the collected portion of this tax yielded \$2,709,398 or 7.0 percent of the School District's total revenue.

Business Privilege Tax. The School District levies a tax of 0.75 mills on the admissions earned by amusement companies. In 2011-12 the collected portion of this yielded \$1,274,536 or 3.3 percent of the School District's total revenue.

Mercantile Tax. The School District levies a tax of 1.0% on the gross receipts from wholesale and retail businesses including wholesale dealers or dealers in goods, wares and merchandise, and all persons engaged in conducting restaurants or other places where food, drink or refreshments are sold. In 2011-12 the collected portion of this tax yielded \$253,685 or less than one percent of the School District's total revenue.

Local Services Tax (previously levied as Emergency and Municipal Services Tax). The School District levies a tax of \$5.00 on resident and nonresident individuals employed within the taxing district for the privilege of engaging in an occupation. In 2011-12 the collected portion of this tax yielded \$37,545 or less than one percent of the School District's total revenue.

Commonwealth Aid to School Districts

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly. A basic instructional subsidy is allocated to all school districts based on (1) the per pupil market value of assessable real property in the school district; (2) the per pupil earned income in the school district; and (3) the school district's tax effort, as compared with the tax effort of other school districts in the Commonwealth. Subsidies for special education, pupil transportation, vocational education, health service and debt service are also received by the school district.

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of debt service on the Bonds upon final approval of the Department of Education. Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the greater of the School District's Aid Ratio and the School District's Capital Account Reimbursement Fraction ("CARF"). The School District officials have estimated that the "Reimbursable Percentage" of the Bonds will be a maximum of 36.39 percent. The School District Aid Ratio for the 2012-13 school year is 59.59 percent. The product of these two factors for the Bonds is 21.68 percent which is the percentage of debt service which will be reimbursed by the Commonwealth. In future years, this percentage may change as the School District's CARF changes, or by future legislation. Aid Ratio is a function of the market value per weighted average daily membership of the School District relative to the other school districts in Pennsylvania.

DEBT AND DEBT LIMITS

Debt Statement

Table 13 shows the outstanding debt of the West Jefferson Hills School District as of March 5, 2013, including the issuance of the Bonds.

**TABLE 13
WEST JEFFERSON HILLS SCHOOL DISTRICT
DEBT STATEMENT*
(As of March 5, 2013)**

NONELECTORAL DEBT	Gross Outstanding
General Obligation Bonds, Series of 2013 (last maturity 2026)	\$ 3,435,000
General Obligation Bonds, Series A of 2012 (last maturity 2026).....	975,000
General Obligation Bonds, Series of 2012 (last maturity 2025)	9,020,000
General Obligation Bonds, Series A of 2011 (last maturity 2023).....	8,775,000
General Obligation Bonds, Series of 2011 (last maturity 2023)	9,990,000
General Obligation Bonds, Series of 2008 (last maturity 2014)	3,805,000
TOTAL NONELECTORAL DEBT	<u>\$36,000,000</u>
LEASE RENTAL DEBT	<u>\$ 0</u>
TOTAL PRINCIPAL OF DIRECT DEBT	<u>\$36,000,000</u>

*Includes the estimated Bonds offered through this Preliminary Official Statement. Excludes the 2003A Bonds and 2003B Bonds being refunded herein.

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$36,000,000. After adjustment for available funds and estimated Commonwealth Aid, the principal amount of direct debt payable from local taxes will total approximately \$31,208,463.

TABLE 14
WEST JEFFERSON HILLS SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of March 5, 2013)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid ⁽¹⁾
DIRECT DEBT		
Nonelectoral General Obligation Debt.....	\$36,000,000	\$31,208,463
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	\$36,000,000	\$31,208,463
OVERLAPPING DEBT		
Allegheny County, General Obligations ⁽²⁾	\$14,356,759	\$14,356,759
Municipal Debt	3,933,589	3,933,589
TOTAL OVERLAPPING DEBT	\$18,290,348	\$18,290,348
TOTAL DIRECT AND OVERLAPPING DEBT	\$54,290,348	\$49,498,811
DEBT RATIOS		
Per Capita.....	\$2,797.75	\$2,550.83
Percent 2011-12 Assessed Value	5.47%	4.99%
Percent 2011-12 Market Value.....	5.47%	4.99%

*Includes the estimated Bonds offered through this Preliminary Official Statement. Excludes the 2003A Bonds and 2003B Bonds being refunded herein.

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See "Commonwealth Aid to School Districts".

⁽²⁾Pro rata share of 1.67 percent of \$743,467,500 principal amount outstanding.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Act is computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as defined by the Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2009-10	\$ 37,552,232
Total Revenues for 2010-11	37,571,975
Total Revenues for 2011-12	<u>37,948,705</u>
Total	<u>\$113,072,912</u>
 Annual Arithmetic Average (Borrowing Base).....	 <u>\$ 37,690,971</u>

Under the Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District's Borrowing Base produces the following product:

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$84,804,684	\$36,000,000	\$48,804,684

*Includes the Bonds offered through this Preliminary Official Statement. Excludes the 2003A Bonds and 2003B Bonds being refunded herein. Does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth Aid.

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Debt Service Requirements

Table 15 presents the debt service requirements on the School District’s outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

Table 16 presents data on the extent to which Commonwealth Aid provides coverage for debt service and lease rental requirements.

The School District has never defaulted on the payment of debt service.

**TABLE 15
WEST JEFFERSON HILLS SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

<u>Year</u>	<u>Other General Obligation Debt</u>	<u>Series of 2013</u>			<u>Total Requirements</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2012-13	\$ 2,778,834				
2013-14	2,860,768				
2014-15	2,817,893				
2015-16	1,041,418				
2016-17	2,941,568				
2017-18	2,935,993				
2018-19	2,963,995				
2019-20	3,085,910				
2020-21	3,088,621				
2021-22	3,088,521				
2022-23	3,085,266				
2023-24	3,264,763				
2024-25	4,299,128				
2025-26	3,604,845				
2026-27	913,500				
Totals	\$42,771,020				

*Totals may not add due to rounding.

**TABLE 16
WEST JEFFERSON HILLS SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY COMMONWEALTH AID***

2011-12 State Aid Received.....	\$11,029,635
2011-12 Debt Service Requirements.....	3,186,133
Maximum Future Debt Service Requirements after Issuance of Bonds.....	
Coverage of 2011-12 Debt Service Requirements	3.46 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	

*Assumes current Commonwealth Aid Ratio. See “Commonwealth Aid to School Districts”.

Future Financing

The School District does not anticipate issuing additional long-term (non-refunding) debt within the next few years.

LABOR RELATIONS

School District Employees

There are presently 347 employees of the School District, including 206 teachers and 15 administrators and 126 support personnel. The support personnel include administrative assistants, maintenance staff, custodial, food service and aides.

The School District's teachers are represented by the West Jefferson Hills Education Association, an affiliate of the Pennsylvania State Education Association; under a contract which expires on June 30, 2015.

The custodial, maintenance and cafeteria workers are represented for purposes of collective bargaining by the Pennsylvania School Service Professional Association. The current contract between the School District and the Association expires on June 30, 2014. The administrators Act 93 agreement expires on June 30, 2015.

Pension Program

School Districts in Pennsylvania are required to participate in a statewide pension program administered by the Public School Employees Retirement System (PSERS). All of the School District's full-time employees, part-time employees who work more than 80 days in a school year, and hourly employees who work over 500 hours a year participate in the program. However, please note a Pennsylvania Supreme Court decision has removed the hourly de minimis requirement for current members of PSERS regarding the purchase of credit for their part-time school service rendered prior to their being members of PSERS, for purposes of increasing their pension benefits.

Beginning July 1, 1976, certain revisions were made in the pension program. The Retirement Board, previously under the Department of Education of the Commonwealth, became an independent agency. However, the program is still guaranteed by the Commonwealth. Currently, each party to the program contributes a fixed percentage of the employee's salary. Employees belonging to the Public School Employees Retirement System ("PSERS") prior to July 22, 1983 contribute 5.25% of their salary, and employees who joined the PSERS on or after July 22, 1983 contribute 6.25% of their salary. On February 17, 2002, Governor Ridge signed Act 9 which created a new membership class that sets the employee contribution rate at 7.50% of the employee's salary for those employees hired on or after July 1, 2001. Act 9 also provides an option for those employees hired prior to July 1, 2001 to elect a contribution rate of 6.50%, if they were hired before July 22, 1983, or 7.50% if they were hired on or after July 22, 1983. Act 120 of 2010 was passed by the General Assembly on November 15 and signed by Governor Rendell on November 23, 2010. The benefit reductions contained in this legislation will only impact individuals who become new members of PSERS on or after July 1, 2011. New members will have the option of selecting one of 2 new classes. The members selecting class T-E will contribute a base rate of 7.5% with "shared risk" contribution levels between 7.5% and 9.5% and a pension multiplier of 2.0%. Members selecting class T-F will contribute a base rate of 10.3% with shared risk contribution levels between 10.3% and 12.3% and a pension multiplier of 2.5%. On December 11, 2009, the PSERS Board certified a new employer rate, to be paid by the School District, of 8.22% for fiscal year 2010-11. In accordance with Senate Bill 1042 enacted on July 6, 2010, this rate was recertified at 5.64% for fiscal year 2010-11. The calculated employer contribution rate for fiscal year 2011-12 was 8.65%, for fiscal year 2012-13 was 12.36% and for the fiscal year 2013-14 it has been set at 16.93% of payroll. For the fiscal years ending on or after June 30, 2014, the pension contribution rate can be no more than 3%, 3.5% and 4.5%, respectively, of total compensation of all active members, greater than the prior year's final contribution rate.

The School District and the Commonwealth are responsible for paying a portion of the employer's share. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. The School District contributions are made on a quarterly basis and employee contributions are deducted monthly for each paycheck and remitted quarterly. Recent School District payments, net of reimbursement, have been as follows:

Recent School District net pension contributions to PSERS have been as follows:

2007-08.....	\$1,049,329
2008-09.....	\$ 769,341
2009-10.....	\$ 730,218
2010-11.....	\$ 827,316
2011-12.....	\$1,470,351
2012-13 (Budgeted).....	\$2,209,017

The School District is current in all payments.

PSERS is the 16th largest defined benefit pension fund in the nation. PSERS is primarily responsible for administering a defined benefit pension plan for public school employees in the Commonwealth of Pennsylvania. In compliance with reporting standards established by the Government Accounting Standards Board's Statement No. 25 and Statement No. 26. Net Assets Held in Trust for Pension and Postemployment Healthcare Benefits as of June 30, 2012, totaled \$48.5 billion at fair value. The Fund's net assets decreased by \$4.8 billion a decrease of \$3.3 billion from last year's value. This decrease was primarily due to net investment income (\$1.1 billion) less the deductions for benefits and administrative expenses exceeding member and employer contributions (\$3.7 billion) less net changes in other investment assets and liabilities (\$0.7 billion). The Fund's complete report is available on the PSERS website at www.psers.state.pa.us.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The School District became subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009. For a full description of the plan, please refer to Appendix "C" - Audit Report - Fiscal year Ended June 30, 2012.

LITIGATION

At the time of settlement, the School Board will certify and the Solicitor will opine that there is no litigation pending challenging the Bonds, the Resolution or the power or process of the School District to issue the Bonds.

TAX EXEMPTION

State Tax Matters

In the opinion of Bond Counsel, the Bonds and the interest income therefrom, are free from taxation for purposes of personal income, corporate net income and personal property taxes within the Commonwealth of Pennsylvania.

Federal Income Tax Matters

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The School District has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion regarding the Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than the Law Offices of Wayne D. Gerhold.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for Federal and Pennsylvania income tax purposes, the ownership, or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing of the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the Bonds may result in other collateral Federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits, under Section 86 of the Code and, for tax years beginning in 1996, limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Bond may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, the residence of a

holder of Bonds in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

Each of the Bonds has been designated, or is “deemed designated”, as a “qualified tax-exempt obligation” for purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

Original Issue Discount

The Bonds that mature on August 1 of the years _____ are being offered and sold to the public at an original issue discount (“OID”) from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the “issue price” of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Tax-Exempt Discount Bonds, the amount of the accrual will be based upon a single rate of interest, compounded semiannually (the “yield to maturity”). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns such Bond is added to the purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Tax-Exempt Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of Tax-Exempt Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

Original Issue Premium

The Bonds that mature on August 1 of the years _____ are being offered and sold to the public at a price in excess of the principal amount thereof (the “Premium Bonds”). Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is “bond premium.” Under the Code, bond premium is amortized over the term of a Premium Bond (i.e., the maturity date of a Premium Bond or its earlier call date) for federal income tax purposes. An owner of a Premium Bond is required to decrease his or her basis in such Premium Bond by the amount of the amortizable bond premium attributable to each taxable year (or portion thereof) he or she owns such Premium Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate determined with respect to the yield on a Premium Bond compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes.

Owners of Premium Bonds (including purchasers of Premium Bonds in the secondary market) should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to the state and local consequences of owning and disposing of Premium Bonds.

CONTINUING DISCLOSURE UNDERTAKING

The School District covenants to provide, pursuant to Rule 15c2-12(b) (the “Rule”) promulgated by the Securities and Exchange Commission, for the benefit of the holders of the Bonds certain financial and operating data on an annual basis in accordance herewith. Under the terms of the Rule, the School District (being an “obligated person” within the meaning of the Rule) agrees:

- (i) to provide at least annually to the Municipal Securities Rulemaking Board (the “MSRB”), the following annual financial information and operating data with respect to the School District for each of its fiscal years, beginning with the fiscal year ending June 30, 2013 within 270 days following the end of such fiscal year:
 - the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;
 - a summary of the budget for the new fiscal year;
 - the aggregate assessed value and aggregate market value of all taxable real estate for the new fiscal year;
 - the taxes and millage rates imposed for the new fiscal year;
 - the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year’s levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year’s levy and as an aggregate dollar amount);

- a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the new fiscal year; and
 - pupil enrollment figures, including enrollment at the end of the most recent fiscal year, current enrollment and projected enrollment for the beginning of the next fiscal year, including a breakdown between elementary and secondary enrollment (to the extent reasonably feasible);
- (ii) in a timely manner not in excess of ten business days after the occurrence of the event, to file with the MSRB, notice of the occurrence of any of the following events with respect to the Bond: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the School District; (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (iii) to provide, in a timely manner, to the MSRB, notice of the failure of the School District to provide the information set forth in subparagraph (i) above on or before the date specified above.

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the School District does not commit to provide any such notice of the occurrence of any events except those specifically listed above.

The School District reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the School District no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders or beneficial owners of the Bonds and shall be enforceable by the holders or beneficial owners of such Bonds; provided that the Bondholders’ right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement for the School District’s obligations hereunder and any failure by the School District to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

The School District may modify from time to time the specific types of information provided or the format of the presentation of such information, as a result of a change in legal requirements or change in the nature of the School District; provided that any such modification will be done in a manner consistent with the SEC Rule 15c2-12 including amendments thereto and will not, in the opinion of nationally recognized bond counsel, violate the Rule, as amended.

Any filing under this Section may be made solely by transmitting such filing to the MSRB through its Electronic Municipal Market Access (EMMA) system for municipal securities disclosures.

The School District unintentionally failed to file the required Annual Disclosure for calendar years December 31, 2008, 2009, 2010 and 2011; however, the Annual Reports were subsequently filed by the School District with EMMA and the School District is currently in compliance with its filing requirements for these fiscal years. For fiscal year ending June 30, 2012 the School District filed, as an interim filing, State Form PDE 2057 AFR with EMMA on December 21, 2012. The School District’s final audited financial statement was filed on March 1, 2013. The School District will continue to improve its procedures to make sure future filings are made in a timely manner.

RATINGS

Moody’s Investors Service is expected to assign its underlying municipal Bond rating of “_____” to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased by the Underwriter for a purchase price of \$ _____, equal to the par value of the Bonds less an underwriters' discount of \$ _____ plus a net original issue premium of \$ _____.

LEGAL OPINION

The Bonds are offered subject to the receipt of the approving legal opinion of the Law Offices of Wayne D. Gerhold, Bond Counsel, Pittsburgh, Pennsylvania. Certain other legal matters will be passed upon for the School District by Ira Weiss, Esquire, Solicitor to the School District, Pittsburgh, Pennsylvania.

FINANCIAL ADVISOR

The School District has retained Public Financial Management, Inc., Harrisburg, Pennsylvania, as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. Although the Financial Advisor has assisted the School District in the preparation of this Preliminary Official Statement, it is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. Public Financial Management, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

This Preliminary Official Statement has been prepared under the direction of the School District by Public Financial Management, Inc., Harrisburg, Pennsylvania, in its capacity as Financial Advisor to the School District. The information set forth in this Preliminary Official Statement has been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Financial Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

Use of the words "shall," "will," "must," or other words of similar import or meaning in summaries of documents or law in this Preliminary Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or such obligations will be fulfilled, but only that the document or law requires or contemplates such event to occur or such obligation to be fulfilled.

The School District has authorized the distribution of this Preliminary Official Statement.

WEST JEFFERSON HILLS SCHOOL DISTRICT
Allegheny County, Pennsylvania

By: _____
President, Board of School Directors

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APPENDIX A
Demographic and Economic Information
Relating to the West Jefferson Hills School District

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Population

Table A-1 shows population trends for the School District, Allegheny County, and the Commonwealth of Pennsylvania. Table A-2 shows the age composition for 2000 and the average number of persons per household in Allegheny County and for the State.

**TABLE A-1
POPULATION TRENDS**

<u>Geographic Area</u>	Census:	Census:	Change:	
	April 1, 2010	April 1, 2000	2000 to 2010	
	<u>Number</u>	<u>Number</u>	<u>Number</u>	<u>Percent</u>
Jefferson Borough.....	10,619	9,666	953	9.9%
Pleasant Hills Borough	8,268	8,397	-129	-1.5%
West Elizabeth Borough.....	518	565	-47	-8.3%
<i>School District</i>	19,405	18,628	777	0.4%
<i>Allegheny County</i>	1,223,348	1,281,666	-58,318	-4.6%
<i>Pennsylvania</i>	12,702,379	12,281,054	421,325	3.4%

Source: U.S. Census Bureau, 2000 & 2010 Redistricting Data (Public Law 94-171) Summary File.

**TABLE A-2
AGE COMPOSITION**

	0-17	18-64	65+	Persons Per <u>Household</u>
	<u>Years</u>	<u>Years</u>	<u>Years</u>	
Allegheny County.....	21.1%	61.5%	17.4%	2.41
Pennsylvania.....	23.5%	61.1%	15.4%	2.57

Source: Pennsylvania State Data Center, 2000 General Population and Housing Characteristics: Pennsylvania.

Employment

Overall employment data are not compiled for the School District or municipalities within it, but such data are compiled for the Pittsburgh Metropolitan Statistical Market Area (the "MSA") as shown below.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT*
Pittsburgh Metropolitan Statistical Area
(Allegheny, Beaver, Butler, Fayette, Washington and Westmoreland Counties)

<i>ESTABLISHMENT DATA</i>	<u>Industry Employment</u>				<u>Net Change From:</u>	
	Aug. 2012	Jul. 2012	Jun. 2012	Aug. 2011	Jul. 2012	Aug. 2011
Total Nonfarm	1,160,200	1,166,300	1,175,100	1,147,500	(6,100)	12,700
Total Private	1,048,200	1,052,800	1,052,300	1,033,700	(4,600)	14,500
Goods Producing	152,200	151,900	150,600	152,200	300	-
Mining and Logging	10,000	9,900	9,700	8,800	100	1,200
Construction	51,800	52,600	51,100	55,100	(800)	(3,300)
Specialty trade contractors	30,100	31,300	29,900	33,600	(1,200)	(3,500)
Manufacturing	90,400	89,400	89,800	88,300	1,000	2,100
Durable Goods	66,600	65,700	66,200	64,600	900	2,000
Primary metal mfg.	12,700	12,700	12,700	12,700	-	-
Iron and steel mills and ferroalloy mfg.	7,100	7,100	7,100	7,000	-	100
Non-Durable Goods	23,800	23,700	23,600	23,700	100	100
SERVICE-PROVIDING	1,008,000	1,014,400	1,024,500	995,300	(6,400)	12,700
PRIVATE SERVICE-PROVIDING	896,000	900,900	901,700	881,500	(4,900)	14,500
Trade, Transportation and Utilities	218,000	219,700	220,800	215,100	(1,700)	2,900
Wholesale trade	48,400	49,800	49,200	47,800	(1,400)	600
Retail trade	128,300	128,400	128,300	127,900	(100)	400
Building material and supplies dealers	8,300	8,500	8,600	8,000	(200)	300
Food and beverage stores	25,800	25,900	26,000	26,200	(100)	(400)
Clothing and clothing accessories stores	11,900	11,200	11,100	12,000	700	(100)
General merchandise stores	24,800	25,100	25,000	24,500	(300)	300
Department store	12,400	12,500	12,500	12,400	(100)	-
Transportation, Warehousing and Utilities	41,300	41,500	43,300	39,400	(200)	1,900
Utilities	5,800	5,800	5,700	5,600	-	200
Transportation and Warehousing	35,500	35,700	37,600	33,800	(200)	1,700
Trucking, couriers & messengers, and warehousing	22,600	22,600	22,700	20,600	-	2,000
Information	18,400	18,400	18,500	19,400	-	(1,000)
Financial Activities	73,100	73,800	73,500	71,000	(700)	2,100
Finance and Insurance	57,800	58,200	58,200	57,400	(400)	400
Credit intermediation and related activities	29,800	29,900	30,000	29,700	(100)	100
Depository credit intermediation	26,500	26,400	26,300	25,700	100	800
Insurance carriers and related activities	21,000	21,000	21,000	20,800	-	200
Professional and Business Services	171,300	171,300	169,900	167,700	-	3,600
Professional and technical services	75,900	75,100	74,200	72,100	800	3,800
Architectural and engineering services	18,300	18,100	18,000	17,600	200	700
Scientific research and development services	6,700	6,700	6,600	6,400	-	300
Management of companies and enterprises	37,900	37,800	37,700	37,000	100	900
Administrative and waste services	57,500	58,400	58,000	58,600	(900)	(1,100)
Administrative and support services	53,300	54,200	53,800	54,700	(900)	(1,400)
Employment services	19,600	19,300	19,300	18,800	300	800

Source: Pennsylvania State Employment Service.

DISTRIBUTION OF EMPLOYMENT*
Pittsburgh Metropolitan Statistical Area
(Allegheny, Beaver, Butler, Fayette, Washington and Westmoreland Counties)
(Continued)

<i>ESTABLISHMENT DATA</i>	<u>Industry Employment</u>			<u>Net Change From:</u>		
	<u>Aug. 2012</u>	<u>Jul. 2012</u>	<u>Jun. 2012</u>	<u>Aug. 2011</u>	<u>Jul. 2012</u>	<u>Aug. 2011</u>
EDUCATION AND HEALTH SERVICES	238,900	240,900	242,200	238,900	(2,000)	-
Educational services	51,100	52,700	53,100	51,400	(1,600)	(300)
Colleges and universities	34,900	36,200	37,100	35,800	(1,300)	(900)
Health care and social assistance	187,800	188,200	189,100	187,500	(400)	300
Ambulatory health care services	66,300	66,000	66,600	65,800	300	500
Offices of physicians	26,100	26,200	26,100	25,500	(100)	600
Hospitals	54,800	55,200	55,200	54,500	(400)	300
General medical and surgical hospitals	48,900	49,200	49,200	49,400	(300)	(500)
Nursing and residential care facilities	37,500	37,600	37,600	37,300	(100)	200
Social assistance	29,200	29,400	29,700	29,900	(200)	(700)
Leisure and Hospitality	122,600	122,900	122,800	116,900	(300)	5,700
Accommodation and food services	93,500	93,200	93,800	91,900	300	1,600
Food services and drinking places	83,900	83,400	84,900	82,900	500	1,000
Full-service restaurants	42,100	41,300	42,500	42,700	800	(600)
Limited-service eating places.....	31,100	30,800	31,100	30,100	300	1,000
Other Services	53,700	53,900	54,000	52,500	(200)	1,200
Government	112,000	113,500	122,800	113,800	(1,500)	(1,800)
Federal Government.....	18,000	17,900	17,900	18,300	100	(300)
State Government.....	13,100	13,100	13,300	13,700	-	(600)
Local Government.....	80,900	82,500	91,600	81,800	(1,600)	(900)
Local government educational services	44,800	45,700	55,100	44,600	(900)	200
Local government excluding educational services.....	36,100	36,800	36,500	37,200	(700)	(1,100)

Source: Pennsylvania State Employment Service.

Major employers within the School District include:

Name
Jefferson Regional Medical Center
West Jefferson Hills School District
Olive Garden
Bowser Pontiac
Eastman Chemical
Kurt Lesker Co.
BAW Plastics
Quaker Steak & Lube
Guardian Industries
Steel Center Mon Valley School

Source: School District officials

Table A-4 shows recent trends in labor force, employment and unemployment for Allegheny County and the Commonwealth. The unemployment rate for Allegheny County has been lower than the statewide average.

TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
(Allegheny County)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012⁽¹⁾</u>	Compound Average Annual % Rate
<i>Allegheny County</i>							
Civilian Labor Force (000)	629.1	638.6	637.7	635.2	647.6	649.7	1.49%
Employment (000)	603.3	607.6	594.3	586.2	602.5	607.7	0.15%
Unemployment (000)	25.8	31.0	43.4	49.0	45.1	42.0	10.24%
Unemployment Rate	4.1	4.9	6.8	7.7	7.0	6.5	
<i>Pennsylvania</i>							
Civilian Labor Force (000)	6,287.0	6,395.0	6,414.0	6,340.0	6,386.0	3,690.0	42.45%
Employment (000)	6,013.0	6,051.0	5,895.0	5,791.0	5,879.0	5,906.0	57.82%
Unemployment (000)	274.0	344.0	519.0	549.0	507.0	484.0	79.74%
Unemployment Rate	4.4	5.4	8.1	8.7	7.9	7.6	

⁽¹⁾As of August 2012.

Source: Pennsylvania State Employment Service.

Income

The data on Table A-5 shows trends in per capita income for the School District, Allegheny County and Pennsylvania over the 2000-2009 period. Per capita income in the School District is higher than average per capita income in Allegheny County and the State.

**TABLE A-5
TRENDS IN PER CAPITA INCOME***

	<u>2000</u>	<u>2009</u>	Compound Average Annual Percentage Change <u>2000-2009</u>
School District	\$23,690	\$32,785	3.68%
Allegheny County	22,491	28,825	2.80%
Pennsylvania	20,880	26,678	2.76%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.

Source: 2000: U.S. Census Bureau, Summary File 1 (SF 1) and Summary File 3 (SF 3) & 2009: U.S. Census Bureau, 2005-2009 American Community Survey

Commercial Activity

Table A-6 shows recent trends for retail sales in Allegheny County and the Commonwealth.

**TABLE A-6
TOTAL RETAIL SALES
(000)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Allegheny County	\$ 18,971	\$ 18,394	\$ 18,692	\$ 20,359	\$ 20,350
Pennsylvania	N/R	180,948,327	174,483,292	188,193,104	188,149,727

N/R: Not reported.

Source: Sales and Marketing Management Magazine

Educational Institutions

Major colleges and universities located in the area include:

Higher Educational Institutions

- Community College of Allegheny County (4 Campuses)
- Carlow College
- Carnegie-Mellon University
- Chatham College
- Duquesne University
- LaRoche College
- Pennsylvania State University (Allegheny Campus)
- Point Park College
- Robert Morris College
- University of Pittsburgh
- Washington & Jefferson College

Source: Pittsburgh Business Times and Journal.

Public Transportation

The West Jefferson Hills School District Community is serviced by the Port Authority Transit Bus Company and the Greater Pittsburgh International Airport, which is approximately a thirty minute drive. Shipping lines would be Routes 51 and 885, also, along the Monongahela River there is train transportation.

Public Utilities

The School District is served by the following public utilities: Allegheny Power Company, Duquesne Light Company, Equitable Gas Company, Verizon, and other independent telephone/cellular companies.

Health Care Facilities

Located two miles from the School District is Jefferson Hospital. Also, the following hospitals are located in or near the City of Pittsburgh, and are all within reasonable commuting distance from the School District: North Hills Passavant Hospital, Mercy Hospital of Pittsburgh, Allegheny General Hospital, West Penn Hospital, Magee Women's Hospital, Forbes Metropolitan Hospital, Shadyside Hospital and the University of Pittsburgh Medical Center (which includes Presbyterian University Hospital, Montefiore Hospital, Children's Hospital of Pittsburgh and Eye and Ear Hospital).

Higher Education

The following schools are located in or near the City of Pittsburgh: Carnegie Mellon University, the University of Pittsburgh, Duquesne University, Chatham University, Carlow University, Point Park University, Robert Morris University, and the Community College of Allegheny County.

Cultural and Recreational

The School District, being close proximity to the City of Pittsburgh, has direct access to all of the cultural and recreational facilities of the City and Allegheny County. Heinz Hall and the Benedum Center for the Performing Arts, Carnegie Library and Museum, the Buhl Planetarium and Science Center, Heinz Field, PNC Park and Pitt Peterson Event Center and Consol Energy Arena. Locally, the Pleasant Hills Borough has a Library, Arboretum and Mowry Park in addition; the Jefferson Borough has a Library, Andrew E. Reilly Memorial Park and the Beedle Park of the use of its residents. The School District has a state of the art Track and Field Stadium Complex.

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APPENDIX B
FORM OF OPINION OF BOND COUNSEL

APPENDIX B

The proposed form of the legal opinion of the Law Offices of Wayne D. Gerhold, bond counsel is set forth below. The actual opinions will be delivered on the date of delivery of the bonds referred to therein and may vary from the form to reflect circumstances both factual and legal at the time of delivery. Recirculation of the Official Statement following the date hereof shall create no implication that the Law Offices of Wayne D. Gerhold has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.

\$ _____,000
WEST JEFFERSON HILLS SCHOOL DISTRICT
(Allegheny County, Pennsylvania)
\$ _____ GENERAL OBLIGATION BONDS, SERIES OF 2013
Dated: May 3, 201 - Final Maturity: August 1, 2026

OPINION OF BOND COUNSEL

To and for the attention
of the Purchasers of the
Described Bonds:

May 3, 2013

I have served as Bond Counsel to West Jefferson Hills School District (Allegheny County, Pennsylvania) (the "Local Government Unit") and do hereby undertake to advise you in connection with the issuance, sale and delivery of its \$ _____, aggregate principal amount, General Obligation Bonds, Series of 2013 (the "Bonds") issued in fully registered form, denominated in \$5,000.00 or any integral multiple thereof, dated and bearing interest from May 3, 2013, maturing on various annual dates ending August 1, 2026. The Bonds are and redeemable at the option of the Local Government Unit, in whole or in part, beginning August 1, 2018.

In that capacity, I have examined the Constitution of the Commonwealth of Pennsylvania; the Public School Code of 1949, Act of March 10, 1949, P.L. 30, No. 14, as amended (the "School Code"); the Local Government Unit Debt Act, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177) (the "Debt Act"); the formal action of the Governing Body of the Local Government Unit authorizing the incurrence of nonelectoral debt evidenced by the Bonds (the "Debt Ordinance"); the corresponding Certificate of Approval of the Department of Community and Economic Development; the Internal Revenue Code of 1986, as amended (the "Tax Code"); the Federal Income Tax Certificate of an authorized officer; and such other certificates, proceedings and law as I have deemed necessary in order to render this opinion. Unless separately noted, I have not independently verified factual certifications either contained in the official statement, prospectus or other similar document used in connection with the sale of the Bonds or made to me by the Local Government Unit, its officers and agents

during the course of our engagement.

Both principal of and interest on the Bonds are payable at the designated corporate trust office of U.S. Bank National Association, Pittsburgh, Pennsylvania, as Paying Agent for the Local Government Unit; the bank has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

These proceedings demonstrate that, in the absence of any meritoriously-based action in a governmental or judicial forum affecting the validity of the Bonds, the same have been delivered upon full payment.

Based on the foregoing, I am of the opinion on this date as follows:

1. The Bonds are valid and binding general obligations of the Local Government Unit.

(a) The Bonds are issued for a valid purpose under the School Code.

(b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.

(c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.

(d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.

2. The Bonds are secured by a pledge of the full faith, credit and taxing power of the Local Government Unit. The Local Government Unit has effectively covenanted in the Debt Ordinance to include the amount of debt service on this issue, in each fiscal year for which such sums are due, in its budget for that year; to appropriate such amount to the payment of such debt service; and to pay or cause to be paid, from time to time as and when due, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds. Additionally, the Bonds are secured by the "Commonwealth of Pennsylvania aid intercept" provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975.

3. Presently included among the general revenues of the Local Government Unit available for the payment of the Bonds are ad valorem taxes which may be levied, to the extent permitted by law, upon all taxable real property situate within the corporate limits of the Local Government Unit.

4. The Bonds are payable and enforceable according to their own terms, those of the Debt Ordinance and all provisions of the Debt Act; however, any such payment and enforcement could be restrained by a court of proper jurisdiction operating under the

authority of bankruptcy, receivership and other similar laws of accommodation and adjustment of creditors' rights, as then applicable.

5. The Bonds, having all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code, are negotiable instruments.

6. The Bonds are authorized investments, under the Probate, Estates and Fiduciaries Code, as amended, for fiduciaries and personal representatives (as such terms are therein defined) within the Commonwealth of Pennsylvania.

7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds (including, in the case of Bonds sold at an original issue discount, the differences between the initial offering price and par) is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Tax Code"). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Tax Code, in computing the alternative minimum tax for individuals and corporations. Due to the designation of the Bonds as "qualified tax-exempt obligations" under Tax Code Section 265(b)(3), certain financial institutions may be able to deduct 80% of the interest expense incurred to purchase or carry the Bonds. In rendering the opinions in this paragraph, I have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. I express no opinion as to any other Federal income tax consequence arising from ownership of the Bonds.

8. The Bonds and interest income therefrom, are free from taxation for purposes of personal income, corporate net income and personal property taxes within the Commonwealth of Pennsylvania.

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APPENDIX C
WEST JEFFERSON HILLS SCHOOL DISTRICT
Financial Statements
For the Year Ended June 30, 2012

**West Jefferson Hills School District
Financial Statements
June 30, 2012**

**West Jefferson Hills School District
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HOSACK, SPECHT, MUETZEL & WOOD LLP

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Independent Auditor's Report

Members of the Board
West Jefferson Hills School District
Jefferson Hills, Pennsylvania

Dear Members:

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 Jefferson Hills School District as of and for the year ended June 30, 2012, which collectively comprise West Jefferson Hills School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Jefferson Hills School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Jefferson Hills School District as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2013 on our consideration of West Jefferson Hills School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and post-employment benefit information as shown in the table of contents 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.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise West Jefferson Hills School District's financial statements as a whole. The accompanying 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 financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

Hosack, Specht, Muetzl & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
February 4, 2013

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

The discussion and analysis of West Jefferson Hills School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and fund financial statements to enhance their understanding of the School District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

On June 27, 2006, the state legislature passed Act I of 2006, the Taxpayers Relief Act (Act). The most significant financial impact of the Act are the limits placed on the School District's taxing ability. The Act states that school districts are limited to raise real estate taxes up to an index based on the following components - the statewide average weekly wage and the employment cost index and market value/income aid ratio. If the School District would need a larger tax increase, a referendum would be proposed to the voters.

Based on the calculation, the School District's index was 1.8% for the 2011/2012 budget year. This would permit the School District to increase real estate tax 0.38 mills, based on 21.08 mills.

Given the strong financial position of the School District, West Jefferson Hills School District prepared the 2011/2012 budget with the intention of operating within the Act I index.

West Jefferson Hills School District prepared the 2011/2012 budget with knowledge that salary and benefits continue to have the greatest impact. Although significant, these items were accordingly predicted in the budget. The School District indicated an early retirement incentive plan still in effect through March 1, 2015, which significantly controls the growth in this area.

The School District millage rate of 21.08 has been supported by consistent community housing growth, as well as an aggressive tax collection policy in current and delinquent, earned income, business privilege and mercantile taxes.

In 2011/2012, overall revenue performances resulted in revenues exceeding budget by approximately \$1,377,974. This represented an increase in total revenues over 2010/2011 of \$385,253, or 1.0%. The expenditures were under budget by approximately \$2,238,116, and declined from 2010/2011 by \$271,759, or 0.77%. The positive revenue and expenditure results combined to give the School District an increase in the fund balance of \$3,616,090.

The School District's business-type activities, which are comprised of the food service fund, showed a decrease in total assets of \$17,765 in 2011/2012 and a decrease of \$10,414 in 2010/2011.

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

Using the Annual Financial Report

The Annual Financial Report consists of a financial section and a single audit section which is issued to comply with federal guidelines as required in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement. Within the financial section are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand West Jefferson Hills School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

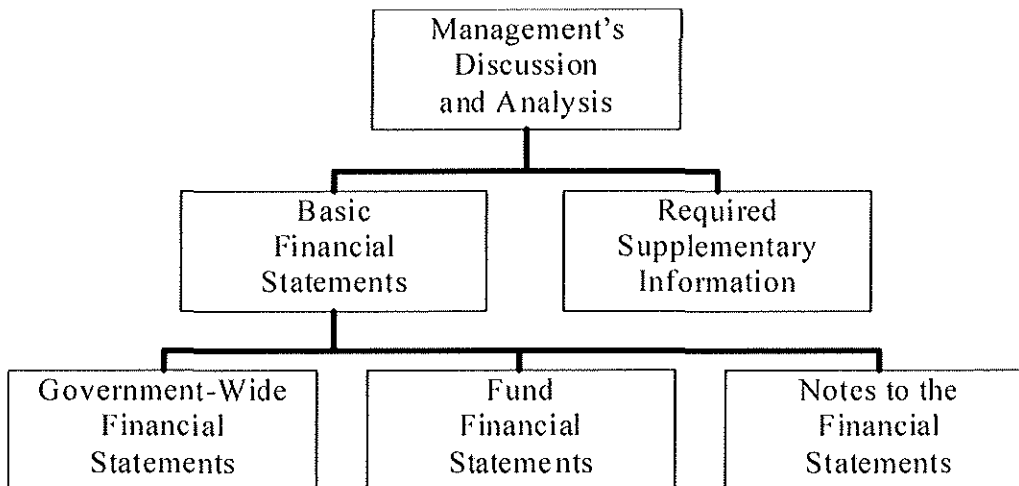
The first two statements are government-wide financial statements - the statement of net assets and the statement of activities. These provide both long-term and short-term information about the School District's overall financial status.

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

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

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

Figure A-1
Required Components of
West Jefferson Hills School District's
Financial Report



**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

Using the Annual Financial Report (Cont'd)

Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2
Major Features of West Jefferson Hills School District's
Government-Wide and Fund Financial Statements**

	Government-Wide	Fund Statements		
	Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	Activities the School District operates similar to private business - food services	Instances in which the School District is the trustee or agent to someone else's resources
Required financial statements	Statement of net assets; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of net assets; statement of revenues, expenses and changes in net assets; statement of cash flows	Statement of net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of in-flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

Overview of Financial Statements

Government-Wide Statements

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

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

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

To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base and the performance of the students.

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

- **Governmental activities** - All of the School 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 School District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The School District's fund financial statements, which begin with Exhibit 3, provide detailed information about the most significant funds - not the School District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the School 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. They are reported using an accounting method called modified accrual accounting, 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 School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements.

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

Overview of Financial Statements (Cont'd)

Fund Financial Statements (Cont'd)

Proprietary funds - These funds are used to account for the School 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 School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The food service fund is the School District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - The School District is the trustee, or fiduciary, for certain scholarship and student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets on Exhibit 10. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

Financial Analysis of the School District as a Whole

The School District's total net assets were \$14,271,311 at June 30, 2012 and \$10,143,069 at June 30, 2011.

Table A-1
Years Ended June 30, 2012 and 2011
Net Assets

	2012			2011		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$26,956,305	\$67,745	\$27,024,050	\$22,601,048	\$491,538	\$23,092,586
Capital Assets	<u>27,667,384</u>	<u>3,767</u>	<u>27,671,151</u>	<u>30,026,180</u>	<u>1,197</u>	<u>30,027,377</u>
Total Assets	<u>\$54,623,689</u>	<u>\$71,512</u>	<u>\$54,695,201</u>	<u>\$52,627,228</u>	<u>\$492,735</u>	<u>\$53,119,963</u>
Current and Other Liabilities	\$ 5,354,713	\$25,926	\$ 5,380,639	\$ 4,659,852	\$433,527	\$ 5,093,379
Long-Term Liabilities	<u>35,019,597</u>	<u>23,654</u>	<u>35,043,251</u>	<u>37,864,004</u>	<u>19,511</u>	<u>37,883,515</u>
Total Liabilities	<u>40,374,310</u>	<u>49,580</u>	<u>40,423,890</u>	<u>42,523,856</u>	<u>453,038</u>	<u>42,976,894</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	(9,386,632)	3,767	(9,382,865)	(9,942,956)	1,197	(9,941,759)
Restricted	10	-	10	1	-	1
Unrestricted	<u>23,636,001</u>	<u>18,165</u>	<u>23,654,166</u>	<u>20,046,327</u>	<u>38,500</u>	<u>20,084,827</u>
Total Net Assets	<u>14,249,379</u>	<u>21,932</u>	<u>14,271,311</u>	<u>10,103,372</u>	<u>39,697</u>	<u>10,143,069</u>
Total Liabilities and Net Assets	<u>\$54,623,689</u>	<u>\$71,512</u>	<u>\$54,695,201</u>	<u>\$52,627,228</u>	<u>\$492,735</u>	<u>\$53,119,963</u>

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

Financial Analysis of the School District as a Whole (Cont'd)

Most of the School District's net assets are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are combined of designated and undesignated amounts. The designated balances are amounts set aside to fund future purchases or capital projects as planned by the School District.

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The largest general revenues are the local taxes (property and earned income) assessed to community taxpayers.

Table A-2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

Table A-2
Years Ended June 30, 2012 and 2011
Changes in Net Assets

	2012			2011		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 765,757	\$ 765,757	\$ -	\$ 748,513	\$ 748,513
Operating Grants and Contribs.	4,699,055	268,748	4,967,803	5,639,057	259,463	5,898,520
Capital Grants and Contribs.	774,860	-	774,860	766,336	-	766,336
General Revenues						
Property Taxes	21,308,921	-	21,308,921	20,190,494	-	20,190,494
Other Taxes	5,496,840	-	5,496,840	5,010,031	-	5,010,031
Grants, Subs. and Contribs.						
Unrestricted	6,266,678	-	6,266,678	5,865,585	-	5,865,585
Other	<u>326,553</u>	<u>-</u>	<u>326,553</u>	<u>395,603</u>	<u>-</u>	<u>395,603</u>
Total Revenues	<u>38,872,907</u>	<u>1,034,505</u>	<u>39,907,412</u>	<u>37,867,106</u>	<u>1,007,976</u>	<u>38,875,082</u>
Expenses						
Instruction	20,259,912	-	20,259,912	20,371,622	-	20,371,622
Instructional Student Support	2,223,439	-	2,223,439	2,376,764	-	2,376,764
Admin. and Financial Support Services	4,269,999	-	4,269,999	3,931,220	-	3,931,220
Operation and Maintenance of						
Plant Services	3,426,308	-	3,426,308	3,302,254	-	3,302,254
Pupil Transportation	2,191,208	-	2,191,208	2,097,274	-	2,097,274
Student Activities	1,230,268	-	1,230,268	1,302,726	-	1,302,726
Community Services	72,673	-	72,673	76,001	-	76,001
Interest on Long-Term Debt	1,053,093	-	1,053,093	1,526,560	-	1,526,560
Food Service	<u>-</u>	<u>1,052,270</u>	<u>1,052,270</u>	<u>-</u>	<u>1,018,390</u>	<u>1,018,390</u>
Total Expenses	<u>34,726,900</u>	<u>1,052,270</u>	<u>35,779,170</u>	<u>34,984,421</u>	<u>1,018,390</u>	<u>36,002,811</u>

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

Financial Analysis of the School District as a Whole (Cont'd)

Table A-2 (Cont'd)
Years Ended June 30, 2012 and 2011
Changes in Net Assets

	2012			2011		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Increase (Decrease) in Net Assets	\$ 4,146,007	\$ (17,765)	\$ 4,128,242	\$ 2,882,685	\$ (10,414)	\$ 2,872,271
Beginning Net Assets	<u>10,103,372</u>	<u>39,697</u>	<u>10,143,069</u>	<u>7,220,687</u>	<u>50,111</u>	<u>7,270,798</u>
Ending Net Assets	<u>\$14,249,379</u>	<u>\$ 21,932</u>	<u>\$14,271,311</u>	<u>\$10,103,372</u>	<u>\$ 39,697</u>	<u>\$10,143,069</u>

The tables below present the expenses of both the governmental activities and the business-type activities of the School District.

Table A-3 shows the School District's nine largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, scholarship awards and interest on debt, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3
Years Ended June 30, 2012 and 2011
Governmental Activities

Functions/Programs	2012		2011	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Instruction	\$20,259,912	\$16,756,764	\$20,371,622	\$15,847,211
Instructional Student Support	2,223,439	2,063,418	2,376,764	2,192,742
Administrative and Financial Support Services	4,269,999	4,123,526	3,931,220	3,812,105
Operation and Maintenance of Plant Services	3,426,308	3,304,642	3,302,254	3,214,932
Pupil Transportation	2,191,208	1,489,547	2,097,274	1,373,087
Student Activities	1,230,268	1,164,182	1,302,726	1,302,726

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

Financial Analysis of the School District as a Whole (Cont'd)

Table A-3 (Cont'd)
Years Ended June 30, 2012 and 2011
Governmental Activities

Functions/Programs (Cont'd)	2012		2011	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Community Services	\$ 72,673	\$ 72,673	\$ 76,001	\$ 76,001
Interest on Long-Term Debt	<u>1,053,093</u>	<u>278,233</u>	<u>1,526,560</u>	<u>760,224</u>
Total Governmental Activities	<u>\$34,726,900</u>	29,252,985	<u>\$34,984,421</u>	28,579,028
Less:				
Unrestricted Grants, Subsidies		<u>(6,266,678)</u>		<u>(5,865,585)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$22,986,307</u>		<u>\$22,713,443</u>

Table A-4 reflects the activities of the food service program, the only business-type activity of the School District.

Table A-4
Years Ended June 30, 2012 and 2011
Business-Type Activities

Functions/Programs	2012		2011	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Food Service	<u>\$1,052,270</u>	<u>\$17,765</u>	<u>\$1,018,390</u>	<u>\$10,414</u>

The statement of revenues, expenses and changes in fund net assets for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

School District Funds

General Fund Budget

At June 30, 2012, the School District's general fund reported a fund balance of \$20,130,450, which is an increase of \$3,616,090. The budget for 2011/2012 anticipated a \$-0- change in the fund balance. The positive outcome is a result of effective controls on expenditures and aggressive collection of revenue.

It is the philosophy of the administration to prepare the budget based upon factors of historical and projected financial data. The budget prepared remains intact so that throughout the course the effectiveness of the original budget can be analyzed. However budget transfers can be made to reallocate unencumbered funds designated for one purpose to another part of the budget to be used for a different purpose. Subsequent to June 30, 2012, year-end budget transfers, not prohibited by state law, can be approved. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2012, the School District governmental funds had \$27,156,429 invested in a broad range of capital assets, including land, site improvements, buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$1,343,587, or 4.7% from last year.

Table A-5
Governmental Activities
Capital Assets - Net of Depreciation

	2012	2011
Land	\$ 538,984	\$ 538,984
Land Improvements	1,582,396	1,697,161
Buildings and Building Improvements	23,533,362	24,738,090
Furniture and Equipment	1,501,687	1,525,781

Debt Administration

As of July 1, 2011, the School District had total outstanding bond principal of \$39,415,000. During the year, the School District issued new bonds in the amount of \$8,800,000. Also, the School District retired principal of \$10,655,000. The total outstanding bond principal as of June 30, 2012, is \$37,560,000.

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

Capital Assets and Debt Administration (Cont'd)

Debt Administration (Cont'd)

Table A-6
Outstanding Debt

General Obligation Bonds	As of 06/30/12	As of 06/30/11
Bonds - Refunding Series of 2002A	\$ 15,000	\$ 20,000
Bonds - Issue of 2003A	1,645,000	1,665,000
Bonds - Refunding Series of 2003B	2,805,000	3,060,000
Bonds - Refunding Series of 2006	-	8,575,000
Bonds - Refunding Series of 2007	8,675,000	8,705,000
Bonds - Refunding Series of 2008	5,625,000	7,395,000
Bonds - Refunding Series of 2011	9,995,000	9,995,000
Bonds - Refunding Series of 2011A	8,800,000	-

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

Bond Rating

The School District's general obligation bond rating is a Moody's "Aa3". Security for the bonds is provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

Economic Factors and Next Year's Budget

Student enrollment continues to have minimal declines. For the school year ended June 30, 2012, enrollment was 2,780 as compared to the school year ended June 30, 2011 of 2,823, or a decline of (1.5%). For the past five (5) school years, enrollment continues to be flat. Enrollment is expected to be flat for the 2012/2013 budget year. In December 2009, the School District received a third-party demographic study which shows an enrollment increase of approximately 2.0% during the next decade in spite of all of the economic development in the housing market within the School District.

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

Economic Factors and Next Year's Budget (Cont'd)

For the 2012/2013 school year, capacity at the K-5 level was addressed. A redistricting of students and staff realignment took place between two of the elementary schools to create a more optimal learning environment. While there are no immediate needs to add staffing for the 2012/2013 school year, the need to realign K-5 students and K-12 staff changes may be a future need if enrollment projections change.

The middle school renovation in 2004 adjusted for the current program needs and the projections current at the time of the renovation. At this time, the School District continues to assess the long-term needs of the 9-12 high school building which presently appears to be at capacity in some areas of programming.

Barring substantial changes to School District programs offered or additional state mandates, it is anticipated that it will not be necessary to add significantly to the professional and support staffs. The support staff's collective bargaining agreement is in place through June 30, 2014. The professional staff's collective bargaining agreement is in place through June 30, 2015.

The School District's Act 1 index is 2.2% for the 2012/2013 budget year. This would permit the School District to increase real estate tax 0.46 mills, based on 21.08 mills. The budget for 2012/2013 increased by \$468,965, or 1.3% over the budget for 2011/2012. At June 30, 2012, the unassigned fund balance was \$2,624,807, or 6.94% of the budgeted expenditures for 2012/2013. The School Board maintained the current tax millage for the 2012/2013 school year. The School District will continue to be fiscally responsible to the taxpayer, and at the same time, manage its fund balance at levels to protect against unforeseen economic factors and the continued increase in health insurance and retirements.

The comparison of revenue and expenditure categories is as follows:

Table A-7

	Actual Revenues	
	2011/2012	2010/2011
Local	70.3%	69.0%
State	28.5%	27.0%
Federal/Other	1.2%	4.0%
	Actual Expenditures	
	2011/2012	2010/2011
Instruction	54.3%	53.6%
Support Services	33.7%	32.8%
Noninstructional Services	2.9%	2.9%
Fund Transfers/Debt	9.1%	10.7%

**West Jefferson Hills School District
Management's Discussion and Analysis
June 30, 2012**

Contacting the School District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School 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 Tracy A. Harris, Director of Finance, West Jefferson Hills School District, 835 Old Clairton Road, Pittsburgh, PA 15025, 412-655-8450.

West Jefferson Hills School District
Statement of Net Assets
June 30, 2012

Exhibit 1

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$22,321,589	\$ 509,051	\$22,830,640
Taxes Receivable, Net	3,490,274	-	3,490,274
Internal Balances	456,649	(456,649)	-
Due from Other Governments	682,150	3,336	685,486
Other Receivables	-	7,058	7,058
Inventories	-	4,036	4,036
Prepaid Items	<u>5,643</u>	<u>913</u>	<u>6,556</u>
Total Current Assets	<u>26,956,305</u>	<u>67,745</u>	<u>27,024,050</u>
Noncurrent Assets			
Long-Term Prepayments	510,955	-	510,955
Land	538,984	-	538,984
Land Improvements	1,582,396	-	1,582,396
Buildings and Building Improvements	23,533,362	-	23,533,362
Furniture and Equipment	<u>1,501,687</u>	<u>3,767</u>	<u>1,505,454</u>
Total Noncurrent Assets	<u>27,667,384</u>	<u>3,767</u>	<u>27,671,151</u>
TOTAL ASSETS	<u>\$54,623,689</u>	<u>\$ 71,512</u>	<u>\$54,695,201</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 431,894	\$ 9,388	\$ 441,282
Current Portion of Long-Term Debt	2,195,000	-	2,195,000
Accrued Salaries and Benefits	1,980,051	-	1,980,051
Payroll Deductions and Withholdings	273,148	-	273,148
Deferred Revenues	-	4,036	4,036
Other Current Liabilities	<u>474,620</u>	<u>12,502</u>	<u>487,122</u>
Total Current Liabilities	<u>5,354,713</u>	<u>25,926</u>	<u>5,380,639</u>
Noncurrent Liabilities			
Bonds Payable	34,363,061	-	34,363,061
Long-Term Portion of Compensated Absences	611,528	23,654	635,182
Termination Payments	30,000	-	30,000
Other Post-Employment Benefits	<u>15,008</u>	<u>-</u>	<u>15,008</u>
Total Noncurrent Liabilities	<u>35,019,597</u>	<u>23,654</u>	<u>35,043,251</u>
Total Liabilities	<u>40,374,310</u>	<u>49,580</u>	<u>40,423,890</u>
Net Assets			
Invested in Capital Assets (Net of Related Debt)	(9,386,632)	3,767	(9,382,865)
Restricted for Retirement of Long-Term Debt	10	-	10
Unrestricted	<u>23,636,001</u>	<u>18,165</u>	<u>23,654,166</u>
Total Net Assets	<u>14,249,379</u>	<u>21,932</u>	<u>14,271,311</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$54,623,689</u>	<u>\$ 71,512</u>	<u>\$54,695,201</u>

See Accompanying Notes

**West Jefferson Hills School District
Statement of Activities
Year Ended June 30, 2012**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Govern- mental Activities	Business- Type Activities	Totals
Governmental Activities							
Instruction	\$20,259,912	\$ -	\$3,503,148	\$ -	\$(16,756,764)	\$ -	\$(16,756,764)
Instructional Student Support	2,223,439	-	160,021	-	(2,063,418)	-	(2,063,418)
Administrative and Financial Support Services	4,269,999	-	146,473	-	(4,123,526)	-	(4,123,526)
Operation and Maintenance of Plant Services	3,426,308	-	121,666	-	(3,304,642)	-	(3,304,642)
Pupil Transportation	2,191,208	-	701,661	-	(1,489,547)	-	(1,489,547)
Student Activities	1,230,268	-	66,086	-	(1,164,182)	-	(1,164,182)
Community Services	72,673	-	-	-	(72,673)	-	(72,673)
Interest on Long-Term Debt	<u>1,053,093</u>	<u>-</u>	<u>-</u>	<u>774,860</u>	<u>(278,233)</u>	<u>-</u>	<u>(278,233)</u>
Total Governmental Activities	<u>34,726,900</u>	<u>-</u>	<u>4,699,055</u>	<u>774,860</u>	<u>(29,252,985)</u>	<u>-</u>	<u>(29,252,985)</u>
Business-Type Activities							
Food Service	<u>1,052,270</u>	<u>765,757</u>	<u>268,748</u>	<u>-</u>	<u>-</u>	<u>(17,765)</u>	<u>(17,765)</u>
Total Primary Government	<u>\$35,779,170</u>	<u>\$765,757</u>	<u>\$4,967,803</u>	<u>\$774,860</u>	<u>(29,252,985)</u>	<u>(17,765)</u>	<u>(29,270,750)</u>
General Revenues							
Taxes							
Property Taxes, Levied for General Purposes (Net)					21,308,921	-	21,308,921
Earned Income Taxes					2,709,398	-	2,709,398
Business Privilege Taxes					1,274,536	-	1,274,536
Other Taxes, Levied for General Purposes (Net)					1,512,906	-	1,512,906
Grants, Subsidies and Contributions not Restricted					6,266,678	-	6,266,678
Investment Earnings					42,495	-	42,495
Miscellaneous Income					<u>284,058</u>	<u>-</u>	<u>284,058</u>
Total General Revenues					<u>33,398,992</u>	<u>-</u>	<u>33,398,992</u>
Changes in Net Assets					4,146,007	(17,765)	4,128,242
Net Assets - July 1, 2011					<u>10,103,372</u>	<u>39,697</u>	<u>10,143,069</u>
Net Assets - June 30, 2012					<u>\$ 14,249,379</u>	<u>\$ 21,932</u>	<u>\$ 14,271,311</u>

See Accompanying Notes

West Jefferson Hills School District
 Balance Sheet
 Governmental Funds
 June 30, 2012

Exhibit 3

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$20,940,784	\$1,380,805	\$22,321,589
Taxes Receivable (Net)	3,490,274	-	3,490,274
Due from Other Funds	635,084	-	635,084
Due from Other Governments	682,150	-	682,150
Prepaid Items	<u>5,643</u>	<u>-</u>	<u>5,643</u>
TOTAL ASSETS	<u>\$25,753,935</u>	<u>\$1,380,805</u>	<u>\$27,134,740</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ -	\$ 178,435	\$ 178,435
Accounts Payable	431,894	-	431,894
Accrued Salaries and Benefits	1,980,051	-	1,980,051
Payroll Deductions and Withholdings	273,148	-	273,148
Deferred Revenues	<u>2,938,392</u>	<u>-</u>	<u>2,938,392</u>
Total Liabilities	<u>5,623,485</u>	<u>178,435</u>	<u>5,801,920</u>
Fund Balances			
Nonspendable	5,643	-	5,643
Restricted	-	10	10
Committed	17,500,000	1,202,360	18,702,360
Unassigned	<u>2,624,807</u>	<u>-</u>	<u>2,624,807</u>
Total Fund Balances	<u>20,130,450</u>	<u>1,202,370</u>	<u>21,332,820</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$25,753,935</u>	<u>\$1,380,805</u>	<u>\$27,134,740</u>

See Accompanying Notes

**West Jefferson Hills School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2012**

Exhibit 4

Total Fund Balances - Governmental Funds \$ 21,332,820

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$62,490,825, and the accumulated depreciation is \$35,334,396. 27,156,429

Property taxes receivable will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds. 2,938,392

Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net assets. 1,527,894

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$(37,560,000)	
Accrued Interest on the Bonds	(474,620)	
Other Post-Employment Benefits	(15,008)	
Termination Payments	(45,000)	
Compensated Absences	<u>(611,528)</u>	<u>(38,706,156)</u>

Total Net Assets - Governmental Activities \$ 14,249,379

See Accompanying Notes

**West Jefferson Hills School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012**

Exhibit 5

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenues			
Local Sources	\$27,236,767	\$ 310	\$27,237,077
State Sources	11,028,246	-	11,028,246
Federal Sources	<u>458,551</u>	<u>-</u>	<u>458,551</u>
Total Revenues	<u>38,723,564</u>	<u>310</u>	<u>38,723,874</u>
Expenditures			
Instruction	19,075,461	-	19,075,461
Support Services	11,815,975	155,353	11,971,328
Noninstructional Services	1,024,386	-	1,024,386
Capital Outlay	-	178,435	178,435
Debt Service	15,696	3,138,827	3,154,523
Refunds of Prior Year's Receipts	<u>37,129</u>	<u>-</u>	<u>37,129</u>
Total Expenditures	<u>31,968,647</u>	<u>3,472,615</u>	<u>35,441,262</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,754,917</u>	<u>(3,472,305)</u>	<u>3,282,612</u>
Other Financing Sources (Uses)			
Refunding Bond Proceeds	-	8,800,000	8,800,000
Premium on Bonds Issued	-	103,749	103,749
Transfers In	-	3,138,827	3,138,827
Payment to Refunded Bond Escrow Agent	-	(8,748,396)	(8,748,396)
Transfers Out	<u>(3,138,827)</u>	<u>-</u>	<u>(3,138,827)</u>
Total Other Financing Sources (Uses)	<u>(3,138,827)</u>	<u>3,294,180</u>	<u>155,353</u>
Net Changes in Fund Balances	3,616,090	(178,125)	3,437,965
Fund Balances - July 1, 2011	<u>16,514,360</u>	<u>1,380,495</u>	<u>17,894,855</u>
Fund Balances - June 30, 2012	<u>\$20,130,450</u>	<u>\$1,202,370</u>	<u>\$21,332,820</u>

See Accompanying Notes

**West Jefferson Hills School District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures
 and Changes in Fund Balances
 to the Statement of Activities
 Year Ended June 30, 2012**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ 3,437,965

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 allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation Expense	\$(1,581,566)	
Capital Outlays	278,174	
Net Book Value of Assets Retired	<u>(40,195)</u>	(1,343,587)

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year. 201,858

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,080,000

The School District's bonded debt was also reduced by an advance refunding of debt. Resources of \$8,748,396 was paid to the escrow agent for the advance refunding of outstanding bonds \$8,575,000. The difference between those amounts was \$173,396 and will be amortized as an adjustment of interest expense in the statement of activities over the remaining life of the new debt. 8,748,396

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. The proceeds were: (8,800,000)

In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations), special termination benefits (early retirement) and other post-employment benefits (OPEB) - are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

West Jefferson Hills School District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures
 and Changes in Fund Balances
 to the Statement of Activities
 Year Ended June 30, 2012

Exhibit 6

Compensated Absences	\$ 40,420	
Termination Payments	(35,000)	
Other Post-Employment Benefits	<u>(10,683)</u>	\$ (5,263)

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.

Net Change in Accrued Interest on Bonds		(24,987)
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Bond issuance costs and bond discount are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Bond Issuance Costs	155,353	
Bond Premium	(103,749)	
Amortization of Issuance Costs, Discount and Deferred Loss on Refunding	<u>(199,979)</u>	<u>(148,375)</u>

Change in Net Assets of Governmental Activities		\$ <u>4,146,007</u>
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See Accompanying Notes

West Jefferson Hills School District
Statement of Net Assets
Proprietary Fund
June 30, 2012

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$509,051
Due from Other Governments	3,336
Other Receivables	7,058
Inventories	4,036
Other Current Assets	<u>913</u>
Total Current Assets	<u>524,394</u>
Noncurrent Assets	
Furniture and Equipment (Net)	<u>3,767</u>
TOTAL ASSETS	<u>\$528,161</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Current Liabilities	
Due to Other Funds	\$456,649
Accounts Payable	9,388
Deferred Revenues	4,036
Other Current Liabilities	<u>12,502</u>
Total Current Liabilities	<u>482,575</u>
Noncurrent Liabilities	
Long-Term Portion of Compensated Absences	<u>23,654</u>
Total Liabilities	<u>506,229</u>
Net Assets	
Invested in Capital Assets	3,767
Unrestricted	<u>18,165</u>
Total Net Assets	<u>21,932</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$528,161</u>

See Accompanying Notes

West Jefferson Hills School District
Statement of Revenues, Expenses and Changes
in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2012

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ 764,102
Other Operating Revenues	<u>1,655</u>
Total Operating Revenues	<u>765,757</u>
Operating Expenses	
Salaries	355,866
Employee Benefits	134,197
Purchased Prof. & Tech. Services	3,012
Purchased Property Services	10,394
Other Purchased Services	548,342
Depreciation	<u>459</u>
Total Operating Expenses	<u>1,052,270</u>
Operating Income (Loss)	<u>(286,513)</u>
Nonoperating Revenues (Expenses)	
State Sources	53,009
Federal Sources	<u>215,739</u>
Total Nonoperating Revenues (Expenses)	<u>268,748</u>
Change in Net Assets	(17,765)
Net Assets - July 1, 2011	<u>39,697</u>
Net Assets - June 30, 2012	<u>\$ 21,932</u>

See Accompanying Notes

West Jefferson Hills School District
Statement of Cash Flows
Proprietary Fund Type
Year Ended June 30, 2012

Exhibit 9

	Food Service Fund
Cash Flows from Operating Activities	
Cash Received from Users	\$ 762,603
Cash Received from Other Operating Revenue	1,655
Cash Payments to Employees for Services	(372,478)
Cash Payments to Suppliers for Goods and Services	<u>(589,850)</u>
Net Cash Used for Operating Activities	<u>(198,070)</u>
Cash Flows from Non-Capital Financing Activities	
State Sources	53,269
Federal Sources	<u>183,224</u>
Net Cash Provided by Non-Capital Financing Activities	<u>236,493</u>
Cash Flows from Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp. Serv.	<u>(3,029)</u>
Net Increase in Cash and Cash Flows	35,394
Cash and Cash Equivalents - July 1, 2011	<u>473,657</u>
Cash and Cash Equivalents - June 30, 2012	<u>\$ 509,051</u>

West Jefferson Hills School District
Statement of Cash Flows
Proprietary Fund Type
Year Ended June 30, 2012

Exhibit 9

	Food Service Fund
Operating Income (Loss)	\$(286,513)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities	
Depreciation	459
Donated Commodities	34,328
(Increase) Decrease in Accounts Receivable	1,033
(Increase) Decrease in Other Current Assets	(913)
Increase (Decrease) Accounts Payable	(61,517)
Increase (Decrease) in Accrued Salaries and Benefits	4,143
Increase (Decrease) in Advances from Other Funds	113,442
Increase (Decrease) in Other Current Liabilities	<u>(2,532)</u>
Total Adjustments	<u>88,443</u>
Cash Used for Operating Activities	\$(198,070)

Noncash Investing, Capital and Financing Activities
During the year ended June 30, 2012, the School District received \$33,983 of U. S. D. A. Donated Commodities in the food service fund.

See Accompanying Notes

West Jefferson Hills School District
Statement of Net Assets
Fiduciary Funds
June 30, 2012

Exhibit 10

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	<u>\$9,020</u>	<u>\$117,799</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 500	\$ -
Other Current Liabilities	<u>-</u>	<u>117,799</u>
Total Liabilities	<u>500</u>	<u>117,799</u>
Net Assets		
Restricted for Scholarships	<u>8,520</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$9,020</u>	<u>\$117,799</u>

See Accompanying Notes

**West Jefferson Hills School District
Statement of Changes in Net Assets
Fiduciary Fund
June 30, 2012**

Exhibit 11

	Private Purpose Trust Fund
Additions	
Gifts and Contributions	\$ 100
Interest	<u>1</u>
Total Additions	<u>101</u>
Deductions	
Scholarships Awarded	<u>800</u>
Change in Net Assets	(699)
Net Assets - July 1, 2011	<u>9,219</u>
Net Assets - June 30, 2012	<u>\$8,520</u>

See Accompanying Notes

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies

West Jefferson Hills School District, located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Boroughs of Pleasant Hills, Jefferson and West Elizabeth. The School District operates under a nine person elected Board of Directors.

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

The following is a summary of the more significant policies:

A. Financial Reporting Entity

In evaluating how to define a government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and more specifically, the provisions of Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity". The following summarizes the guidance provided by GASB in determining the governmental activities, organizations, functions and component units that should be included in the governing entity's financial statements. The criterion for inclusion of a component unit is if the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, it has been determined that the School District (the primary government) has no potential component units to be included in its financial reporting entity, but does participate in joint ventures as described below.

Joint Ventures

The School District is one of ten member school districts of the Steel Center Area Vocational-Technical School ("Steel Center"). Steel Center provides vocational-technical training and education to participating students of the member districts. Steel Center is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of Steel Center's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Steel Center. The School District's share of annual operating and capital costs for Steel Center fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to Steel Center for the year ended June 30, 2012 was \$494,592 which has

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

A. Financial Reporting Entity (Cont'd)

Joint Ventures (Cont'd)

been reported in the School District's general fund. The School District has no equity interest in Steel Center as of June 30, 2012. Complete financial statements for Steel Center can be obtained from the administrative offices at 565 Lewis Run Road, Jefferson Hills, Pennsylvania 15025.

In addition, the School District is one of ten member school districts of the Southeastern Area Special Schools ("Southeastern"). Southeastern provides special education services to participating students of the member districts. Southeastern is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of Southeastern's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Southeastern. The School District's share of annual operating and capital costs for Southeastern fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to Southeastern for the year ended June 30, 2012 was \$31,610 which has been reported in the School District's general fund. The School District has no equity interest in Southeastern as of June 30, 2012. Southeastern's outstanding debt is secured by rental payments from the member districts. Complete financial statements for Southeastern can be obtained from the administrative offices at 565 Lewis Run Road, Jefferson Hills, Pennsylvania 15025.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the School District. 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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 government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-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, net of any uncollectible amounts, 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes levied but collected beyond 60 days after year end are recorded as deferred revenue to be recognized as revenue when the taxes are collected. 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, intergovernmental revenues, investment income, rent and certain miscellaneous revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues (state and federal sources), the legal and contractual requirements of the individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the School District; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure. All other revenue items are considered to be measurable and available only when cash is received by the government.

The School District reports the following major governmental fund:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The School District reports the following major proprietary fund:

The *food service fund* accounts for the revenues, food purchases, and other costs and expenses providing meals to students and/or faculty during the school year.

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Additionally, the School District reports the following fund types:

The *agency fund* represents the School District's student activity funds. These funds account for student activities.

The *private purpose trust fund* is used to account for resources of monies contributed to the School District for scholarships.

The School District also reports as nonmajor governmental funds the following:

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's enterprise fund are charges to customers for sales of food. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

F. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. The School Board approved various budget transfers throughout the school year. There were no supplemental budgetary appropriations made during the year ended June 30, 2012.

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and, for comparative purposes, the actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval.

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

F. Budgets (Cont'd)

Excess of expenditures over appropriations in the general fund is presented in the required supplementary information section.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

H. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method, where material. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if material. There were no material inventories in the governmental funds as of June 30, 2012.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2012 are reported as deferred revenue.

I. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$4,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$4,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

I. Capital Assets (Cont'd)

established. 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 asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	30
Land Improvements	20
Furniture	20
Vehicles	10
Equipment	10-15
Computer Software	5

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 5 years.

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums, discount and issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discount, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discount 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.

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

K. Compensated Absences

The School District's policies regarding vacation time under various contracts, provide for employees to accumulate sick days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

L. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School District classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies (Cont'd)

L. Equity Classifications (Cont'd)

Fund Statements - Fund Balance (Cont'd)

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the School District's highest level of authority, school board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money.

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. Fund balance may be assigned by the superintendent or business manager.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The School District's informal policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

The purpose of the committed fund balance as of June 30, 2012, in the general fund, is as follows:

Post-Retirement Benefits	\$ 3,000,000
Future Retirement Expenditures	4,500,000
Future Capital Projects	9,000,000
Health Insurance	<u>1,000,000</u>
	<u>\$17,500,000</u>

The purpose of the committed fund balance as of June 30, 2012, in the nonmajor funds of \$1,202,360 is for future capital projects.

The restricted fund balance at June 30, 2012 of \$10 in the nonmajor funds for debt service.

Note 2 - Deposits and Investments

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District.

**West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012**

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2012, \$789,427 of the School District's bank balance of \$5,050,229 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging	
Bank's Agent not in the School District's Name	<u>\$789,427</u>

As of June 30, 2012, the School District had the following investments:

Investments	Interest Rate	Maturity Date	Fair Value
PSDLAF	-	-	\$18,208,275
PA Invest	-	-	437,523
U. S. Treasury Note	0.12%	11/15/12	<u>499,770</u>
			<u>\$19,145,568</u>

Interest Rate Risk - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1E. The School District has no investment policy that would further limit its investment choices. The School District's investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) and PA Invest Funds were rated AAAM by Standard & Poor's. The School District's investment in a U. S. Treasury Note was rated Aaa by Moodys.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issue.

Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. These funds have the characteristics of open-end mutual funds and are not subject to custodial credit risk classification.

**West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012**

Note 2 - Deposits and Investments (Cont'd)

Investments (Cont'd)

PSDLAF is governed by an elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund. The fund is audited annually by independent auditors. The fund operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund uses amortized cost to report net assets to compute share prices. The fund maintains net asset value of \$1 per share. Accordingly, the fair value of the position in PSDLAF is the same as the value of PSDLAF shares.

Note 3 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2011/2012 was 21.08 mills (\$21.08 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2011/2012 is as follows:

Tax Levy Date	July 1, 2011
2% Discount Period	Through August 31, 2011
Face Payment Period	September 1 - October 31, 2011
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2012

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$2,938,392 along with other taxes of \$551,882.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2012, the following amounts are due from other governmental units:

	Governmental Funds	Enterprise Fund	Totals
Federal (through the state)	\$287,258	\$2,924	\$290,182
State	<u>394,892</u>	<u>412</u>	<u>395,304</u>
	<u>\$682,150</u>	<u>\$3,336</u>	<u>\$685,486</u>

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 5 - Capital Assets

For the year ended June 30, 2012, capital asset activity was as follows:

	Balance 07/01/11	Additions	Disposals	Balance 06/30/12
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 538,984	\$ -	\$ -	\$ 538,984
Capital Assets Being Depreciated				
Land Improvements	3,538,294	-	-	3,538,294
Buildings and Building Improvements	51,725,948	-	-	51,725,948
Furniture and Equipment	<u>6,449,620</u>	<u>278,174</u>	<u>40,195</u>	<u>6,687,599</u>
Total Capital Assets Being Depreciated	<u>61,713,862</u>	<u>278,174</u>	<u>40,195</u>	<u>61,951,841</u>
Less Accumulated Depreciation				
Land Improvements	1,841,133	114,765	-	1,955,898
Buildings and Building Improvements	26,987,858	1,204,728	-	28,192,586
Furniture and Equipment	<u>4,923,839</u>	<u>262,073</u>	-	<u>5,185,912</u>
Total Accumulated Depreciation	<u>33,752,830</u>	<u>1,581,566</u>	-	<u>35,334,396</u>
Total Capital Assets Being Depreciated, Net	<u>27,961,032</u>	<u>(1,303,392)</u>	<u>40,195</u>	<u>26,617,445</u>
Governmental Activities Capital Assets, Net	<u>\$28,500,016</u>	<u>\$(1,303,392)</u>	<u>\$ 40,195</u>	<u>\$27,156,429</u>
Business-Type Activities				
Furniture and Equipment	\$ 109,094	\$ 3,029	\$ -	\$ 112,123
Less Accumulated Depreciation	<u>107,897</u>	<u>459</u>	-	<u>108,356</u>
Business-Type Capital Assets, Net	<u>\$ 1,197</u>	<u>\$ 2,570</u>	<u>\$ -</u>	<u>\$ 3,767</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
Instruction	\$1,206,095
Instructional Student Support	10,567

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 5 - Capital Assets (Cont'd)

Governmental Activities (Cont'd)	
Administration and Financial Support Services	\$ 25,269
Operation and Maintenance of Plant Services	54,494
Central	6,586
Student Activities	<u>278,555</u>
 Total Depreciation Expense	 <u>\$1,581,566</u>
 Business-Type Activities	
Food Service	\$ <u>459</u>

Note 6 - Interfund Balances

Interfund balances at June 30, 2012 were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$635,084	\$ -
Nonmajor Governmental - Capital Projects Fund	-	178,435
Enterprise Fund		
Food Service Fund	<u>-</u>	<u>456,649</u>
	<u>\$635,084</u>	<u>\$635,084</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

Note 7 - Interfund Transfers

For the year ended June 30, 2012, interfund transfers consisted of the following:

	<u>Transfer From</u>
	General Fund
<u>Transfer To</u>	
Nonmajor Governmental Debt Service Fund	<u>\$3,138,827</u>

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 7 - Interfund Transfers (Cont'd)

The general fund makes routine transfers to the debt service fund for principal and interest payments of long-term debt.

Note 8 - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Balance 07/01/11	Additions	Reductions	Balance 06/30/12	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$39,415,000	\$8,800,000	\$10,655,000	\$37,560,000	\$2,180,000
Plus: Bond Premium	23,291	103,749	9,839	117,201	-
Less: Bond Discount	(181,519)	-	(84,305)	(97,214)	-
Less: Deferred Loss on Refunding	<u>(813,800)</u>	<u>(609,679)</u>	<u>(386,553)</u>	<u>(1,036,926)</u>	<u>-</u>
Total Bonds Payable	<u>38,442,972</u>	<u>8,294,070</u>	<u>10,193,981</u>	<u>36,543,061</u>	<u>2,180,000</u>
Termination Payments	10,000	45,000	10,000	45,000	15,000
Comp. Absences Payable	<u>651,948</u>	<u>16,942</u>	<u>57,362</u>	<u>611,528</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$39,104,920</u>	<u>\$8,356,012</u>	<u>\$10,261,343</u>	<u>\$37,199,589</u>	<u>\$2,195,000</u>

General Obligation Bonds

Series of 2002A in the amount of \$8,280,000; due serially through October 2012; interest due semi-annually at 4.8% \$ 15,000

Series of 2003A in the amount of \$1,805,000; due serially through August 2026; interest due semi-annually at 4.55% 1,645,000

Refunding Series of 2003B in the amount of \$4,660,000; due serially through August 2015; interest due semi-annually at 4.0% 2,805,000

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 8 - Long-Term Liabilities (Cont'd)

General Obligation Bonds (Cont'd)

Refunding Series of 2007 in the amount of \$8,860,000; due serially through October 2025; interest due semi- annually ranging from 3.5% to 4.1%	\$ 8,675,000
Refunding Series of 2008 in the amount of \$11,015,000; due serially through August 2014; interest due semi- annually at 3.0%	5,625,000
Refunding Series of 2011 in the amount of \$9,995,000; due serially through August 2023; interest due semi- annually ranging from 2.0% to 3.6%	9,995,000
Refunding Series 2011A in the amount of \$8,800,000; due serially through August 2023; interest due semi- annually ranging from 2.0% to 3.5%	<u>8,800,000</u>
	<u>\$37,560,000</u>

The debt service source for the above debt is the general fund.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2012, including interest, sinking fund payments are as follows:

Year Ended June 30,	General Obligation Bonds		Totals
	Principal	Interest	
2013	\$ 2,180,000	\$ 1,119,837	\$ 3,299,837
2014	2,265,000	1,179,314	3,444,314
2015	2,300,000	1,108,022	3,408,022
2016	2,265,000	1,029,353	3,294,353
2017	2,200,000	968,637	3,168,637
2018-2022	11,865,000	3,952,306	15,817,306
2023-2027	<u>14,485,000</u>	<u>1,469,058</u>	<u>15,954,058</u>
	<u>\$37,560,000</u>	<u>\$10,826,527</u>	<u>\$48,386,527</u>

On July 26, 2011, the School District issued \$8,800,000 Series of 2011A bonds, with interest rates ranging from 2.0% to 3.5% to refund the Series of 2006 (\$8,575,000) with interest rates ranging from 3.6% to 4.15%.

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 8 - Long-Term Liabilities (Cont'd)

The net proceeds of \$8,748,396 (after payment of issuance costs) were used to refund the Series of 2006 bonds. As a result, the 2006 bonds are considered defeased and the liability for those bonds has been removed as a liability in these financial statements.

The School District's advance refunding of the Series of 2006 bonds decreased its total debt service payments by approximately \$595,444 over the next thirteen (13) years and the economic gain (difference between the present value of the debt service payments on the old and new debt) was \$571,971.

Note 9 - Termination Payments

The School District adopted an early retirement incentive program for administrative and professional employees that provide, among other incentives, a monetary retirement incentive. The employees were required to retire in the window period adopted and had to meet various qualifications to be eligible to receive the benefits. A lump sum payment is payable over the three years following the date of retirement.

Five (5) employees elected to participate in this plan and two (2) of them received payments in the year ended June 30, 2012. The retirees under this plan received a total of \$10,000 in termination payments during the 2011/2012 school year which were recorded as an expenditure in the general fund financial statements. There is \$45,000 in outstanding termination payments at June 30, 2012.

In the statement of activities, termination benefits are measured by the amounts earned during the year. In governmental funds, expenditures for this item are measured by the amount of financial resources used.

Note 10 - Public School Employees' Retirement System (PSERS)

A. Plan Description

West Jefferson Hills School District contributes to the Public School Employees' Retirement System of Pennsylvania (PSERS), a cost-sharing, multiple-employer defined benefit pension plan administered by PSERS. PSERS provides retirement and disability benefits, legislative mandated ad hoc cost of living adjustments, and health care insurance premium assistance to qualifying annuitants.

The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended, 24 Pa. C.S. 8101-8535) assigns the authority to establish and amend benefit provisions to the PSERS Board of Trustees. PSERS issues a publicly available financial report that includes financial statements and required supplementary information for the pension plan. That report may be obtained by writing to Public School Employees' Retirement System; P.O. Box 125; Harrisburg, PA 17108-0125.

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 10 - Public School Employees' Retirement System (PSERS) (Cont'd)

B. Funding Policy

The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. Active members who joined the system prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.50% (Membership Class TD) of the member's qualifying compensation. Members who joined the system after June 30, 2001 contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Two new classes of membership (Class T-E and Class T-F) were created for anyone that becomes a new member of PSERS for the first time on or after July 1, 2011. For Class T-E members, the pension multiplier is 2% and the employee contribution base rate is 7.5% with a "shared risk". For Class T-F members, the pension multiplier is 2.5% and the employee contribution base rate is 10.3% with a "shared risk". Contributions required of employers are based upon an actuarial valuation. For the fiscal year ended June 30, 2012, the rate of employer contribution was 8.65% of covered payroll, or 4.325% for both the School District and the Commonwealth.

The School District's contributions to PSERS for the years ending June 30, 2012, 2011 and 2010 were \$1,448,205, \$827,316, and \$730,218, respectively, equal to the required contributions for each year. One half of the required contributions noted above were paid by the Commonwealth of Pennsylvania as a reimbursement to the School District.

Note 11 - Contingent Liabilities

West Jefferson Hills School District participates in a number of federally assisted grant programs, principal of which are Title I - IDEA and National School Lunch Program including ARRA funding. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2012 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Note 12 - Risk Management

The School District is one of forty-six members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$4,022,943 and \$3,776,323 for the years ended June 30, 2012 and 2011, respectively.

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 12 - Risk Management (Cont'd)

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net assets or deficiency in net assets, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2012, the net assets of the Consortium were \$44,251,280 of which \$795,549 is attributable to the School District.

The School District participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, workmen's compensation and liability claims.

The School District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 13 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2012 was \$1,440,655.

This includes \$762,470 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$678,185 to the federal government for social security and Medicare taxes for the year ended June 30, 2012. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Note 14 - Post-Employment Healthcare Plan

A. Plan Description

West Jefferson Hills School District administers a single-employer defined benefit healthcare plan ("the Supplemental Health Plan"). The plan provides medical, prescription drug, dental, and vision, for teachers and all other employees. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

**West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012**

Note 14 - Post-Employment Healthcare Plan (Cont'd)

B. Funding Policy

The eligibility and the benefits for each group is as follows:

1) Eligibility for Benefit

Teachers	Age 60 with 30 years of service, or age 62 with 1 year of service, or 35 years of service
All Other Employees	Age 60 with 30 years of service, or age 62 with 1 year of service, or 35 years of service

2) Benefit at Retirement

Teachers	School District pays the premium for member/spouse coverage for the medical, prescription drug, dental, and vision plan at time of retirement, with the member/spouse contributing the active copay at the time of the member's retirement, plus the PSERS premium assistance. Also, the member must contribute any increases in premiums from the time of retirement, unless this amount does not exceed \$100/month.
All Other Employees	Member and spouse may elect medical, prescription drug, dental, and vision by paying the full premiums.

For the year ended June 30, 2012, the School District contributed \$492,246. Plan members receiving benefits contributed \$201,781. The plan is financed on a pay-as-you-go basis.

C. Annual OPEB Cost and Net OPEB Obligation

The School District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (funding excess) over a period not to exceed thirty years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the School District's net OPEB obligation.

**West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012**

Note 14 - Post-Employment Healthcare Plan (Cont'd)

C. Annual OPEB Cost and Net OPEB Obligation (Cont'd)

Annual Required Contribution	\$720,942
Interest on Net OPEB Obligation	195
Adjustment to Annual Required Contribution	<u>(656)</u>
Annual OPEB Cost (Expense)	720,481
Contributions Made	<u>709,798</u>
Increase in OPEB Obligation	10,683
Net OPEB Obligation - Beginning of Year	<u>4,325</u>
Net OPEB Obligation - End of Year	<u>\$ 15,008</u>

The School District's OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2012, is as follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/12	\$720,481	98.5%	\$15,008
06/30/11	719,680	101.0%	4,325
06/30/10	484,262	98.0%	11,838

D. Funded Status and Funding Progress

As of July 1, 2010, the actuarial accrued liability for benefits was \$4,083,777, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$13,301,514 and the ratio of unfunded actuarial accrued liability to the covered payroll was 30.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Multi-year information will be presented in future years.

West Jefferson Hills School District
Notes to Financial Statements
June 30, 2012

Note 14 - Post-Employment Healthcare Plan (Cont'd)

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of 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 actuarial value of assets, consistent with long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a discount rate of 4.5%; an annual healthcare cost trend rate of 7.5% initially decreasing by 1/2% per year to an ultimate rate of 5.5%. The method used to determine the actuarial value of assets is not applicable since there are no plan assets. The unfunded actuarial accrued liability is being amortized using the level dollar method. The amortization period for the most recent actuarial valuation is eight years. The period is open.

Note 15 - Subsequent Event

The School District approved the purchase of a parcel of vacant land in the amount of \$1,075,000 subject to 180 days for due diligence.

On July 3, 2012, the School District currently refunded the Series of 2007 bonds outstanding in the amount of \$8,675,000 and partially refunded the Series of 2003A bonds in the amount of \$895,000 with the Series of 2012 bonds in the amount of \$9,995,000 which are due serially through August 2027, with interest rates ranging from 2.0% to 3.0%.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**West Jefferson Hills School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$21,115,000	\$21,115,000	\$21,159,888	\$ 44,888
Public Utility Realty Taxes	34,620	34,620	34,271	(349)
Business Privilege Taxes	1,266,500	1,266,500	1,274,536	8,036
Mercantile Taxes	231,010	231,010	253,685	22,675
Local Services Taxes	37,300	37,300	37,545	245
Earned Income Taxes	2,000,000	2,000,000	2,709,398	709,398
Real Estate Transfer Taxes	176,000	176,000	243,829	67,829
Delinquencies on Taxes	845,000	845,000	943,576	98,576
Earnings on Investments	25,000	25,000	42,185	17,185
Other Local Revenues				
Federal Revenues from IUs	270,000	270,000	253,796	(16,204)
Revenues from IUs	77,354	77,354	98,368	21,014
Rentals	36,000	36,000	41,254	5,254
Miscellaneous Revenue	10,000	10,000	96,923	86,923
Refunds of Prior Year's Expenditures	<u>15,000</u>	<u>15,000</u>	<u>47,513</u>	<u>32,513</u>
Total Revenues from Local Sources	<u>26,138,784</u>	<u>26,138,784</u>	<u>27,236,767</u>	<u>1,097,983</u>
State Sources				
Basic Instruct. and Oper. Subsidies				
Basic Instructional Subsidy	5,150,259	5,150,259	5,155,044	4,785
Tuition	5,000	5,000	28,690	23,690
Subsidies for Specific Educ. Programs				
Special Education of Excep. Pupils	1,686,531	1,686,531	1,686,526	(5)
Subsidies for Noneduc. Programs				
Transportation (Regular and Add'l.)	660,000	660,000	700,017	40,017
Rentals and Sinking Fund Payments	765,622	765,622	774,860	9,238
Health Services	57,000	57,000	53,439	(3,561)
State Property Tax Reduction	1,111,695	1,111,695	1,111,634	(61)
PA Accountability Grants	-	-	105,528	105,528
Social Security Payments	655,800	655,800	664,900	9,100
State Retirement Revenue	<u>738,100</u>	<u>738,100</u>	<u>747,608</u>	<u>9,508</u>
Total Revenues from State Sources	<u>10,830,007</u>	<u>10,830,007</u>	<u>11,028,246</u>	<u>198,239</u>

**West Jefferson Hills School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (Cont'd)				
Federal Sources				
Restricted Grants-in-Aid from the Fed. Gov't. through the Commonwealth				
Title I	\$ 208,000	\$ 208,000	\$ 247,802	\$ 39,802
Title II	-	-	50,067	50,067
ARRA - Edujobs	-	-	5,862	5,862
Justice Grant	168,799	168,799	154,588	(14,211)
Medical Assistance - Title XIX	<u>-</u>	<u>-</u>	<u>232</u>	<u>232</u>
Total Revenues from Federal Sources	<u>376,799</u>	<u>376,799</u>	<u>458,551</u>	<u>81,752</u>
 Total Revenues	 <u>37,345,590</u>	 <u>37,345,590</u>	 <u>38,723,564</u>	 <u>1,377,974</u>
 Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	10,116,688	10,116,688	10,070,200	46,488
Employee Benefits	3,599,353	3,599,353	3,561,828	37,525
Purchased Prof. and Tech. Services	101,500	101,500	55,584	45,916
Purchased Property Services	111,500	111,500	65,957	45,543
Other Purchased Services	339,100	339,100	394,937	(55,837)
Supplies	648,800	648,800	597,694	51,106
Property	154,382	154,382	85,333	69,049
Other Objects	<u>19,700</u>	<u>19,700</u>	<u>4,752</u>	<u>14,948</u>
Total Regular Programs	<u>15,091,023</u>	<u>15,091,023</u>	<u>14,836,285</u>	<u>254,738</u>
Special Programs				
Personal Services				
Salaries	1,820,351	1,820,351	1,717,147	103,204
Employee Benefits	574,057	574,057	552,980	21,077
Purchased Prof. and Tech. Services	712,960	712,960	704,256	8,704
Other Purchased Services	670,000	670,000	448,104	221,896
Supplies	20,650	20,650	26,231	(5,581)
Other Objects	<u>550</u>	<u>550</u>	<u>1,283</u>	<u>(733)</u>
Total Special Programs	<u>3,798,568</u>	<u>3,798,568</u>	<u>3,450,001</u>	<u>348,567</u>

**West Jefferson Hills School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Instruction (Cont'd)				
Vocational Education Programs				
Other Purchased Services	\$ 700,720	\$ 700,720	\$ 494,592	\$ 206,128
Other Instructional Programs				
Personal Services				
Salaries	214,760	214,760	200,574	14,186
Employee Benefits	60,326	60,326	61,525	(1,199)
Purchased Prof. and Tech. Services	50,000	50,000	15,740	34,260
Other Purchased Services	3,000	3,000	526	2,474
Supplies	10,000	10,000	5,875	4,125
Other Objects	<u>15,000</u>	<u>15,000</u>	<u>215</u>	<u>14,785</u>
Total Other Instructional Programs	<u>353,086</u>	<u>353,086</u>	<u>284,455</u>	<u>68,631</u>
Nonpublic School Programs				
Purchased Prof. and Tech. Services	-	-	10,128	(10,128)
Total Instruction	<u>19,943,397</u>	<u>19,943,397</u>	<u>19,075,461</u>	<u>867,936</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	561,196	561,196	550,707	10,489
Employee Benefits	211,503	211,503	192,298	19,205
Purchased Prof. and Tech. Services	196,500	196,500	163,625	32,875
Purchased Property Services	2,000	2,000	1,547	453
Other Purchased Services	10,900	10,900	3,766	7,134
Supplies	29,650	29,650	14,926	14,724
Property	7,000	7,000	622	6,378
Other Objects	<u>3,400</u>	<u>3,400</u>	<u>1,169</u>	<u>2,231</u>
Total Pupil Personnel	<u>1,022,149</u>	<u>1,022,149</u>	<u>928,660</u>	<u>93,489</u>

**West Jefferson Hills School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Support Services (Cont'd)				
Instructional Staff				
Personal Services				
Salaries	\$ 591,449	\$ 591,449	\$ 358,969	\$ 232,480
Employee Benefits	209,263	209,263	147,169	62,094
Purchased Prof. and Tech. Services	22,300	22,300	78,747	(56,447)
Purchased Property Services	21,500	21,500	370	21,130
Other Purchased Services	12,000	12,000	3,972	8,028
Supplies	95,400	95,400	111,382	(15,982)
Property	25,000	25,000	10,343	14,657
Other Objects	<u>1,000</u>	<u>1,000</u>	-	<u>1,000</u>
Total Instructional Staff	<u>977,912</u>	<u>977,912</u>	<u>710,952</u>	<u>266,960</u>
Administration				
Personal Services				
Salaries	1,409,776	1,409,776	1,272,431	137,345
Employee Benefits	507,416	507,416	458,378	49,038
Purchased Prof. and Tech. Services	374,950	374,950	492,380	(117,430)
Purchased Property Services	2,550	2,550	687	1,863
Other Purchased Services	110,600	110,600	64,808	45,792
Supplies	33,400	33,400	20,749	12,651
Property	10,000	10,000	1,475	8,525
Other Objects	<u>41,500</u>	<u>41,500</u>	<u>30,829</u>	<u>10,671</u>
Total Administration	<u>2,490,192</u>	<u>2,490,192</u>	<u>2,341,737</u>	<u>148,455</u>
Pupil Health				
Personal Services				
Salaries	392,811	392,811	394,514	(1,703)
Employee Benefits	135,694	135,694	140,917	(5,223)
Purchased Prof. and Tech. Services	14,000	14,000	20,374	(6,374)
Purchased Property Services	100	100	-	100
Other Purchased Services	1,210	1,210	942	268

**West Jefferson Hills School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Support Services (Cont'd)				
Pupil Health (Cont'd)				
Supplies	\$ 9,000	\$ 9,000	\$ 15,074	\$ (6,074)
Property	<u>5,500</u>	<u>5,500</u>	<u>1,439</u>	<u>4,061</u>
Total Pupil Health	<u>558,315</u>	<u>558,315</u>	<u>573,260</u>	<u>(14,945)</u>
Business				
Personal Services				
Salaries	180,915	180,915	232,524	(51,609)
Employee Benefits	78,124	78,124	96,727	(18,603)
Purchased Prof. and Tech. Services	80,000	80,000	63,161	16,839
Purchased Property Services	19,000	19,000	15,805	3,195
Other Purchased Services	11,300	11,300	11,116	184
Supplies	3,000	3,000	1,562	1,438
Other Objects	<u>500</u>	<u>500</u>	<u>290</u>	<u>210</u>
Total Business	<u>372,839</u>	<u>372,839</u>	<u>421,185</u>	<u>(48,346)</u>
Operation and Maintenance of Plant Svcs.				
Personal Services				
Salaries	1,451,221	1,451,221	1,489,123	(37,902)
Employee Benefits	507,286	507,286	466,092	41,194
Purchased Prof. and Tech. Services	50,000	50,000	126,955	(76,955)
Purchased Property Services	790,500	790,500	787,102	3,398
Other Purchased Services	133,456	133,456	110,335	23,121
Supplies	591,800	591,800	352,840	238,960
Property	10,000	10,000	30,142	(20,142)
Other Objects	<u>15,500</u>	<u>15,500</u>	<u>9,225</u>	<u>6,275</u>
Total Oper. and Maint. of Plant Svcs.	<u>3,549,763</u>	<u>3,549,763</u>	<u>3,371,814</u>	<u>177,949</u>
Student Transportation Services				
Personal Services				
Salaries	22,418	22,418	20,340	2,078
Employee Benefits	11,606	11,606	11,437	169

**West Jefferson Hills School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Support Services (Cont'd)				
Student Transportation Services (Cont'd)				
Other Purchased Services	\$ 2,265,500	\$ 2,265,500	\$ 2,074,887	\$ 190,613
Supplies	<u> -</u>	<u> -</u>	<u>84,544</u>	<u>(84,544)</u>
Total Student Transportation Services	<u>2,299,524</u>	<u>2,299,524</u>	<u>2,191,208</u>	<u>108,316</u>
Central				
Personal Services				
Salaries	359,607	359,607	364,495	(4,888)
Employee Benefits	689,730	689,730	656,015	33,715
Purchased Prof. and Tech. Services	120,000	120,000	58,171	61,829
Other Purchased Services	104,500	104,500	97,874	6,626
Supplies	6,500	6,500	2,749	3,751
Property	3,500	3,500	56,907	(53,407)
Other Objects	<u>5,300</u>	<u>5,300</u>	<u>3,181</u>	<u>2,119</u>
Total Central	<u>1,289,137</u>	<u>1,289,137</u>	<u>1,239,392</u>	<u>49,745</u>
Other				
Other Purchased Services	<u>38,091</u>	<u>38,091</u>	<u>37,767</u>	<u>324</u>
Total Support Services	<u>12,597,922</u>	<u>12,597,922</u>	<u>11,815,975</u>	<u>781,947</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	453,469	453,469	471,473	(18,004)
Employee Benefits	91,452	91,452	89,312	2,140
Purchased Prof. and Tech. Services	33,000	33,000	102,535	(69,535)
Purchased Property Services	28,500	28,500	23,515	4,985
Other Purchased Services	149,000	149,000	123,529	25,471
Supplies	120,500	120,500	109,796	10,704
Property	25,500	25,500	14,769	10,731
Other Objects	<u>24,000</u>	<u>24,000</u>	<u>16,784</u>	<u>7,216</u>
Total Student Activities	<u>925,421</u>	<u>925,421</u>	<u>951,713</u>	<u>(26,292)</u>

**West Jefferson Hills School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Noninstructional Services (Cont'd)				
Community Services				
Supplies	\$ 5,000	\$ 5,000	\$ 1,848	\$ 3,152
Other Objects	<u>71,000</u>	<u>71,000</u>	<u>70,825</u>	<u>175</u>
Total Community Services	<u>76,000</u>	<u>76,000</u>	<u>72,673</u>	<u>3,327</u>
Total Noninstructional Services	<u>1,001,421</u>	<u>1,001,421</u>	<u>1,024,386</u>	<u>(22,965)</u>
Debt Service				
Refunds of Prior Year's Receipts	664,023	664,023	37,129	626,894
Fiscal Agent Fees	<u>-</u>	<u>-</u>	<u>15,696</u>	<u>(15,696)</u>
Total Debt Service	<u>664,023</u>	<u>664,023</u>	<u>52,825</u>	<u>611,198</u>
Total Expenditures	<u>34,206,763</u>	<u>34,206,763</u>	<u>31,968,647</u>	<u>2,238,116</u>
Other Financing Uses				
Fund Transfers				
Debt Service Fund	<u>3,138,827</u>	<u>3,138,827</u>	<u>3,138,827</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>37,345,590</u>	<u>37,345,590</u>	<u>35,107,474</u>	<u>2,238,116</u>
Net Change in Fund Balance	-	-	3,616,090	3,616,090
Fund Balance - July 1, 2011	<u>15,081,648</u>	<u>15,081,648</u>	<u>16,514,360</u>	<u>1,432,712</u>
Fund Balance - June 30, 2012	<u>\$15,081,648</u>	<u>\$15,081,648</u>	<u>\$20,130,450</u>	<u>\$5,048,802</u>

**West Jefferson Hills School District
Required Supplementary Information
Other Post-Employment Benefits
June 30, 2012**

Schedule of Funding Progress for Retiree Health Plan

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (AVA/AAL)	Covered Payroll	UAAL as Percentage of Covered Payroll
07/01/10	\$ -	\$4,083,777	\$4,083,777	0.0%	\$13,301,514	30.70%
07/01/08	-	4,338,357	4,338,357	0.0%	14,180,859	30.59%

SINGLE AUDIT SECTION

HOSACK, SPECHT, MUETZEL & WOOD LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Members of the Board
West Jefferson Hills School District
Jefferson Hills, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for West Jefferson Hills School District for the period ended June 30, 2012 were prepared to fulfill the requirements of the Office of Management and Budget's Circular A-133. A summary of the reports are as follows:

- A. 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*
- B. Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP

February 4, 2013

HOSACK, SPECHT, MUETZEL & WOOD LLP

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**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***

Members of the Board
West Jefferson Hills School District
Jefferson Hills, Pennsylvania

Dear Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Jefferson Hills School District as of and for the year ended June 30, 2012, which collectively comprise West Jefferson Hills School District's basic financial statements and have issued our report thereon dated February 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of West Jefferson Hills School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered West Jefferson Hills School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Jefferson Hills School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Jefferson Hills School District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Jefferson Hills School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of West Jefferson Hills School District in a separate letter dated February 4, 2013.

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

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
February 4, 2013

HOSACK, SPECHT, MUETZEL & WOOD LLP

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**Independent Auditor's Report on Compliance With Requirements That Could
Have a Direct and Material Effect on Each Major Program and on Internal
Control Over Compliance in Accordance With OMB Circular A-133**

Members of the Board
West Jefferson Hills School District
Jefferson Hills, Pennsylvania

Dear Members:

Compliance

We have audited West Jefferson Hills School District's compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Jefferson Hills School District's major federal programs for the year ended June 30, 2012. West Jefferson Hills School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of West Jefferson Hills School District's management. Our responsibility is to express an opinion on West Jefferson Hills School District's compliance based on our audit.

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

In our opinion, West Jefferson Hills School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of West Jefferson Hills School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered West Jefferson Hills School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Jefferson Hills 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
February 4, 2013

West Jefferson Hills School District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2012

Exhibit C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued was unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes √ no
- Significant deficiency(ies) identified? ___ yes √ none reported

Noncompliance material to financial statements noted?

___ yes √ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes √ no
- Significant deficiency(ies) identified? ___ yes √ none reported

Type of auditor's report issued on compliance for major programs was unqualified.

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

___ yes √ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
----------------	------------------------------------

84.027 & 84.173	IDEA Cluster
-----------------	--------------

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
--	-----------

Auditee qualified as low-risk auditee?	___ <u> √ </u> yes ___ no
--	--

West Jefferson Hills School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Exhibit C

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Status of Prior Year's Findings

Finding 2011-1

Condition

For all three major programs - IDEA Cluster, State Fiscal Stabilization Funds, and Education Jobs Fund, the School District was not able to generate funding source reports from the general ledger system.

Recommendation

Business office should work toward implementing a new general ledger system capable of generating funding source reports.

Current Status

Resolved

**West Jefferson Hills School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012**

Exhibit D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/11	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 06/30/12
U. S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I	I	84.010	013-120472	07/01/11-09/30/12	\$200,775	\$174,915	\$ -	\$238,528	\$238,528	\$ 63,613
Title I	I	84.010	013-110472	07/02/10-09/30/11	208,246	41,600	32,326	9,274	9,274	-
ARRA - State Fiscal Stabilization Fund	I	84.394	126-110472	07/01/10-06/30/11	638,318	53,193	53,193	-	-	-
Title II Improving Teacher Quality	I	84.367	020-120472	07/01/11-09/30/12	69,840	37,377	-	44,437	44,437	7,060
Title II Improving Teacher Quality	I	84.367	020-110472	07/02/10-09/30/11	82,072	10,883	5,253	5,630	5,630	-
Education Jobs Fund	I	84.410	140-120472	07/01/11-06/30/12	5,862	-	-	5,862	5,862	5,862
Total Department of Education						<u>317,968</u>	<u>90,772</u>	<u>303,731</u>	<u>303,731</u>	<u>76,535</u>
Passed through the Allegheny										
Intermediate Unit										
Title III	I	84.365	N/A	07/01/11-09/30/12	1,294	1,294	-	1,294	1,294	-
IDEA 619 B	I	84.173	N/A	07/01/11-06/30/12	2,485	2,485	-	2,485	2,485	-
IDEA B	I	84.027	N/A	07/01/11-06/30/12	250,017	250,017	-	250,017	250,017	-
Total U. S. Department of Education						<u>571,764</u>	<u>90,772</u>	<u>557,527</u>	<u>557,527</u>	<u>76,535</u>
U. S. Department of Justice										
Alternative Ed Grant	D	16.541	N/A	10/01/09-06/30/12	500,000	-	56,136	154,587	154,587	210,723
U. S. Department of Health & Human Services										
Passed through the Pennsylvania										
Department of Public Welfare										
Title 19 Medical Assistance Reimbursement for Administration	I	93.778	N/A	N/A	N/A	232	-	232	232	-
U. S. Department of Agriculture										
Passed through the Pennsylvania										
Department of Education										
National School Lunch Program	I	10.555	N/A	07/01/11-06/30/12	N/A	183,224	4,737	181,411	181,411	2,924
Passed through the Pennsylvania										
Department of Agriculture										
National School Lunch Program (Donated Commodities Noncash Assistance)	I	10.555	N/A	07/01/11-06/30/12	N/A	33,983	(4,381)	34,328	34,328	(4,036)
Total U. S. Department of Agriculture						<u>217,207</u>	<u>356</u>	<u>215,739</u>	<u>215,739</u>	<u>(1,112)</u>
Total Federal Financial Assistance						<u>\$789,203</u>	<u>\$147,264</u>	<u>\$928,085</u>	<u>\$928,085</u>	<u>\$286,146</u>

West Jefferson Hills School District
Schedule of Expenditures of Federal Awards
Footnotes
Year Ended June 30, 2012

Exhibit D

Note A - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Note B - Source Code

The Source Code (I) indicates funds received indirectly.
The Source Code (D) indicates funds received directly.

Note C - Reconciliation with Subsidy Confirmation

Amount Received Per Schedule	\$ 789,203
Less IDEA Received	(250,017)
Less Commodities Received	(33,983)
Less Title III	(1,294)
Less IDEA Sec 619	(2,485)
Less Title XIX	(232)
Add State Revenue on Confirmation	<u>25,121</u>
Per Subsidy Confirmation	<u>\$ 526,313</u>

**West Jefferson Hills School District
List of Report Distribution
June 30, 2012**

Exhibit E

1 Copy - Bureau of Audits

1 Copy - Bureau of the Census

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