

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. Under laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "TAX MATTERS" herein.

\$29,250,000
West Chester Area School District
(Chester and Delaware Counties, Pennsylvania)
General Obligation Bonds, Series of 2021

Bonds Dated: Date of Delivery
Interest Due: May 1 and November 1

Principal Due: May 1, as shown on inside cover
First Interest Payment: November 1, 2021

The bonds described herein will be issued in the aggregate principal amount of \$29,250,000 and will be designated as the General Obligation Bonds, Series of 2021 (the "Bonds"). The Bonds will be issued in denominations of \$5,000 and integral multiples thereof, and will be registered in the name of Cede & Co., as the owner and nominee of The Depository Trust Company ("DTC"), New York, New York, under its book-entry only system maintained 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. A purchaser of the Bonds 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, Bonds are ever issued in certificated form, such Bonds will be subject to registration or transfer, exchange and payment as described herein. The principal of any certificated Bonds will be paid to the registered owners or assigns, when due, upon presentation and surrender of such Bonds to Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent, registrar and sinking fund depository, at its designated corporate trust office. Interest on the Bonds is payable initially on November 1, 2021 and thereafter semiannually on May 1 and November 1 of each year, until the principal sum thereof is paid. DTC Participants and Indirect Participants will be responsible for remitting interest and principal payments to Beneficial Owners of the Bonds.

The Bonds are general obligations of the West Chester Area School District, a public school district located in portions of Chester and Delaware Counties, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will provide in its 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 (herein defined) or any other of its 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 presently includes the power to levy an annual ad valorem tax on all taxable real property within the School District, within the limits provided by law. (See "**THE BONDS – "Security"**" and "**TAXING POWERS OF THE SCHOOL DISTRICT**" *infra*).

The Bonds are subject to optional redemption prior to maturity as described herein.

Proceeds of the Bonds will be used to plan, design, acquire and construct alternations and improvements to the Glen Acres Elementary School, Mary C. Howse Elementary School and other public school buildings and facilities and pay the costs of issuing the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth of Pennsylvania 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, YIELDS/PRICES AND CUSIPS
[As Shown on 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 Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Unruh, Turner, Burke & Frees, P.C., West Chester, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, will serve 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 through DTC, on or about June 1, 2021.



\$29,250,000

West Chester Area School District
(Chester and Delaware Counties, Pennsylvania)
General Obligation Bonds, Series of 2021

Bonds Dated: Date of Delivery
Interest Due: May 1 and November 1
Denomination: Integral multiples of \$5,000

Principal Due: May 1 (as shown below)
First Interest Payment: November 1, 2021
Form: DTC Book-Entry Only

BOND MATURITY SCHEDULE:

Maturity Date					
(May 1)	Principal	Interest	Initial Offering	Initial Offering	
Year	Amounts	Rates	Yields	Prices	CUSIP⁽¹⁾
2029**	\$40,000	1.500%	1.220%	102.106%	9520305M2
2030	5,000	4.000	0.940*	123.292*	9520305N0
2031	2,165,000	4.000	0.940*	123.292*	9520305P5
2032	2,255,000	4.000	1.020*	122.608*	9520305Q3
2033	2,340,000	4.000	1.060*	122.267*	9520305R1
2034	2,435,000	4.000	1.110*	121.844*	9520305S9
2035	2,535,000	4.000	1.150*	121.506*	9520305T7
2036	2,635,000	4.000	1.200*	121.085*	9520305U4
2037	2,740,000	4.000	1.250*	120.666*	9520305V2
2038	2,850,000	4.000	1.300*	120.248*	9520305W0
2039	2,965,000	4.000	1.350*	119.832*	9520305X8
2040	3,080,000	4.000	1.400*	119.418*	9520305Y6
2041	3,205,000	4.000	1.450*	119.005*	9520305Z3

⁽¹⁾The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter has agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Yield/Priced to Optional Redemption Date of May 1, 2029.

**Term Bonds.

WEST CHESTER AREA SCHOOL DISTRICT
(Chester and Delaware Counties, Pennsylvania)

BOARD OF SCHOOL DIRECTORS

Chris McCune	President
Sue Tiernan	Vice President
Gary Bevilacqua	Member
Joyce Chester	Member
Daryl Durnell	Member
Brian Gallen	Member
Dr. Karen Herrmann	Member
Dr. Kate Shaw	Member
Randell Spackman	Member
Linda Cherashore	Secretary*
Carol DeLuca	Assistant Secretary*
John T. Scully	Treasurer*

*Non-Voting Member

SUPERINTENDENT
DR. JAMES R. SCANLON

DIRECTOR OF BUSINESS AFFAIRS
JOHN T. SCULLY

SCHOOL DISTRICT SOLICITOR
UNRUH, TURNER, BURKE & FREES, P.C.
West Chester, Pennsylvania

BOND COUNSEL
ECKERT SEAMANS CHERIN & MELLOTT, LLC
Harrisburg, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER
KEYBANC CAPITAL MARKETS
Denver, Colorado

PAYING AGENT
MANUFACTURERS AND TRADERS TRUST COMPANY
Buffalo, New York and Harrisburg, Pennsylvania

SCHOOL DISTRICT ADDRESS
782 Springdale Drive
Exton, Pennsylvania

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

\$29,250,000

West Chester Area School District (Chester and Delaware Counties, Pennsylvania)

General Obligation Bonds, Series of 2021

INTRODUCTION

This Preliminary Official Statement, including the cover page and inside cover page hereof, and Appendices hereto, is furnished by the West Chester Area School District, a public school district that consists of portions of Chester and Delaware Counties, Pennsylvania (the "School District"), in connection with the offering of \$29,250,000 aggregate principal amount, of its General Obligation Bonds, Series of 2021 (the "Bonds"). 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 April 26, 2021 (the "Resolution"), and in accordance with the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Debt Act"), of the Commonwealth of Pennsylvania (the "Commonwealth" or "State").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to plan, design, acquire and construct alternations and improvements to the Glen Acres Elementary School, Mary C. Howse Elementary School and other public school buildings and facilities and pay the costs of issuing 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>Sources of Funds:</u>	Total
Bonds	\$29,250,000.00
Plus Original Issue Premium	6,108,325.10
<i>Total</i>	<u>\$35,358,325.10</u>
<u>Uses of Funds:</u>	
Construction Fund Deposit	\$35,000,000.00
Costs of Issuance ⁽¹⁾	358,325.10
<i>Total</i>	<u>\$35,358,325.10</u>

(1) Includes legal, financial advisor, printing, rating, total bond discount, CUSIP, paying agent, and miscellaneous costs.

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 principal amount and integral multiples thereof, in the aggregate principal amount of \$29,250,000. The Bonds will be dated as of the date of the original issuance and delivery thereof (the "Date of Delivery"), and 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 November 1, 2021, and, thereafter, semiannually on May 1 and November 1 of each year until the maturity date of such Bond or, if such Bond is redeemable and is called for 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 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 any certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of such Bonds to Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its designated corporate trust offices (or to any successor paying agent at its designated office(s)).

Interest on any certificated Bonds will be payable to the registered owner of such 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 November 1, 2021, in which event such Bond shall bear interest from the Date of Delivery, 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 a 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 (15th) day (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 each 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 the 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 owner of such Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name such Bond is 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," a certificated Bond is transferable or exchangeable by the registered owner, thereof upon surrender of such Bond 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 maturity 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 any Bond as the absolute owner thereof (whether or not such 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.

The School District and the Paying Agent shall not be required (a) to register the transfer 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 maturity and interest rate.

Security

The Bonds will be general obligations of the School District, payable on a parity basis with all existing and future general obligation debt of the School District, from its tax and other general revenues. The School District has covenanted 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 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 includes the power to levy an annual ad valorem tax on all taxable property within the School District, within the limits provided by law (see "TAXING POWERS OF THE SCHOOL DISTRICT" herein). The Debt Act presently provides for the 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" below).

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (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 on 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 Commonwealth 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.

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. See "**Pennsylvania Budget Adoption**" hereinafter.

Past Delays in Pennsylvania Budget Adoptions

Over the past several years the Commonwealth of Pennsylvania has, from time to time, started its fiscal year without a fully adopted state budget. In the state's 2015-16 fiscal year, a final budget was not enacted until 270 days following the beginning of the fiscal year on March 27, 2016 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on March 17, 2016.

For the 2016-17 fiscal year, the state budget became law, known as Act 16A of 2016, on July 12, 2016 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on July 1, 2016. On July 13, 2016, the General Assembly adopted and Governor signed into law additional tax and revenue package, known as Act 85 of 2016, which was needed to balance the 2016-17 state budget.

For the 2017-18 fiscal year, the state budget became law, known as Act 1A of 2017, on July 11, 2017 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on June 30, 2017. Act 1A of 2017 did not have any accompanying legislation regarding the potential revenue that would be needed to fund the balance of the 2017-18 Budget at the time of its enactment. On October 25, 2017, the General Assembly adopted House Bill 542 which contained the necessary revenue to fund the balance of the previously adopted Act 1A of 2017. On October 30, 2017 the Governor approved and signed House Bill 542 and it became known as Act 43 of 2017.

For the 2018-19 and 2019-20 fiscal years, the state budget was adopted on a timely basis.

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the governor passed a five-month stopgap budget for the fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. On November 23, 2020, the Governor approved the 2020-21 Supplemental Budget. The 2020-21 Supplemental Budget includes mostly flat funding for public education similar to stopgap budget adopted for the first five months of the 2020-21 fiscal year.

During a state budget impasse, school districts in Pennsylvania cannot be certain when state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. **Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code, however recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See "Act 85 of 2016" hereinafter.**

Act 85 of 2016 – State Enforcement of Debt Service During Budget Impasses

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) ("Act 85 of 2016"), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code ("Fiscal Code"). Act 85 of 2016 adds to the Fiscal Code Article XVI-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by the Pennsylvania Department of Education ("PDE") to a school district subject to an "intercept statute" or an "intercept agreement" in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of "intercept statute" Section 633 of the Public School Code. The School District's general obligation bonds, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts that may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XV11-E.4 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district with bonds or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Preliminary Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information with respect to the Bonds to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.

Sinking Fund

The sinking fund for the payment of debt service on the Bonds, designated "General Obligation Bonds, Series of 2021 - Sinking Fund" (the "Sinking Fund"), created under the Resolution shall be held 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/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and funds deposited therein will be invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by law, 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 Funds the principal of and interest on the Bonds, as and when due and payable.

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"). The Bonds will be issued as fully-registered securities 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 maturity of the Bonds, each in the aggregate principal amount of such maturity, 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 of any particular maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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).

Payments of Principal, interest and redemption premium, if any, 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 the Issuer or the Paying 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, the Issuer or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of Principal, interest and redemption premium, if any, on the Bonds, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying 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 the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The 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 ISSUER 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 ORDINANCE 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.

REDEMPTION OF BONDS

Optional Redemption

The Bonds stated to mature on or after May 1, 2030, shall be subject to redemption prior to maturity, at the option of the School District, as a whole or on any date thereafter, or from time to time, in part (and if in part, in any order of maturities designated by the School District and within a maturity by lot) on May 1, 2029, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

Mandatory Sinking Fund Redemptions

The Bonds stated to mature on May 1, 2029 are subject to redemption prior to maturity as required by the Resolution, in the amounts and on May 1 of the years shown below, from money in the Mandatory Sinking Fund created pursuant to the Resolution, upon payment of the principal amount being redeemed, together with interest accrued to the date fixed for redemption.

Bonds stated to mature May 1, 2029:

2022	\$5,000
2023	5,000
2024	5,000
2025	5,000
2026	5,000
2027	5,000
2028	5,000
2029*	5,000

* Stated maturity.

In lieu of such mandatory sinking fund redemptions, 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.

In the case of any prior, optional redemption in part of a Bond that is subject to future mandatory redemption, the School District shall be entitled to designate whether the principal amount of such Bond redeemed upon optional redemption shall be credited against the principal amount of such Bond to be paid by the School District at the stated maturity of such Bond or credited against the principal amount of such Bond scheduled to be called for mandatory sinking fund redemption on any particular date or dates, in each case in an integral multiple of \$5,000 principal amount.

Notice of Redemption

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the School District and the Paying Agent shall send redemption notices only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of notices to Beneficial Owners.

Notice of any redemption of certificated Bonds shall be given by depositing a copy of a redemption notice in first class mail not less than thirty (30) days prior to the date fixed for redemption, addressed to the registered owners of each of the Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books kept by the Paying Agent as of the day such Bonds are selected for redemption; 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 other Bonds called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or 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 thereto, except to receive payment of the principal thereof and accrued interest thereon to the date fixed for redemption.

If at the time of mailing of a notice of redemption the School District shall not have deposited with the Paying Agent, as sinking fund depository, money sufficient to redeem all Bonds or portions thereof called for redemption, the notice of redemption may state that it is conditional, *i.e.*, that it is subject to the deposit of sufficient redemption money with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such money is so deposited. If the Bonds to be called for redemption shall have been refunded, money sufficient to redeem such Bonds shall be deemed to be on deposit with the Paying Agent for the purposes of this paragraph and the notice of redemption need not state that it is conditional, if the redemption money has been deposited irrevocably with another bank or bank and trust company which shall have been given irrevocable instructions to transfer the same to the Paying Agent not later than the redemption date. If sufficient funds are not received, such notice of redemption shall be of no effect.

Manner of Redemption

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payment of the redemption price shall be made to Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all Bonds of any particular maturity of a series are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner in such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding redemption of Bonds registered in the name of Cede & Co.

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 the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond 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 maturity and in authorized denominations of the same series, maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for 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 the principal, premium, if any, 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 or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

THE SCHOOL DISTRICT

Introduction

The School District consists of the Borough of West Chester and surrounding municipalities in central Chester County and one municipality in western Delaware County and covers an area of approximately 75 square miles. The School District's boundaries are coterminous with those of the Borough of West Chester and the Townships of East Bradford, East Goshen, Thornbury, West Goshen, Westtown and West Whiteland, all located in Chester County, and the Township of Thornbury in Delaware County. The Borough of West Chester, located in the geographic center of the School District and county seat of Chester County, is approximately 25 miles west of metropolitan Philadelphia, 15 miles north of Wilmington, Delaware, and 15 miles south of King of Prussia and Valley Forge. Many well-known unincorporated communities are located within the School District and these include: Exton in West Whiteland Township, Goshenville in East Goshen Township, Chatwood in West Goshen Township, Cheyney and Glen Mills in Thornbury Township, Delaware County, and Darlington Corners in Westtown Township.

West Chester Area School District is characterized by rolling hills and fertile valleys flanking the east branch of the Brandywine Creek and the tributaries of the Chester Creek. The Borough of West Chester is the financial and professional center for the surrounding area. The Townships encompassed within the School District are principally residential in character, with regional shopping centers and industrial parks. Four major public institutions are within the School District: West Chester University; Cheyney University; Chester County Courthouse; and Chester County Hospital.

Administration

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

School District Facilities

The School District operates ten elementary schools, three middle schools and three high schools an administration building and athletic and support facilities, all as described on the following table. Students at the secondary level also attend the Central Chester County Area Vocational Technical School.

**TABLE 1
WEST CHESTER AREA SCHOOL DISTRICT FACILITIES**

Building	Original Construction Date	Addition and/or Renovation Date	Grades	2020-21 Enrollment
High Schools				
B. Rustin High School	2003-06	-	9-12	1,280
East High School	1973	1976/92/93/04	9-12	1,239
Henderson High School	1951	1956/64/76/94/98/04	9-12	1,373
Middle Schools				
E. N. Peirce Middle School	1963	1998/01/03	6-8	1107
G. A. Stetson Middle School	1959	1961/98/03/07	6-8	861
J. R. Fugett Middle School	1969	2009	6-8	875
Elementary Schools				
East Bradford Elementary	1958	1966/70/89/14	K-5	377
East Goshen Elementary	1955	1960/64/67/95/01/20	K-5	431
Exton Elementary	1940	1953/57/91/92/93/00/19	K-5	558
Fern Hill Elementary	1955	1960/89/2016	K-5	566
Glen Acres Elementary	1966	1997	K-5	555
Greystone Elementary*	2021	-	K-5	0
Hillsdale Elementary	1976	2007	K-5	536
Mary C. Howse Elementary	1962	1965/97	K-5	605
Penn Wood Elementary	1966	1970/89/01/13	K-5	486
Sarah W. Starkweather Elementary	1991	1998	K-5	568
Westtown-Thornbury Elementary	1954	1956/89/13	K-5	543
Other				
Facilities & Operations Center	1999	-	-	
Spellman Administration**	1924	1952/55/77/99	Admin	
Spellman Education Center	1988	2017	Admin	
East/Fugett Athletic Fields	2004	-	-	
Henderson-North Campus Athletics	2006	-	-	
402 North Penn Street	2020***			8
			Totals	12,448

*School building expected to open fall of 2021.

**On November 27, 2017 the School Board entered into an agreement of sale to sell the property. There have been several addendums to extend the date for settlement. The school district has now received Court approval for the sale which is contingent upon the buyer receiving land plan approval from West Goshen Township, which the buyer is in the process of obtaining.

***The School District purchased the building on April 28, 2020 for special education use.

Source: School District Officials. Enrollments do not include vo-tech students or students attending facilities not operated by the School District.

Enrollment Trends

The following table presents recent trends in School District enrollment and projections of enrollment for the next 5 years, as prepared by the School District's administrative officials.

**TABLE 2
WEST CHESTER AREA SCHOOL DISTRICT ENROLLMENT TRENDS**

Actual Enrollments					Projected Enrollments				
School Year	K-5	6-8	9-12	Total	School Year	K-5	6-8	9-12	Total
2016-17	5,027	2,809	3,753	11,589	2021-22	5,253	2,788	3,860	11,901
2017-18	5,340	2,824	3,764	11,928	2022-23	5,321	2,739	3,874	11,934
2018-19	5,352	2,766	3,845	11,963	2023-24	5,331	2,718	3,903	11,952
2019-20	5,388	2,824	3,866	12,078	2024-25	5,306	2,826	3,861	11,993
2020-21	5,225	2,843	3,900	11,968	2025-26	5,295	2,880	3,846	12,021

Source: School District officials.

SCHOOL DISTRICT FINANCES

Introduction

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

Financial Reporting

The School District keeps the books and prepares the financial reports for the General Fund according to a modified accrual basis of accounting. Major accrual items are payrolls, payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. Taxes are credited when received.

As of July 1, 2001, the School District adopted provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis - For State and Local Governments, Statement No. 37, Basic Financial Statements – and Management Discussion and Analysis - For State and Local Governments: Omnibus, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Balance Statements.

The School District financial statements are audited annually by an independent certified public accountant, as required by Commonwealth law. The firm of Barbacane, Thornton & Company LLP, Wilmington, Delaware, currently serves as the School District's auditor.

The School District's auditor has not been engaged to perform, and has not performed, since the date of its report included in an Appendix to this Preliminary Official Statement, any procedure on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this Preliminary Official Statement.

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 the fiscal year on July 1.

Procedures for Adoption of the Annual Budget. Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (the "Taxpayer Relief Act" or "Act 1"), all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal 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 final budget.

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" herein) and within 10 days, 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 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.

Status of FY 2020-21 Budget Under Act 1. On May 27, 2020, at its regular monthly meeting the School Board of the School District adopted a FY 2020-21 Final Budget, which calls for a tax millage rate increase of 0% for Chester County residents and a tax millage rate increase of 2.5% to 16.6626 mills for Delaware County residents. This budget relies heavily on School District spending reductions and the use of approximately \$9.2 million of the School District's accumulated fund balance. Property tax millage rates in the School District will remain one of the lowest of any school district in Chester County or Delaware County, Pennsylvania.

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Summary and Discussion of Financial Results

A summary of the comparative governmental fund balance sheets is presented in Table 3 and Table 4 shows historic changes in the general fund balances of the School District. Table 5 summarizes revenues and expenditures for the past five years and the 2020-21 budget.

TABLE 3
WEST CHESTER AREA SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GOVERNMENTAL FUND BALANCE SHEET
(Fiscal Years Ending June 30)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
ASSETS					
Current:					
Cash and Cash Equivalents	\$18,762,949	\$21,543,609	\$21,987,478	\$22,670,285	\$25,548,566
Investments	53,490,542	44,994,605	46,406,465	44,928,397	87,046,824
Internal Balances	(585)	(4,933)	(10,892)	(3,152)	91,859
Property Taxes Receivable, Net	3,615,153	3,856,980	3,280,667	3,117,633	3,586,978
Due from other Governments	4,598,096	6,881,636	7,509,937	7,696,457	8,288,183
Other Receivables	1,709,901	1,207,413	1,038,135	1,153,422	1,454,032
Prepaid Expenditures	2,434,975	3,046,271	2,957,388	3,381,404	3,499,326
TOTAL CURRENT ASSETS	<u>\$84,611,031</u>	<u>\$81,525,581</u>	<u>\$83,169,178</u>	<u>\$82,944,446</u>	<u>\$129,515,768</u>
Noncurrent Assets					
Capital Assets:					
Investments	\$0	\$0	\$1,458,629	\$5,194,434	\$497,497
Land	28,289,916	28,289,916	28,289,916	28,289,916	28,289,916
Land Improvements	15,770,266	16,416,508	16,416,508	16,416,508	16,416,508
Buildings	398,442,243	417,377,413	422,006,008	424,119,730	426,266,132
Construction in Progress	13,850,498	10,856,578	16,123,716	31,507,788	44,337,846
Furniture and Equipment	35,726,095	36,659,286	38,915,013	39,850,208	43,349,091
NET OF DEPRECIATION	<u>\$492,079,018</u>	<u>\$509,599,701</u>	<u>\$523,209,790</u>	<u>\$545,378,584</u>	<u>\$559,156,990</u>
Less: Accumulated depreciation	(\$198,539,706)	(\$211,334,325)	(\$223,354,041)	(\$235,498,846)	(\$248,116,393)
TOTAL ASSETS	<u>\$378,150,343</u>	<u>\$379,790,957</u>	<u>\$383,024,927</u>	<u>\$392,824,184</u>	<u>\$440,556,365</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amount on refunding	\$7,550,581	\$6,569,895	\$5,581,512	\$4,459,433	\$3,422,433
Deferred Pension Contributions	22,053,155	26,330,342	55,472,159	46,364,774	39,469,196
Deferred Pension	9,097,787	39,493,958	0	0	0
Deferred OPEB	0	0	2,801,019	3,422,816	3,243,222
TOTAL DEFERRED OUTFLOWS	<u>\$38,701,523</u>	<u>\$72,394,195</u>	<u>\$63,854,690</u>	<u>\$54,247,023</u>	<u>\$46,134,851</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$416,851,866</u>	<u>\$452,185,152</u>	<u>\$446,879,617</u>	<u>\$447,071,207</u>	<u>\$486,691,216</u>
LIABILITIES					
Current:					
Accounts Payable and other current liabilities	\$22,202,118	\$23,961,822	\$23,634,731	\$28,164,656	\$26,769,956
Bond and Notes Payable Due Within One Year	16,976,211	17,515,062	18,412,234	19,001,187	19,974,941
Accrued Interest	1,500,949	1,756,088	1,661,431	1,584,209	1,639,225
Deferred Revenues	144,102	83,608	85,184	56,516	235,320
TOTAL CURRENT LIABILITIES	<u>\$40,823,380</u>	<u>\$43,316,580</u>	<u>\$43,793,580</u>	<u>\$48,806,568</u>	<u>\$48,619,442</u>
Long-Term:					
Bonds and Notes Payable Due After One Year	\$273,049,843	\$264,195,316	\$255,590,148	\$246,444,265	\$266,661,598
Accrued Severance and Compensated Absences	4,626,439	4,752,023	4,955,912	5,155,067	5,440,155
Other post-employment benefits	406,171	669,256	30,031,236	29,410,267	28,809,834
Net pension liability	293,071,000	337,581,000	335,940,000	329,698,000	320,414,000
TOTAL LONG-TERM LIABILITIES	<u>\$571,153,453</u>	<u>\$607,197,595</u>	<u>\$626,517,296</u>	<u>\$610,707,599</u>	<u>\$621,325,587</u>
TOTAL LIABILITIES	<u>\$611,976,833</u>	<u>\$650,514,175</u>	<u>\$670,310,876</u>	<u>\$659,514,167</u>	<u>\$669,945,029</u>
DEFERRED INFLOW OF RESOURCES					
Deferred pension	\$1,803,000	\$2,812,000	\$2,393,000	\$5,376,000	\$12,393,000
Deferred OPEB	\$0	\$0	\$663,000	\$1,541,353	\$1,672,040
	<u>\$1,803,000</u>	<u>\$2,812,000</u>	<u>\$3,056,000</u>	<u>\$6,917,353</u>	<u>\$14,065,040</u>
NET POSITION (DEFICIT)					
Net investment in capital assets	\$11,063,839	\$23,124,893	\$29,976,250	\$43,699,285	\$49,714,318
Restricted for Capital Projects	27,440,218	22,444,089	22,461,479	20,557,393	21,345,455
Unrestricted (Deficit)	(\$235,432,024)	(\$246,710,005)	(\$278,924,988)	(\$283,616,991)	(\$268,378,626)
TOTAL FUND EQUITIES	<u>(\$196,927,967)</u>	<u>(\$201,141,023)</u>	<u>(\$226,487,259)</u>	<u>(\$219,360,313)</u>	<u>(\$197,318,853)</u>
TOTAL LIABILITIES AND FUND EQUITIES/NET ASSETS	<u>\$416,851,866</u>	<u>\$452,185,152</u>	<u>\$446,879,617</u>	<u>\$447,071,207</u>	<u>\$486,691,216</u>

Source: School District's Annual Financial Reports.

TABLE 4
WEST CHESTER AREA SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN GENERAL FUND BALANCE*
(Fiscal Years Ending June 30)

	<u>Actual</u>					<u>Budgeted</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021⁽¹⁾</u>
Beginning Fund Balance	\$31,665,559	\$28,760,978	\$28,780,193	\$31,906,389	\$38,868,824	\$55,455,485
Revenues over (under) Expenditure	<u>(2,904,581)</u>	<u>\$19,217</u>	<u>\$3,126,196</u>	<u>\$6,962,435</u>	<u>\$16,586,661</u>	<u>(\$21,327,637)</u>
Ending Fund Balance	<u>\$28,760,978</u>	<u>\$28,780,195</u>	<u>\$31,906,389</u>	<u>\$38,868,824</u>	<u>\$55,455,485</u>	<u>\$34,127,848</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted May 27, 2020.

Source: School District Annual Financial Reports and Budget.

General Fund Revenue

The School District received \$255,108,420 in total revenue in FY 2019-20, and has budgeted total revenue of \$248,488,030 in FY 2020-21. Local sources decreased as a share of total revenue in the past five years, from 83.03% in FY 2015-16 to 81.82% in FY 2019-20. Revenue from Commonwealth sources increased slightly as a share of the total revenue from 16.22% to 17.28% over this period. Federal and other revenue increased slightly as a share of the total revenue from 0.75% to 0.89% over this period.

TABLE 5
WEST CHESTER AREA SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES*
(Fiscal Years Ending June 30)

REVENUE:	<u>Actual</u>					<u>Budgeted</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021⁽¹⁾</u>
Local Sources:						
Real Estate Taxes (Current)	\$151,929,043	\$156,989,628	\$163,169,638	\$169,592,595	\$173,636,758	\$172,568,153
Interim Real Estate Taxes	780,930	695,464	1,065,856	1,091,954	984,090	824,699
Total Act 511 Taxes	24,325,967	27,451,544	26,105,252	25,931,136	26,240,881	23,325,603
Public Utility Realty Tax	198,340	196,738	183,280	192,821	177,571	180,000
Delinquencies on Taxes Levied	3,000,329	3,479,843	2,708,709	2,477,181	3,160,170	2,858,800
Earnings from Temporary Deposits & Investments	332,215	731,944	1,402,283	2,656,955	2,179,046	500,000
PA Revenue Rec'd.-Other Intermediate Sources	152,905	0	0	0	0	196,500
Fed. Rev. Rec'd.-Other Intermediate/PA Sources	1,199,740	1,328,361	1,314,410	1,326,870	1,334,850	1,431,536
Tuition from Patrons	157,428	161,773	116,998	72,768	42,389	118,510
Rentals	402,308	509,869	481,072	444,124	270,577	245,000
Contributions and Donations	13,381	17,602	27,126	18,271	9,557	11,000
Receipts from Other LEAs	385,557	350,622	305,084	287,250	302,217	0
Refund of Prior Years' Expenditures	36,859	34,677	40,726	999	5,666	0
All Other Local Revenues Not Specified	406,289	276,995	368,449	353,765	302,605	0
Other Sources	0	62,497	84,591	58,464	97,425	380,490
Total Local Sources	<u>\$183,321,291</u>	<u>\$192,287,557</u>	<u>\$197,373,473</u>	<u>\$204,505,151</u>	<u>\$208,743,801</u>	<u>\$202,640,291</u>
State Sources:						
Total State Sources	\$35,806,499	\$41,156,644	\$42,747,951	\$42,679,137	44,089,036	\$43,867,934
Federal Sources:						
Total Federal Sources	\$1,665,595	\$1,957,139	\$2,053,577	\$2,337,351	2,275,583	\$1,979,805
Other Sources:						
Total Other Sources	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE	<u>\$220,793,385</u>	<u>\$235,401,340</u>	<u>\$242,175,000</u>	<u>\$249,521,640</u>	<u>\$255,108,420</u>	<u>\$248,488,030</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted May 27, 2020.

Source: School District Annual Financial Reports and Budget.

General Fund Expenditures

**TABLE 5
WEST CHESTER AREA SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
EXPENDITURES*
(Fiscal Years Ending June 30)**

EXPENDITURES:	Actual					Budgeted
	2016	2017	2018	2019	2020	2021 ⁽¹⁾
Instruction	\$130,495,364	\$137,794,289	\$140,801,561	\$142,088,011	\$139,156,059	\$151,348,526
Pupil Personnel	8,637,182	8,686,873	8,967,198	9,290,791	9,151,408	10,166,734
Instructional Staff	5,213,154	5,481,670	5,207,701	5,383,710	5,668,075	6,220,847
Support Services - Administration	10,569,909	11,040,270	11,215,067	11,781,308	11,293,929	13,142,894
Support Services - Pupil Health	2,165,522	2,256,872	2,348,603	2,311,864	2,395,807	2,710,797
Business	1,859,038	1,790,607	1,827,625	1,853,750	1,787,151	2,005,031
Operation & Maintenance	15,696,512	15,996,618	16,215,303	16,493,245	16,068,868	19,330,543
Pupil Transportation	13,183,652	13,606,727	13,365,718	13,472,758	12,409,575	14,982,392
Central Support Services	3,489,068	3,354,191	3,456,610	3,608,038	3,595,539	4,056,507
Support Services - Other	127,780	229,674	613,696	265,872	147,771	226,867
Community Services	0	0	0	0	0	0
Non-instructional Services	4,803,105	4,865,617	5,038,436	5,180,293	4,854,313	5,710,566
Debt Service	18,350,433	24,085,387	24,855,902	25,571,842	26,541,652	27,290,206
Budgetary Reserves & Transfers	9,107,247	6,193,328	5,135,385	5,257,722	5,451,612	12,623,757
TOTAL EXPENDITURES	<u>\$223,697,966</u>	<u>\$235,382,124</u>	<u>\$239,048,804</u>	<u>\$242,559,205</u>	<u>\$238,521,759</u>	<u>\$269,815,667</u>
SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>(\$2,904,581)</u>	<u>\$19,217</u>	<u>\$3,126,196</u>	<u>\$6,962,435</u>	<u>\$16,586,661</u>	<u>(\$21,327,637)</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted May 27, 2020.

Source: School District Annual Financial Reports and Budget.

TAXING POWERS OF THE SCHOOL DISTRICT

In General

Subject to statutory limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see "The Taxpayer Relief Act (Act 1)" herein), 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 minimum 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 ("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.

The Taxpayer Relief Act (Act 1)

Under Act 1, a school district may not levy any new 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 (Act 511), 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 the Pennsylvania Department of Education (PDE):

1. to pay interest and principal on indebtedness approved (“incurred” as defined by Act 1) (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, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; 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 next, current and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Index %</u>
2021-22	3.0%
2020-21	2.6
2019-20	2.3
2018-19	2.4
2017-18	2.5
2016-17	2.4

Source: Pennsylvania Department of Education website.

In accordance with Act 1, the School District put a referendum question on the ballot at the May, 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an 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. This referendum question 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 later year seeking approval to levy or increase the rate of an EIT or a 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.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 1. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 1 NOR A LEGAL INTERPRETATION OF ANY PROVISION OF ACT 1, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Status of the Bonds Under Act 1

No exceptions to the Act 1 index and taxing limits are expected to apply to the Bonds.

Legislation Limiting Unreserved Fund Balances

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes, 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 appropriate 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.

*Applicable to the School District.

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, the Borough, Townships, and the County.

**TABLE 6
WEST CHESTER AREA SCHOOL DISTRICT TAX RATES**

	Chester County (mills)	Delaware County (mills)	Real Estate Transfer⁽¹⁾ (%)	Wage and Income⁽¹⁾ (%)
2016-17	20.0982	14.7113	1.00	1.00
2017-18	20.6841	15.2086	1.00	1.00
2018-19	21.2723	16.0761	1.00	1.00
2019-20	21.6622	16.2597	1.00	1.00
2020-21	21.6622	16.6626	1.00	1.00

⁽¹⁾Subject to sharing providing the municipality levies the tax.
Source: School District officials.

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

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
<i>School District</i>					
Chester County	20.0982	20.0982	21.2723	21.6622	21.6622
Delaware County	14.7113	15.2086	16.0761	16.2597	16.6626
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
East Bradford Township	1.0000	1.0000	1.0000	1.5000	1.5000
East Goshen Township	1.2500	1.2500	1.2500	1.2500	1.2500
Thornbury Township	0.9950	0.9950	0.9950	0.9950	0.9950
Thornbury Township (Delaware County)	0.0000	0.0000	0.0000	0.0000	0.0000
West Chester Borough	6.9600	6.9600	6.9600	6.9600	7.4000
West Goshen Township	2.0000	2.0000	2.0000	2.0000	2.0000
West Whiteland Township	0.7190	0.7190	0.7190	0.7140	0.7140
Westtown Township	3.5000	3.5000	3.5000	3.5000	3.5000
Chester County	4.3690	4.3690	4.3690	4.3690	4.5510

Source: Chester County and Delaware County websites.

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Real Property Tax

The real property tax including interim collections (excluding delinquent collections) produced \$177,235,011 in FY 2019-20, approximately 69.5% of overall revenue.

The following tables summarize trends of assessed and market valuations of real property. For the FY 2008-09 fiscal year, eligible taxpayers could opt into the installment method of payment for their school taxes. Installment payments are based upon three (3) one-third payments of the base tax amount.

Table 8 shows real property assessment data for the School District, Table 9 shows assessment by municipality and Table 10 shows assessment by land use. Table 11 summarizes recent trends in real property tax collection. The last countywide reassessment in Chester County was in 1998 and for Delaware County it was in 2000.

**TABLE 8
WEST CHESTER AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

<u>Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2019-20	\$14,366,083,784	\$8,569,423,385	59.65%
2018-19	14,207,175,901	8,491,497,863	59.77%
2017-18	13,559,785,462	8,471,217,579	62.47%
2016-17	13,370,341,642	8,376,073,418	62.64%
2015-16	12,891,822,543	8,345,996,336	64.74%

Source: PA State Tax Equalization Board (STEB)/Tax Equalization Division (TED)

**TABLE 9
WEST CHESTER AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	<u>2018</u>	<u>2018</u>	<u>2019</u>	<u>2019</u>
	<u>Market Value</u>	<u>Assessed Value</u>	<u>Market Value</u>	<u>Assessed Value</u>
<i>School District</i>	\$14,207,175,901	\$8,491,497,863	\$14,366,083,784	\$8,569,423,385
<i>Chester County</i>	61,672,249,583	37,989,733,317	62,413,143,030	38,392,565,940
East Bradford Township	1,291,181,796	806,261,704	1,294,533,277	808,208,294
East Goshen Township	2,624,749,363	1,649,937,856	2,643,517,739	1,659,847,054
Thornbury Township	482,635,520	315,660,309	479,248,412	313,923,339
Thornbury Township (Del County)	841,145,975	648,116,057	840,051,487	647,545,414
West Chester Borough	1,644,061,562	746,330,495	1,663,001,634	754,285,085
West Goshen Township	3,258,970,167	1,855,849,603	3,302,388,273	1,874,654,913
West Whiteland Township	2,735,081,261	1,696,315,218	2,776,318,198	1,717,107,186
Westtown Township	1,329,350,257	773,026,621	1,367,024,764	793,852,100

Source: PA State Tax Equalization Board (STEB)/Tax Equalization Division (TED)

**TABLE 10
WEST CHESTER AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	\$6,320,020,535	\$6,332,365,407	\$6,346,077,548	\$6,371,243,079	\$6,407,158,423
Lots	37,835,275	23,518,106	25,250,126	26,377,666	27,024,966
Industrial	147,070,325	146,853,645	147,018,855	146,817,485	147,770,765
Commercial	1,802,557,370	1,847,331,000	1,924,988,410	1,919,867,803	1,961,867,841
Agriculture	22,703,280	22,730,390	23,544,790	23,886,590	22,327,250
Trailers	1,464,810	1,471,450	1,471,450	1,471,450	1,379,200
Land	14,344,741	1,801,420	2,866,400	1,833,790	1,894,940
Total	\$8,345,996,336	\$8,376,071,418	\$8,471,217,579	\$8,491,497,863	\$8,569,423,385

Source: PA State Tax Equalization Board (STEB)/Tax Equalization Division (TED)

**TABLE 11
WEST CHESTER AREA SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

Year	Assessed Valuation	Chester Co. Mills	Delaware Co. Mills	Adjusted Levied⁽¹⁾	Current Collections Amount	Current Year Collections as Percent	Total Collections Amount⁽²⁾	Total Collections as Percent
2015-16	\$8,364,493,464	19.5779	13.9059	\$160,086,202	\$155,266,376	96.99%	\$158,266,705	98.86%
2016-17	8,438,369,400	20.0982	14.7113	166,104,714	160,634,511	96.71%	164,114,354	98.80%
2017-18	8,477,054,324	20.6841	15.2086	171,795,817	166,613,977	96.98%	169,322,685	98.56%
2018-19	8,490,151,093	21.2723	16.0761	178,032,911	173,060,736	97.21%	175,537,917	98.60%
2019-20	8,569,659,150	21.6622	16.2597	182,136,331	177,235,011	97.31%	180,395,181	99.04%

⁽¹⁾Plus penalties, less discounts and exonerations.

⁽²⁾Includes real property assessments plus delinquent collections.

Source: School District officials.

The ten largest real property taxpayers, together with 2020-21 assessed values, are shown on Table 12 which follows. The aggregate assessed value of these ten taxpayers totals approximately 3.5% of total assessed value.

**TABLE 12
WEST CHESTER AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2020-21**

Owner	Property	2020-21 Assessed Value
ARHC WHWCHPA01 LLC*	Wellington Senior Living	\$41,434,200
Exton Square Inc.	Shopping Mall	33,826,715
Main Street At Exton LP	Shopping Center	33,532,420
Keva Flats LP*	Apartment Complex	31,676,040
BRE Rook SH Bellingham LP	Bellingham Senior Living	30,740,000
QVC Inc.*	Industrial Bldg./TV Shopping	30,435,870
SPUS8 West Chester LP	Apartment Complex	27,976,000
Westtown Apartments	Apartment Complex	24,367,500
Pembroke Tom VC LLC	Business Complex	23,388,088
Exton Gardens LLC	Apartment Complex	21,023,480
Total		\$298,400,313

*Taxpayer assessment appeal pending.

Other Taxes

Under Act 511, the School District collected \$26,240,881 in taxes in FY 2019-20. Among the taxes authorized by Act 511, the Real Estate Transfer Tax and Wage and Income Taxes are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was approximately \$1,627,174,255.

Real Estate Transfer. The School District levies a tax of 0.5% of the value of real estate transfers. In FY 2019-20 the School District's collected portion of this tax yielded \$4,657,308 of total revenue.

Wage and Income Tax. The School District levies a tax of 0.5% of the earned income of residents. In FY 2019-20 the School District's collected portion of this tax yielded \$21,583,573 of 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.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>

School districts may also receive state aid for special education, pupil transportation, vocational education, and health services, among other things.

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (27.54%) or the wealth based Market Value Aid Ratio ("MVAR") currently (10.00%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

Based on the current PlanCon program, School District officials have estimated that the Bonds will not be subject to Commonwealth reimbursement.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year and a retroactive effective date of July 1, 2017. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon applications submitted between July 1, 2017 and November 6, 2017, and whose school district votes to proceed with construction and award bids on their construction contracts no later than July 1, 2021, to receive PlanCon funding as permitted by law, if made available by the Commonwealth. On June 22, 2018, the Governor approved and signed House Bill 1448, known as Act 39 of 2018, extending the PlanCon moratorium through the end of the 2018-2019 fiscal year. On June 28, 2019, the Governor approved and signed House Bill 1615, known as Act 16 of 2019, that included a continuation of the moratorium on new PlanCon Part A submittals through the end of the 2019-20 fiscal year. Act 30 of 2020 extended the moratorium on new PlanCon Part A submittals through the end of the 2020-21 fiscal year.

To date, the CFA has issued \$1,559,680,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, as well as its Revenue Bonds (Federally Taxable), Series of 2021 in the total amount of \$388,975,000 issued on May 9, 2019. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received from PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement could force the School District to apply other available funds, if any, toward the completion costs of the Project and may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania school districts. As of the date hereof, and except as described above, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be

positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the debt of the West Chester Area School District as of April 27, 2021 and includes the new issuance of the Bonds.

TABLE 13
WEST CHESTER AREA SCHOOL DISTRICT
DEBT STATEMENT
(As of April 27, 2021)*

NONELECTORAL DEBT	Gross Outstanding
General Obligation Bonds, Series of 2021 (last maturity 2041)	\$29,250,000
General Obligation Bonds, Series of 2020 (last maturity 2032)	14,540,000
General Obligation Bonds, Series of 2019 (last maturity 2040)	34,750,000
General Obligation Bonds, Series of 2018 (last maturity 2039)	9,985,000
General Obligation Bonds, Series A of 2017 (last maturity 2032)	9,740,000
General Obligation Bonds, Series of 2017 (last maturity 2029)	5,405,000
General Obligation Bonds, Series AA of 2016 (last maturity 2032)	8,485,000
General Obligation Bonds, Series A of 2016 (last maturity 2027)	32,005,000
General Obligation Bonds, Series of 2016 (last maturity 2024)	6,400,000
General Obligation Bonds, Series AA of 2015 (last maturity 2021)	770,000
General Obligation Bonds, Series AA of 2014 (last maturity 2030)	56,170,000
General Obligation Bonds, Series A of 2014 (last maturity 2024)	25,585,000
General Obligation Bonds, Series of 2014 (last maturity 2032)	12,000,000
General Obligation Bonds, Series AA of 2012 (last maturity 2022)	14,980,000
General Obligation Bonds, Series A of 2012 (last maturity 2032)	21,000,000
General Obligation Note, Series of 2009 (last maturity 2027)	9,300,000
<i>NONELECTORAL DEBT</i>	\$290,365,000
<i>LEASE RENTAL DEBT</i>	
<i>NET LEASE RENTAL DEBT</i>	\$0
<i>TOTAL NET NONELECTORAL AND LEASE RENTAL DEBT</i>	\$290,365,000

*Includes the Bonds offered through this Preliminary Official Statement.

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After the issuance of the Bonds, the principal of direct debt of the School District will total \$290,365,000. After adjustment for available funds and estimated Commonwealth aid, the local effort of direct debt will total \$282,389,407.

TABLE 14
WEST CHESTER AREA SCHOOL DISTRICT
OVERLAPPING INDEBTEDNESS AND DEBT RATIOS*
(As of April 27, 2021)*

	Gross	Local Effort or Net of Available Funds and Estimated Commonwealth Aid⁽¹⁾
DIRECT DEBT	Outstanding	
Nonelectoral Debt.....	\$290,365,000	\$282,389,407
Lease Rental Debt	0	0
TOTAL DIRECT DEBT.....	\$290,365,000	\$282,389,407
OVERLAPPING DEBT		
Chester County, General Obligation ⁽²⁾	\$117,115,869	\$117,115,869
Delaware County, General Obligation ⁽³⁾	5,595,179	5,595,179
Municipal Debt.....	119,771,166	119,771,166
TOTAL OVERLAPPING DEBT.....	\$242,482,214	\$242,482,214
TOTAL DIRECT AND OVERLAPPING DEBT	\$532,847,214	\$524,871,622
DEBT RATIOS		
Per Capita	\$4,913.71	\$4,840.16
Percent 2019-20 Assessed Value.....	6.22%	6.12%
Percent 2019-20 Market Value.....	3.71%	3.65%

*Includes the Bonds offered through this Preliminary Official Statement.

⁽¹⁾Gives effect to expected future Commonwealth Reimbursement of School District sinking fund payments based on current CARF. See "Commonwealth Aid to School Districts".

⁽²⁾Pro rata 20.63% share of \$567,590,000 principal outstanding, including self-supporting debt of the County or local municipalities.

⁽³⁾Pro rata 1.83% share of \$305,323,000 principal outstanding, including self-supporting debt of the County or local municipalities.

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Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Debt 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 Debt 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 FY 2017-18	\$240,620,451
Total Revenues for FY 2018-19	248,357,806
Total Revenues for FY 2019-20	253,987,326
<i>Total Revenues, All Three Fiscal Years</i>	<u>\$742,965,583</u>
Annual Arithmetic Average (Borrowing Base)	<u><u>\$247,655,194</u></u>

Under the Debt 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 and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$557,224,187	\$290,365,000	\$266,859,187

*Includes the Bonds described herein, and does not reflect credits against gross indebtedness that may be claimed for a portion of principal of any debt 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 indebtedness including debt service on the Bonds.

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

TABLE 15

WEST CHESTER AREA SCHOOL DISTRICT DEBT SERVICE REQUIREMENTS*

Year	Other General Obligation Debt	Series of 2021			Total Requirements
		Principal	Interest	Subtotal	
2020-21	\$25,750,768	\$0	\$0	\$0	\$25,750,768
2021-22	27,261,365	5,000	1,071,583	1,076,583	28,337,948
2022-23	27,060,348	5,000	1,168,925	1,173,925	28,234,273
2023-24	26,482,480	5,000	1,168,850	1,173,850	27,656,330
2024-25	26,418,255	5,000	1,168,775	1,173,775	27,592,030
2025-26	26,416,443	5,000	1,168,700	1,173,700	27,590,143
2026-27	26,306,655	5,000	1,168,625	1,173,625	27,480,280
2027-28	26,568,010	5,000	1,168,550	1,173,550	27,741,560
2028-29	25,461,203	5,000	1,168,475	1,173,475	26,634,678
2029-30	24,738,403	5,000	1,168,400	1,173,400	25,911,803
2030-31	16,953,378	2,165,000	1,168,200	3,333,200	20,286,578
2031-32	16,953,483	2,255,000	1,081,600	3,336,600	20,290,083
2032-33	6,436,340	2,340,000	991,400	3,331,400	9,767,740
2033-34	6,433,580	2,435,000	897,800	3,332,800	9,766,380
2034-35	6,432,800	2,535,000	800,400	3,335,400	9,768,200
2035-36	6,437,475	2,635,000	699,000	3,334,000	9,771,475
2036-37	6,439,150	2,740,000	593,600	3,333,600	9,772,750
2037-38	6,437,625	2,850,000	484,000	3,334,000	9,771,625
2038-39	6,437,700	2,965,000	370,000	3,335,000	9,772,700
2039-40	5,304,000	3,080,000	251,400	3,331,400	8,635,400
2040-41	0	3,205,000	128,200	3,333,200	3,333,200
2041-42	0	0	0	0	0
Total	\$346,729,458	\$29,250,000	\$17,886,483	\$47,136,483	\$393,865,941

*Totals may not add due to rounding.

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

TABLE 16

WEST CHESTER AREA SCHOOL DISTRICT COVERAGE OF DEBT SERVICE REQUIREMENTS BY COMMONWEALTH AID*

2019-20 Commonwealth Aid Received	\$44,089,036
2019-20 Debt Service Requirements	\$26,541,652
Maximum Future Debt Service Requirements after Issuance of Bonds	\$28,337,948
2019-20 Coverage of Debt Service Requirements	1.66 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	1.56 times

*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 in the next 2-3 years.

LABOR RELATIONS

School District Employees

There are approximately 1,447 employees of the School District.

The West Chester Area Education Association (the "Association"), which is affiliated with the Pennsylvania State Education Association (PSEA), covering the professional employees of the School District other than administrators is under a contract which expires June 30, 2022. Secretarial and clerical personnel are represented by the Pennsylvania Education Association (ESPA-PSEA-NEA) under a contract which expires June 30, 2024. Custodial and maintenance personnel are represented by ESPA-PSEA under a contract which expires June 30, 2024.

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 34.94% for the fiscal year 2021-22. Current financial projections indicate the possibility of increases in the contribution rate in the next five years.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 ("Act 5") PSERS will transition from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members' classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019 will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period.

Annual School District contributions have been as follows:

2015-16	\$22,726,052
2016-17	27,068,705
2017-18	30,058,231
2018-19	31,584,667
2019-20 (est.)	33,218,932
2020-21 (budgeted)	35,390,415

At June 30, 2020, the School District reported a liability of \$320,414,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2018 to June 30, 2019. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2019, the School District's proportion as 0.6849% which was a decrease of 0.0019% from its proportion measured as of June 30, 2018.

As of June 30, 2020, the PSERS plan was 59.2% funded, with an unfunded actuarial accrued liability of approximately \$44.0 billion. PSERS' rate of return for fiscal year ended June 30, 2020 was 1.11%. The Fund had plan net assets of \$59.0 billion at June 30, 2020. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits (“OPEB”)

The School District's OPEB costs include benefits from both a Multiple Employer OPEB Plan as well as a Single Employer OPEB Plan.

The Multiple Employer OPEB Plan, known as the Health Insurance Premium Assistance Program, is provided by PSERS to all eligible retirees who qualify and elect to participate. At June 30, 2020, the District reported a liability of \$14,567,000 for its proportionate share of the net OPEB liability. The School District recognized OPEB expense of \$723,611 for June 30, 2020.

The Single Employer OPEB Plan, in accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until the age of 65. The District's total OPEB liability under the Single Employer OPEB Plan was \$14,242,834, measured as of July 1, 2019. The District recognized OPEB expense of \$1,127,292 for year ended June 30, 2020.

In June 2015, GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2017.

For further information on the effects of GASB Statement No.75, the School District's OPEB and other vested employee benefits, including valuation and sick pay, see “Appendix D – Audited Financial Statements”.

LITIGATION

At the time of settlement, the President or Vice-President of the Board of School Directors of the School District will deliver a certificate on the Date of Delivery, certifying that there is no litigation pending which challenges the validity or enforceability of the Bonds.

DEFAULTS AND REMEDIES

In the event of the failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, the holders of the Bonds shall be entitled to certain remedies provided by the Debt 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 actions in assumpsit (contests) in the Court of Common Pleas of Chester or Delaware Counties. The Debt Act provides that any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt 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 Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

TAX MATTERS

Federal

Exclusion of Interest from Gross Income

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering its opinion, Bond Counsel has assumed compliance by the School District with its covenants contained in the Resolution and its representations in the Tax Compliance Certificate executed by the School District on the date of issuance of the Bonds (the "Tax Compliance Certificate") relating to actions to be taken by the School District after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes. These covenants and representations relate to, inter alia, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

Other Federal Tax Matters

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, holders of an interest in a financial asset securitization investment trust property and casualty insurance companies, individuals who otherwise qualify for the earned income credit and taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits and taxpayers, including banks, thrift institutions and other financial institutions, subject to Code Section 265, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

Bond Counsel is not rendering any opinion regarding any federal tax matters other than as described under the caption "Exclusion of Interest from Gross Income" above and expressly stated in the form of Bond Counsel opinion included as Appendix B. Purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.

Pennsylvania

In the opinion of Bond Counsel, under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

Other

The Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the Commonwealth of Pennsylvania. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Pennsylvania Governor Tom Wolf ordered all non-life-sustaining businesses in Pennsylvania to close their physical locations as of 8:00 p.m. March 19, 2020 to slow the spread of COVID-19. On March 23, 2020, the Pennsylvania Department of Education (PDE) announced that all schools in the Commonwealth would be required to remain closed through at least April 6 as a result of the COVID-19 response efforts. On April 9, 2020, the closure order was extended by the Governor through the remainder of the 2019-20 academic year. On April 1, 2020, the Governor issued a Stay at Home order effective for all Pennsylvania counties, including Chester County. On May 1, 2020 Governor Wolf announced the beginning of the phased reopening of businesses and easing of restrictions in certain Pennsylvania counties. On Friday, June 5, 2020, Chester County began a measured reopening process in which some restrictions on work and social interaction will ease while others, such as closures of schools, gyms, and other indoor

recreation centers, hair and nail salons, as well as limitations around large gatherings, remain in place. On June 19, 2020, Governor Wolf announced that Chester County was one of the counties that was cleared to move into the green reopening phase beginning on Friday, June 26, 2020. Chester County and all neighboring counties are now green. On December 10, 2020, Governor Wolf announced additional temporary COVID-19 protective mitigation measures throughout the Commonwealth, including the prohibition of all in-person indoor dining, indoor gatherings and events of more than 10 persons (excluding churches, synagogues, temples, mosques, and other places of congregating worship), outdoor gatherings and events of more than 50 persons, indoor operations at gyms and fitness facilities, as well as many other restrictions or prohibitions aimed at reducing the spread of COVID-19. These orders went into effect at 12:01 am on December 12, 2020 and remained in effect until 8:00 am on January 4, 2021. On March 15, 2021, Governor Wolf announced the lifting of some targeted restrictions on restaurants and other businesses, as well as increased gathering limits. These restrictions were effective April 4, 2021.

Prior to reopening schools for in-person learning, health and safety plans must be approved by each school entity's governing body (i.e. board of directors). School entities must submit their approved health and safety plans (and any questions) to the Pennsylvania Department of Education. The plans must also be posted on the school entity's publicly available website prior to the reopening of the school and providing services to students. On August 3, 2020 the School District approved its original health and safety plan for the 2020-2021 academic year. The School District has revised the plan as needed throughout the academic year.

On March 27, 2020, Act No. 13 of 2020 was signed into law by the Governor to amend the School Code concerning the Pandemic. Act No. 13 permitted the Pennsylvania Secretary of Education to further order the closure of all school entities until the threat to health and safety caused by the Pandemic ended. Act No. 13 also waived the requirement that school entities be open for at least 180 days of instruction and provided for, inter alia, compensation of school entity employees, school subsidies and reimbursements from the Commonwealth as a result of actions taken by the Secretary of Education pursuant to Act No. 13, and continued payments to charter schools, intermediate units, career and technical centers, and approved private schools and residential rehabilitative institutions where public schools had placed students.

Act No. 13 required each school entity to make a good faith effort to develop a plan to offer continuity of education using alternative means during the closure period. To assist schools during the extended closure, the Commonwealth's 29 intermediate units provided technical assistance to help develop continuity of education plans for all students. The School District employed remote instructional resources and virtual education for its students from the ordered closure of schools until the end of the 2019-2020 school year. For the 2020-21 school year, the School District has offered a combination of virtual and in person learning. Beginning April 6, 2021, all students may elect to attend school in-person five days per week, or may continue utilizing full-time remote learning or the WC Cyber Program.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. To secure the payment of the principal of and interest on the Bonds, the School District has pledged its full faith, credit and all available taxing power, which taxing power presently includes the power to levy ad valorem taxes on all taxable real property within the School District, within the limits provided by law as to rate or amount for such purpose. A reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the School District's share of operations and maintenance expenses payable from ad valorem taxes. See "TAXING POWERS AND LIMITS-The Taxpayer Relief Act)" herein for a discussion of the limitations on the School District's ability to increase the *ad valorem* tax rate.

Despite any taxing initiatives taken by the School District, however, there is also a risk that some taxpayers within the School District will not be able to timely pay such taxes due to employment disruption across the country. On April 28, 2020, the Pennsylvania Association of School Business Officials released a study which predicted that the reduction in total local revenue to Pennsylvania School Districts could be more than \$1.04 billion for 2020-21 if the economic recovery from the COVID-19 crisis lags. Currently, school districts collect about \$18 billion in total local revenue so the projected decline represents a loss of 4-5% in total local revenue. Moreover, it is currently unknown at this time what, if any, measures that the Commonwealth may take that could complicate the School District's ability to either levy new taxes or collect any taxes that would otherwise be due and owing if current tax deadlines are extended.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the School District cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to School District. The School District cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in Commonwealth funding or an increase in operational costs incurred to implement strategies to clean, sanitize and maintain its facility either before or after an outbreak of an infectious disease. The School District received or anticipates receiving \$8,878,656 of federal relief funding under the CARES Act and the American Rescue Plan Act of 2021 to respond to the COVID-19 pandemic and address its economic effects.

The financial and operating data contained herein are the latest available, but are as of the dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they may not be indicative of the current financial condition or future prospects of the School District.

The School District continues to monitor the spread of COVID-19 and is working with federal, state, and local agencies to address the potential impact of the Pandemic upon the School District and its employees. While the potential impact of the Pandemic on the School District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the School District’s operations and financial condition, and the effect could be material.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on Commonwealth websites, including but not limited to the Governor’s office (<http://www.pa.gov/>), the Pennsylvania Department of Health (<http://www.health.pa.gov/>). The School District has not incorporated by reference the information on such websites and the School District does not assume any responsibility for the accuracy of the information on such websites.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial and operating information to the Municipal Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, in accordance with a Continuing Disclosure Certificate, to be signed by the School District, substantially in the form attached hereto as Appendix C.

With respect to the filing of annual financial and operating information, the School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The School District is required to give notice of certain events as set forth in Section 6 the Continuing Disclosure Certificate (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Certificate, but does not commit to provide notice of the occurrence of any events except those specifically listed in Section 6 of the Continuing Disclosure Certificate.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Certificate is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the older and beneficial owner of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District’s continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District’s obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the Bonds or if and when the School District is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined “obligated persons”) with respect to municipal securities issues) are made available through the MSRB’s Electronic Municipal Market Access (EMMA) System, which may be access on the internet at <http://www.emma.msrb.org>.

Continuing Disclosure Filing History

The School District has entered into prior undertakings to provide information pursuant to previous continuing disclosure certificates for other outstanding bond issues. The following table provides information regarding annual filing deadlines and history of filings for the financial information, operating data and material event notices specified in previous continuing disclosure undertakings during the past five years:

Fiscal Year	Filing	Financial Statements		Budget		Operating Data	
Ending	Deadline ^[1]	Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]
6/30/2016	12/27/2016	12/12/2016	ES786315	12/12/2016	ES786317	12/12/2016	ES786316
6/30/2017	12/27/2017	12/12/2017	ER862938	12/12/2017	ER862925	12/12/2017	ER862931
6/30/2018	12/27/2018	12/19/2018	ES944363	12/19/2018	ES944363	12/19/2018	ES944363
6/30/2019	12/27/2019	12/18/2019	ER991085	12/18/2019	ER991085	12/18/2019	ER991085
6/30/2020	12/27/2020	12/21/2020	P11106409	12/20/2020	P11106409	12/20/2020	P11106409

Notes:

^[1] For these purposes, assumes the shortest filing deadline of the School District’s previous Continuing Disclosure Agreements in effect during the past five years.

^[2] Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below:
<http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=>

As outlined in the table above, the School District filed annual financial information in a timely manner during the past five (5) years.

Future Continuing Disclosure Compliance

As detailed above, the School District has reviewed its continuing disclosure obligations and corresponding submissions. Upon discovering any omissions with respect to these filings, the School District acted to bring its continuing disclosure information current, and disclose those omissions as described above. Currently, the School District is not aware of any other outstanding past-due continuing disclosure filings.

In an effort to augment the School District's procedures and policies intended to maintain future compliance, the School District has adopted steps intended to facilitate future compliance with its Continuing Disclosure Certificates. These procedures include implementing the MSRB's EMMA's internal notification system whereby the School District has set-up email reminders a month in advance for all of the School District's annual disclosure filings and coordinating filing and event information with the School District's financial advisor.

A member of the School District's Director of Business Affairs has been designated as the "compliance officer" responsible for overseeing ongoing continuing disclosure compliance. Members of the School District's business office will seek to participate in ongoing continuing education regarding continuing disclosure undertaking if offered by local groups or affiliated organizations such as PASBO, etc. The School District may communicate with its financial advisor, underwriter(s), bond counsel, or solicitor regarding any questions or concerns regarding ongoing continuing disclosure compliance. The School District will also communicate with its local auditor and advise of the School District's need for financial statements in a timely manner. In the event audited financial statements are not available by the filing deadline, the School District will file with EMMA, if available, its PDE-2057 Annual Financial Report as an interim filing until such audited financial statements are available. Some of the operating data requirements may be found contained within the School District's financial statements or budget filing and may not be filed separately.

RATING

Moody's Investors Service has assigned an underlying municipal Bond rating of "Aaa" (Stable Outlook) to the 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 for a purchase price of \$35,138,114.84, equal to the par value of the Bonds less an underwriters' discount of \$220,210.26, plus original issue premium of \$6,108,325.10.

LEGAL OPINIONS

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 Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Unruh, Turner, Burke & Frees, P.C, of West Chester, Pennsylvania, School District Solicitor.

Neither the Bond Counsel nor the Solicitor has been engaged to verify, and has not independently verified, the accuracy, completeness or truthfulness of any statements, certifications or financial information set forth in this Preliminary Official Statement, or otherwise used in connection with the offer and sale of the Bonds set forth in or delivered by the School District officials, except where specifically referred to. They express no opinion with respect to whether the School District in connection with the sale of the Bonds or preparation of this Preliminary Official Statement has made any untrue statement of a material fact necessary in order to make any statement made therein not misleading.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgement of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorneys do not become an insurer or guarantor of that expression of professional judgement of the transaction opined upon, or the future performance of the parties to the transaction. Nor does rendering a legal opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as financial advisor (the “Financial Advisor”) in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor 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. PFM Financial Advisors LLC 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 PFM Financial Advisors LLC, 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.

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

WEST CHESTER AREA SCHOOL DISTRICT
Chester and Delaware Counties, Pennsylvania

By: /s/ Chris McCune
President, Board of School Directors

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APPENDIX A
Demographic and Economic Information
Relating to the West Chester Area School District

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Introduction

The School District encompasses several communities in central Chester County and one municipality in western Delaware County and covers an area of approximately 75 square miles. The School District’s boundaries are coterminous with those of the Borough of West Chester and the Townships of East Bradford, East Goshen, Thornbury, West Goshen, Westtown and West Whiteland, all located in Chester County, and the Township of Thornbury in Delaware County. The Borough of West Chester, located in the geographic center of the School District and county seat of Chester County, is approximately 25 miles west of metropolitan Philadelphia, 15 miles north of Wilmington, Delaware and 15 miles south of King of Prussia and Valley Forge. Many well-known unincorporated communities are located within the School District and these include: Exton in West Whiteland Township, Goshenville in East Goshen Township, Chatwood in West Goshen Township, Cheyney and Glen Mills in Thornbury Township, Delaware County and Darlington Corners in Westtown Township.

West Chester Area School District is characterized by rolling hills and fertile valleys flanking the east branch of the Brandywine Creek and the tributaries of the Chester Creek. The Borough of West Chester is the financial and professional center for the surrounding area. The Townships are principally residential in character, with regional shopping centers and industrial parks. Four major public institutions are within the School District: West Chester University; Cheyney University; Chester County Courthouse; and Chester County Hospital.

Table A-1 which follows shows recent population trends for the School District, Chester County and the Commonwealth of Pennsylvania. Table A-2 shows 2000 age composition and average number of persons per household in Chester County and for the Commonwealth. Average household size was higher for Chester County than the statewide average.

TABLE A-1
RECENT POPULATION TRENDS

<u>Area</u>	<u>2000</u>	<u>2010</u>	Compound Average Annual Percentage Change 2000-2010
School District	101,207	108,441	0.77%
Chester County	376,396	433,501	1.58%
Pennsylvania	11,881,643	12,281,054	0.37%

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

TABLE A-2
AGE COMPOSITION

	<u>0-17</u> <u>Years</u>	<u>65+</u> <u>Years</u>	Persons Per Household
Chester County	26.2%	11.7%	2.7
Pennsylvania	23.8%	15.6%	2.5

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

Employment

Overall employment data are not compiled for the School District, but such data are compiled for the Montgomery-Bucks-Chester, PA Metropolitan Division (an area which includes the School District) as shown on Table A-3.

DISTRIBUTION OF EMPLOYMENT BY INDUSTRY MONTGOMERY-BUCKS-CHESTER, PA METROPOLITAN DIVISION (Bucks, Chester, and Montgomery – PA Counties)

**TABLE A-3
NONFARM JOBS - NOT SEASONALLY ADJUSTED**

Establishment Data	Industry Employment				Net Change From:	
	Dec 2020	Nov 2020	Oct 2020	Dec 2019	Nov 2020	Dec 2019
TOTAL NONFARM	1,011,400	1,016,800	1,013,600	1,089,700	-5,400	-78,300
TOTAL PRIVATE	931,300	936,500	933,500	1,005,600	-5,200	-74,300
GOODS PRODUCING	130,700	131,900	130,900	144,700	-1,200	-14,000
Construction, Natural Resources, and Mining	43,800	45,500	45,000	52,900	-1,700	-9,100
Manufacturing	86,900	86,400	85,900	91,800	500	-4,900
Durable Goods	43,700	43,400	43,000	46,500	300	-2,800
Non-Durable Goods	43,200	43,000	42,900	45,300	200	-2,100
Chemical Manufacturing	20,400	20,500	20,400	20,700	-100	-300
SERVICE-PROVIDING	880,700	884,900	882,700	945,000	-4,200	-64,300
PRIVATE SERVICE-PROVIDING	800,600	804,600	802,600	860,900	-4,000	-60,300
Trade, Transportation, and Utilities	190,500	185,000	179,700	203,300	5,500	-12,800
Wholesale Trade	52,600	51,700	50,800	53,200	900	-600
Retail Trade	112,100	108,800	105,600	117,100	3,300	-5,000
General merchandise stores	20,100	18,700	17,100	18,900	1,400	1,200
Transportation, Warehousing, and Utilities	25,800	24,500	23,300	33,000	1,300	-7,200
Information	23,600	23,600	23,500	25,100	0	-1,500
Financial Activities	84,800	84,600	84,900	85,600	200	-800
Finance and insurance	70,500	70,400	70,800	71,600	100	-1,100
Credit Intermediation and Related Activities	16,400	16,400	16,400	16,900	0	-500
Depository Credit Intermediation	8,600	8,600	8,600	9,100	0	-500
Insurance carriers and related activities	30,200	30,100	29,900	29,300	100	900
Real estate and rental and leasing	14,300	14,200	14,100	14,000	100	300
Professional and Business Services	199,200	200,200	20,400	203,800	-1,000	-4,600
Professional and technical services	103,300	103,700	104,200	108,300	-400	-5,000
Scientific research and development services	21,700	21,500	21,300	20,600	200	1,100
Management of companies and enterprises	25,200	25,600	25,600	27,100	-400	-1,900
Administrative and waste services	70,700	70,900	70,600	68,400	-200	2,300
Education and Health Services	201,400	202,800	203,100	204,200	-1,400	-2,800
Educational services	27,800	29,800	29,500	29,200	-2,000	-1,400
Health care and social assistance	173,600	173,000	173,600	175,000	600	-1,400
Ambulatory health care services	68,000	68,100	68,900	64,000	-100	4,000
Hospitals	30,700	30,500	30,600	32,000	200	-1,300
Nursing and residential care facilities	35,600	35,500	35,500	37,200	100	-1,600
Social assistance	39,300	38,900	38,600	41,800	400	-2,500
Leisure and Hospitality	61,300	68,000	70,700	90,700	-6,700	-29,400
Accommodation and food services	46,100	52,300	53,400	72,500	-6,200	-26,400
Other Services	39,800	40,400	40,300	48,200	-600	-8,400
Government	80,100	80,300	80,100	84,100	-200	-4,000
Federal Government	5,800	5,800	6,400	6,000	0	-200
State Government	10,300	10,000	10,100	10,400	300	-100
Local Government	64,000	64,500	63,600	67,700	-500	-3,700
Local Government educational services	43,800	44,400	43,500	46,800	-600	-3,000
Local Government excluding educational services	20,200	20,100	20,100	20,900	100	-700
Data benchmarked to March 2019	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry, Center for Workforce Information & Analysis.

**Chester County
Top 10 Employers
3rd Quarter 2020**

Federal and State Government Entities Aggregated

1. Vanguard Group Inc
2. QVC Network Inc
3. Federal Government
4. The Chester County Hospital
5. County of Chester
6. Giant Food Stores LLC
7. Main Line Hospitals Inc
8. PA State System of Higher Education
9. The Devereux Foundation
10. Downingtown Area School District

Source: Center for Workforce Information & Analysis

Table A-4 shows recent trends in labor force, employment and unemployment for Chester County and the Commonwealth.

**TABLE A-4
TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
NOT SEASONALLY ADJUSTED**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020⁽¹⁾</u>	Compound Average Annual % Rate
Chester County							
Civilian Labor Force (000)	276.4	281.1	281.1	281.6	287.5	270.8	-0.41%
Employment (000)	266.2	270.1	271.1	272.6	279.1	259.4	-0.52%
Unemployment (000)	10.2	11.0	10.1	8.9	8.4	11.4	2.25%
Unemployment Rate	3.70%	3.90%	3.60%	3.20%	2.90%	4.20%	
Pennsylvania							
Civilian Labor Force (000)	6,424.0	6,472.0	6,427.0	6,424.0	6,517.0	6,256.0	-0.53%
Employment (000)	6,094.0	6,120.0	6,112.0	6,149.0	6,262.0	5,826.0	-0.90%
Unemployment (000)	330.0	352.0	316.0	276.0	255.0	430.0	5.44%
Unemployment Rate	5.10%	5.40%	4.90%	4.30%	3.90%	6.90%	

⁽¹⁾As of December 2020.

Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

Income

The data on Table A-5 shows recent trends in per capita income for the School District, Chester County and the Commonwealth over the 2000-2009 period.

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

	<u>2000</u>	<u>2009</u>	<u>Percentage Change 2000-2009</u>
School District	\$35,713	\$41,433	1.66%
Chester County	20,601	31,627	4.88%
Pennsylvania.....	14,068	20,880	4.49%

*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

Commercial activity within the School District is centered in the Borough of West Chester and in large shopping centers, including Exton Square and the West Goshen Shopping Center.

Exton Square, a large shopping mall, includes many major shops and the Chester County Library centered around three anchored major retail stores. The enclosed mall is situated four miles north of the Borough of West Chester at the intersection of U.S. Route 30 and 100. Other large shopping centers include: Fairfield Place and Whiteland Towne Center.

Table A-6 shows retail sales for the 2015-2019 period for the County and the Commonwealth.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Chester County	\$ 12,869,709	\$ 11,499,691	\$ 13,969,322	\$ 8,763,893	\$ 16,149,514
Pennsylvania.....	198,215,135	207,887,941	213,005,475	188,389,810	244,709,540

Source: The Nielsen Company.

Housing

Housing construction has progressed in an orderly fashion during the past decade as former agricultural land has been developed in accordance with strict zoning guidelines. The School District contains some of the finest single-family residential housing in the greater Delaware Valley area. Most new home construction taking place in the School District is in the \$555,000 median price range. The median selling price of all housing within the School District during 2017 was \$325,000, as compared with Chester County as a whole of \$299,000, according to the Chester County Planning Commission.

Educational Institutions

West Chester University and Cheyney University are located within the School District. Both universities are run by the Commonwealth of Pennsylvania. West Chester University, which is located in the Borough of West Chester and West Goshen Township, is a multi-purpose university. Cheyney University is located in Thornbury Township, Delaware and Chester Counties. Both universities provide a liberal arts education.

Medical Facilities

Medical care facilities are provided by Chester County Hospital (the "Hospital") in West Chester. The Hospital provides complete professional, medical and surgical treatment to the central and eastern portions of Chester County. Paoli Memorial Hospital, while outside the School District, is within easy reach.

Transportation

The School District's economic position has been bolstered by a network of federal and state highways and has realized further growth due to the opening of the Exton Bypass. The School District is served by over eighty motor freight companies. U.S. 202 passes through the School District in a north-south direction connecting the area with Valley Forge to the north and Wilmington, Delaware to the south. U.S. 30 crosses the area in an east-west direction connecting the area with Lancaster via Coatesville to the west and Philadelphia via Paoli to the east. State Route 100 connects the School District with the Pennsylvania Turnpike (Downingtown Interchange) which is approximately 2 miles north of the School District. Other major highways include: U.S. 1 and 322 and State Routes 3 (West Chester Pike), 29, 52, 162, 352, 842, and 926.

Passenger railroad service is provided by one line, Main Line, by Southeastern Pennsylvania Transportation Authority (SEPTA). Freight services are provided by two branch lines of Conrail.

Bus service to Philadelphia and Wilmington is provided by SEPTA. Light plane air service is available at West Chester Airport, established in 1959, which has single and multiple engine aircraft available for charter flights with licensed pilots, and student flight training.

Recreation

School District residents have access to a variety of recreational facilities through public, private and quasi-public agencies. There are four private and several public golf courses located in the School District. The Borough of West Chester, East Bradford, East Goshen, West Goshen and West Whiteland Townships provide recreational parks throughout the area for use by their residents.

Utilities

Sewer: Residential portions of East Goshen Township, portions of East Bradford Township portions of West Goshen Township, portions of West Whiteland Township, West Chester Borough and portions of Westtown Township are provided with sewer service by either various municipal authorities or the municipality. Some of the less developed portions of these areas are served by on-site systems.

Water: Aqua Pennsylvania, Inc. and other private water companies supply water service to the Borough and developed portions of the surrounding Townships. Other residents of the Townships are served by on-site wells.

Electricity and Gas: PECO provides both electricity and natural gas to users within the School District.

Cable: Verizon and Comcast supplies cable, including internet and telephone service to residents of the School District.

Municipal Services

All Townships and the Borough have full-time protection from either the state police or local police departments. The Embreeville State Police is located just outside the School District. All communities support their local volunteer fire companies.

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APPENDIX B
Form of Opinion of Bond Counsel

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[FORM OF BOND COUNSEL OPINION]

[Date of Delivery]

Re: \$29,250,000 aggregate principal amount
West Chester Area School District, Chester and Delaware Counties, Pennsylvania
General Obligation Bonds, Series of 2021

To the Purchasers of the Within-Described Bonds:

We have served as Bond Counsel to the West Chester Area School District, in Chester and Delaware Counties, Pennsylvania (“Issuer”), in connection with the issuance of its \$29,250,000 aggregate principal amount General Obligation Bonds, Series of 2021 (the “Bonds”). The Bonds are issued pursuant to, and are secured by, the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (“Act”), and a Resolution (“Resolution”) adopted on April 26, 2021, by the Board of School Directors of the Issuer.

The proceeds of the Bonds will fund capital projects described in the Resolution, and pay the costs of issuing the Bonds.

As Bond Counsel for the Issuer, we have examined: (a) the relevant provisions of the Constitution of the Commonwealth of Pennsylvania (“Commonwealth”); (b) the Act; (c) the relevant provisions of the Public School Code of 1949; (d) the Resolution and the Debt Statement of the Issuer filed with the Pennsylvania Department of Community and Economic Development (“Department”); (e) the proceedings of the Issuer with respect to the authorization, sale and issuance of the Bonds; (f) a Certificate of Approval issued by the Department in respect of the proceedings authorizing the issuance of the Bonds; and (g) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a certificate dated the date hereof (“Tax Compliance Certificate”) of officials of the Issuer having responsibility for issuing or paying the Bonds, given pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (“Code”), an opinion of the Solicitor to the Issuer as to various matters, and the other documents, certifications and instruments listed in the Closing Index filed with the Paying Agent (hereinafter defined) on the date of original delivery of the Bonds. We have also examined a fully executed and authenticated Bond, or a true copy thereof, and assume all other Bonds are in such form and are similarly executed and authenticated.

In rendering the opinion set forth below, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon. We have also relied, in the opinion set forth below, upon the opinion of the Solicitor of the Issuer as to all matters of fact and law set forth therein.

Except with respect to paragraph 6 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof.

Based on the foregoing, we are of the opinion that:

1. The Issuer is authorized under the provisions of the Constitution and the laws of the Commonwealth to issue the Bonds.

2. The Issuer has established, in accordance with the Debt Act, a sinking fund for the Bonds (the “Sinking Fund”) with the financial institution named in the Resolution, as paying agent, registrar and sinking fund depository (“Paying Agent”), and has covenanted in the Resolution to deposit in the Sinking Fund amounts sufficient to pay the principal of and interest on the Bonds as the same becomes due and payable and to apply the amounts so deposited to the payment of such principal and interest.

3. The Issuer has effectively covenanted: (i) to include the amount of debt service on the Bonds in each fiscal year of the Issuer in which such sums are due and payable in its budget for that fiscal year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from the Sinking Fund or any other of its general revenues or funds, the principal or redemption price of and interest on the Bonds on the dates and in the place and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment the Issuer has pledged, with respect to the Bonds, its full faith, credit and taxing power, within the limits established by law.

4. The Bonds have been duly authorized, executed, authenticated, issued and delivered, and are the legal, valid and binding general obligations of the Issuer, and are enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors’ rights.

5. Under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Commonwealth taxes and local taxes within the Commonwealth.

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including any interest accruing in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Issuer with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering this opinion, we have assumed compliance by the Issuer with the covenants contained in the Resolution and the representations of the Issuer in the Tax Compliance Certificate relating to actions to be taken by the Issuer after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in the interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is rendered on the basis of federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary official statement or the official statement prepared in respect of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

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APPENDIX C
Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

Re: WEST CHESTER AREA SCHOOL DISTRICT,
Chester and Delaware Counties, Pennsylvania
\$29,250,000 Aggregate Principal Amount
General Obligation Bonds, Series of 2021
Dated [Date of Delivery]

[Date of Delivery]

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by West Chester Area School District, in Chester and Delaware Counties, Pennsylvania (the “School District”), in connection with the issuance of its General Obligation Bonds, Series of 2021 (the “Bonds”), dated the date of delivery of the Bonds. The Bonds are being issued pursuant to a resolution adopted by the Board of School Directors of the School District (the “Resolution”). The School District makes the following certifications and representations as an inducement to the Participating Underwriter and others to purchase the Bonds:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report filed by the School District pursuant to, and as described in, Section 3 of this Disclosure Certificate.

“Bondholder” shall mean any registered owner of the Bonds or any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding through any nominee, securities depository or other intermediary) or (ii) is treated as the holder of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday, a Sunday, or a day on which the New York Stock Exchange is closed or a day on which banks located in the Commonwealth are authorized or required by law or executive order to close.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access System at <http://emma.msrb.org>.

“Financial Obligation” shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of either (i) or (ii) above. The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. *As of the date of this Disclosure Certificate, the rules of the MSRB require all filings described herein shall be made using EMMA.*

“Obligated Person” shall mean, for purposes of this Disclosure Certificate, the School District.

“Official Statement” shall mean the final official statement relating to the Bonds prepared by or on behalf of the School District and distributed in connection with the offering and sale of the Bonds by the Participating Underwriters.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Filing of Annual Reports. The School District shall file annually with the MSRB, on or before **April 1, 2022**, and on or before **April 1** of each year thereafter, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the School District for the most recent completed fiscal year are not available to be included in the Annual Report when filed, such audited financial statements may be filed separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements of the School District for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed with the MSRB as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the School

District reasonably expects the audited financial statements to become available and to be filed with the MSRB.

SECTION 4. Content of Annual Reports. The School District's Annual Report shall contain or incorporate by reference the following financial information and operating data with respect to the School District:

- (a) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units;
- (b) a summary of the budget for the then current fiscal year;
- (c) the total assessed value and aggregate market value of all taxable real estate for the then current fiscal year;
- (d) the taxes and millage rates imposed for the then current fiscal year; and
- (e) the real property tax collection results for the most recent fiscal year, including (a) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (b) the dollar amount of real estate taxes collected that represented current collections (expressed as an aggregate dollar amount), (c) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (d) the total amount of real estate taxes collected (expressed as an aggregate dollar amount).

The School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 5. Notices of Late Filing of Annual Information. If the School District has failed to file, or is unable to file, an Annual Report with the MSRB within the time set forth in Section 3 above, the School District will file, in a timely manner, a notice with the MSRB stating such fact and, if appropriate, the date by which the School District expects to file the Annual Report.

SECTION 6. Reporting of Listed Events. In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the School District will file with the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

- (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;
- (15) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(Note: The events listed above are those specified in the Rule, not all of which may be relevant to the Bonds.)

The School District may from time to time choose to provide notice of the occurrence of certain other events affecting the Bonds or the School District, in addition to those listed above, if, in the judgment of the School District, such other event is material with respect to the Bonds, but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

SECTION 7. Manner of Filing. All filings to be made with the MSRB in accordance with this Disclosure Certificate are to be filed in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB.

As of the date of this Disclosure Certificate, the rules of the MSRB require all such filings to be made using EMMA.

SECTION 8. Dissemination Agent. The School District may, at any time and from time to time, appoint or engage another person (the “Dissemination Agent”) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor and without notice to Bondholders.

SECTION 9. Termination of Disclosure Obligation. The School District’s obligations under this Disclosure Certificate shall terminate upon the prior redemption, defeasance or payment in full of all of the Bonds or if and when the School District no longer remains an “obligated person” with respect to the Bonds, within the meaning of the Rule.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriters and Bondholders, and shall create no rights in any other person or entity.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, The School District causes this Continuing Disclosure Certificate to be executed on its behalf by the President of the Board of School Directors all as of the date set forth above.

WEST CHESTER AREA SCHOOL DISTRICT,
Chester and Delaware Counties, Pennsylvania

By: _____
President of the Board of
School Directors

APPENDIX D
Financial Statements
West Chester Area School District
West Chester, Pennsylvania
June 30, 2020

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WEST CHESTER AREA SCHOOL DISTRICT

Educating and inspiring students to achieve their personal best

Dr. James R. Scanlon, Superintendent of Schools

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



West Chester Area School District
782 Springdale Drive
Exton, Pennsylvania 19341

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WEST CHESTER AREA SCHOOL DISTRICT

Educating and inspiring students to achieve their personal best

Dr. James R. Scanlon, Superintendent of Schools

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020**



**Prepared by the
West Chester Area School District
Business Office**

**Mr. John Scully, Director of Business Affairs
Mr. Justin Matys, Assistant Director of Business Affairs
Ms. Jennifer Matthews, Controller**

West Chester Area School District
782 Springdale Drive
Exton, Pennsylvania 19341

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WEST CHESTER AREA SCHOOL DISTRICT

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WEST CHESTER AREA SCHOOL DISTRICT

INTRODUCTORY SECTION



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WEST CHESTER AREA SCHOOL DISTRICT

Educating and inspiring students to achieve their personal best

Dr. James R. Scanlon, Superintendent of Schools

December 09, 2020

Dear Community Member,

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the West Chester Area School District for the fiscal year ended June 30, 2020. This District's Business Office prepared this report.

The CAFR is published to present complete and accurate financial information on all the funds and financial activities of the District for the 2019-2020 fiscal year. The Business Office staff and management are responsible for the accuracy of the statements, notes, schedules, and statistical tables. We believe that the information in the report is a fair presentation of the financial position and the results of operations of the District based upon a comprehensive framework of internal controls that have been established for this purpose. The report is prepared in accordance with generally accepted accounting and financial reporting principles applicable to governmental entities in the United States of America. Most importantly, this report will provide the reader with a comprehensive understanding of the District's financial affairs.

Barbacane Thornton & Company LLP, Certified Public Accountants, have audited the District's financial statements. They have issued unmodified opinions on the West Chester Area School District's financial statements for the year ending June 30, 2020. Their report is located at the beginning of the Financial Section of the CAFR.

The Management's Discussion and Analysis (MD&A), which follows the independent auditor's report, provides an overview of the District's financial performance during the fiscal year ending June 30, 2020. It should be read in conjunction with this transmittal letter and the District's basic financial statements.

Reporting Entity

The West Chester Area School District is an independent reporting entity and a primary government as defined in the criteria established in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting*. The basic criteria for determining the inclusion in the reporting entity is financial accountability and the nature and significance of the relationship.

Profile of the District

The West Chester Area School District was formed by Pennsylvania state law and began operations on July 1, 1966. The District encompasses several communities in Chester County and one in western

Delaware County. The District covers an area of approximately 75 square miles. The District's boundaries are coterminous with those of the Borough of West Chester, and the Townships of East Bradford, East Goshen, Thornbury, West Goshen, Westtown and West Whiteland in Chester County and the Township of Thornbury in Delaware County. The Borough of West Chester, which is located in the geographic center of the District and which serves as the county seat for Chester County, is approximately 25 miles west of Philadelphia. The Borough of West Chester is the financial and professional center for the surrounding area. The Townships are principally residential in character with regional shopping centers and industrial parks.

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

The purpose of the District is to provide an education system Kindergarten through 12th grade including regular instruction, special instruction, vocational education and support services to the approximately 15,500 students that live within the District boundaries. To accomplish this goal, the District operates ten (10) elementary schools, three (3) middle schools and three (3) high schools. Additionally, the District is required to pay the tuition for the 482 children that live within the District boundaries that attend charter schools. During the year ending June 30, 2020, the District paid \$7,775,748 in tuition to charter schools.

Budget Process

The Board considers preparation of an annual budget to be one of its most important responsibilities because the budget is the financial reflection of the District's educational plan. The budget shall be designed to carry out that plan in a thorough and efficient manner, to maintain the facilities, and to honor District obligations. Budget planning for the District is an integral part of program planning so that the annual operating budget may effectively express and implement all programs and activities of the District. Budget planning is a year-round process involving active participation by administrators, Board members, and appropriate District personnel. The District maintains budgetary controls to ensure compliance with legal provisions incorporated within the annual appropriated budget. The annual appropriated budget is adopted by the School Board by June 30 of each year. Legal budgetary control is maintained at the sub-function major object level.

The District follows the Pennsylvania Public School Code requirements, the procedures mandated by the Pennsylvania Department of Education and the District policies for annual general fund budget approval. Pennsylvania State code requires that each Pennsylvania school district prepare and adopt an annual appropriation budget for the general fund. The District's annual general fund budget sets forth District expenditures and revenues and establishes the tax levy prior to the beginning of each fiscal year. The total amount of the budget may not exceed expected revenue plus a prudent and reasonable contingency and reserve. At least thirty days prior to adoption of the final budget, the Board prepares and presents a proposed budget which is set forth in detail using the forms required by the Pennsylvania Department of Education. The Board holds one or more public hearings on the annual budget prior to the meeting at which it is formally adopted.

During the course of the year, the Pennsylvania School Code prohibits spending to exceed the approved budget. To adjust for price changes and other changes to the original budget assumptions, the District allows for the transfer of funds among budget line items upon the recommendation of the

Superintendent and the Director of Business Affairs. By law, such transfers may only be made during the last nine months of the fiscal year and all transfers require Board approval.

Internal Controls

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

Economic Condition and Outlook

The area's economy remains healthy with Chester County's economic indicators surpassing state-wide data. The county has one of the lowest unemployment rates among the Commonwealth's 67 counties. Moody's Investors Service reaffirmed the District's Triple-A ratings based on the sizeable and affluent residential tax base, solid financial position that is expected to remain stable, and manageable debt burden.

That having been said, the District has been impacted by a number of factors. In 2006, the Pennsylvania General Assembly passed into law Act 1 of 2006. This law places restrictions on the amount that school districts can raise property taxes to within a cost of living increase. The law does allow for exceptions to the Act 1 tax increase above the index for Special Education and state retirement purposes. In 2019-2020, the District's base index was 2.3 percent. The School Board opted to increase property taxes by 1.8 percent which is under the allowable act 1 base index.

As the District continues to navigate under the budgetary constraints of Act 1 funding restrictions, other school districts throughout Pennsylvania incurred a number of unfavorable budgetary impacts. The Pennsylvania economy, which has a direct effect on the District's earned income tax and other local revenues, has seen slight growth over the past few years. The District pension program, which is administered by the State, continues to show increases in pension rates through 2022-2023. The District contribution rate has increased from the 2018-2019 contribution rate of 33.43 percent to the rate of 34.29 percent in 2019-2020. Both federal and state revenues remained relatively flat over the past few years, and the District anticipates minimal increases in the upcoming years.

As a result of the above noted economic conditions, the District's Comprehensive Plan has incorporated a financial goal of funding priorities based on fiscal realities. Part of the goal requires the District to control debt spending and fund balance limits. The District continues to closely manage economic indicators that will impact the next few budget cycles.

Long-term Financial Planning and Financial Policies

As stated earlier, the District budgeting process is a year-round process. As part of that process, the Business Office aggressively forecasts revenues and expenditures going five years into the future. This long-term financial planning is essential to absorbing the anticipated changes to mandated expenditure patterns and revenue streams. To assist with this management, the District has many policies in place which include, but are not limited to, fund balance policies and debt policies.

Major Initiatives

The District is in the middle of a multiyear elementary school renovation project. The most recent elementary school master plan projects renovating all of the District's ten (10) elementary schools between 2011-2012 and 2025-2026. In 2019-2020, the District completed a majority of the phase III renovations at East Goshen Elementary school. The original construction and renovation of the District buildings is included in the statistical section of the CAFR under operating information.

Over the past several years, the District has seen a great deal of rapid and recently approved residential development in the District including about 2,800 new residential units. The District believes the strength of our educational programming is attractive to new families, and we expect to see about 750 new students from these homes, 500 of which will attend elementary schools. To accommodate the additional influx of students, the District is in the process of building an additional eleventh elementary school slated to open in the 2021-2022 school year.

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

The District has developed and implemented a West Chester Cyber program for the start of 2020-2021 school year. As a result of the pandemic, the District is now preparing to offer grades K-12 in year one of the cyber program.

Independent Audit

The District engages an independent certified public accounting firm to audit the District's annual financial statements. The auditor's report on the fiscal 2019-2020 financial statements is included in the Financial Section of this report and complies with applicable guidelines.

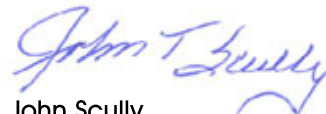
Awards

The Association of School Business Officials International (ASBO) awarded the Certificate of Excellence (COE) in Financial Reporting to the West Chester Area School District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This award confirms the school business officials' commitment to financial accountability and transparency. Recognition through the COE program can help strengthen a district's presentation for bond issuance statements and can help promote a high level of financial reporting.

Acknowledgements

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

Respectfully,



John Scully
Director of Business Affairs

WEST CHESTER AREA SCHOOL DISTRICT

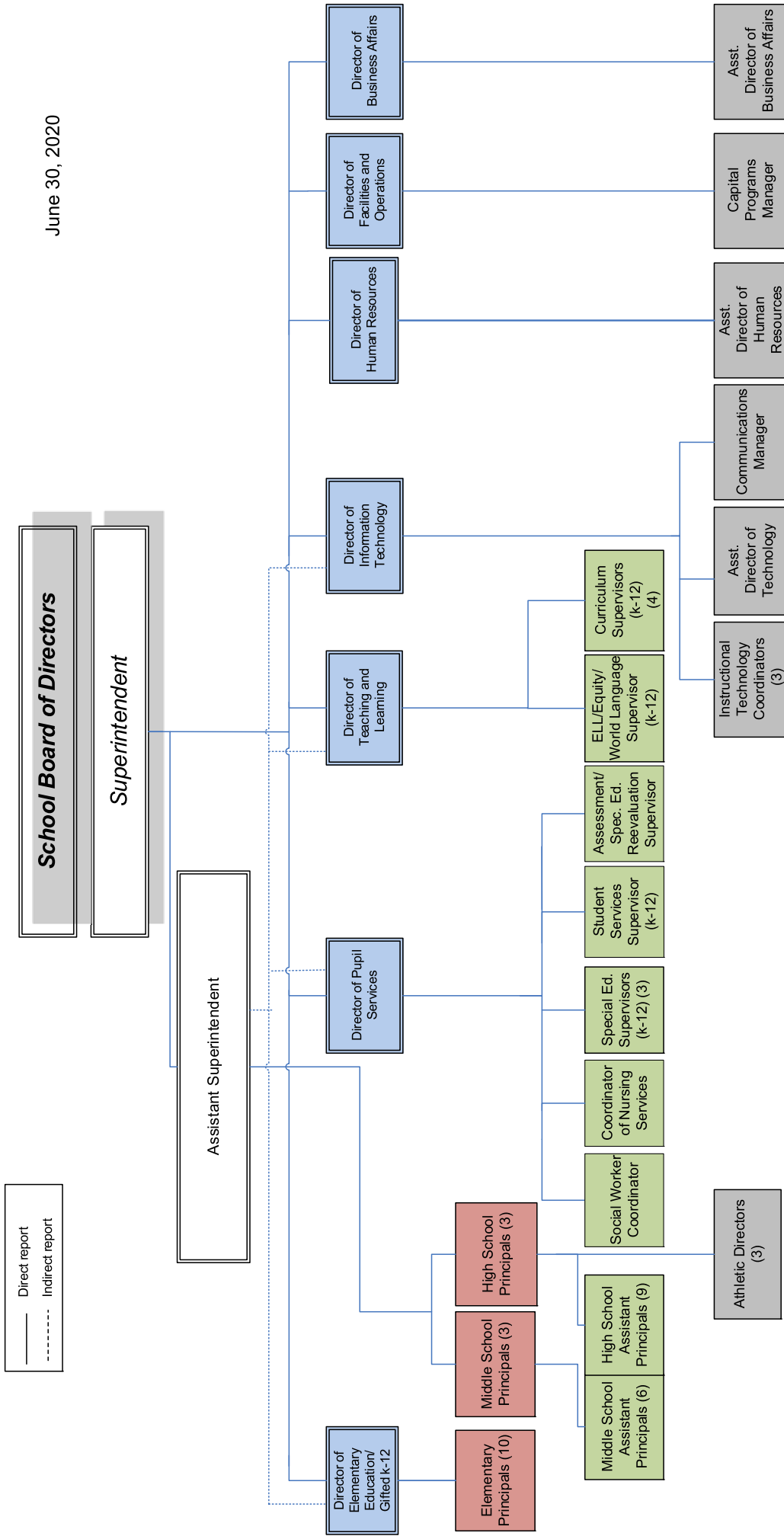
2019-2020 School Board Members

Chris McCune	School Board President
Sue Tiernan	School Board Vice President
Gary Bevilacqua	Member
Joyce Chester	Member
Daryl Durnell	Member
Brian Gallen	Member
Karen Herrmann	Member
Kate Shaw	Member
Randell Spackman	Member

District Administrators

Dr. Jim Scanlon	Superintendent
Dr. Robert Sokolowski	Assistant Superintendent
Dr. Tammi Florio	Director of Teaching and Learning
Dr. Sara Missett	Director of Elementary Education
Kevin Campbell	Director of Facilities and Operations
Michael Wagman	Director of Information Technology
Dr. Jeff Ulmer	Director of Human Resources
John Scully	Director of Business Affairs
Dr. Leigh Ann Ranieri	Director of Pupil Services

June 30, 2020





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

West Chester Area School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director

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WEST CHESTER AREA SCHOOL DISTRICT

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

December 09, 2020

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Chester Area School District ("the District"), Exton, Pennsylvania, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Board of School Directors
West Chester Area School District

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Chester Area School District, Exton, Pennsylvania, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison statement of the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 21, and the schedule of the District's proportionate share of the net pension liability - PSERS, schedule of District pension contributions - PSERS, schedule of the District's proportionate share of the net OPEB liability - PSERS, schedule of District OPEB contributions - PSERS, and schedule of changes in the District's net OPEB liability - single employer plan on pages 69 through 73 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.

Board of School Directors
West Chester Area School District

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, statistical section, and combining statement of changes in assets and liabilities - all agency funds are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the combining statement of changes in assets and liabilities - all agency funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the combining statement of changes in assets and liabilities - all agency funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 09, 2020, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2020**

INTRODUCTION

The discussion and analysis of the financial performance of the West Chester Area School District ("the District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

DISTRICT MISSION STATEMENT

The District's mission is to educate and inspire our students to achieve their personal best.

DISTRICT PROFILE

The District consists of ten elementary schools, three middle schools, and three high schools, serving 12,100 students. The District serves a 75-square-mile suburban, urban, and rural area in Chester County, Pennsylvania and is comprised of West Chester Borough and the surrounding townships of East Goshen, West Goshen, East Bradford, West Whiteland, Westtown, Thornbury in Chester County, and Thornbury in Delaware County. The staff, headed by Superintendent Dr. Jim Scanlon, includes more than 950 teachers, 60 administrators, and 400 support staff. More than 70 percent of our certified teaching staff and 100 percent of our administrative staff hold advanced degrees. Student achievement is the primary focus in the District, as it is consistently ranked among the best in the state and nation. The 2019 recognition includes U.S. News and World Report, and Newsweek's Best Public High Schools in the nation. Niche, a national database of public schools rated the District as 27 out of 496 Pennsylvania school districts, and The National Music Merchants recognized the District as one of the best communities for music education. In 2020, 31 District students were named national merit scholars, and 329 students were named AP scholars.

FINANCIAL HIGHLIGHTS

- The largest District revenue stream is local property tax. In 2019-2020, the School Board raised property taxes 1.80 percent or 0.3899 mills. The taxpayers in Chester County were assessed for property taxes at 21.6622 mills. (Please note that one mill is equal to one-tenth of a cent or \$0.001 of assessed value.) The Delaware County tax rate was assessed based upon the equalized millage calculation, which resulted in an increase in tax rate from 16.0761 mills in 2018-2019 to 16.2597 mills in 2019-2020.
- The statement of net position reflects the actuarially determined net pension liability of \$320,414,000, deferred outflows of resources of \$39,469,196 comprised of contributions made by the District after the measurement date of June 30, 2019, contributions made in excess of the required contribution made in the year of the measurement date and changes in the District's proportionate share of the net pension liability, deferred inflows of resources of \$12,393,000 comprised of investment returns on pension assets over projected returns and differences between the actuarially expected and actual experience to be recognized as a future reduction in pension expense, and a decrease in the liability until fully recognized.

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

- On an entity-wide basis, the District's total net position was negative \$195,940,986 at June 30, 2020. This represented a decrease of 10.00 percent from the prior year.
- On a level reporting basis, compared to the prior year, the District's General Fund total revenues, excluding other financing sources, increased 2.24 percent or \$5,582,113. This increase was driven by property tax revenue growth, basic education state subsidy, and retirement state subsidy.
- On a fund level reporting basis, compared to the prior year, the District's General Fund expenditures decreased \$4,231,336 or 1.78 percent. This decrease was the result of lower than anticipated medical claims and savings as a result of the pandemic shut in the areas of contracted professional staff, professional services, tuitions and student transportation.

OVERVIEW OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with GASB Statement No. 34 and present both entity-wide and fund level financial statements using both the accrual basis and modified accrual basis of accounting, respectively.

Entity-wide Financial Statements

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

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

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

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

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

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

- **Governmental Activities** – All of the District's basic services are included here, such as instruction, administration, and community services. Property taxes and state and federal subsidies and grants finance most of these activities.

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

- **Business-type Activities** – The District operates a food service operation and charges fees to staff and students to cover the costs of the food service operation.

Fund Level Financial Statements

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT – ENTITY-WIDE STATEMENTS

The District's total net position was negative \$195,940,986 at June 30, 2020. This represents a decrease of \$21,780,161 over the prior year. The next table presents condensed financial information for the net position of the District as of June 30, 2020 and 2019.

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

**Statement of Net Position
June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
ASSETS:						
Current and other assets	\$ 130,013,265	\$ 82,944,446	\$1,078,780	\$1,343,287	\$ 131,092,045	\$ 84,287,733
Capital assets	310,543,100	309,879,738	657,609	702,071	311,200,709	310,581,809
TOTAL ASSETS	440,556,365	392,824,184	1,736,389	2,045,358	442,292,754	394,869,542
DEFERRED OUTFLOWS OF RESOURCES						
	46,134,851	54,247,023	-	-	46,134,851	54,247,023
LIABILITIES:						
Current liabilities	48,619,442	48,806,568	358,522	406,192	48,977,964	49,212,760
Noncurrent liabilities	621,325,587	610,707,599	-	-	621,325,587	610,707,599
TOTAL LIABILITIES	669,945,029	659,514,167	358,522	406,192	670,303,551	659,920,359
DEFERRED INFLOWS OF RESOURCES						
	14,065,040	6,917,353	-	-	14,065,040	6,917,353
NET POSITION (DEFICIT):						
Net investment in capital assets	49,714,318	43,699,285	657,609	702,071	50,371,927	44,401,356
Restricted for capital projects	21,345,455	20,557,393	-	-	21,345,455	20,557,393
Unrestricted (Deficit)	(268,378,626)	(283,616,991)	720,258	937,095	(267,658,368)	(282,679,896)
TOTAL NET POSITION (DEFICIT)	\$ (197,318,853)	\$ (219,360,313)	\$1,377,867	\$1,639,166	\$ (195,940,986)	\$ (217,721,147)

The governmental activities restricted net position in the amount of \$21,345,455 are set aside to fund capital improvements, the replacement of and additions to public works, and deferred maintenance. The total unrestricted net position in the amount of negative \$267,658,368 included \$720,258 which could be used for capital and other expenditures within the District's food service program.

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

The table below presents condensed financial information for the Statement of Activities in a different format so that the reader can see the total revenues for the year. Compared to the prior year, the District's total revenues increased by \$4,772,374 or 1.88 percent. The largest change in revenue occurred in property taxes. Property taxes increased \$4,619,288 or 2.67 percent. The balance of the revenue growth came from increases in other revenues, operating grants and contributions, and other taxes.

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

Expenses decreased by \$9,773,284 or 3.96 percent. The largest drivers of this decrease were instruction, pupil transportation, and administrative/financial support spending. The main driving factors of this decrease were lower than anticipated medical claims and savings as a result of the pandemic shut in the areas of contracted professional staff, professional services, tuitions and student transportation.

**Statement of Activities
For the Years Ended June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program services:						
Charges for services	\$ 855,698	\$ 1,088,823	\$ 1,883,936	\$ 2,627,303	\$ 2,739,634	\$ 3,716,126
Operating grants and contributions	35,297,106	34,458,080	779,634	921,644	36,076,740	35,379,724
General revenues:						
Property taxes	177,781,018	173,161,730	-	-	177,781,018	173,161,730
Other taxes	26,466,353	26,230,460	-	-	26,466,353	26,230,460
Grants, subsidies and contributions not restricted	12,408,464	11,889,779	-	-	12,408,464	11,889,779
Other revenue	3,117,463	3,419,809	21,859	41,529	3,139,322	3,461,338
TOTAL REVENUES	255,926,102	250,248,681	2,685,429	3,590,476	258,611,531	253,839,157
EXPENSES						
Instruction	148,865,697	153,646,716	-	-	148,865,697	153,646,716
Instructional student support	18,695,408	18,205,681	-	-	18,695,408	18,205,681
Administrative/financial support	20,927,142	24,435,957	-	-	20,927,142	24,435,957
Operation and maintenance of plant services	18,228,580	18,774,548	-	-	18,228,580	18,774,548
Pupil transportation	13,120,151	14,219,229	-	-	13,120,151	14,219,229
Student activities	5,117,896	5,444,746	-	-	5,117,896	5,444,746
Community services	110,805	148,357	-	-	110,805	148,357
Interest on long-term debt	8,818,963	8,246,501	-	-	8,818,963	8,246,501
Food service	-	-	2,946,728	3,482,919	2,946,728	3,482,919
TOTAL EXPENSES	233,884,642	243,121,735	2,946,728	3,482,919	236,831,370	246,604,654
CHANGE IN NET POSITION	22,041,460	7,126,946	(261,299)	107,557	21,780,161	7,234,503
BEGINNING NET POSITION (DEFICIT)	(219,360,313)	(226,487,259)	1,639,166	1,531,609	(217,721,147)	(224,955,650)
ENDING NET POSITION (DEFICIT)	\$ (197,318,853)	\$ (219,360,313)	\$ 1,377,867	\$ 1,639,166	\$ (195,940,986)	\$ (217,721,147)

The table on page 16 presents condensed financial information on the expenses of the District by function. The table illustrates both the gross and net costs of services. Unrestricted grants, subsidies, and contributions are deducted to reflect the amount needed to be funded by other revenue sources. The amount needed to be funded by other revenue sources decreased by \$10,361,679 or 5.30 percent from the prior year. The table for business-type activity reflects condensed financial activities of the food service program, the only business-type activity of the District.

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
<u>Government-type Activities</u>				
Expenses - Governmental Activities:				
Instruction	\$ 148,865,697	\$ 153,646,716	\$ 125,267,992	\$ 131,052,396
Instructional student support	18,695,408	18,205,681	15,319,359	14,690,067
Administrative and financial support	20,927,142	24,435,957	18,972,007	22,505,046
Operation and maintenance of plant services	18,228,580	18,774,548	15,339,227	15,723,314
Pupil transportation	13,120,151	14,219,229	9,816,690	10,858,643
Student activities	5,117,896	5,444,746	4,087,098	4,350,807
Community services	110,805	148,357	110,502	148,058
Interest on long-term debt	8,818,963	8,246,501	8,818,963	8,246,501
	<u>\$ 233,884,642</u>	<u>\$ 243,121,735</u>	<u>197,731,838</u>	<u>207,574,832</u>
Less: Grants, subsidies and, contributions not restricted			<u>(12,408,464)</u>	<u>(11,889,779)</u>
AMOUNT NEEDED TO BE FUNDED BY OTHER REVENUE SOURCES			<u>\$ 185,323,374</u>	<u>\$ 195,685,053</u>

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
<u>Business-type Activities</u>				
Food services	<u>\$ 2,946,728</u>	<u>\$ 3,482,919</u>	<u>\$ 283,158</u>	<u>\$ (66,028)</u>

THE DISTRICT FUNDS

General Fund

At June 30, 2020, the District reported a General Fund balance of \$55,455,486 which represents 23.79 percent of total expenditures and was an increase of \$16,586,662 over the prior year. Of this amount, the District committed \$4,159,909 for the purpose of healthcare rate stabilization. Due to the nature of self-insuring health insurance claims, the District experiences volatility in annual health insurance costs. To smooth these expenditures, in 2011, the District established a health insurance rate stabilization fund; and for the current year, the District maintained a balance consistent with the prior year of \$4,159,909. The District assigned \$29,486,832 of the fund balance towards tax rate stabilization. These funds will be used to offset the 2020-2021 budget gap and eliminate the need for future tax increases. The School Board of the District manages the fund balance to respond to unforeseen contingencies and economic conditions. This philosophy was established during a healthy and growing economy within the District and accurate and timely forecasting which allows the District to constantly monitor economic trends within our community. This philosophy conforms to the Board's belief that the tax burden should be aligned with the current funding needs of the District. In 2017, to help fund fluctuations in alternative education costs, the District established an Alternative Education Fund; and for the current year, the District's assigned balance was \$1,000,000. During 2019, the District established an enrollment growth fund to plan for the costs associated with opening a new elementary school that will meet the needs of

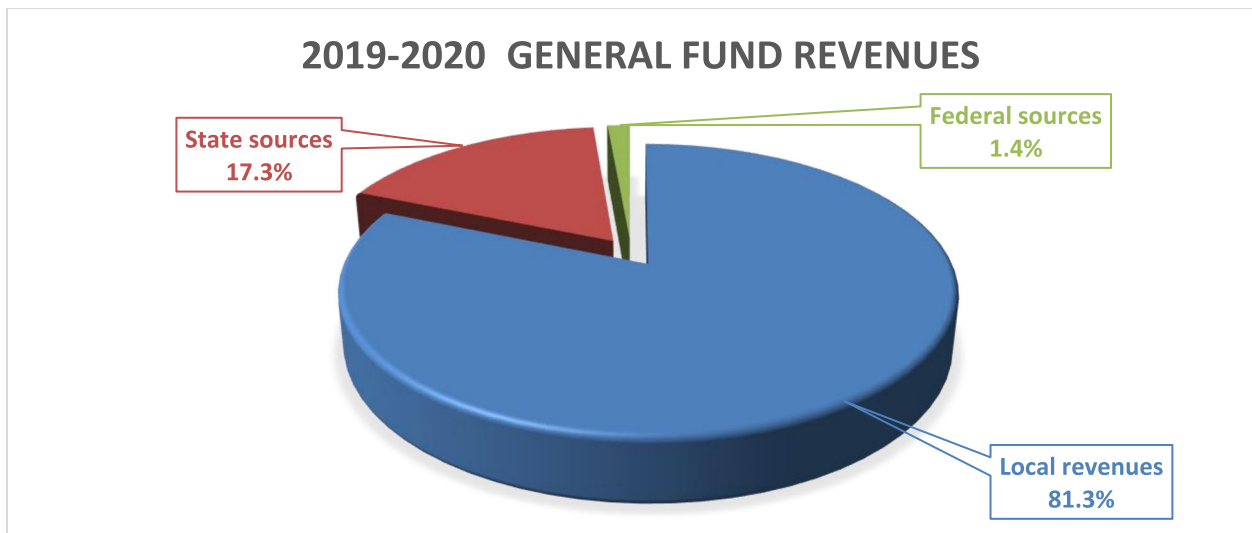
**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

student growth within the District. For the current year, the District assigned \$3,500,000 to the Enrollment Growth Fund. The remaining assigned fund balance of \$128,904 is assigned for athletic activities.

REVENUE

General Fund revenues, excluding other financing sources, total \$255,102,753, which is an increase from the collections in the prior year. The table below reflects a comparison of current year revenues to prior year revenues:

	General Fund Revenue 2020	Percentage of Total	Increase/ (Decrease) from 2019	Variance Over/(Under) Final Budget
Local revenues	\$ 207,397,185	81.3%	\$ 4,224,403	\$ 2,881,919
State sources	44,089,036	17.3%	1,409,899	(1,023,635)
Federal sources	3,616,532	1.4%	(52,189)	649,502
TOTAL	\$ 255,102,753	100.00%	\$ 5,582,113	\$ 2,507,786



Local revenues increased by \$4,224,403. The District's real estate tax revenues increased \$4,174,275 from the prior year due to a 1.8 percent or 0.3899 mill increase in the tax rate in Chester County and a 1.1 percent or 0.1836 mill increase in the tax rate in Delaware County. Additionally, delinquent tax collections increased by \$682,989. The increases were offset by decreases in investment income in the amount of \$477,909.

The increase in state revenues is due to increases in basic education funding and pension funding. The state reimburses the District for 50 percent of the District's pension cost. The increase in the state

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

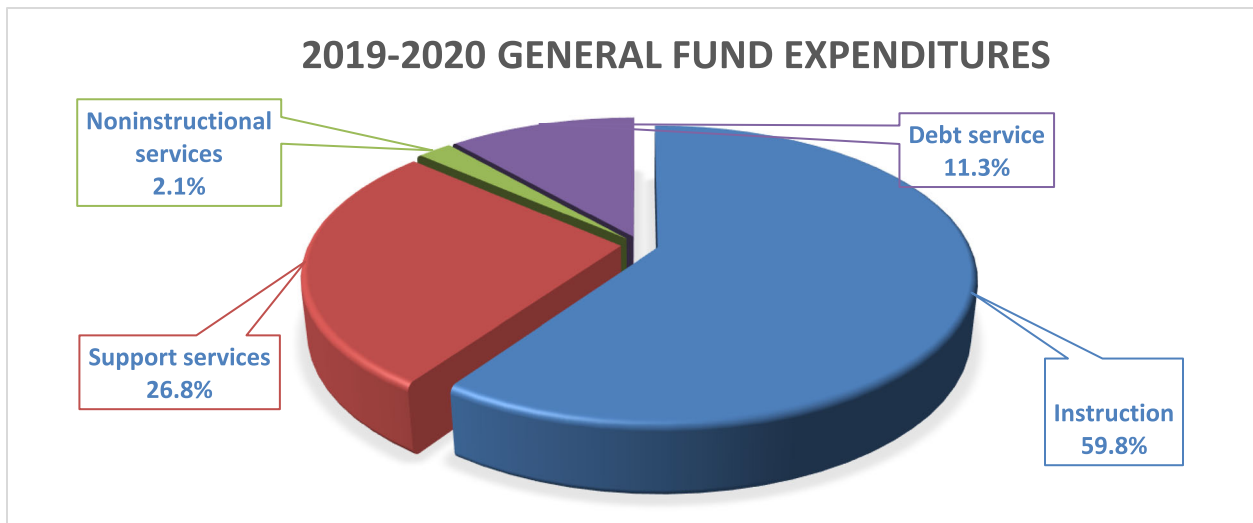
pension rates caused both an increase in the annual pension costs as well as an increase of \$775,349 in the related retirement subsidy reimbursement. In addition to the increase in retirement subsidy, the District had an increase in the Basic Education Fund in the amount of \$388,573.

Federal revenues decreased by 1.4 percent, which is the net effect of a decrease in Medical Assistance funding of \$229,557 and Title I funding in the amounts of \$105,671, which was offset by an increase in other federal funding for the safe schools initiative in the amount of \$213,803.

EXPENDITURES

General Fund expenditures, excluding transfers to other governmental funds, totaled \$233,070,145. This was a decrease of \$4,231,336 or 1.78 percent over the prior year, and it was \$23,287,645 under the approved budget. The expenditures were segregated into various programs depending on the functions of the activity. These programs and the costs associated with each, as well as comparison to the costs incurred in the prior year and the final 2019-2020 budget, are as follows:

	General Fund Expenditures 2020	Percentage of Total	Increase/ (Decrease) from 2019	Variance Over/(Under) Final Budget
Instruction	\$ 139,156,057	59.8%	\$ (2,931,953)	\$ (13,309,590)
Support services	62,518,123	26.8%	(1,943,213)	(9,137,851)
Noninstructional services	4,854,313	2.1%	(325,980)	(826,353)
Debt service	26,541,652	11.3%	969,810	(13,851)
TOTAL	\$ 233,070,145	100.0%	\$ (4,231,336)	\$ (23,287,645)



**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

The driving factors for the 2019-2020 decreases in expenses were lower than anticipated medical claims and savings as a result of the pandemic shut in the area of contracted professional staff, professional services, tuitions and student transportation. Medical claims, contracted professional staff, and tuition expense decreases drove instructional expense and non-instructional support services expense decreases. Medical claims and student transportation expense decreases were the main factors affecting support services expense. There was a planned increase in debt service expenses.

Capital Projects Fund

In 2019, the District identified the need for an eleventh elementary school due to the student growth within the District. During 2019-2020, construction began on the new Greystone Elementary School, which is scheduled to be completed and open in August 2021. As of June 30, 2020, the District had a Capital Projects Fund balance of \$24,357,797. This was an increase of \$25,667,656 from the prior year. The District reported net cash inflows of \$34,750,000 which represented the new bond funds secured to fund the latest elementary school renovations and the start of the new elementary school. The District also reported expenditures of \$14,726,184 in 2019-2020. These expenditures were primarily related to the design and renovation of the elementary schools.

Capital Reserve Fund

The Capital Reserve Fund had a fund balance of \$21,345,455 at June 30, 2020. This was a \$788,062 increase from the prior year. The Capital Reserve Fund is funded by transfers from the General Fund. In 2019-2020, the capital outflows from the Capital Reserve Fund were spent on technology replacements and maintenance projects. The Capital Reserve Fund received a transfer in of \$5,451,612 from the General Fund. This transfer represented General Fund maintenance projects and debt service savings achieved through refinancing an existing bond issue.

GENERAL FUND BUDGET

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

Due to legislative restrictions, the District must adopt a preliminary budget six months before the start of the fiscal year. Subsequent to the start of the fiscal year, the District's projections indicated that future budget years would experience a budgetary shortfall due to rising pension rates and limited local revenue increases. In reaction to this anticipated gap, the District has been conservative with spending. This is evident when reviewing the District's actual expenditures versus the approved budget. Total revenues were collected above budgeted amounts at \$2,507,786 over budget or 0.99 percent. Total expenditures were under the amended budget by \$23,287,645 or 9.08 percent.

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

CAPITAL ASSETS

At June 30, 2020, the District had \$311,200,709 invested in a broad range of governmental capital assets, including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deletions, and depreciation) of \$5,813,334 or 1.90 percent from the prior year. Additionally, the District's construction-in-progress balance increased by \$12,830,058 from the prior year.

The following schedule depicts the capital assets for the period July 1, 2019 through June 30, 2020. More detailed information about capital assets is included in the notes to the financial statements.

	Governmental Activities	Business-type Activities	Total Assets
Capital Assets:			
Land	\$ 28,289,916	\$ -	\$ 28,289,916
Land improvements	16,416,508	-	16,416,508
Buildings	426,266,132	-	426,266,132
Construction-in-progress	44,337,846	-	44,337,846
Furniture and equipment	43,349,091	1,630,967	44,980,058
TOTAL CAPITAL ASSETS	558,659,493	1,630,967	560,290,460
TOTAL ACCUMULATED DEPRECIATION	248,116,393	973,358	249,089,751
CAPITAL ASSETS, NET	\$ 310,543,100	\$ 657,609	\$ 311,200,709

DEBT ADMINISTRATION

As of June 30, 2020, the District had total outstanding bonds and related charges of \$286,636,539, an increase of \$21,191,087 from the prior year. Based upon a projection of future debt margins, the retirement of principal on current issues, and estimated future borrowing, the District is certain that it will not exceed its debt limit.

**Debt Service Schedule
June 30, 2020**

	Principal Outstanding June 30, 2019	Maturities/ Refinancing	Additions	Principal Outstanding June 30, 2020
GENERAL OBLIGATION BONDS AND NOTES	\$ 250,425,000	\$ 16,290,000	\$ 34,750,000	\$ 268,885,000
<i>Deferred amounts:</i>				
Net issuance premium	15,020,452	2,912,753	5,643,840	17,751,539
LONG-TERM DEBT	\$ 265,445,452	\$ 19,202,753	\$ 40,393,840	\$ 286,636,539

**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

OTHER LONG-TERM LIABILITIES

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

THE DISTRICT'S FUTURE

The West Chester Area School District forecasts budgetary impacts five years forward. Looking forward, the District is currently forecasting expenses to outpace revenues, creating a budgetary gap. Local revenue, the District's largest budgetary stream, has shown signs over the past year of moderate growth. Interim real estate tax, earned income tax, growth in real estate tax base, and transfer tax collections all follow local economic trends. While State funding has increased recently, increases were driven by pension and social security subsidy increases that are mirrored by the cost and do not assist in addressing budgetary gaps. Expense growth in the future will continue to be driven by pension, staffing salary, and benefit costs. The District's employer pension contribution rate rose to 34.29 percent in 2019-2020 and will continue to increase going forward. The District also projects an annual increase of 7.57 percent per year in health benefits.

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

During the past year, the District has seen a large number of residential development projects approved within the District's boundaries. In anticipation of the future influx of additional new student enrollment, the District has adjusted its long-term elementary school master plan to include a new eleventh elementary school. The District will continue the renovations and/or additions to each of its existing ten elementary schools. This project was the continuation of the District's secondary school renovation program that was completed. The District has completed five building renovations, is in progress with both the sixth and seventh renovations, and has begun construction of the new elementary school. As for the balance of the plan, the District has always exercised caution in a conservative approach to borrowing, including waiting until long-term bonds (20-year notes) were capable of being sold at advantageous, fixed rates of interest.

FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Mr. John Scully, Director of Business Affairs at The West Chester Area School District, 782 Springdale Drive, Exton, PA 19341, (484) 266-1020.

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 25,548,566	\$ 27,910	\$ 25,576,476
Investments	87,046,824	1,096,946	88,143,770
Internal balances	91,859	(91,859)	-
Due from other governments	8,288,183	31,035	8,319,218
Other receivables	1,454,032	11,743	1,465,775
Taxes receivable	3,586,978	-	3,586,978
Prepaid expenses	3,499,326	-	3,499,326
Inventories	-	3,005	3,005
Total Current Assets	<u>129,515,768</u>	<u>1,078,780</u>	<u>130,594,548</u>
Noncurrent Assets:			
Investments	497,497	-	497,497
Capital assets:			
Land	28,289,916	-	28,289,916
Construction-in-progress	44,337,846	-	44,337,846
Land improvements	16,416,508	-	16,416,508
Buildings	426,266,132	-	426,266,132
Furniture and equipment	43,349,091	1,630,967	44,980,058
Less: accumulated depreciation	<u>(248,116,393)</u>	<u>(973,358)</u>	<u>(249,089,751)</u>
Total Noncurrent Assets	<u>311,040,597</u>	<u>657,609</u>	<u>311,698,206</u>
TOTAL ASSETS	<u>440,556,365</u>	<u>1,736,389</u>	<u>442,292,754</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	3,422,433	-	3,422,433
Deferred outflows relating to OPEB	3,243,222	-	3,243,222
Deferred outflows relating to pension	39,469,196	-	39,469,196
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>46,134,851</u>	<u>-</u>	<u>46,134,851</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 486,691,216</u>	<u>\$ 1,736,389</u>	<u>\$ 488,427,605</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)			
LIABILITIES			
Current Liabilities:			
Accounts payable and other current liabilities	\$ 26,769,956	\$ 109,889	\$ 26,879,845
Accrued interest	1,639,225	-	1,639,225
Unearned revenues	235,320	248,633	483,953
Bonds and notes payable, net	19,974,941	-	19,974,941
Total Current Liabilities	<u>48,619,442</u>	<u>358,522</u>	<u>48,977,964</u>
Noncurrent Liabilities:			
Bonds and notes payable, net	266,661,598	-	266,661,598
Accrued severance and compensated absences	5,440,155	-	5,440,155
Net OPEB liability	28,809,834	-	28,809,834
Net pension liability	320,414,000	-	320,414,000
Total Noncurrent Liabilities	<u>621,325,587</u>	<u>-</u>	<u>621,325,587</u>
TOTAL LIABILITIES	<u>669,945,029</u>	<u>358,522</u>	<u>670,303,551</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows relating to OPEB	1,672,040	-	1,672,040
Deferred inflows relating to pension	12,393,000	-	12,393,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>14,065,040</u>	<u>-</u>	<u>14,065,040</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	49,714,318	657,609	50,371,927
Restricted for capital projects	21,345,455	-	21,345,455
Unrestricted (deficit)	<u>(268,378,626)</u>	<u>720,258</u>	<u>(267,658,368)</u>
TOTAL NET POSITION (DEFICIT)	<u>(197,318,853)</u>	<u>1,377,867</u>	<u>(195,940,986)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	<u>\$ 486,691,216</u>	<u>\$ 1,736,389</u>	<u>\$ 488,427,605</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Totals
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 148,865,697	\$ 120,608	\$ 23,477,097	\$ -	\$(125,267,992)	-	\$(125,267,992)
Instructional student support	18,695,408	-	3,376,049	-	(15,319,359)	-	(15,319,359)
Administrative and financial support services	20,927,142	-	1,955,135	-	(18,972,007)	-	(18,972,007)
Operation and maintenance of plant services	18,228,580	270,577	2,618,776	-	(15,339,227)	-	(15,339,227)
Pupil transportation	13,120,151	-	3,303,461	-	(9,816,690)	-	(9,816,690)
Student activities	5,117,896	464,513	566,285	-	(4,087,098)	-	(4,087,098)
Community services	110,805	-	303	-	(110,502)	-	(110,502)
Interest on long-term debt	8,818,963	-	-	-	(8,818,963)	-	(8,818,963)
TOTAL GOVERNMENTAL ACTIVITIES	233,884,642	855,698	35,297,106	-	(197,731,838)	-	(197,731,838)
BUSINESS-TYPE ACTIVITIES:							
Food service	2,946,728	1,883,936	779,634	-	-	(283,158)	(283,158)
TOTAL PRIMARY GOVERNMENT	\$ 236,831,370	\$ 2,739,634	\$ 36,076,740	\$ -	(197,731,838)	(283,158)	(198,014,996)
GENERAL REVENUES							
Property taxes, levied for general purposes					177,781,018	-	177,781,018
Taxes levied for specific purposes					26,466,353	-	26,466,353
Grants, entitlements, and contributions not restricted to specific programs					12,408,464	-	12,408,464
Investment earnings					2,948,828	21,859	2,970,687
Other					168,635	-	168,635
TOTAL GENERAL REVENUES					219,773,298	21,859	219,795,157
CHANGE IN NET POSITION (DEFICIT)					22,041,460	(261,299)	21,780,161
NET POSITION (DEFICIT), BEGINNING OF YEAR					(219,360,313)	1,639,166	(217,721,147)
NET POSITION (DEFICIT), END OF YEAR					\$(197,318,853)	\$ 1,377,867	\$(195,940,986)

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

**WEST CHESTER AREA SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Capital Projects Fund	Capital Reserve Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 22,847,816	\$ 814,863	\$ 1,885,887	\$ 25,548,566
Investments	41,356,663	26,633,111	19,554,547	87,544,321
Taxes receivable	3,586,978	-	-	3,586,978
Due from other funds	91,859	-	-	91,859
Due from other governments	8,288,183	-	-	8,288,183
Other receivables	1,277,981	-	176,051	1,454,032
Prepaid expenditures	2,912,426	3,500	583,400	3,499,326
TOTAL ASSETS	<u>\$ 80,361,906</u>	<u>\$ 27,451,474</u>	<u>\$ 22,199,885</u>	<u>\$ 130,013,265</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 5,012,578	\$ 3,093,677	\$ 854,430	\$ 8,960,685
Unearned revenue	235,320	-	-	235,320
Payroll accruals and withholdings	17,809,271	-	-	17,809,271
TOTAL LIABILITIES	<u>23,057,169</u>	<u>3,093,677</u>	<u>854,430</u>	<u>27,005,276</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	1,849,251	-	-	1,849,251
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,849,251</u>	<u>-</u>	<u>-</u>	<u>1,849,251</u>
FUND BALANCES:				
Nonspendable	2,912,426	3,500	583,400	3,499,326
Restricted	-	24,354,297	20,762,055	45,116,352
Committed	4,159,909	-	-	4,159,909
Assigned	34,115,736	-	-	34,115,736
Unassigned	14,267,415	-	-	14,267,415
TOTAL FUND BALANCES	<u>55,455,486</u>	<u>24,357,797</u>	<u>21,345,455</u>	<u>101,158,738</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 80,361,906</u>	<u>\$ 27,451,474</u>	<u>\$ 22,199,885</u>	<u>\$ 130,013,265</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2020**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 101,158,738

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets was \$558,659,493, and accumulated depreciation was \$248,116,393. 310,543,100

Some of the District's revenues will be collected after year end but are not available soon enough to pay the current year's expenditures and, therefore, are reported as unavailable revenue - property taxes in the governmental funds. 1,849,251

Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the life of the 3,422,433

Long-term liabilities applicable to the governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest	\$ (1,639,225)	
Bonds and notes payable in future years, net	(286,636,539)	
Accumulated compensated absences	(5,440,155)	
Net pension liability	(320,414,000)	
Net OPEB liability	<u>(28,809,834)</u>	(642,939,753)

Deferred inflows and outflows of resources related to the District's net pension and OPEB liabilities are based on the differences between actuarially determined expected and actual investment returns, changes in the actuarially determined proportion of the District's amount of the total pension and OPEB liabilities, differences between actual and expected experience, and pension and OPEB contributions made after the measurement date of the net pension and OPEB liabilities. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred outflows of resources:		
Deferred outflows - OPEB	3,243,222	
Deferred outflows - pension	39,469,196	
Deferred inflows of resources:		
Deferred inflows - OPEB	(1,672,040)	
Deferred inflows - pension	<u>(12,393,000)</u>	<u>28,647,378</u>

TOTAL NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ (197,318,853)

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

WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund	Capital Reserve Fund	Totals
REVENUES				
Local sources	\$ 207,397,185	-	\$ 769,782	\$ 208,166,967
State sources	44,089,036	-	-	44,089,036
Federal sources	3,616,532	-	-	3,616,532
TOTAL REVENUES	<u>255,102,753</u>	<u>-</u>	<u>769,782</u>	<u>255,872,535</u>
EXPENDITURES				
Current:				
Instruction	139,156,057	-	-	139,156,057
Support services	62,518,123	-	3,299,286	65,817,409
Operation of noninstructional services	4,854,313	-	-	4,854,313
Debt service:				
Principal	16,290,000	-	-	16,290,000
Interest	10,251,652	-	-	10,251,652
Bond issuance costs	-	388,048	-	388,048
Capital outlays	-	14,338,136	2,134,046	16,472,182
TOTAL EXPENDITURES	<u>233,070,145</u>	<u>14,726,184</u>	<u>5,433,332</u>	<u>253,229,661</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>22,032,608</u>	<u>(14,726,184)</u>	<u>(4,663,550)</u>	<u>2,642,874</u>
OTHER FINANCING SOURCES (USES)				
Refund of prior year expenditures	5,666	-	-	5,666
Bonds issued for capital projects	-	34,750,000	-	34,750,000
Premium on bonds issued	-	5,643,840	-	5,643,840
Transfers in	-	-	5,451,612	5,451,612
Transfers out	(5,451,612)	-	-	(5,451,612)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,445,946)</u>	<u>40,393,840</u>	<u>5,451,612</u>	<u>40,399,506</u>
NET CHANGE IN FUND BALANCES	16,586,662	25,667,656	788,062	43,042,380
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	<u>38,868,824</u>	<u>(1,309,859)</u>	<u>20,557,393</u>	<u>58,116,358</u>
FUND BALANCES, END OF YEAR	<u>\$ 55,455,486</u>	<u>\$ 24,357,797</u>	<u>\$ 21,345,455</u>	<u>\$ 101,158,738</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 43,042,380

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. In addition, disposal of assets before they are fully depreciated results in a loss that is not reported in the governmental funds. In the current period, these amounts are:

Capital outlays	\$ 18,750,453	
Depreciation expense	<u>(12,892,657)</u>	5,857,796

Because some amounts will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. 47,901

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. (21,191,087)

Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the life of the refunding debt. (1,037,000)

In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) and severance benefits (early retirement) – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which current period amounts paid exceeded current period compensated absences earned. (285,088)

OPEB expenses in the statement of activities differs from the amount reported in the governmental funds because OPEB expenses are recognized in the statement of activities based on the District's proportionate share of the expenses of the cost-sharing OPEB plan and expenses of the single employer, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 290,152

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. (55,016)

Pension expense in the statement of activities differs from the amount reported in the governmental funds because pension expense is recognized in the statement of activities based on the District's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan (4,628,578)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 22,041,460

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

**WEST CHESTER AREA SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 204,515,266	\$ 204,515,266	\$ 207,397,185	\$ 2,881,919
State sources	45,112,671	45,112,671	44,089,036	(1,023,635)
Federal sources	2,967,030	2,967,030	3,616,532	649,502
TOTAL REVENUES	<u>252,594,967</u>	<u>252,594,967</u>	<u>255,102,753</u>	<u>2,507,786</u>
EXPENDITURES				
Current:				
Instruction				
Regular programs, elementary/secondary	99,886,277	101,764,670	94,197,736	7,566,934
Special programs, elementary/secondary	41,491,539	43,071,464	37,658,954	5,412,510
Vocational education programs	6,321,040	6,442,402	6,292,293	150,109
Other instructional programs	823,503	1,120,673	940,636	180,037
Nonpublic school programs	51,860	66,438	66,438	-
Total Instruction	<u>148,574,219</u>	<u>152,465,647</u>	<u>139,156,057</u>	<u>13,309,590</u>
Support services				
Pupil personnel	9,798,248	10,029,354	9,151,408	877,946
Instructional staff	6,237,853	6,511,913	5,668,075	843,838
Administration	12,893,993	13,160,515	11,293,929	1,866,586
Pupil health	2,337,099	2,409,043	2,395,807	13,236
Business	1,969,353	1,997,370	1,787,151	210,219
Operation and maintenance of plant services	18,554,224	19,163,641	16,068,868	3,094,773
Student transportation services	14,164,872	14,171,768	12,409,575	1,762,193
Central	3,936,835	3,981,149	3,595,539	385,610
Other support services	226,867	231,221	147,771	83,450
Total Support Services	<u>70,119,344</u>	<u>71,655,974</u>	<u>62,518,123</u>	<u>9,137,851</u>
Operation of noninstructional services				
Student activities	5,498,341	5,524,465	4,749,544	774,921
Community services	145,000	156,201	104,769	51,432
Total Operation of Noninstructional Services	<u>5,643,341</u>	<u>5,680,666</u>	<u>4,854,313</u>	<u>826,353</u>
Debt service				
Principal, interest, and fiscal agent fees	26,555,503	26,555,503	26,541,652	13,851
TOTAL EXPENDITURES	<u>250,892,407</u>	<u>256,357,790</u>	<u>233,070,145</u>	<u>23,287,645</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,702,560</u>	<u>(3,762,823)</u>	<u>22,032,608</u>	<u>25,795,431</u>
OTHER FINANCING SOURCES (USES)				
Refund of prior year expenditures	-	-	5,666	5,666
Budgetary reserve	(5,465,384)	-	-	-
Interfund transfer out	(5,451,612)	(5,451,612)	(5,451,612)	-
TOTAL OTHER FINANCING USES	<u>(10,916,996)</u>	<u>(5,451,612)</u>	<u>(5,445,946)</u>	<u>5,666</u>
NET CHANGE IN FUND BALANCE	(9,214,436)	(9,214,435)	16,586,662	25,801,097
FUND BALANCE, BEGINNING OF YEAR	<u>38,868,824</u>	<u>38,868,824</u>	<u>38,868,824</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 29,654,388</u>	<u>\$ 29,654,389</u>	<u>\$ 55,455,486</u>	<u>\$ 25,801,097</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2020**

	<u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 27,910
Investments	1,096,946
Due from other governments	31,035
Other receivables	11,743
Inventories, donated commodities	3,005
TOTAL CURRENT ASSETS	<u>1,170,639</u>
 CAPITAL ASSETS:	
Furniture and equipment, net	<u>657,609</u>
 TOTAL ASSETS	<u><u>\$ 1,828,248</u></u>
 LIABILITIES AND NET POSITION	
CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	\$ 109,889
Due to other funds	91,859
Unearned revenue	248,633
TOTAL LIABILITIES	<u>450,381</u>
 NET POSITION:	
Investment in capital assets	657,609
Unrestricted	720,258
TOTAL NET POSITION	<u>1,377,867</u>
 TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,828,248</u></u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Food Service Fund</u>
OPERATING REVENUES	
Food service revenues	\$ 1,883,936
TOTAL OPERATING REVENUES	<u>1,883,936</u>
 OPERATING EXPENSES	
Professional and contract services	2,828,135
Depreciation	118,593
TOTAL OPERATING EXPENSES	<u>2,946,728</u>
 OPERATING LOSS	 <u>(1,062,792)</u>
 NONOPERATING REVENUES	
State sources	43,838
Federal sources	734,166
Local sources	1,630
Interest income	21,859
TOTAL NONOPERATING REVENUES	<u>801,493</u>
 CHANGE IN NET POSITION	 (261,299)
 NET POSITION, BEGINNING OF YEAR	 <u>1,639,166</u>
 NET POSITION, END OF YEAR	 <u>\$ 1,377,867</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 1,968,112
Payments to suppliers	<u>(2,747,088)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(778,976)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	45,211
Federal sources	613,099
Local sources	<u>1,630</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>659,940</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	<u>(74,131)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(74,131)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale of investment securities and deposits to investment pools	124,685
Interest income	<u>21,859</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>146,544</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(46,623)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>74,533</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 27,910</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (1,062,792)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	118,593
Commodities usage	123,092
Changes in assets and liabilities:	
Increase in other receivables	(4,209)
Decrease in due from other funds	3,152
Increase in inventory	(1,001)
Increase in due to other funds	91,859
Decrease in accounts payable and accrued liabilities	(132,903)
Increase in unearned revenue	<u>85,233</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (778,976)</u>
<u>SUPPLEMENTAL DISCLOSURE</u>	
NONCASH NONCAPITAL FINANCING ACTIVITY:	
USDA donated commodities	<u>\$ 123,092</u>

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

WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020

	Student Activity Funds	Other Agency Fund	Total Agency Funds	Private- Purpose Trust
ASSETS				
Cash and cash equivalents	\$ 439,313	\$ 74,930	\$ 514,243	\$ 607,413
Other receivables	-	5,402	5,402	-
TOTAL ASSETS	<u>\$ 439,313</u>	<u>\$ 80,332</u>	<u>\$ 519,645</u>	<u>\$ 607,413</u>
LIABILITIES AND NET POSITION				
LIABILITIES:				
Other current liabilities	\$ 439,313	\$ 80,332	\$ 519,645	\$ 7,648
TOTAL LIABILITIES	<u>439,313</u>	<u>80,332</u>	<u>519,645</u>	<u>7,648</u>
NET POSITION:				
Restricted	-	-	-	599,765
TOTAL NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,765</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 439,313</u>	<u>\$ 80,332</u>	<u>\$ 519,645</u>	<u>\$ 607,413</u>

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

**WEST CHESTER AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Private- Purpose Trust</u>
ADDITIONS	
Gifts and contributions	<u>\$ 503,175</u>
TOTAL ADDITIONS	<u>503,175</u>
DEDUCTIONS	
Grants	<u>375,657</u>
TOTAL DEDUCTIONS	<u>375,657</u>
CHANGE IN NET POSITION	127,518
NET POSITION, BEGINNING OF YEAR	<u>472,247</u>
NET POSITION, END OF YEAR	<u><u>\$ 599,765</u></u>

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Chester Area School District's ("the District") financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

Reporting Entity

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

Entity-wide and Fund Financial Statements

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The District reports the following major government funds:

General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

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

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

The District reports the following major proprietary fund:

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

These 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 the proprietary funds' principal ongoing operations. The principal operating revenue of the District's enterprise fund is food service charges. Operating expenses for the District's enterprise fund includes food production costs, supplies, and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Additionally, the District reports the following fund types:

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

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania; or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC") or the Federal Savings and Loan Insurance Corporation ("FSLIC") to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

In 2016, permitted investments were expanded to include highly rated commercial paper, bankers' acceptances, and negotiable certificates of deposit.

Investments are reported at fair value, except for repurchase agreements and nonnegotiable certificates of deposit which are reported at cost and external investment pools which are reported at amortized cost. In establishing the fair value of investments, the District uses the following hierarchy. The lowest level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Receivables and Payables

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

All trade and property tax receivables are shown net of any allowance for uncollectibles. There are no allowances at June 30, 2020.

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Prepaid Items

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

Inventory

All inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories reported in the governmental funds consist of expendable materials and supplies, which are recorded as expenditures when purchased. Inventories in the proprietary fund consist of food and related supplies, and are recorded as expenses when consumed.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Donated capital assets, donated works of art, historical treasures and similar assets, and capital assets that are received in a service concession arrangement will be measured at acquisition value.

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

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

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

Compensated Absences

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Accrued Severance Pay

Administrative personnel who have completed at least 12 years of credited District service and retire under normal PSERS guidelines receive severance pay in the form of compensation. Instructional, secretarial, and support personnel who have completed at least 15 years of credited District service and retire under the normal PSERS guidelines receive severance pay in the form of compensation. Administrative personnel receive \$45 - \$80 per day for every day of accumulated sick and personal days at retirement. Instructional personnel receive \$45 - \$80 per day. Secretarial and support personnel receive \$100 per day for every day of accumulated sick and personal days at retirement to a maximum \$10,000 of compensation. Severance pay generally is liquidated by the general fund.

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are netted against outstanding principal balances and amortized over the life of the bonds. Bond issuance costs are expensed when incurred. Deferred amounts on refunding are recorded as deferred inflows or outflows of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amortized amounts are amortized using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements represent an addition to or consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until then. The District has various items that are reported in these categories.

The first deferred outflow is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

The second deferred outflow of resources relates to certain changes to the net pension and OPEB liabilities which are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows of resources in the statement of net position. In the statement of net position, a deferred inflow of resources is recorded for differences related to changes in the net pension and OPEB liabilities which will be amortized over future periods. See Notes 13 through 16 for further analysis of deferred outflows and inflows of resources related to the net pension and OPEB liabilities.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition with resources that have been received but not yet earned. At the end of the current fiscal year, deferred inflows of resources reported in the general fund resulted from delinquent property taxes receivable.

Fund Equity

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

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

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

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

Assigned – that portion of the fund balance that is intended to be used for specific purposes. The Property and Finance Committee, the Superintendent, or the Director of Business Affairs may assign amounts for specific purposes.

Unassigned – that portion of the fund balance that represents expendable available financial resources. It is the residual after the nonspendable, restricted, committed, and assigned portions are deducted from the total fund balance. A negative unassigned fund balance may be reported in the other governmental funds (not general fund) if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

available, the District considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the School Board, the Property and Finance Committee, the Superintendent, or the Director of Business Affairs has provided otherwise in its commitment or assignment actions.

The District is committed to maintaining a prudent level of financial resources to protect against the needs to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's minimum fund balance policy requires that the unassigned fund balance equal or exceed five percent of the subsequent year's general fund operating expenditures.

Net Position

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

Use of Estimates in the Preparation of Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 BUDGETARY INFORMATION

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 BUDGETARY INFORMATION

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

NOTE 3 DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk but operates under the provisions of Commonwealth laws (Act 72). At June 30, 2020, the carrying amount of the District's deposits was \$26,698,132, and the bank balance was \$27,139,519. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance was fully collateralized. This collateral was held by the depository's agent on a pooled basis not in the District's name.

NOTE 4 INVESTMENTS

The District purchases money market holdings, certificates of deposit ("CDs"), and government agency securities through Fulton Financial Advisors. The money market is a federal money market fund and maintains a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of June 30, 2020, it was rated AAA by a nationally recognized statistical rating agency. Fulton Financial Advisors is a registered member of the Securities and Exchange Commission and subject to the Commission's oversight. These investments are held by a third party. Investments are in short-term securities in accordance with the District's investment policy and school district code. All agency securities purchased are highly rated by a nationally recognized rating agency. As of June 30, 2020, it was rated AA by a nationally recognized statistical rating agency. All CDs are purchased at values to stay within the FDIC insurance limits.

The District also invests in the Pennsylvania Local Government Investment Trust ("PLGIT"), the Pennsylvania School District Liquid Asset Fund ("PSDLAF"), and the Pennsylvania Treasurer's Investment Program for Local Governments ("PTIP"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT, PSDLAF, and PTIP act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit. These external investment pools are considered 2a7-like pools and are recorded at amortized cost. The amortized cost, which approximates fair

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS (cont'd)

value of the pool, is determined by the pool's share price. As of June 30, 2020, PLGIT, PSDLAF, and PTIP were rated as AAAM by a nationally recognized statistical rating organization. As of June 30, 2020, the District had \$35,495,855 invested in PLGIT, PSDLAF, and PTIP (\$7,399,963 in the general fund, \$26,633,111 in the capital projects fund, \$365,835 in the capital reserve fund, and \$1,096,946 in the food service fund.)

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The District has the following recurring fair value measurements as of June 30, 2020:

	Fair Value	Level 1	Level 2	Maturity in Less than One Year	Maturity in Greater than One Year
General Fund					
CRIMS - Certificates of deposit	\$11,364,930	\$ -	\$11,364,930	\$11,364,930	\$ -
CRIMS - Money market	17,596,374	17,596,374	-	17,596,374	-
CRIMS - Commercial paper	4,995,396	-	4,995,396	4,995,396	-
Total General Fund	<u>33,956,700</u>	<u>17,596,374</u>	<u>16,360,326</u>	<u>33,956,700</u>	<u>-</u>
Capital Reserve Fund Account					
CRIMS - Certificates of deposit	8,957,438	-	8,957,438	8,459,941	497,497
CRIMS - Money market	2,039,180	2,039,180	-	2,039,180	-
CRIMS - Municipal bonds	250,949	-	250,949	250,949	-
CRIMS - Commercial paper	7,941,145	-	7,941,145	7,941,145	-
Total Capital Reserve Fund Account	<u>19,188,712</u>	<u>2,039,180</u>	<u>17,149,532</u>	<u>18,691,215</u>	<u>497,497</u>
TOTALS	<u>\$53,145,412</u>	<u>\$19,635,544</u>	<u>\$33,509,858</u>	<u>\$52,647,915</u>	<u>\$ 497,497</u>

Concentration Risk

Investments shall be diversified by avoiding concentration in obligations of a specific issuer (excluding U.S. Treasury securities) and continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market mutual funds, or bank accounts subject to immediate withdrawal.

Interest Rate Risk

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the district to meet all projected obligations.

For operating funds, the maximum weighted average maturity will be no more than six (6) months at any point in time and the maximum maturity of any individual investment will be 397 days from purchase date to maturity date. For reserve funds, the maximum weighted average maturity will be no more than two and a half (2 ½) years from at any point in time and the maximum maturity of any individual investment will be five (5) years from purchase date to maturity date. Scholarship and other similarly designated funds shall be invested such that the final maturity will be suitable to the expected life of the designated fund.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 TAXES RECEIVABLE

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

	<u>General Fund</u>
Real estate taxes	\$ 2,291,960
Transfer taxes	220,233
Earned income taxes	<u>1,074,785</u>
Total Taxes Receivable	<u>\$ 3,586,978</u>

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

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, unavailable revenue of \$1,849,251 reported in the governmental funds resulted from delinquent property taxes receivable which was not collected within 60 days of fiscal year end.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated:					
Land	\$ 28,289,916	\$ -	\$ -	\$ -	\$ 28,289,916
Construction-in-progress	<u>31,507,788</u>	<u>15,993,933</u>	<u>-</u>	<u>(3,163,875)</u>	<u>44,337,846</u>
Total Capital Assets Not Being Depreciated	<u>59,797,704</u>	<u>15,993,933</u>	<u>-</u>	<u>(3,163,875)</u>	<u>72,627,762</u>
Capital assets being depreciated:					
Land improvements	16,416,508	-	-	-	16,416,508
Buildings	424,119,730	-	-	2,146,402	426,266,132
Furniture and equipment	<u>39,850,208</u>	<u>2,756,520</u>	<u>275,110</u>	<u>1,017,473</u>	<u>43,349,091</u>
Total Capital Assets Being Depreciated	<u>480,386,446</u>	<u>2,756,520</u>	<u>275,110</u>	<u>3,163,875</u>	<u>486,031,731</u>
Accumulated depreciation for:					
Land improvements	8,799,499	666,322	-	-	9,465,821
Buildings	191,112,046	10,724,069	-	-	201,836,115
Furniture and equipment	<u>35,587,301</u>	<u>1,502,266</u>	<u>275,110</u>	<u>-</u>	<u>36,814,457</u>
Total accumulated depreciation	<u>235,498,846</u>	<u>12,892,657</u>	<u>275,110</u>	<u>-</u>	<u>248,116,393</u>
Total Capital Assets Being Depreciated, Net	<u>244,887,600</u>	<u>(10,136,137)</u>	<u>-</u>	<u>3,163,875</u>	<u>237,915,338</u>
Governmental Activities, Net	<u>\$304,685,304</u>	<u>\$ 5,857,796</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$310,543,100</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
BUSINESS-TYPE ACTIVITIES					
Capital assets:					
Furniture and equipment	\$ 1,556,836	\$ 74,131	\$ -	\$ -	\$ 1,630,967
Total Capital Assets	<u>1,556,836</u>	<u>74,131</u>	<u>-</u>	<u>-</u>	<u>1,630,967</u>
Accumulated depreciation for:					
Furniture and equipment	854,765	118,593	-	-	973,358
Total Accumulated Depreciation	<u>854,765</u>	<u>118,593</u>	<u>-</u>	<u>-</u>	<u>973,358</u>
Business-type Activities					
Capital Assets, Net	<u>\$ 702,071</u>	<u>\$ (44,462)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657,609</u>

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

Governmental Activities:

Instruction	\$ 7,927,933
Instructional student support	980,782
Administrative and financial support services	1,146,477
Operation and maintenance of plant services	1,853,914
Pupil transportation	706,993
Student activities	270,589
Community services	<u>5,969</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 12,892,657</u>
Business-type Activities - Food Service	<u>\$ 118,593</u>

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of and for the year ended June 30, 2020 is as follows:

Receivable to	Payable from	Amount
General fund	Food service fund	<u>\$ 91,859</u>

Interfund receivables and payables exist as a result of a time lag between dates when goods and services were provided and payments between funds were made. All will be paid within one year. The general fund transferred \$5,451,612 to the capital reserve fund for the year ended June 30, 2020 to fund future planned capital expenditures.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT

The following summarizes the changes in the long-term debt of governmental activities for the year ended June 30, 2020:

	Principal Outstanding <u>June 30, 2019</u>	<u>Repayments</u>	<u>Additions</u>	Principal Outstanding <u>June 30, 2020</u>	<u>Due in One Year</u>
General Obligation Note, Series of 2009	\$ 9,955,000	\$ 5,000	\$ -	\$ 9,950,000	\$ 650,000
General Obligation Bonds, Refunding Series AA of 2010	11,120,000	3,290,000	-	7,830,000	3,420,000
General obligation bonds, Series A of 2012	21,000,000	-	-	21,000,000	-
General Obligation Bonds, Series AA of 2012	22,855,000	7,875,000	-	14,980,000	7,360,000
General Obligation Bonds, Series of 2013	1,675,000	825,000	-	850,000	850,000
General Obligation Bonds, Series of 2014	12,000,000	-	-	12,000,000	-
General Obligation Bonds, Series A of 2014	26,385,000	800,000	-	25,585,000	1,085,000
General Obligation Bonds, Series AA of 2014	56,460,000	290,000	-	56,170,000	295,000
General Obligation Bonds, Series A of 2015	9,675,000	5,000	-	9,670,000	5,000
General Obligation Bonds, Series AA of 2015	2,260,000	735,000	-	1,525,000	755,000
General Obligation Bonds, Series of 2016	10,175,000	1,840,000	-	8,335,000	1,935,000
General Obligation Bonds, Series A of 2016	32,015,000	5,000	-	32,010,000	5,000
General Obligation Bonds, Series AA of 2016	8,490,000	5,000	-	8,485,000	5,000
General Obligation Bonds, Series of 2017	6,625,000	605,000	-	6,020,000	615,000
General Obligation Bonds, Series A of 2017	9,745,000	5,000	-	9,740,000	5,000
General Obligation Bonds, Series of 2018	9,990,000	5,000	-	9,985,000	5,000
General Obligation Bonds, Series of 2019	-	-	34,750,000	34,750,000	5,000
	<u>250,425,000</u>	<u>16,290,000</u>	<u>34,750,000</u>	<u>268,885,000</u>	<u>\$ 16,995,000</u>
Deferred amounts: Issuance premium	<u>15,020,452</u>	<u>2,912,753</u>	<u>5,643,840</u>	<u>17,751,539</u>	<u>2,979,941</u>
LONG-TERM DEBT	<u>\$265,445,452</u>	<u>\$ 19,202,753</u>	<u>\$40,393,840</u>	<u>\$286,636,539</u>	<u>\$ 19,974,941</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

General Obligation Bonds

Refunding Series AA of 2010, original principal amount of \$28,220,000, maturing March 15, 2012 through March 15, 2022, bearing interest ranging from 4.00% to 5.00%, interest payable semi-annually on March 15 and September 15.	\$ 7,830,000
Series A of 2012, original principal amount of \$21,000,000, maturing May 15, 2014 through May 15, 2032, bearing interest of 3.00%, interest payable semi-annually on May 15 and November 15.	21,000,000
Refunding Series AA of 2012, original principal amount of \$39,330,000, maturing May 15, 2014 through May 15, 2022, bearing interest ranging from 4.00% to 5.00%, interest payable semi-annually on May 15 and November 15.	14,980,000
Refunding Series of 2013, original principal amount of \$8,215,000, maturing October 1, 2013 through October 1, 2020, bearing interest ranging from 2.00% to 4.00%, interest payable semi-annually on April 1 and October 1.	850,000
Series of 2014, original principal amount of \$12,000,000, maturing May 15, 2025 through May 15, 2032, bearing interest ranging from 3.75% to 4.25%, interest payable semi-annually on May 15 and November 15.	12,000,000
Refunding Series A of 2014, original principal amount of \$30,890,000, maturing May 15, 2015 through May 15, 2024, bearing interest ranging from 2.50% to 5.00%, interest payable semi-annually on May 15 and November 15.	25,585,000
Refunding Series AA of 2014, original principal amount of \$57,635,000, maturing May 15, 2016 through May 15, 2030, bearing interest ranging from 3.00% to 5.00%, interest payable semi-annually on May 15 and November 15.	56,170,000
Series A of 2015, original principal amount of \$9,690,000, maturing May 15, 2017 through May 15, 2032, bearing interest ranging from 1.30% to 2.80%, interest payable semi-annually on May 15 and November 15.	9,670,000
Refunding Series AA of 2015, original principal amount of \$4,880,000, maturing May 15, 2016 through November 15, 2021, bearing interest ranging from 2.00% to 4.00%, interest payable semi-annually on May 15 and November 15.	1,525,000

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

Refunding Series of 2016, original principal amount of \$15,300,000, maturing April 15, 2016 through April 15, 2024, bearing interest ranging from 1.50% to 5.00%, interest payable semi-annually on April 15 and October 15. 8,335,000

Refunding Series A of 2016, original principal amount of \$32,030,000, maturing February 15, 2017 through February 15, 2027, bearing interest ranging from 1.35% to 5.00%, interest payable semi-annually on February 15 and August 15. 32,010,000

Series AA of 2016, original principal amount of \$8,500,000, maturing May 15, 2018 through May 15, 2032, bearing interest ranging from 2.00% to 3.00%, interest payable semi-annually on May 15 and November 15. 8,485,000

Refunding Series of 2017, original principal amount of \$7,495,000, maturing December 15, 2017 through December 15, 2028, bearing interest ranging from 2.00% to 2.25%, interest payable semi-annually on June 15 and December 15. 6,020,000

Series A of 2017, original principal amount of \$9,750,000, maturing May 15, 2019 through May 15, 2032, bearing interest ranging from 1.75% to 2.50%, interest payable semi-annually on May 15 and November 15. 9,740,000

Series of 2018, original principal amount of \$9,990,000, maturing May 15, 2020 through May 15, 2039, bearing interest ranging from 2.50% to 3.50%, interest payable semi-annually on May 15 and November 15. 9,985,000

Series of 2019, original principal amount of \$34,750,000, maturing May 15, 2021 through May 15, 2040, bearing interest at 4.00%, interest payable semi-annually on May 15 and November 15. 34,750,000

TOTAL BONDS 258,935,000

General Obligation Notes

Series of 2009, original principal amount of \$10,000,000, maturing October 1, 2010 through October 1, 2027, bearing interest at a rate not to exceed 25%. Interest to be paid monthly. 9,950,000

TOTAL NOTES 9,950,000

TOTAL BONDS AND NOTES \$268,885,000

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

Payments of long-term debt are expected to be funded by the general fund.

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

<u>Year Ending June 30</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2021	\$ 16,995,000	\$ 10,240,205	\$ 27,235,205
2022	17,630,000	9,552,125	27,182,125
2023	18,210,000	8,813,075	27,023,075
2024	18,515,000	7,930,623	26,445,623
2025	19,350,000	7,037,353	26,387,353
2026-2030	106,280,000	23,192,581	129,472,581
2031-2035	44,120,000	9,122,561	53,242,561
2036-2040	27,785,000	3,270,951	31,055,951
	<u>\$ 268,885,000</u>	<u>\$ 79,159,474</u>	<u>\$ 348,044,474</u>

NOTE 9 CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities for the governmental activities are summarized as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due in One Year</u>
Accrued compensated absences	\$ 1,939,824	\$ 750,393	\$ 643,227	\$ 2,046,990	\$ -
Accrued severance	3,215,243	815,105	637,183	3,393,165	-
Subtotal	5,155,067	1,565,498	1,280,410	5,440,155	-
Net OPEB liability	29,410,267	-	600,433	28,809,834	-
Net pension liability	329,698,000	-	9,284,000	320,414,000	-
Bonds and notes payable, net	265,445,452	40,393,840	19,202,753	286,636,539	19,974,941
Total	<u>\$629,708,786</u>	<u>\$41,959,338</u>	<u>\$30,367,596</u>	<u>\$ 641,300,528</u>	<u>\$19,974,941</u>

Long-term liabilities of the governmental activities are anticipated to be liquidated by the general fund.

NOTE 10 CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally, the federal government. Any disallowed claims, including

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 CONTINGENT LIABILITIES (cont'd)

amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 11 CONSTRUCTION COMMITMENTS

As of June 30, 2020, the District had construction projects yet to be completed. The commitments and amounts completed to date are as follows:

	<u>Contract Amount</u>	<u>Completed as of 06/30/2020</u>	<u>Commitments</u>
Renovations	<u>\$ 61,825,815</u>	<u>\$ 39,004,232</u>	<u>\$ 22,821,583</u>

In addition, the District has incurred costs totaling \$5,333,614 for project costs that were not under a formal contract as of June 30, 2020.

NOTE 12 RISK MANAGEMENT

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

Each year the District is required to deposit funds into the central fund. The District then is billed monthly for actual claims for the current year paid during the previous month up to the level of retention. After the level of retention is reached, claim payments are made from the central fund. At the end of each fiscal year, reserves are established or adjusted on all outstanding claims. Funds in the central fund at the end of the fiscal year are not refunded. Total claims paid for the year ended June 30, 2020 were \$157,226.

Additionally, the District self-insures group medical, dental, vision, and prescription coverage. The District has accrued a three-month value for potential claims under medical, dental, vision and prescription coverage. Total claims paid for the year ended June 30, 2020 were \$18,116,974.

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. There was no change in the level of the District's

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 RISK MANAGEMENT (cont'd)

insurance coverage and no settlements exceeding insurance coverage during the year ended June 30, 2020 and the three previous fiscal years.

Insurance claim liabilities reported at June 30 are historically paid within one year. Changes in the District's claims liability amount in fiscal years 2020 and 2019 were:

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>
Claims liability at July 1	\$ 4,010,121	\$ 3,970,981
Current year claims and changes in estimates	18,031,877	22,676,521
Claim payments	<u>(18,031,877)</u>	<u>(22,637,381)</u>
Claims liability at June 30	<u>\$ 4,010,121</u>	<u>\$ 4,010,121</u>

NOTE 13 PENSION PLAN

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania 17108-0125, or by visiting the PSERS website at www.pfers.pa.gov.

Benefits Provided

The PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to two percent or two and one-half percent, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service. For members whose membership started prior to

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PENSION PLAN (cont'd)

July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to two percent or two and one-half percent, depending upon the membership class of the member's final average salary as defined in the Code, multiplied by the number of years of credited service but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members, or who has at least five years of credited service for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Member Contributions

Active members who joined the system prior to July 22, 1983 contributed at 5.25 percent (Membership Class T-C), or at 6.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C), or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system after June 30, 2001 and before July 1, 2011 contribute at 7.50 percent (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.

Members who joined the system after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30 percent (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50 percent and 9.50 percent, and Membership Class T-F contribution rate to fluctuate between 10.30 percent and 12.30 percent.

The contribution policy is governed by the applicable provisions of the Retirement Code.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PENSION PLAN (cont'd)

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, the rate of the employer contribution was 34.29 percent of covered payroll, allocated 33.36 percent to pensions, 0.84 percent to health insurance assistance, and 0.09 percent to the defined benefit plan. The District's pension contribution to PSERS for the year ended June 30, 2020 was \$32,290,025.

The contribution policy is governed by the applicable provisions of the Retirement Code.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2020, the District reported a liability of \$320,414,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll.

At June 30, 2019, the District's proportion was 0.6849 percent, which was a decrease of 0.0019 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$36,918,603. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ -	\$ 918,000
Changes in assumptions	3,063,000	-
Changes in proportions	1,942,000	855,000
Difference between employer contributions and proportionate share of total contributions	410,171	-
Contributions subsequent to the date of measurement	32,290,025	-
Difference between expected and actual experience	<u>1,764,000</u>	<u>10,620,000</u>
	<u>\$ 39,469,196</u>	<u>\$ 12,393,000</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PENSION PLAN (cont'd)

Deferred outflows of resources in the amount of \$32,290,025 resulted from the District's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2021	\$ 2,590,075
2022	(5,012,155)
2023	(3,384,823)
2024	<u>593,074</u>
	<u>\$ (5,213,829)</u>

Actuarial Assumptions

The total pension liability at June 30, 2019 was determined by rolling forward the system's total pension liability at June 30, 2018 to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.25 percent, including inflation of 2.75 percent
- Salary increases – effective average of 5.00 percent, which reflects an allowance for inflation of 2.75 percent, and 2.25 percent for real wage growth and for merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Experience rates were based on a study from July 1, 2010 through June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board of Directors. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PENSION PLAN (cont'd)

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global public equity	20.0%	5.6%
Fixed income	36.0%	1.9%
Global public equity	20.0%	2.7%
Fixed income	36.0%	3.4%
Commodities	8.0%	4.1%
Absolute return	10.0%	5.5%
Risk parity	10.0%	4.1%
MLPs/infrastructure	8.0%	7.4%
Real estate	10.0%	0.3%
Alternative investments	15.0%	0.7%
Cash	3.0%	5.6%
Financing (LIBOR)	(20.0%)	1.9%
	<u>100.0%</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

Discount Rate

The discount used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates which are actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PENSION PLAN (cont'd)

	1% Decrease 6.25%	Current Rate Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 399,111,000	\$ 320,414,000	\$ 253,777,000

Pension Plan Fiduciary Net Position

Detailed information about the PSERS' fiduciary net position is available in the PSERS Comprehensive Annual Financial Report, which can be found on the system's website at www.psers.state.pa.us.

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The District administers a single employer defined benefit healthcare plan to eligible retirees and their spouses. The District has three bargaining units which participate in this plan: the West Chester Education Support Professionals, the West Chester Service Support Professionals, and the West Chester Area Education Association (teachers). In addition, the administrators and the non-bargaining staff members participate in the plan. Members of the Education Support Professionals and the Service Support Professionals who were at least 50 years old as of July 1, 2012 and had 20 years of service upon retirement are eligible to receive a health reimbursement account ("HRA") of \$2,000 per year towards PSERS Health Options Program for a maximum of four years.

Teachers that reached age 50 as of July 1, 2014 and had 20 years of service in the District upon retirement are eligible to receive an HRA of \$20,000 and cannot elect coverage under a medical plan provided by the District. Teachers that are not eligible for the HRA or elect not to receive the HRA may continue the medical benefits by paying the full COBRA premium.

Administrators that reach age 50 with 12 years of service and five years as an administrator receive benefits for administrator and spouse for 10 years or until Medicare eligible. Administrators receiving this benefit are required to cost share for administrator coverage at a rate equal to the higher of the maximum reimbursement provided by PSERS (currently \$100 per month) or active employee contribution and up to 50 percent of the cost of the spousal coverage cost.

Non-bargaining employees that reach age 50 with 15 years of service receive single coverage benefits until Medicare eligible. Non-bargaining staff receiving this benefit are required to cost

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

share for non-bargaining employee coverage at a rate equal to the higher of the maximum reimbursement provided by PSERS (currently \$100 per month) or active employee contribution. The employee must retire from service to receive the postemployee benefits and not work for another school district.

The health insurance plan is a single employer, defined benefit OPEB plan. The medical, prescription drug, dental, and vision benefits are self-insured. Only the PC-65 product is fully insured. The medical benefits are administered through Blue Cross and the prescription drug benefits through Caremark. Separate financial statements are not issued for the plan.

Participants

As of June 30, 2020, the plan had 1,509 participants, consisting of 1,383 active participants, zero vested former participants, and 126 retired participants. Participant data is based on census information as of October 2018. Due to the timing of District turnover, the data is believed to be representative of the population for the 2019-2020 school year.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2020, the District paid \$1,324,997 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2019, which was the same date of the most recent actuarial valuation. The total OPEB liability as of July 1, 2019 was determined by rolling forward the system's total OPEB liability as of the July 1, 2018 actuarial valuation to the July 1, 2019 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount rate was 3.36 percent based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2019, an increase from the prior measurement date (2.98 percent).

Withdrawal

Rates of withdrawal vary by age, gender, and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.9 percent for both men and women and decrease with age and service.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	2.5700%	5.0200%	45	1.3700%	1.6500%
30	2.5700%	4.0200%	50	1.9200%	2.0600%
35	1.5000%	2.8500%	55	3.3800%	3.1100%
40	1.3400%	1.6000%	60	5.5700%	6.4000%

Mortality

Separate rates are assumed preretirement and postretirement using the PSERS defined benefit pension plan actuarial valuation.

Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Disability

No disability was assumed.

Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.

<u>Age</u>	<u>Age and 25 Years of Service</u>		<u>Superannuation</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
55	19%	19%	27%	10%
56	17%	17%	32%	30%
57	17%	17%	32%	30%
58	17%	17%	32%	35%
59	22%	21%	31%	36%
60	14%	17%	31%	36%
61	29%	30%	29%	31%
62	51%	61%	51%	61%
63	26%	26%	26%	26%
64	21%	22%	21%	22%
65	100%	100%	100%	100%

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

2.5 percent cost of living adjustment, 1.0 percent real wage growth, and for teachers and administrators, a merit increase which varies by age from 0.00 to 2.75 percent.

Percent of Eligible Retirees Electing Coverage in Plan

One hundred percent of employees eligible for an HRA account are assumed to elect it. Ninety percent of employees are eligible for subsidized coverage; fifty percent of teachers and twenty-five percent of all other employees only eligible for self-paid coverage are assumed to elect coverage. One hundred percent of administrators and forty percent of all other employees are assumed to elect group life insurance.

Percent Married at Retirement

Ninety percent of administrators and fifteen percent of all other employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age

Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost

The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets.

Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

Age	Medical		Prescription Drug	
	Male	Female	Male	Female
45 - 49	\$ 6,577	\$ 9,499	\$ 1,466	\$ 2,118
50 - 54	\$ 8,710	\$ 10,735	\$ 1,942	\$ 2,394
55 - 59	\$ 10,609	\$ 11,233	\$ 2,365	\$ 2,505
60 - 64	\$ 13,844	\$ 12,904	\$ 3,087	\$ 2,877
65+	\$ 10,464	\$ 10,464	N/A - included with medical	

Life Insurance

It is assumed that the annual cost to provide life insurance varies by age and gender. The assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table. Retiree contributions are \$0.095 per month per \$1,000 of coverage and are assumed to not increase.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the healthcare cost trend rate.

Healthcare Cost Trend Rate

The healthcare cost trend rate was 5.5 percent in 2019 through 2021. Rates gradually decrease from 5.4 percent in 2022 to 3.8 percent in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Cost Method – Entry Age Normal

Under the entry age normal cost method, the normal cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The accrued liability as of the valuation date is the excess of the present value of future benefits over the present value of future normal cost. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets. Actuarial gains and losses serve to reduce or increase the unfunded accrued liability.

Sensitivity Analysis

The following presents the total OPEB liability, calculated using the valuation discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease <u>2.36%</u>	Current Rate Discount Rate <u>3.36%</u>	1% Increase <u>4.36%</u>
Total OPEB liability	\$ 15,083,732	\$ 14,242,834	\$ 13,443,963

The following presents the total OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the total OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	1% Decrease <u> </u>	Current Rate Trend Rate <u> </u>	1% Increase <u> </u>
Total OPEB liability	\$ 12,880,186	\$ 14,242,834	\$ 15,850,257

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Changes in Total OPEB Liability

Total OPEB liability as of July 1, 2018	\$ 15,091,267
Service cost	739,219
Interest on OPEB obligation	444,034
Effect of assumption changes or inputs	(314,852)
Benefit payments	<u>(1,716,834)</u>
Total OPEB liability as of July 1, 2019	<u>\$ 14,242,834</u>

The amount of OPEB expense for the single employer plan recognized by the District was \$1,127,292 for the year ended June 30, 2020. An amount of \$1,327,997 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 409,156	\$ 290,633
Benefit payment subsequent to the July 1, 2019 measurement date	1,327,997	-
Difference between expected and actual experience	<u>-</u>	<u>901,407</u>
Total	<u>\$ 1,737,153</u>	<u>\$ 1,192,040</u>

Change in Assumptions: The discount rate changed from 2.96 percent to 3.36 percent.

Deferred outflows of resources due to the change in assumptions will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2021	\$ (55,961)
2022	(55,961)
2023	(55,961)
2024	(55,961)
2025	(55,961)
Thereafter	<u>(503,079)</u>
	<u>\$ (782,884)</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The PSERS provides premium assistance, which is a governmental cost sharing, multiple employer other postemployment benefits ("OPEB") plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the system can participate in the premium assistance program if they satisfy the following criteria:

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

OPEB Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple employer defined benefit OPEB plan that provides postemployment benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the PSERS plan include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2019, there were no assumed future benefit increases to participating eligible retirees. Benefit terms may be

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2020 was 0.84 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$813,058 for the year ended June 30, 2020.

The contribution policy is governed by the applicable provisions of the Retirement Code.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2020, the District reported a liability of \$14,567,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2018 to June 30, 2019. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the District's proportion was 0.6849 percent, which was a decrease of 0.0019 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$723,611. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 82,000	\$ -
Net difference between projected and actual investment earnings	25,000	-
Change in proportionate share of the net pension liability	100,000	47,000
Change in assumptions	483,000	433,000
Difference between employer contributions and proportionate share of total contributions	3,011	-
Contributions subsequent to the date of measurement	<u>813,058</u>	<u>-</u>
	<u>\$1,506,069</u>	<u>\$ 480,000</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

An amount of \$813,058 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to OPEB and will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2021	\$ 15,689
2022	15,689
2023	11,689
2024	8,688
2025	117,179
Thereafter	<u>44,077</u>
	<u>\$ 213,011</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2019 was determined by rolling forward the system's total OPEB liability as of June 30, 2018 actuarial valuation to June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal - level percent of pay
- Investment return – 2.79 percent - S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 5.00 percent, comprised of inflation of 2.75 percent and 2.25 percent for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Experience rates were based on a study from July 1, 2010 through June 30, 2015.
- Participation rate:
 - Eligible retirees will elect to participate pre-age 65 at 50 percent.
 - Eligible retirees will elect to participate post-age 65 at 70 percent.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2019.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- Asset valuation method – market value
- Participation rate – 63 percent of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back three years for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back seven years for males and three years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back three years for both genders assuming the population consists of 25 percent males and 75 percent females is used to determine actuarial equivalent benefits.)

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code, employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	13.2%	0.2%
U.S. core fixed income	83.1%	1.0%
Non-U.S. developed fixed	<u>3.7%</u>	0.0%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2019.

For the year ended June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 2.68 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.79 percent. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date.

The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 2.79 percent, which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System's Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 2019, retirees' premium assistance benefits are not subject to future healthcare cost increases. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2019, 93,339 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2019, 780 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the system's net OPEB liability for June 30, 2019, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 14,565,000	\$ 14,567,000	\$ 14,569,000

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability for June 30, 2019, calculated using the discount rate of 2.79 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.79 percent) or one percentage-point higher (3.79 percent) than the current rate.

	<u>1% Decrease 1.79%</u>	<u>Current Discount Rate 2.79%</u>	<u>1% Increase 3.79%</u>
District's proportionate share of the net OPEB liability	\$ 16,595,000	\$ 14,567,000	\$ 12,886,000

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

OPEB Plan Fiduciary Net Position

Detailed information about the PSERS' fiduciary net position is available in the PSERS Comprehensive Annual Financial Report, which can be found on the system's website at www.psers.pa.gov.

NOTE 16 NET OPEB LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

The District's aggregate net OPEB liability and deferred inflows and outflows of resources are as follows:

	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District Plan (See Note 14)	\$ 14,242,834	\$ 1,737,153	\$ 1,192,040
PSERS Plan (See Note 15)	<u>14,567,000</u>	<u>1,506,069</u>	<u>480,000</u>
Total	<u>\$ 28,809,834</u>	<u>\$ 3,243,222</u>	<u>\$ 1,672,040</u>

NOTE 17 FUND BALANCES

As of June 30, 2020, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Governmental Funds</u>
Nonspendable	\$ 2,912,426	\$ 3,500	\$ 583,400	\$ 3,499,326
Restricted:				
Capital projects	-	24,354,297	20,762,055	45,116,352
Committed:				
Healthcare	4,159,909	-	-	4,159,909
Assigned:				
Tax stabilization	29,581,450	-	-	29,581,450
Alternative education	1,000,000	-	-	1,000,000
Enrollment growth	3,500,000	-	-	3,500,000
Gate receipts	128,904	-	-	128,904
Unassigned	<u>14,172,797</u>	<u>-</u>	<u>-</u>	<u>14,172,797</u>
Total Fund Balances	<u>\$ 55,455,486</u>	<u>\$ 24,357,797</u>	<u>\$ 21,345,455</u>	<u>\$101,158,738</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 18 ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The District recognizes as revenue and expenses contributions made by the Commonwealth of Pennsylvania to be used for District employees' social security and pension contributions. On-behalf payments to the District totaled \$3,497,636 and \$16,602,932 for social security and retirement contributions, respectively. These contributions are recorded in the general fund as revenue and expenditures.

NOTE 19 UNCERTAINTIES

COVID-19 Pandemic

As a result of the spread of the COVID-19 coronavirus which was ongoing at June 30 2020, economic and operational uncertainties have arisen which may impact the District in fiscal year 2021. There exist uncertainties surrounding the District's operations in the 2020 - 2021 school year in terms of whether instruction will continue to be remote or hybrid and for what length of time. The uncertainties surrounding the on-site operations will have a direct impact on individual revenue and expense items that are dependent on services being provided to students while on site. The extent of the potential impact is unknown as the COVID-19 pandemic continues to develop.

NOTE 20 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$268,378,626 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension and OPEB plans, the differences between projected and actual investment earnings, and the deferred outflows resulting from the change in the District's share of the net pension and OPEB liabilities. This is offset by the District's actuarially determined net pension and OPEB liabilities and the deferred inflow resulting from the difference between actual and expected experience.

NOTE 21 SUBSEQUENT EVENTS

On September 30, 2020, the District issued \$16,800,000 of General Obligation Bonds, Series of 2020 to refund the remaining balances of Series AA 2010 and Series A 2015. The refunding resulted in a cash flow savings of \$1,493,033.

The District has evaluated all subsequent events through December 09, 2020, the date the financial statements were available to be issued.

WEST CHESTER AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION



**WEST CHESTER AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
Pennsylvania Public Schools Employees' Retirement System (PSERS)**

	MEASUREMENT DATE					
	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015	JUNE 30, 2014
District's proportion of the net pension liability	0.6849%	0.6868%	0.6802%	0.6812%	0.6766%	0.6629%
District's proportion of the net pension liability - dollar value	\$ 320,414,000	\$ 329,698,000	\$ 335,940,000	\$ 337,581,000	\$ 293,071,000	\$ 262,381,000
District's covered employee payroll	\$ 94,513,405	\$ 92,486,543	\$ 90,557,920	\$ 88,217,090	\$ 87,061,277	\$ 83,621,635
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	339.01%	356.48%	370.97%	382.67%	336.63%	313.77%
Plan fiduciary net position as a percentage of the total pension liability	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST CHESTER AREA SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS -
 Pennsylvania Public Schools Employees' Retirement System (PSERS)**

	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
Contractually required contribution	\$ 32,290,025	\$ 30,811,370	\$ 29,303,512	\$ 26,330,342	\$ 22,053,155	\$ 17,854,136
Contributions in relation to the contractually required contribution	<u>32,290,025</u>	<u>30,811,370</u>	<u>29,303,512</u>	<u>26,330,342</u>	<u>22,053,155</u>	<u>17,854,136</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 96,792,641	\$ 94,513,405	\$ 92,486,543	\$ 90,557,920	\$ 88,217,090	\$ 87,061,277
Contributions as a percentage of covered-employee payroll	33.36%	32.60%	31.68%	29.08%	25.00%	20.51%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST CHESTER AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
Pennsylvania Public Schools Employees' Retirement System (PSERS)**

	MEASUREMENT DATE		
	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>
District's proportion of the net OPEB liability	0.6849%	0.6868%	0.6802%
District's proportion of the net OPEB liability - dollar value	\$ 14,567,000	\$ 14,319,000	\$ 13,858,000
District's covered employee payroll	\$ 94,513,405	\$ 92,486,543	\$ 90,557,920
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	15.41%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.56%	5.56%	5.73%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST CHESTER AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS -
Pennsylvania Public Schools Employees' Retirement System (PSERS)**

	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
Contractually required contribution	\$ 813,058	\$ 784,461	\$ 766,286
Contributions in relation to the contractually required contribution	<u>813,058</u>	<u>784,461</u>	<u>766,286</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 96,792,641	\$ 94,513,373	\$ 92,486,543
Contributions as a percentage of covered-employee payroll	0.84%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST CHESTER AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY -
SINGLE EMPLOYER PLAN**

	MEASUREMENT DATE		
	JULY 1, 2019	JULY 1, 2018	JULY 1, 2017
TOTAL OPEB LIABILITY			
Service cost	\$ 739,219	\$ 878,395	\$ 836,027
Interest on total OPEB liability	444,034	507,610	399,221
Changes of benefit terms	-	104,435	-
Differences between expected and actual experience	-	(1,065,299)	-
Effect of assumption changes or inputs	(314,852)	32,607	524,653
Benefit payments	(1,716,834)	(1,539,717)	(1,709,852)
NET CHANGE IN TOTAL OPEB LIABILITY	(848,433)	(1,081,969)	50,049
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	15,091,267	16,173,236	16,123,187
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 14,242,834</u>	<u>\$ 15,091,267</u>	<u>\$ 16,173,236</u>
<u>PLAN FIDUCIARY NET POSITION</u>			
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$ -	\$ -	\$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 14,242,834</u>	<u>\$ 15,091,267</u>	<u>\$ 16,173,236</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%
Covered employee payroll	\$ 91,742,174	\$ 91,742,174	\$ 86,476,720
District's net OPEB liability as a percentage of covered payroll	15.52%	16.45%	18.70%
Expected average remaining service years of all participants	10	10	10

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WEST CHESTER AREA SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION



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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
AGENCY FUND - FUND 40				
ASSETS				
Cash and cash equivalents	\$ 32,231	\$ 293,803	\$ 251,104	\$ 74,930
Accounts receivable	11,734	-	6,332	5,402
TOTAL ASSETS	<u>\$ 43,965</u>	<u>\$ 293,803</u>	<u>\$ 257,436</u>	<u>\$ 80,332</u>
LIABILITIES AND NET POSITION				
LIABILITIES:				
Other current liabilities	\$ 43,965	\$ 293,803	\$ 257,436	\$ 80,332
TOTAL LIABILITIES	<u>43,965</u>	<u>293,803</u>	<u>257,436</u>	<u>80,332</u>
NET POSITION:				
Restricted	-	-	-	-
TOTAL NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 54,458</u>	<u>\$ 293,803</u>	<u>\$ 257,436</u>	<u>\$ 80,332</u>
STUDENT ACTIVITY FUND - FUND 50				
ASSETS				
Cash and cash equivalents	\$ 488,554	\$ 507,059	\$ 556,300	\$ 439,313
TOTAL ASSETS	<u>\$ 488,554</u>	<u>\$ 507,059</u>	<u>\$ 556,300</u>	<u>\$ 439,313</u>
LIABILITIES AND NET POSITION				
LIABILITIES:				
Other current liabilities	\$ 488,554	\$ 507,059	\$ 556,300	\$ 439,313
TOTAL LIABILITIES	<u>488,554</u>	<u>507,059</u>	<u>556,300</u>	<u>439,313</u>
NET POSITION:				
Restricted	-	-	-	-
TOTAL NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 488,554</u>	<u>\$ 507,059</u>	<u>\$ 556,300</u>	<u>\$ 439,313</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 520,785	\$ 800,862	\$ 807,404	\$ 514,243
Accounts receivable	11,734	-	6,332	5,402
TOTAL ASSETS	<u>\$ 532,254</u>	<u>\$ 800,862</u>	<u>\$ 813,736</u>	<u>\$ 519,645</u>
LIABILITIES AND NET POSITION				
LIABILITIES:				
Other current liabilities	\$ 532,519	\$ 800,862	\$ 813,736	\$ 519,645
TOTAL LIABILITIES	<u>532,519</u>	<u>800,862</u>	<u>813,736</u>	<u>519,645</u>
NET POSITION:				
Restricted	-	-	-	-
TOTAL NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 532,519</u>	<u>\$ 800,862</u>	<u>\$ 813,736</u>	<u>\$ 519,645</u>

WEST CHESTER AREA SCHOOL DISTRICT

STATISTICAL SECTION



STATISTICAL SECTION

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

Contents	Pages
Financial Trends.....	76-82
<i>These schedules contain selected information from current and previous years' financial statements to allow users to assess financial trends.</i>	
Revenue Capacity.....	83-88
<i>These schedules contain information useful in assessing the District's ability to raise own-source revenue.</i>	
Debt Capacity.....	89-92
<i>These schedules contain information useful in assessing the District's ability to afford the existing debt as well as the District's ability to issue new debt.</i>	
Demographic and Economic Information	93-95
<i>These schedules contain information about the socio-economic environment within which the District's financial activities take place.</i>	
Operating Information	96-100
<i>These schedules contain information about the size of the District's workforce, the services it provides in relation to other service providers in the area, and District's facilities.</i>	

WEST CHESTER AREA SCHOOL DISTRICT

FINANCIAL TRENDS



WEST CHESTER AREA SCHOOL DISTRICT
NET POSITION BY COMPONENT UNIT
(Full Accrual Method of Accounting)

Fiscal Year Ending June 30,	2011	2012	2013	2014	2015 *	2016 *	2017 *	2018 *	2019 *	2020 *
Governmental Activities										
Net investment in capital assets	7,083,089	8,057,190	5,876,233	7,710,407	20,989,220	11,063,839	23,124,893	29,976,250	43,699,285	49,714,318
Restricted: Capital Projects	14,506,078	14,329,759	15,646,701	17,672,551	22,203,300	27,440,218	22,444,089	22,461,479	20,557,393	21,345,455
Unrestricted (deficit)	15,606,135	21,770,088	30,867,282	34,101,596	(234,457,232)	(235,432,024)	(246,710,005)	(278,924,988)	(283,616,991)	(268,378,626)
Net Position Governmental Activities	37,195,302	44,157,037	52,390,216	59,484,554	(191,264,712)	(196,927,967)	(201,141,023)	(226,487,259)	(219,360,313)	(197,318,853)
Business-type Activities										
Net investment in capital assets	184,236	171,996	169,778	224,324	297,638	402,386	590,353	682,070	702,071	657,609
Unrestricted	1,017,896	1,155,906	1,179,940	1,088,267	1,110,539	1,042,569	877,036	849,539	937,095	720,258
Net Position Business-type Activities	1,202,132	1,327,902	1,349,718	1,312,591	1,408,177	1,444,955	1,467,389	1,531,609	1,639,166	1,377,867
Total Primary Government										
Net investment in capital assets	7,267,325	8,229,186	6,046,011	7,934,731	21,286,858	11,466,225	23,715,246	30,658,320	44,401,356	50,371,927
Restricted: Capital Projects	14,506,078	14,329,759	15,646,701	17,672,551	22,203,300	27,440,218	22,444,089	22,461,479	20,557,393	21,345,455
Unrestricted	16,624,031	22,925,994	32,047,222	35,189,863	(233,346,693)	(234,389,455)	(245,832,969)	(278,075,449)	(282,679,896)	(267,658,368)
Net Position Primary Government	38,397,434	45,484,939	53,739,934	60,797,145	(189,856,535)	(195,483,012)	(199,673,634)	(224,955,650)	(217,721,147)	(195,940,986)

* Note: Starting in 2014-15, the District booked their share of the PSERS multiple employer pension plan liability to comply with GASB 67/68.

* Note: Starting in 2017-18, the District booked their net OPEB liabilities to comply with GASB 75. 2017 data was restated.

Source: District Audited Financial Statements

**WEST CHESTER AREA SCHOOL DISTRICT
CHANGES IN NET POSITION
(Full Accrual Method of Accounting)**

Fiscal Year Ending June 30,	2011	2012	2013	2014	2015*	2016*	2017*	2018*	2019*	2020*
EXPENSES										
Governmental Activities										
Instruction	117,972,385	119,941,565	121,882,872	121,627,033	133,218,154	144,772,158	155,262,037	156,086,694	153,646,716	148,865,697
Instructional Student Support	15,740,734	14,597,033	14,429,547	15,311,671	16,718,808	17,710,876	18,519,607	18,314,954	18,205,681	18,695,408
Administrative and Financial Support Services	13,956,105	14,211,207	14,417,208	15,643,360	17,552,768	18,127,334	19,342,370	19,943,338	24,435,957	20,927,142
Operation and Maintenance of Plant Services	17,229,991	15,529,375	16,984,316	18,309,057	17,447,190	17,439,654	18,039,504	17,457,046	18,774,548	18,228,580
Pupil Transportation	13,469,612	13,365,853	13,208,001	13,420,543	13,850,307	14,042,517	14,429,271	14,133,742	14,219,229	13,120,151
Student Activities	4,055,872	4,095,132	4,147,431	4,377,690	4,855,516	5,132,865	5,214,620	5,367,392	5,444,746	5,117,886
Community Services	127,041	115,730	145,929	116,354	140,742	142,350	171,227	151,336	148,357	110,805
Interest on Long-term Debt	12,076,323	11,156,020	9,722,107	10,397,433	8,566,732	8,945,732	8,679,619	8,454,782	8,246,501	8,818,963
Total Governmental Activities	195,128,063	193,011,915	194,937,411	199,203,141	212,350,217	226,313,561	239,658,255	239,909,284	243,121,735	233,884,642
Business-type Activities										
Food Service	3,224,517	3,313,442	3,390,811	3,493,078	3,182,033	3,229,852	3,294,375	3,465,882	3,482,919	2,946,728
TOTAL PRIMARY GOVERNMENT ACTIVITIES	198,352,580	196,325,357	198,328,222	202,696,219	215,532,250	229,543,413	242,952,630	243,375,166	246,604,654	236,831,370
PROGRAM REVENUE										
Governmental Activities										
Charges for Service	759,951	846,715	726,912	437,675	362,760	542,986	280,006	205,288	128,167	120,608
Operation and Maintenance of Plant Services	199,984	220,596	298,044	332,728	347,233	402,308	509,889	481,072	444,124	270,577
Student Activities	119,438	123,369	413,737	419,389	423,407	430,050	437,573	515,614	516,532	464,513
Operating Grants and Contributions	22,377,251	22,238,269	23,107,309	23,727,227	26,309,774	27,743,196	32,894,525	34,373,891	34,458,080	35,297,106
Total Governmental Program Revenue	23,456,624	23,428,949	24,546,002	24,917,019	27,443,174	29,118,540	34,121,973	35,573,865	35,546,903	36,152,804
Business-type Activities										
Charges for Services	2,511,962	2,604,560	2,549,584	2,549,726	2,335,418	2,293,122	2,493,463	2,605,888	2,627,303	1,893,936
Operating Grants and Contributions	786,659	832,383	861,272	904,898	940,701	973,508	823,346	908,238	921,644	779,634
Total Business Type Program Revenues	3,298,621	3,436,943	3,410,856	3,454,624	3,276,119	3,266,630	3,316,809	3,514,126	3,548,947	2,663,570
TOTAL PRIMARY GOVERNMENT REVENUES	26,755,245	26,865,892	27,956,858	28,371,643	30,719,293	32,385,170	37,438,782	39,089,991	39,095,850	38,816,374
NET REVENUES (EXPENSES)										
Governmental Activities	(171,671,439)	(169,582,966)	(170,391,409)	(174,286,122)	(184,907,043)	(197,195,021)	(205,536,282)	(204,333,419)	(207,574,832)	(197,731,838)
Business-type Activities	74,104	123,501	20,045	(38,454)	94,086	36,778	22,434	48,244	66,028	(283,158)
TOTAL PRIMARY GOVERNMENT NET REVENUES	(171,597,335)	(169,459,465)	(170,371,364)	(174,324,576)	(184,812,957)	(197,158,243)	(205,513,848)	(204,285,175)	(207,508,804)	(198,014,986)
GENERAL REVENUES										
Property Taxes, Levied for General Purpose	145,008,645	144,010,689	147,198,156	147,270,504	151,649,702	155,710,300	161,164,936	166,944,204	173,161,730	177,781,018
Taxes Levied for Specific Purpose	19,764,970	21,581,847	22,388,938	23,154,723	23,565,368	24,321,396	27,524,533	26,082,351	26,230,460	26,466,353
Grants, Entitlements, and Contributions	12,573,663	10,654,228	10,472,277	10,652,411	10,859,971	10,928,639	11,552,814	11,745,770	11,889,779	12,408,464
Not Restricted to Specific Programs	135,772	196,339	155,424	137,174	258,288	392,047	889,980	1,685,449	3,309,319	2,970,687
Investment Earnings	-	-	5,300	20,608	70,058	-	9,572	(4,313)	-	-
Gain on Sale of Asset	103,408	93,938	496,037	146,367	132,287	179,384	181,391	218,346	152,019	168,635
Other	177,586,458	176,546,970	180,716,132	181,381,787	186,535,674	191,531,766	201,323,226	206,671,807	214,743,307	219,795,157
Total General Revenues	5,989,123	7,087,505	10,344,768	7,057,211	7,722,717	(5,626,477)	(4,190,622)	2,386,632	7,234,503	21,780,161

* Note: Beginning in 2014-15, the District booked their share of the PSERS multiple employer pension plan liability to comply with GASB 67/68.

* Note: Starting in 2017-18, the District booked their net OPEB liabilities to comply with GASB 75. 2017 data was restated.

Source: District Audited Financial Statements

**WEST CHESTER AREA SCHOOL DISTRICT
FUND BALANCE, GOVERNMENTAL FUNDS
(Modified Accrual Method of Accounting)**

Fiscal Year Ending June 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
*Non-spendable	-	1,277,682	1,918,300	3,482,456	4,128,770	2,066,625	2,688,371	2,649,038	2,748,654	2,912,426
*Restricted	-	1,892,658	1,894,735	-	-	-	-	-	-	-
*Committed	-	-	-	-	-	-	-	-	-	-
Pension	1,200,000	3,700,000	5,000,000	4,500,000	2,117,000	2,117,000	1,117,000	-	-	-
Healthcare	1,558,100	2,677,700	4,171,100	4,856,190	4,899,442	4,159,909	4,159,909	4,159,909	4,159,909	4,159,909
*Assigned										
Gate Receipts	95,549	124,160	102,739	119,782	115,700	89,487	79,324	69,756	83,577	128,904
Alternative Education	-	-	-	-	-	-	500,000	676,000	1,000,000	1,000,000
Enrollment Growth	-	-	-	-	-	-	-	-	2,500,000	3,500,000
Tax Stabilization	-	3,349,200	6,830,500	5,951,300	5,646,426	5,471,005	7,227,366	11,304,138	13,945,496	29,486,832
Unassigned	15,609,035	12,354,604	12,454,515	14,441,344	14,758,221	14,856,952	13,008,223	13,047,547	14,431,188	14,267,415
Total General Fund Fund Balance	18,462,684	25,376,004	32,371,889	33,351,072	31,665,559	28,760,978	28,780,193	31,906,388	38,868,824	55,455,486
All other funds										
Reserved - Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Reserved - Capital Reserve Fund	-	-	-	-	-	-	-	-	-	-
Unreserved - Non-major Funds	-	-	-	-	-	-	-	-	-	-
*Non-Spendable - Capital Projects Fund	-	-	-	-	-	-	-	3,500	-	3,500
*Non-Spendable - Capital Reserve Fund	-	-	-	-	-	-	-	304,850	632,750	583,400
*Restricted - Capital Projects Fund	5,838,643	793,496	7,119,899	8,376,597	-	4,038,838	4,354,841	4,841,678	-	24,354,297
*Restricted - Capital Reserve Fund	14,506,078	14,329,759	15,646,701	17,672,551	22,203,300	27,440,218	22,444,089	22,156,629	19,924,643	20,762,055
*Assigned - Capital Projects Fund	94,700	-	-	-	-	-	-	-	-	-
*Unassigned - Capital Projects Fund	-	-	-	-	(3,451,176)	-	-	-	(1,309,859)	-
Total Other Funds	20,439,421	15,123,255	22,766,600	26,049,148	18,752,124	31,479,056	26,798,930	27,306,657	19,247,534	45,703,252
TOTAL FUND BALANCE	38,902,105	40,499,259	55,138,489	59,400,220	50,417,683	60,240,034	55,579,123	59,213,045	58,116,358	101,158,738

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

**WEST CHESTER AREA SCHOOL DISTRICT
CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
(Modified Accrual Method of Accounting)**

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Governmental Fund Revenue										
Local Source	165,091,475	167,600,895	171,550,034	172,123,685	176,877,190	182,144,526	191,077,358	196,281,802	203,793,322	208,166,967
State Source	28,254,872	28,615,828	29,530,022	31,717,857	34,209,926	35,806,499	41,156,644	42,747,951	42,679,137	44,089,036
Federal Source	6,886,476	4,271,701	4,048,275	2,661,783	2,959,820	2,865,335	3,290,697	3,371,711	3,668,721	3,616,532
Total Governmental Revenues	200,212,823	200,488,424	205,128,331	206,503,325	214,046,936	220,816,360	235,524,699	242,401,464	250,141,180	255,872,535
Governmental Expenditures										
Instruction	109,936,321	110,622,632	114,302,116	117,342,618	124,056,139	132,490,382	139,655,181	143,132,798	142,088,010	139,156,057
Support Services	56,682,210	54,893,514	56,041,159	57,581,176	59,939,165	61,755,726	63,322,354	64,116,200	70,070,279	65,817,409
Noninstructional Services	3,998,182	4,050,198	4,159,666	4,237,967	4,610,182	4,803,105	4,865,617	5,038,435	5,180,293	4,854,313
Facilities Acquisition, Construction and Improvement	3,979,389	5,725,834	15,543,569	11,335,852	13,509,139	8,309,294	16,627,237	11,251,782	18,141,710	16,472,182
Debt Service Principal	9,394,000	12,194,000	11,137,000	12,602,000	11,620,000	8,176,000	14,160,000	14,695,000	15,690,000	16,290,000
Debt Service Interest	12,886,339	11,591,540	10,759,024	11,051,792	9,543,869	10,174,433	9,925,387	10,160,902	9,881,842	10,251,652
Bond Issuance Costs	-	-	-	-	56,166	464,253	327,788	163,150	176,732	388,048
Total Governmental Expenditures	196,876,441	199,077,718	211,942,534	214,151,405	223,334,660	226,173,193	248,883,564	248,558,267	261,228,866	253,229,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,336,382	1,410,706	(6,814,203)	(7,648,080)	(9,287,724)	(5,356,833)	(13,358,865)	(6,156,803)	(11,087,686)	2,642,874
Governmental Other Financing Sources										
Proceeds from Long-term Debt	35,730,000	9,585,000	68,545,000	42,890,000	65,485,000	61,900,000	15,995,000	9,750,000	9,990,000	34,750,000
Premium on bonds issued	-	-	-	-	-	-	-	-	-	5,643,840
Interfund Transfers In	2,676,801	1,500,000	3,806,560	4,599,268	8,645,910	9,125,784	6,205,679	5,135,385	5,257,722	5,451,612
Other Financing Sources (Uses)	2,966,845	76,310	8,688,471	4,519,556	5,861,632	8,300,311	97,083	-	-	-
Debt Service Refunded	(37,330,000)	(9,484,197)	(56,196,858)	(35,443,421)	(71,069,921)	(60,135,702)	(7,438,378)	-	-	-
Sale of Assets	-	9,929	5,300	26,540	94,983	5,077,718	9,572	-	-	-
Refund of Prior Year Revenues	-	(36,146)	-	(97,744)	(82,898)	-	-	-	-	-
Refund of Prior Year Expenditures	(107)	35,552	411,520	14,880	16,391	36,857	34,677	40,725	999	5,666
Interfund transfers Out	(2,676,801)	(1,500,000)	(3,806,560)	(4,599,268)	(8,645,910)	(9,125,784)	(6,205,679)	(5,135,385)	(5,257,722)	(5,451,612)
Total Governmental Other Financing Sources	1,366,738	186,448	21,453,433	11,909,811	305,187	15,179,184	8,697,954	9,790,725	9,990,989	40,399,506
NET CHANGE IN GOVERNMENTAL FUND BALANCE	4,703,120	1,597,154	14,639,230	4,261,731	(8,982,537)	9,822,351	(4,660,911)	3,633,922	(1,096,687)	43,042,380
GOVMTL FUND BALANCE, BEGINNING OF YEAR	34,198,985	38,902,105	40,499,259	55,138,489	59,400,220	50,417,683	60,240,034	55,579,123	59,213,045	58,116,358
GOVERNMENTAL FUND BALANCE, END OF YEAR	38,902,105	40,499,259	55,138,489	59,400,220	50,417,683	60,240,034	55,579,123	59,213,045	58,116,358	101,158,738
Debt Service as % of Expenditures	11.3%	11.9%	10.3%	11.0%	9.5%	8.3%	9.8%	10.1%	9.9%	10.6%

Source: District's Audited Financial Statements

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Local	165,072.4	167,580.4	171,524.8	172,073.7	176,800.8	182,121.6	190,954.0	196,055.3	203,172.8	207,397.2
Real Estate	141,220.9	140,718.6	143,413.1	143,904.6	148,403.7	152,710.0	157,685.1	164,235.5	170,684.5	174,620.8
Current	140,160.5	139,648.0	141,839.9	143,225.1	147,447.7	151,929.0	156,989.6	163,169.6	169,592.6	173,636.8
Interim	1,060.4	1,070.6	1,573.2	679.5	956.0	780.9	695.5	1,065.9	1,092.0	984.1
Earned Income	17,080.7	18,095.8	18,691.5	19,460.5	19,360.0	20,118.5	21,336.5	21,121.8	21,510.4	21,583.6
Real Estate Transfer	2,466.0	3,260.7	3,473.6	3,724.7	4,145.2	4,207.4	6,115.0	4,983.5	4,420.7	4,657.3
Other Taxes PURTA	218.3	225.3	223.8	210.8	214.7	198.3	196.7	183.3	192.8	177.6
Delinquent Taxes	2,805.7	3,816.1	4,069.9	3,365.9	3,246.0	3,000.3	3,479.8	2,708.7	2,477.2	3,160.2
Investment Earnings	118.4	173.6	129.8	71.0	165.5	332.2	731.9	1,402.3	2,657.0	2,179.0
Gate Receipts	119.4	123.4	122.9	130.7	136.3	152.9	160.6	150.9	162.8	161.9
Other	1,043.0	1,166.8	1,400.2	1,205.5	1,129.4	1,401.8	1,248.3	1,269.4	1,068.4	857.8
State	28,254.9	28,615.9	29,520.4	31,717.8	34,209.9	35,806.5	41,156.6	42,748.0	42,679.1	44,089.0
Student Subsidies	22,424.6	21,754.7	21,204.2	21,371.8	21,729.3	21,234.5	24,125.8	24,332.1	23,436.2	23,988.4
Basic Instruction	6,029.5	7,050.1	7,047.0	7,247.3	7,239.7	7,573.2	8,012.2	8,202.4	8,421.6	8,810.2
Special Education	5,080.8	5,146.9	5,355.9	5,311.1	5,413.4	5,801.6	5,902.9	6,454.1	6,128.9	6,125.2
Tuition Private Home Placement	-	17.6	121.7	113.9	111.5	179.4	236.2	191.4	231.1	173.7
Transportation	4,434.4	4,295.1	3,710.0	3,750.5	3,637.2	3,671.8	3,674.1	3,736.8	3,313.9	3,260.1
Medical, Dental, and Nurse	273.8	273.9	261.5	256.8	222.3	253.9	256.4	250.3	255.3	252.5
Rent	1,074.7	1,224.8	1,151.2	1,160.4	1,181.7	-	2,104.1	1,554.5	1,163.8	1,121.1
Charter Schools	1,478.9	-	-	-	-	-	-	-	-	-
Ready to Learn Block Grants / Accountability Grants	322.4	126.6	126.7	126.7	303.2	399.1	399.1	399.1	399.1	399.1
Property Tax Relief	3,708.3	3,604.0	3,425.3	3,405.1	3,620.3	3,355.4	3,540.6	3,543.4	3,468.1	3,598.3
Other	21.9	15.7	4.9	-	-	-	-	-	54.2	248.3
Teacher Subsidies	5,830.2	6,861.2	8,316.2	10,346.1	12,480.7	14,572.0	17,030.9	18,415.8	19,243.0	20,100.6
Social Security	3,319.2	3,173.0	3,084.5	3,148.8	3,163.7	3,194.0	3,450.6	3,337.5	3,415.4	3,497.6
Retirement	2,511.1	3,688.2	5,231.7	7,197.3	9,317.0	11,378.0	13,580.3	15,078.3	15,827.6	16,602.9
Federal	6,866.5	4,121.7	4,059.2	2,661.8	2,959.8	2,865.3	3,290.7	3,371.7	3,668.7	3,616.5
Title I	1,675.2	1,341.4	1,752.2	459.6	818.0	828.9	1,013.2	867.6	704.5	598.8
Title II	416.8	311.2	249.0	199.4	293.9	374.0	384.1	247.2	207.9	267.5
Basic Education ARRA Funds	834.0	-	-	-	-	-	-	-	-	-
IDEA - ARRA funds	820.7	-	-	-	-	-	-	-	-	-
Ed Jobs - ARRA	494.1	7.3	0.4	-	-	-	-	-	-	-
Title I - ARRA	471.8	249.3	-	-	-	-	-	-	-	-
IDEA	1,235.6	1,310.3	1,282.4	1,154.7	1,215.8	1,199.7	1,333.6	1,318.1	1,331.4	1,341.0
MA Direct Services/Time Study	768.6	773.4	659.4	722.7	516.0	305.5	467.1	803.0	1,251.2	1,021.7
Other	149.6	128.8	115.8	125.5	116.0	157.2	92.7	135.8	173.8	387.6
Local Taxes and Subsidies	200,193.7	200,318.0	205,104.4	206,453.4	213,970.5	220,793.4	235,401.3	242,175.0	249,520.6	255,102.7

Source: District Budget Control Forecast Model

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Staff	121,408.2	119,821.3	122,215.9	128,483.3	134,876.4	141,123.7	145,153.0	149,824.5	153,661.8	153,376.6
Total Salaries	90,677.4	85,915.5	84,930.4	86,263.3	87,846.4	88,923.5	91,156.6	93,554.7	95,606.4	98,130.0
Administration										
Regular Salaries	7,028.5	6,903.0	7,328.4	7,337.7	7,644.7	8,027.5	8,029.5	8,235.3	8,541.5	9,042.3
Teachers										
Regular Salaries	64,228.0	61,569.9	60,035.7	60,830.1	61,479.2	61,938.5	64,701.3	66,792.4	68,446.8	70,120.6
Extra Duty Payments	843.2	840.2	992.6	1,007.6	1,059.6	1,161.3	950.6	979.6	878.6	896.7
Sabbatical Payments	168.7	88.4	179.1	35.2	125.0	304.5	209.9	181.9	255.9	294.7
Subject Chair Payments	420.8	389.4	348.5	346.7	365.9	365.4	363.7	355.5	367.5	358.3
Severance Payments	356.2	158.5	144.4	380.6	209.1	142.1	79.9	353.1	205.6	220.1
Supplemental Contracts	2,014.2	1,938.0	1,899.8	1,948.3	2,028.1	2,051.4	2,017.0	2,019.0	2,110.8	1,993.0
Total Teachers	68,031.1	64,984.4	63,600.1	64,548.5	65,267.0	65,963.1	68,322.4	70,681.6	72,265.2	73,883.5
Technical										
Regular Salaries	3,087.5	2,842.4	2,928.1	3,022.6	3,502.0	3,679.7	3,694.7	3,569.3	3,659.6	3,783.4
Office Clerical										
Regular Salaries	6,665.1	6,068.4	5,860.8	5,932.0	6,179.8	6,058.3	5,983.9	5,745.7	5,778.3	5,958.6
Crafts and Trades										
Regular Salaries	5,865.2	5,117.3	5,213.0	5,422.6	5,252.9	5,194.9	5,126.1	5,322.9	5,361.8	5,462.2
Benefits										
Medical	14,425.3	15,607.6	16,558.1	17,768.2	17,621.6	18,953.6	17,331.7	16,627.9	17,224.8	13,444.7
Dental	1,339.6	1,306.8	1,236.8	1,108.5	1,180.2	1,259.4	1,103.1	1,184.1	1,180.5	978.2
Vision	140.7	140.4	168.0	113.1	195.9	176.7	180.6	178.1	195.0	149.4
Prescription	3,611.3	4,100.2	4,037.1	4,060.6	5,593.9	5,041.2	4,694.0	4,476.0	4,076.1	3,459.6
Social Security	6,667.0	6,369.0	6,239.8	6,322.0	6,387.7	6,451.4	6,609.1	6,733.9	6,891.7	7,057.1
Retirement	5,067.7	7,345.7	10,373.6	14,359.6	18,603.4	22,726.1	27,068.7	30,058.2	31,584.7	33,218.9
Tuition Reimbursement	1,113.7	728.0	733.3	610.0	360.4	196.9	442.4	443.2	427.9	370.6
Life and Disability	683.0	397.0	263.1	307.0	417.8	321.1	331.1	361.6	540.4	550.0
Wrks Comp/Unempl/Other	649.6	720.5	654.3	800.6	823.2	1,461.8	1,307.1	1,344.7	1,079.2	965.8
Total Benefits	33,697.9	36,715.2	40,264.1	45,449.6	51,184.0	56,588.2	59,068.0	61,407.8	63,200.4	60,194.3
(Less) cost sharing	(2,967.1)	(2,809.4)	(2,978.7)	(3,229.5)	(4,154.0)	(4,387.9)	(5,071.6)	(5,138.0)	(5,145.1)	(4,947.7)
Net Benefits	30,730.8	33,905.8	37,285.4	42,220.0	47,030.0	52,200.2	53,996.4	56,269.8	58,055.4	55,246.6
Prof. and Tech. Services	12,080.2	11,987.6	13,149.7	13,396.4	14,064.2	16,811.9	18,965.1	18,183.6	17,678.1	15,768.5
Substitute Service	1,457.5	1,500.1	1,447.7	1,350.9	1,365.9	1,926.4	1,933.7	2,034.1	2,219.1	1,953.2
Contracted Therapeutic Staff	758.3	620.8	666.7	860.2	1,299.2	1,571.8	1,736.1	1,850.3	1,668.8	1,328.2
Contracted Aides - Special Ed.	358.5	679.2	831.6	1,123.4	1,138.8	1,496.2	2,213.6	2,194.2	2,046.5	1,228.8
Contracted Aides - Other	-	-	-	-	-	-	126.7	392.3	315.9	136.8
CCIU - Special Ed Programs	3,072.8	3,235.6	3,208.9	3,455.2	3,249.5	3,603.2	3,887.2	3,787.5	3,319.0	2,825.6
Occupation/Physical Therapy	919.7	975.0	1,087.4	1,004.4	982.0	1,060.0	1,156.0	1,178.4	1,050.1	979.0
Due Process Hearings	882.8	694.8	738.2	603.3	496.1	948.7	1,344.1	823.3	645.2	915.5
Early Intervention	255.0	263.1	353.7	260.5	276.5	365.8	348.7	242.5	267.3	231.4
Extended School Year	626.0	447.2	564.7	573.1	502.4	735.9	669.5	695.2	774.0	605.9
Alternative Ed - Special Ed	1,241.9	949.2	1,378.6	1,212.5	1,412.1	1,585.5	2,044.2	1,744.3	1,790.5	2,004.6
Alternative Education - Reg	258.9	410.1	419.4	426.5	745.9	727.5	797.2	830.4	1,120.7	1,093.1
Tax Collection	508.9	535.9	627.7	669.7	646.0	672.8	725.4	624.8	593.9	683.8
Legal	326.8	308.4	416.2	441.0	365.2	354.2	396.4	311.8	303.6	246.1
Other	1,413.1	1,368.2	1,408.9	1,415.8	1,584.6	1,763.9	1,586.1	1,474.4	1,563.5	1,536.6
Purchased Property Services	3,909.9	3,535.9	3,616.2	3,365.5	3,299.2	3,447.5	4,002.5	3,675.1	3,558.8	3,600.2
Electricity	2,247.6	1,875.7	1,983.2	1,696.4	1,544.9	1,621.8	1,787.6	1,671.6	1,571.0	1,573.9
Water/Sewer	486.6	473.7	511.6	505.4	521.0	502.9	534.1	517.0	581.9	587.2
Trash Removal	122.1	122.0	91.8	95.2	89.8	85.8	90.9	81.7	82.9	78.0
Office Rental	123.1	121.3	123.9	103.3	134.5	137.6	164.0	185.1	187.4	267.8
Other	930.5	943.2	905.7	965.1	1,009.0	1,099.3	1,425.8	1,219.7	1,135.6	1,093.3
Other Services	25,938.2	26,532.5	27,473.0	26,284.5	27,466.0	29,050.4	30,952.7	30,751.7	30,128.1	27,847.9
Charter Schools	6,558.3	7,069.2	8,031.7	8,114.0	8,079.9	9,455.1	9,818.8	9,574.3	8,277.9	7,775.7
Tuition: Special Education	2,418.5	2,645.8	2,548.0	2,376.4	2,651.9	2,462.8	3,530.1	3,674.9	4,317.8	3,828.3
Tuition: CAT	1,637.5	1,683.4	1,658.3	1,828.8	2,262.4	2,597.2	2,722.4	2,755.7	2,738.8	2,557.8
Tuition: Other	248.2	443.4	419.5	200.7	152.5	130.7	96.0	172.3	294.1	144.3
Bussing: Public Schools	4,861.9	4,470.0	4,519.8	4,413.3	4,637.8	4,905.4	4,898.1	4,700.3	5,071.3	4,825.6
Bussing: Non-public	4,655.3	4,465.9	4,395.9	4,530.5	4,358.6	4,424.3	4,422.4	4,409.5	4,116.7	3,727.9
Bussing: Special Ed	3,089.7	3,579.6	3,570.3	3,370.2	3,675.5	3,495.5	3,848.1	3,855.9	3,867.3	3,503.4
Bussing: Extracurricular	333.5	274.3	291.1	284.6	325.5	316.3	327.4	318.0	297.0	216.2
Insurance	394.2	381.8	416.9	478.5	462.6	492.8	501.6	497.4	500.5	519.2
Telephone/Postage	448.7	497.1	462.1	390.2	501.0	489.4	492.5	517.2	374.8	495.9
Other Services - Glen Mills	1,026.8	714.3	866.0	-	-	-	-	-	-	-
Other	265.7	307.7	293.4	297.3	358.3	280.9	295.4	276.2	272.0	253.5

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
(continued)										
Supplies	4,711.7	4,708.2	4,758.0	4,724.8	5,066.2	4,717.5	4,797.8	5,393.6	5,889.2	5,209.7
Heating Fuel	1,123.8	780.8	695.0	978.8	876.5	620.2	605.3	646.7	756.0	568.2
Other Operations/Maint Supplies	603.2	670.3	735.4	777.4	648.7	652.5	714.6	696.2	845.5	701.4
Educational	1,843.8	2,295.0	2,078.2	1,651.5	1,881.1	1,925.2	1,828.6	1,870.3	2,046.1	2,024.9
Curriculum Proposals	622.3	455.0	793.5	885.1	1,230.0	1,123.3	881.4	1,123.1	1,062.3	777.0
Educational/Admin Software	347.1	410.3	356.9	327.0	409.9	394.3	680.8	1,006.0	1,082.5	1,115.4
Administration/Business	148.0	77.1	99.0	104.9	20.1	2.1	87.1	51.3	96.8	22.7
Other	23.5	19.7	-	-	-	-	-	-	-	-
Other Objects	226.5	344.7	(126.6)	359.6	534.1	367.2	411.3	773.7	403.7	337.3
Dues and Fees - Athletics	99.5	94.8	144.3	113.7	140.4	179.1	170.7	160.5	148.9	116.6
Property	1,837.1	1,117.4	1,313.7	511.4	455.8	542.9	650.3	294.8	261.0	271.8
G/F Maint Projects	687.5	531.7	650.3	-	-	-	-	-	-	-
Other Equipment	1,149.6	585.7	663.4	511.4	455.8	542.9	650.3	294.8	261.0	271.8
Debt Service	21,236.6	23,773.0	21,896.0	23,653.8	21,163.9	18,350.4	24,085.4	24,855.9	25,571.8	26,541.7
Bond payments	21,236.6	23,773.0	21,896.0	23,653.8	21,163.9	18,350.4	24,085.4	24,855.9	25,571.8	26,541.7
TOTAL EXPENSE	191,447.9	191,915.4	194,440.2	200,892.9	207,066.3	214,590.7	229,188.8	233,913.4	237,301.5	233,070.2

Source: District Budget Control Forecast Model

WEST CHESTER AREA SCHOOL DISTRICT

REVENUE CAPACITY



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

Fiscal Year	Chester County		Delaware County		Current Real Estate Taxes	Interim Real Estate Taxes	Delinquent Real Estate Taxes	Act 511 Taxes *	Other Local Revenues	Total Local Revenues
	Millage Rate	Millage Rate	Millage Rate	Millage Rate						
2010-11	18.36	14.25	140,160,462	1,060,391	2,805,694	19,546,706	1,499,147	165,072,400		
2011-12	18.36	14.22	139,648,021	1,070,637	3,816,141	21,356,508	1,689,127	167,580,434		
2012-13	18.67	13.78	141,839,871	1,573,196	4,069,877	22,165,152	1,878,001	171,526,098		
2013-14	18.67	13.62	143,225,113	679,486	3,365,905	23,185,205	1,603,099	172,058,808		
2014-15	19.21	13.65	147,447,717	955,973	3,246,013	23,505,223	1,629,472	176,784,398		
2015-16	19.5779	13.9059	151,929,043	780,930	3,000,329	24,325,967	2,048,424	182,084,693		
2016-17	20.0982	14.7113	156,989,628	695,464	3,479,843	27,451,544	2,302,843	190,919,322		
2017-18	20.6841	15.2086	163,169,638	1,065,856	2,708,709	26,105,252	2,965,157	196,014,612		
2018-19	21.2723	16.0761	169,592,595	1,091,954	2,477,181	25,931,136	4,079,916	203,172,782		
2019-20	21.6622	16.2597	173,636,758	984,090	3,160,170	26,240,881	3,375,286	207,397,185		

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

Source: District Annual Financial Report (AFR)

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

LAND USE DESCRIPTION	2010-11 # of Parcels	Assessment Total	2011-12 # of Parcels	Assessment Total	2012-13 # of Parcels	Assessment Total	2013-14 # of Parcels	Assessment Total	2014-15 # of Parcels	Assessment Total
CHESTER COUNTY										
Not Identified	1	47,820	-	-	-	-	-	-	-	-
Commercial Properties	1,652	1,382,775,453	1,659	1,365,477,339	1,677	1,391,810,649	1,714	1,369,224,799	1,712	1,365,713,429
Farm Properties	72	23,464,210	70	22,838,800	70	22,769,440	68	22,066,740	68	22,066,740
Industrial Properties	90	151,052,080	89	150,689,470	89	148,943,570	88	146,750,180	88	145,936,270
Residential Properties	29,838	6,012,588,031	29,917	6,015,067,375	30,033	6,012,449,332	30,145	6,044,809,459	30,250	6,063,262,560
Vacant Land	1,061	59,182,350	1,044	69,623,000	1,308	55,913,330	1,162	50,755,900	1,163	49,319,210
TOTAL CHESTER COUNTY	32,714	7,629,109,944	32,779	7,623,695,984	33,177	7,631,886,321	33,177	7,633,607,078	33,281	7,646,298,209
DELAWARE COUNTY										
Commercial/Industrial	12	6,868,373	14	8,533,463	14	8,533,463	14	8,533,463	14	8,533,463
Residential/Farms/Vacant Land	2,190	630,726,093	2,190	628,332,131	2,189	629,392,646	2,193	629,105,934	2,192	633,891,761
TOTAL DELAWARE COUNTY	2,202	637,594,466	2,204	636,865,594	2,203	637,926,109	2,207	637,639,397	2,206	642,425,224
GRAND TOTAL	34,916	8,266,704,410	34,983	8,260,561,578	35,380	8,269,812,430	35,384	8,271,246,475	35,487	8,288,723,433

LAND USE DESCRIPTION	2015-16 # of Parcels	Assessment Total	2016-17 # of Parcels	Assessment Total	2017-18 # of Parcels	Assessment Total	2018-19 # of Parcels	Assessment Total	2019-20 # of Parcels	Assessment Total
CHESTER COUNTY										
Not Identified	-	-	-	-	-	-	-	-	-	-
Commercial Properties	1,709	1,367,742,137	1,714	1,382,831,647	1,722	1,393,879,547	1,724	1,386,487,480	1,730	1,419,240,638
Farm Properties	69	22,703,280	69	22,730,390	69	23,544,790	70	23,886,590	67	22,327,250
Industrial Properties	87	145,405,235	87	145,188,555	87	145,353,765	86	145,152,395	86	146,105,675
Residential Properties	30,365	6,115,048,985	30,410	6,132,798,573	30,433	6,213,361,838	30,490	6,239,593,971	30,571	6,286,518,818
Vacant Land	1,090	47,541,320	1,068	45,006,370	1,039	47,346,930	1,089	46,914,600	1,135	47,370,590
TOTAL CHESTER COUNTY	33,320	7,698,440,957	33,348	7,728,555,535	33,350	7,823,486,870	33,459	7,842,035,036	33,589	7,921,562,971
DELAWARE COUNTY										
Commercial/Industrial	14	8,533,463	14	8,533,463	14	8,008,833	14	8,008,833	14	8,008,833
Residential/Farms/Vacant Land	2,194	638,801,396	2,199	638,865,520	2,198	639,278,166	2,199	640,107,224	2,210	640,087,346
TOTAL DELAWARE COUNTY	2,208	647,334,859	2,213	647,398,983	2,212	647,286,999	2,213	648,116,057	2,224	648,096,179
GRAND TOTAL	35,528	8,345,775,816	35,561	8,375,954,518	35,562	8,470,773,869	35,672	8,490,151,093	35,813	8,569,659,150

Source: County Land Use Code Report

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

As of June 30th	Market Value Chester County (000)	Market Value Delaware County (000)	Total Market Value (000)	Assessed Value (000)	Ratio of Market Value to Assessed Value
2009	10,480,758	671,018	11,151,776	8,266,704	135%
2010	11,334,739	690,551	12,025,290	8,260,562	146%
2011	11,311,170	682,225	11,993,395	8,269,812	145%
2012	11,830,153	706,388	12,536,541	8,271,246	152%
2013	11,841,643	705,298	12,546,941	8,288,723	151%
2014	12,049,694	736,705	12,786,399	8,345,776	153%
2015	12,149,938	741,885	12,891,823	8,375,955	154%
2016	12,584,089	786,253	13,370,342	8,470,774	158%
2017	12,774,058	785,727	13,559,785	8,490,151	160%
2018	13,366,030	841,146	14,207,176	8,569,659	166%

Source: State Tax Equalization Board

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

Chester County		West Chester Area School District		Chester County	Township of East Bradford	Township of East Goshen	Township of Thornbury	Township of West Goshen	Township of West Whiteland	Township of Westtown	Borough of West Chester
Fiscal Year											
2010-11	18.36	3.965	0.071	1.25	0.84	2.00	0.60	2.50	6.96		
2011-12	18.36	3.970	0.34	1.25	0.84	2.00	0.60	2.50	6.96		
2012-13	18.67	4.163	0.34	1.25	0.84	2.00	0.719	3.50	6.96		
2013-14	18.67	4.163	0.34	1.25	0.995	2.00	0.719	3.50	6.96		
2014-15	19.21	4.163	0.34	1.25	0.995	2.00	0.719	3.50	6.96		
2015-16	19.5779	4.163	1.00	1.25	0.995	2.00	0.719	3.50	6.96		
2016-17	20.0982	4.163	1.00	1.25	0.995	2.00	0.719	3.50	6.96		
2017-18	20.6841	4.369	1.00	1.25	0.995	2.00	0.719	3.50	6.96		
2018-19	21.2723	4.369	1.00	1.25	0.995	2.00	0.719	3.50	6.96		
2019-20	21.6622	4.369	1.00	1.25	0.995	2.00	0.719	3.50	6.96		

Source: Chester County website

Delaware County		West Chester Area School District		Delaware County	Township of Thornbury
Fiscal Year					
2010-11	14.25	5.184	0.00	0.00	0.00
2011-12	14.22	5.180	0.00	0.00	0.00
2012-13	13.78	5.300	0.00	0.00	0.00
2013-14	13.62	5.452	0.00	0.00	0.00
2014-15	13.65	5.604	0.00	0.00	0.00
2015-16	13.9059	5.604	0.00	0.00	0.00
2016-17	14.7113	5.604	0.00	0.00	0.00
2017-18	15.2086	5.604	0.00	0.00	0.00
2018-19	16.0761	5.604	0.00	0.00	0.00
2019-20	16.2597	5.461	0.00	0.00	0.00

Source: Delaware County website

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

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

Name	Township	Type of Property	2019-20			2010-11		
			Taxable Assessed Value	Percent of District's Total Value	Rank	Taxable Assessed Value	Percent of District's Total Value	Rank
Exton Square, Inc.	West Whiteland	Shopping Mall	75,775,790	0.88%	1	83,984,710	1.02%	1
ARHC WCCCHPA01 LLC	East Goshen	Senior Living/ Assisted Living	41,434,200	0.48%	2			
Main Street At Exton	West Whiteland	Shopping Center	33,532,420	0.39%	3	28,553,560	0.35%	4
Bre Rook SH Bellingham LP	East Goshen	Senior Living Community	30,740,000	0.36%	4			
QVC Realty	West Goshen	Indust. Bldg/TV Shopping	29,719,480	0.35%	5	48,669,780	0.59%	2
SPUS8 West Chester LP	West Goshen	Apartment Complex	27,976,000	0.33%	6			
Westtown Apartments	West Whiteland	Apartment Complex	24,367,500	0.28%	7	16,636,690	0.20%	9
Pembrooke Tom VC LLC	West Whiteland	Business Complex	23,388,088	0.27%	8			
Exton Gardens LLC	West Whiteland	Apartment Complex	21,023,480	0.25%	9			
WTC LLC	West Whiteland	Shopping Center	20,424,890	0.24%	10			
TRC Valley Creek Assoc.	West Whiteland	Business Complex				31,796,620	0.38%	3
Exton Crossing Apts	West Whiteland	Apartment Complex				21,023,480	0.25%	5
Whiteland Investors LP	West Whiteland	Shopping Center				19,320,000	0.23%	6
Comcast Cable	East Goshen	Commercial Buildings				17,636,080	0.21%	7
Hankin Group	East Goshen	Apartment Complex				16,952,250	0.21%	8
Fern Hill LLC	West Goshen	Medical Complex				16,617,370	0.20%	10
Total Assessed Value--Ten Largest Taxpayers			<u>328,381,848</u>			<u>301,190,540</u>		
Total District Assessed Value			8,569,659,150			8,266,704,410		

Source: District Fact Books

**WEST CHESTER AREA SCHOOL DISTRICT
REAL ESTATE TAX COLLECTION AS A RATIO OF LEVY**

FISCAL YEAR	ASSESSED VALUATION	MILLS (2)	ADJUSTED LEVY	CURRENT COLLECTION	
				AMOUNT (1), (3)	PERCENT
2010-11	8,266,704,410	18.36	149,229,022	143,868,716	96.4%
2011-12	8,260,561,578	18.36	149,159,276	143,252,119	96.0%
2012-13	8,269,812,430	18.67	150,508,760	145,191,207	96.5%
2013-14	8,271,246,475	18.67	151,204,093	146,630,222	97.0%
2014-15	8,288,723,433	19.21	155,654,493	151,068,019	97.1%
2015-16	8,345,775,816	19.5779	159,721,081	155,284,474	97.2%
2016-17	8,375,954,518	20.0982	164,854,136	160,530,248	97.4%
2017-18	8,470,773,869	20.6841	171,450,694	166,713,031	97.2%
2018-19	8,490,151,093	21.2723	177,237,300	173,060,736	97.6%
2019-20	8,569,659,150	21.6622	182,136,331	177,235,011	97.3%

Source: District Tax Records

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

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

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

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WEST CHESTER AREA SCHOOL DISTRICT

DEBT CAPACITY



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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total General Fund Revenues*	200,193,855	200,328,038	205,516,382	206,453,328	213,970,535	220,793,385	235,401,340	242,175,000	249,521,639	255,108,419
Less Required Deductions if included in total Rental and Sinking Fund Reimbursement	1,074,696	1,224,820	1,151,153	1,160,377	1,181,706	-	2,104,117	1,554,549	1,163,834	1,121,094
Sale of Property and Non-recurring revenue	-	-	973	-	-	-	-	-	-	-
Fund Transfer	-	-	-	-	-	-	-	-	-	-
Net Revenues	199,119,159	199,103,218	204,364,256	205,292,951	212,788,829	220,793,385	233,297,223	240,620,451	248,357,805	253,987,325
Annual Arithmetic Average (Borrowing Base)**	193,981,508	197,832,567	200,862,211	202,920,142	207,482,012	212,958,388	222,293,146	231,570,353	240,758,493	247,655,194
Multiplier	225%	225%	225%	225%	225%	225%	225%	225%	225%	225%
Total Nonelectoral Debt Limit	436,458,393	445,123,276	451,939,975	456,570,320	466,834,527	479,156,373	500,159,579	521,033,294	541,706,609	557,224,187
Less Amount Debt Applicable to Debt Limit	291,539,000	279,630,000	287,443,000	285,016,000	271,826,000	266,615,000	261,070,000	256,125,000	250,425,000	268,885,000
Total Debt Margin	144,919,393	165,493,276	164,496,975	171,554,320	195,008,527	212,541,373	239,089,579	264,908,294	291,281,609	288,339,187
Ratio of Debt Limit to Debt Margin	33%	37%	36%	38%	42%	44%	48%	51%	54%	52%

Source: District Annual Financial Statements PDE 2057

* Includes other financing sources

** Borrowing Base is average of net revenues for three year period

**WEST CHESTER AREA SCHOOL DISTRICT
GROSS PRINCIPAL DEBT OUTSTANDING**

Fiscal Year	Emmaus Note 2009	Series AA of 2010		Series A of 2012		Series AA of 2012		Series 2013		Series 2014		Series A 2014		Series AA 2014		Series A 2015		Series AA 2015		Series A 2016		Series AA 2016		Series 2017		Series A 2017		Series 2018		Series 2019		Total
		GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	
2020-2021	650,000	3,420,000	-	7,360,000	850,000	-	1,085,000	295,000	5,000	755,000	1,935,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	16,995,000
2021-2022	650,000	4,410,000	-	7,620,000	-	-	1,185,000	305,000	5,000	770,000	2,035,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	17,630,000
2022-2023	520,000	-	5,000	-	-	-	14,570,000	315,000	5,000	-	2,130,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	18,210,000
2023-2024	645,000	-	5,000	-	-	-	8,745,000	325,000	5,000	-	2,235,000	5,875,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	18,515,000
2024-2025	675,000	-	5,000	-	-	5,000	-	5,700,000	5,000	-	12,270,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	19,350,000
2025-2030	6,810,000	-	12,220,000	-	-	6,805,000	-	49,230,000	5,640,000	-	13,850,000	4,115,000	2,810,000	4,750,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	106,280,000	
2030-2035	-	-	8,765,000	-	-	5,190,000	-	-	4,005,000	-	-	4,345,000	-	-	4,965,000	5,150,000	11,700,000	44,120,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2035-2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Principal	9,950,000	7,830,000	21,000,000	14,980,000	850,000	12,000,000	25,585,000	56,170,000	9,670,000	1,525,000	8,335,000	32,010,000	8,485,000	6,020,000	9,740,000	9,985,000	34,750,000	268,885,000	9,950,000	9,985,000	9,985,000	9,985,000	9,985,000	9,985,000	9,985,000	9,985,000	9,985,000	9,985,000	9,985,000	9,985,000	9,985,000	268,885,000

Source: District Debt Service Schedules

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

	Gross Debt Outstanding	Percentage Applicable to this Governmental Unit	Net Share of Debt
Chester County			
Direct Debt			
West Chester Area School District	258,935,000	100%	258,935,000
Overlapping Debt			
Township of East Bradford	6,403,000	100%	6,403,000 (1), (2)
Township of East Goshen	1,092,000	100%	1,092,000 (1), (2)
Township of Thornbury	-	100%	- (1), (2)
Township of West Goshen	4,570,000	100%	4,570,000 (1), (2)
Township of West Whiteland	9,755,000	100%	9,755,000 (1), (2)
Township of Westtown	11,265,000	100%	11,265,000 (1), (2)
Borough of West Chester	-	100%	- (1), (2)
Chester County	563,995,836	20%	113,517,946 (2), (3)
Total Direct and Overlapping Chester County Debt			405,537,946
Delaware County			
Direct Debt			
West Chester Area School District	258,935,000	100%	258,935,000
Overlapping Debt			
Township of Thornbury	-	100%	- (1), (4)
Delaware County	259,932,980	1%	3,733,131 (3), (4)
Total Direct and Overlapping Delaware County Debt			262,668,131

(1) As of December 31, 2019

(2) Source: County of Chester

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

(4) Source: County of Delaware CAFR

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

Fiscal Year	Assessed Value (1)	Gross Bonded Debt (4)	Debt Service		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed		Population	Net Bonded Debt per Capita	Estimated Personal Income (3)	Percent of Personal Income
			Monies Available			Bonded	Assessed				
2010-11	8,266,704,410	275,895,000	-	-	275,895,000	3.3%	(2)	108,441	2,544	11,062,717,056	2.5%
2011-12	8,260,561,578	265,010,000	-	-	265,010,000	3.2%	(2)	108,441	2,444	11,062,717,056	2.4%
2012-13	8,269,812,430	273,900,000	-	-	273,900,000	3.3%	(2)	108,441	2,526	11,062,717,056	2.5%
2013-14	8,271,246,475	272,605,000	-	-	272,605,000	3.3%	(2)	108,441	2,514	11,062,717,056	2.5%
2014-15	8,288,723,433	260,605,000	-	-	260,605,000	3.1%	(2)	108,441	2,403	11,062,717,056	2.4%
2015-16	8,345,775,816	256,645,000	-	-	256,645,000	3.1%	(2)	108,441	2,367	11,062,717,056	2.3%
2016-17	8,375,954,518	271,745,378	-	-	271,745,378	3.2%	(2)	108,441	2,506	11,062,717,056	2.5%
2017-18	8,470,773,869	264,042,382	-	-	264,042,382	3.1%	(2)	108,441	2,435	11,062,717,056	2.4%
2018-19	8,490,151,093	255,490,452	-	-	255,490,452	3.0%	(2)	108,441	2,356	11,062,717,056	2.3%
2019-20	8,569,659,150	276,686,539	-	-	276,686,539	3.2%	(2)	108,441	2,551	11,062,717,056	2.5%

(1) Source: District Fact Book

(2) Source: 2010 Census

(3) Uses 2019 Household Median Income from Chester County Planning Commission

(4) Source: District Audit Report

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WEST CHESTER AREA SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC INFORMATION



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

	West Chester Area School District Population (1)	Chester County Population (1)	Pennsylvania Population (1)	United States Population (1)
1970	Not Available	278,311	11,758,458	203,302,031
1980	68,170	316,660	11,855,687	226,542,199
1990	81,172	376,396	11,881,643	248,709,873
2000	94,114	433,501	12,281,054	281,421,906
2010	100,413	498,886	12,702,379	308,745,538
2011 *	101,943	503,652	12,744,293	311,663,358
2012 *	102,353	506,278	12,771,854	313,998,379
2013 *	102,688	509,396	12,781,338	316,204,908
2014 *	103,423	512,899	12,790,565	318,563,456
2015 *	103,890	515,253	12,791,904	320,896,618
2016 *	103,647	516,312	12,784,227	323,127,513
2017 *	103,601	519,293	12,805,537	325,719,178
2018 *	103,711	522,046	12,807,060	327,167,434
2019 *	104,948	524,989	12,801,989	328,239,523

* As estimated by U.S. Census Bureau

	West Chester Area School District Market Value	West Chester Area School District Adjusted Personal Income	Pennsylvania Market Value	Pennsylvania Adjusted Personal Income (2)
2010	\$12,025,290,349	\$4,599,671,765	\$753,847,457,918	\$285,034,294,226
2011	\$11,993,394,605	\$4,245,577,671	\$756,045,821,766	\$295,345,108,406
2012	\$12,536,540,440	\$4,698,094,232	\$776,736,893,311	\$312,219,585,188
2013	\$12,546,941,355	\$4,502,829,867	\$781,362,158,748	\$311,032,689,690
2014	\$12,786,398,938	\$4,980,850,893	\$801,633,782,130	\$328,242,656,054
2015	\$12,891,822,543	\$5,035,785,968	\$810,805,701,762	\$342,030,707,410
2016	\$13,370,341,641	\$5,106,608,693	\$839,594,528,100	\$339,831,330,362
2017	\$13,559,785,462	\$5,105,520,049	\$847,630,312,124	\$352,789,390,440
2018	\$14,207,175,901	\$5,558,936,430	\$877,385,372,915	\$378,234,703,027
2019	\$14,366,083,784	Not Available	\$922,018,498,396	Not Available

(1) Source: U.S. Census

(2) Source: PA Dept. of Education

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

Household Income

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

Labor Force and Employment

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

Housing Value

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

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

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

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

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

Name	Product or Service	2019-20			2010-11		
		Approximate Employment	Rank	% of Total	Approximate Employment	Rank	% of Total
West Chester University	Education	2,721	1	5.3%	1,728	4	3.4%
QVC Network, Inc.	Home Shopping Network	2,608	2	5.1%	2,598	1	5.1%
Penn Medicine Chester County Hospital	Health Care Services	2,350	3	4.6%	2,010	3	3.9%
Chester County	County Government	1,797	4	3.5%	2,438	2	4.8%
West Chester Area School District	Education	1,507	5	2.9%	1,631	5	3.2%
United Parcel Service, Inc.	Delivery Services	1,407	6	2.8%	921	9	1.8%
Johnson & Johnson Services Inc.	Drug Research and Testing	1,217	7	2.4%			
Giant Food Stores LLC	Grocery	987	8	1.9%			
People 2.0 Global LP	Outsourcing Services	941	9	1.8%			
Communications Test Design, Inc.	Communication Engineering	860	10	1.7%	924	8	1.8%
Therakos	Health Care Products				1,285	6	2.5%
JCPenney	Retail				956	7	1.9%
Synthes USA	Medical Supplies				777	10	1.5%
Total		16,395			15,268		

Note: % of Total Employment uses 2010 Total West Chester Community employed population of 51,129

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

WEST CHESTER AREA SCHOOL DISTRICT

OPERATING INFORMATION



**WEST CHESTER AREA SCHOOL DISTRICT
STAFFING RATIOS FOR PROFESSIONAL STAFF**

Fiscal Year	Number of School Staff *	Number of Students	Ratio Students/Staff
2010-11	987.70	11,825	12.0
2011-12	976.10	11,822	12.1
2012-13	972.40	11,687	12.0
2013-14	971.80	11,666	12.0
2014-15	971.60	11,624	12.0
2015-16	971.30	11,483	11.8
2016-17	973.30	11,589	11.9
2017-18	979.80	11,928	12.2
2018-19	992.80	11,963	12.0
2019-20	1,002.60	12,078	12.0

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

Source: *District Fact Book*

**WEST CHESTER AREA SCHOOL DISTRICT
DISTRICT FACILITIES**

Building	Original Construction Date	Addition and/or Renovation Date	Grades	Site Area (Acres)	Building Sq. Ft.	September 30 2019 Enrollment
B. Rustin High School	2003-06	-	9-12	123.20	283,000	1,297
East High School	1973	1976/92/93/04	9-12	62.60	314,453	1,253
East/Fugett Athletic Fields	2004	-	-	43.35	-	----
Henderson High School	1951	1956/64/76/94/98/04	9-12	30.56	287,351	1,295
Henderson-North Campus Athletics	2006	-	-	28.40	-	----
E. N. Peirce Middle School	1963	1998/01/03	6-8	26.70	136,250	1,020
G. A. Stetson Middle School	1959	1961/98/03/07	6-8	38.40	134,857	877
J. R. Fugett Middle School	1969	2009	6-8	*	163,340	869
East Bradford Elementary	1958	1966/70/89/13	K-5	18.20	58,367	434
East Goshen Elementary	1955	1960/64/67/95/01/20	K-5	20.80	77,465	415
Exton Elementary	1940	1953/57/91/92/93/00/19	K-5	13.10	66,265	564
Fern Hill Elementary	1955	1960/89/16	K-5	20.00	64,555	538
Glen Acres Elementary	1966	1997	K-5	11.70	59,931	583
Hillsdale Elementary	1976	2007	K-5	19.10	70,631	595
Mary C. Howse Elementary	1962	1965/97	K-5	15.24	65,287	621
Penn Wood Elementary	1966	1970/89/01/12	K-5	18.60	64,350	502
Sarah W. Starkweather Elementary	1991	1998	K-5	37.90	75,094	580
Westtown-Thornbury Elementary	1954	1956/89/12	K-5	11.70	55,556	520
Facilities and Operations Center	1999	-	-	3.20	24,588	----
Spellman Education Center	1988	2017	Admin	3.32	42,000	----
Spellman Administration	1924	1952/55/77/99	Admin	17.60	42,845	----
				563.67	2,086,185	11,963

* Fugett acreage included in East HS site area

**WEST CHESTER AREA SCHOOL DISTRICT
SCHOOL DISTRICT EMPLOYEES BY FUNCTION
For the 2019-20 Fiscal Year**

Functions	Elementary	Middle	High	Other	Total
1100 Regular	332.05	170.85	219.90	20.50	743.30
1200 Special	49.00	30.20	32.70	123.00	234.90
1300 Vocational	-	14.60	15.90	-	30.50
2100 Support Services - Students	19.60	16.00	33.00	12.00	80.60
2200 Support Services - Instructional	15.00	4.00	7.30	13.00	39.30
2300 Support Services - Administration	30.00	15.00	21.00	9.95	75.95
2400 Support Services - Pupil Health	11.80	3.00	6.00	6.20	27.00
2500 Support Services - Business Office	-	-	-	13.00	13.00
2600 Operating and Maintenance of Plant Services	34.50	18.50	33.00	46.50	132.50
2700 Student Transportation Services	-	-	-	3.50	3.50
2800 Support Services - Central	-	-	-	25.05	25.05
3000 Operation of Non-instructional Services	-	-	9.00	-	9.00
Total 2019-20 FTEs	491.95	272.15	377.80	272.70	1,414.60

Source: District Personnel Budget Documentation

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

School Year:	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Kindergarten (half-time)	At September 30 611	630	616	557	584	525	599	-	-	-
	End of Year 609	646	609	539	604	532	617	-	-	-
**Kindergarten (full-time)	At September 30 74	76	76	90	79	90	73	891	857	887
	End of Year 74	72	76	107	51	86	63	896	855	901
Grades 1-5	At September 30 4,351	4,379	4,377	4,431	4,363	4,328	4,355	4,449	4,495	4,501
	End of Year 4,351	4,385	4,327	4,434	4,339	4,324	4,376	4,439	4,492	4,510
Grades 6-8	At September 30 2,819	2,790	2,763	2,687	2,790	2,782	2,809	2,824	2,766	2,824
	End of Year 2,812	2,777	2,728	2,670	2,767	2,780	2,825	2,823	2,770	2,817
Grades 9-12	At September 30 3,970	3,947	3,855	3,901	3,808	3,758	3,753	3,764	3,845	3,866
	End of Year 3,894	3,896	3,815	3,853	3,764	3,753	3,740	3,750	3,811	3,859
TOTAL - September 30	11,825	11,822	11,687	11,666	11,624	11,483	11,589	11,928	11,963	12,078
TOTAL - End of Year	11,740	11,776	11,555	11,603	11,525	11,475	11,621	11,908	11,928	12,087
Increase/Decrease at September 30	15	(3)	(135)	(21)	(42)	(141)	106	339	35	115

**WEST CHESTER AREA SCHOOL DISTRICT
STUDENT MARKET SHARE ANALYSIS**

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Out-of-District	4,358	4,334	4,322	4,073	4,034	4,164	3,978	3,722	3,484	3,347
% of Total	26.9%	26.8%	27.0%	25.9%	25.8%	26.6%	25.6%	23.8%	22.6%	21.7%
Total In-District	11,825	11,822	11,687	11,666	11,624	11,483	11,589	11,928	11,963	12,078
% of Total	73.1%	73.2%	73.0%	74.1%	74.2%	73.4%	74.4%	76.2%	77.4%	78.3%
Total Students	16,183	16,156	16,009	15,739	15,658	15,647	15,567	15,650	15,447	15,425
Share Change Year-to-Year	2.54%	0.14%	-0.23%	1.53%	0.16%	-1.14%	1.44%	2.38%	4.03%	2.73%

WCASD	11,825	11,822	11,687	11,666	11,624	11,483	11,589	11,928	11,963	12,078
Elementary	5,036	5,085	5,069	5,078	5,026	4,943	5,027	5,340	5,352	5,388
% of Total Elementary	60.8%	61.1%	61.2%	62.8%	62.6%	61.4%	63.3%	66.7%	68.6%	69.4%
Secondary	6,789	6,737	6,618	6,588	6,598	6,540	6,562	6,588	6,611	6,690
% of Total Secondary	86.0%	86.0%	85.7%	86.1%	86.5%	86.0%	86.1%	86.2%	86.5%	87.3%

Out-Of-District	4,358	4,334	4,322	4,073	4,034	4,164	3,978	3,722	3,484	3,347
Elementary	3,253	3,233	3,216	3,005	3,007	3,103	2,918	2,670	2,455	2,372
Private	171	185	188	181	227	229	193	193	201	205
% of Total	1.1%	1.1%	1.2%	1.2%	1.4%	1.5%	1.2%	1.2%	1.3%	1.3%
Religious - Catholic	1,973	1,850	1,805	1,682	1,618	1,615	1,476	1,329	1,226	1,158
% of Total	12.2%	11.5%	11.3%	10.7%	10.3%	10.3%	9.5%	8.5%	7.9%	7.5%
Religious - Other	325	375	336	248	270	329	331	303	289	301
% of Total	2.0%	2.3%	2.1%	1.6%	1.7%	2.1%	2.1%	1.9%	1.9%	2.0%
Charter	570	610	656	670	706	717	678	615	510	482
% of Total	3.5%	3.8%	4.1%	4.3%	4.5%	4.6%	4.4%	3.9%	3.3%	3.1%
Special Education	49	48	55	56	36	50	67	62	63	60
% of Total	0.3%	0.3%	0.3%	0.4%	0.2%	0.3%	0.4%	0.4%	0.4%	0.4%
CCIU	-	-	-	-	-	-	-	-	-	-
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Alternative	-	-	-	-	-	-	-	-	-	-
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Home School	165	165	176	168	150	163	173	168	166	166
% of Total	1.0%	1.0%	1.1%	1.1%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%
Secondary	1,105	1,101	1,106	1,068	1,027	1,061	1,060	1,052	1,029	975
Private	33	39	46	35	40	38	36	40	44	48
% of Total	0.2%	0.2%	0.3%	0.2%	0.3%	0.2%	0.2%	0.3%	0.3%	0.3%
Religious - Catholic	814	803	819	762	725	812	784	768	727	700
% of Total	5.0%	5.0%	5.1%	4.8%	4.6%	5.2%	5.0%	4.9%	4.7%	4.5%
Religious - Other	140	123	98	84	93	82	75	77	73	76
% of Total	0.9%	0.8%	0.6%	0.5%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
Charter	-	-	-	-	-	-	-	-	-	-
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Special Education	-	-	-	-	-	-	-	-	-	-
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CCIU	77	97	84	125	106	94	107	136	146	129
% of Total	0.5%	0.6%	0.5%	0.8%	0.7%	0.6%	0.7%	0.9%	0.9%	0.8%
Alternative	41	39	59	62	63	35	58	31	39	22
% of Total	0.3%	0.2%	0.4%	0.4%	0.4%	0.2%	0.4%	0.2%	0.3%	0.1%
Home School	-	-	-	-	-	-	-	-	-	-
% of Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

TOTAL NO. STUDENTS	16,183	16,156	16,009	15,739	15,658	15,647	15,567	15,650	15,447	15,425
Elementary	8,289	8,318	8,285	8,083	8,033	8,046	7,945	8,010	7,807	7,760
Secondary	7,894	7,838	7,724	7,656	7,625	7,601	7,622	7,640	7,640	7,665

TOTAL NO OF BIRTHS (AGE 5)	1,234	1,150	1,155	1,123	1,177	1,035	1,049	1,001	1,032	990
TOTAL NO. STUDENTS	16,183	16,156	16,009	15,739	15,658	15,647	15,567	15,650	15,447	15,425
Elementary	8,289	8,318	8,285	8,083	8,033	8,046	7,945	8,010	7,807	7,760
Secondary	7,894	7,838	7,724	7,656	7,625	7,601	7,622	7,640	7,640	7,665

Facility Breakdown										
% Public	73.1%	73.2%	73.0%	74.1%	74.2%	73.4%	74.4%	76.2%	77.4%	78.3%
Schools Facilities Not WCASD										
% Private	1.3%	1.4%	1.5%	1.4%	1.7%	1.7%	1.5%	1.5%	1.6%	1.6%
% Religious	20.1%	19.5%	19.1%	17.6%	17.3%	18.1%	17.1%	15.8%	15.0%	14.5%
% Charter	3.5%	3.8%	4.1%	4.3%	4.5%	4.6%	4.4%	3.9%	3.3%	3.1%
% Special Education	0.3%	0.3%	0.3%	0.4%	0.2%	0.3%	0.4%	0.4%	0.4%	0.4%
% CCIU	0.5%	0.6%	0.5%	0.8%	0.7%	0.6%	0.7%	0.9%	0.9%	0.8%
% Alternative	0.3%	0.2%	0.4%	0.4%	0.4%	0.2%	0.4%	0.2%	0.3%	0.1%
% Home School	1.0%	1.0%	1.1%	1.1%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

WEST CHESTER AREA SCHOOL DISTRICT

SINGLE AUDIT





INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

December 09, 2020

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Chester Area School District ("the District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 09, 2020.

Internal Control Over Financial Reporting

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

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

Board of School Directors
West Chester Area School District

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

Compliance and Other Matters

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

Purpose of This Report

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

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



INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

December 09, 2020

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

Report on Compliance for the Major Federal Program

We have audited the West Chester Area School District's ("the District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Board of School Directors
West Chester Area School District

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

**WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning - Ending	Program or Award Amount	Total Received for Year	Accrued (Unearned) Revenue 07/01/19	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 06/30/20	Passed Through to Subrecipients
U.S. Department of Education										
Passed through Pennsylvania Department of Education										
I	84.010	013-200470	07/01/19-09/30/20	\$ 598,796	\$ 518,957	\$ -	\$ 598,796	\$ 598,796	\$ 79,839	\$ -
I	84.010	013-190470	07/01/18-09/30/19	704,767	93,929	93,929	-	598,796	-	-
					612,886	93,929		598,796	79,839	
I	84.365	010-200470	07/01/19-09/30/20	91,336	30,446	-	13,563	13,563	(16,883)	-
I	84.365	010-190470	07/01/18-09/30/19	100,578	48,341	3,177	45,164	45,164	-	-
					78,787	3,177	58,727	58,727	(16,883)	-
I	84.367	020-200470	07/01/19-09/30/20	237,878	110,762	-	145,877	145,877	35,115	-
I	84.367	020-190470	07/01/18-09/30/20	263,308	141,515	19,884	121,631	121,631	-	-
					252,277	19,884	267,508	267,508	35,115	-
I	84.424	144-200470	07/01/19-09/30/20	52,725	17,575	-	6,781	6,781	(10,794)	-
I	84.424	144-190470	07/01/18-09/30/20	59,965	3,998	(2,469)	6,467	6,467	-	-
					21,573	(2,469)	13,248	13,248	(10,794)	-
I	84.425	200-200470	03/13/20-09/30/21	491,818	51,770	-	261,754	261,754	209,984	-
I	84.027	C189-9035	07/01/18-09/30/21	2,000	2,000	-	-	-	(2,000)	-
Passed through Chester County IU										
I	84.027	62-1900024	07/01/19-09/30/20	1,423,436	687,482	-	1,334,850	1,334,850	647,368	-
I	84.027	62-1800024	07/01/18-09/30/19	1,326,870	530,748	530,748	-	-	-	-
					1,218,230	530,748	1,334,850	1,334,850	647,368	-
I	84.173	131-200024B	07/01/19-06/30/20	6,100	-	-	6,100	6,100	6,100	-
I	84.173	131-190024B	07/01/18-06/30/19	4,500	4,500	4,500	-	-	-	-
					4,500	4,500	6,100	6,100	6,100	-
TOTAL U.S. DEPARTMENT OF EDUCATION										
I	93.778	N/A	07/01/19-06/30/20	30,027	30,027	-	30,027	30,027	-	-
U.S. Department of Health and Human Services										
Passed through Pennsylvania Department of Public Welfare										
I	93.778	N/A	07/01/19-06/30/20	30,027	30,027	-	30,027	30,027	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										

Continued on next page.

**WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning - Ending	Program or Award Amount	Total Received for Year	Accrued (Unearned) Revenue 07/01/19	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 06/30/20	Passed Through to Subrecipients
U.S. Department of the Treasury											
Passed through Pennsylvania Commission on Crime and Delinquency	I	21-019	2020-CS-01-33726	07/01/20-10/30/20	584,868	-	-	53,861	53,861	53,861	-
Maintaining a Healthy Learning Environment											
Total U.S. Department of the Treasury								53,861	53,861	53,861	
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program	I	10-555	N/A	07/01/19-06/30/20	N/A	124,093	(2,004)	121,088	121,088	(3,005)	-
National School Lunch Program	I	10-555	N/A	07/01/18-06/30/19	N/A	-	(2,004)	2,004	2,004	-	-
						124,093	(2,004)	123,092	123,092	(3,005)	-
Passed through Pennsylvania Department of Education											
National School Lunch Program	I	10-555	362	07/01/19-06/30/20	N/A	476,009	-	495,504	495,504	19,495	-
National School Lunch Program	I	10-555	362	07/01/18-06/30/19	N/A	25,130	25,130	-	-	-	-
						501,139	25,130	495,504	495,504	19,495	-
Total CFDA #10-555						625,232	23,126	618,596	618,596	16,490	-
School Breakfast Program	I	10-553	365	07/01/19-06/30/20	N/A	105,262	-	115,570	115,570	10,308	-
School Breakfast Program	I	10-553	365	07/01/18-06/30/19	N/A	6,698	6,698	-	-	-	-
Total CFDA #10-553						111,960	6,698	115,570	115,570	10,308	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						737,192	29,824	734,166	734,166	26,798	-
TOTAL FEDERAL AWARDS						\$ 3,009,242	\$ 679,593	\$ 3,359,037	\$ 3,359,037	\$ 1,029,388	\$ -
SPECIAL EDUCATION CLUSTER (IDEA) (CFDAs #84.027 AND #84.173)						\$ 1,222,730	\$ 535,248	\$ 1,340,950	\$ 1,340,950	\$ 653,468	\$ -
CHILD NUTRITION CLUSTER (CFDAs #10-553 AND #10-555)						\$ 737,192	\$ 29,824	\$ 734,166	\$ 734,166	\$ 26,798	\$ -

Source Code:

I - Indirect Funding

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF PRESENTATION

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

NOTE B BASIS OF ACCOUNTING

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

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under CFDA #10.555 includes surplus food consumed by the District during the 2019-2020 fiscal year. The District has food commodities totaling \$3,005 in inventory as of June 30, 2020.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2020 was \$991,661.

NOTE E INDIRECT COST

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance. For the year ended June 30, 2020, there were no indirect costs included in the schedule of expenditures of federal awards.

WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major program:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

 Yes X No

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

84.027 and 84.173

Special Education Cluster (IDEA)

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.