



WEST CHESTER AREA SCHOOL DISTRICT

Inspiring students to achieve their personal best

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023



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

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Inspiring students to achieve their personal best

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023**



**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

Inspiring students to achieve their personal best

December 13, 2023

Dear Community Member,

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of West Chester Area School District for the fiscal year ended June 30, 2023. This District's Business Office prepared this report.

The ACFR is published to present complete and accurate financial information on all the funds and financial activities of the District for the 2022-23 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.

BBD, LLP, an independent firm certified public accountants, have audited the District's financial statements. They have issued an unmodified opinion on the West Chester Area School District's financial statements for the Year ending June 30, 2023. Their report is located at the beginning of the Financial Section of the ACFR.

The Management's Discussion and Analysis (MD&A), which follows the independent auditors' report, provides an overview of the District's financial performance during the fiscal year ending June 30, 2023. 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 population of the school district is approximately 105,000. 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 School District's boundaries are coterminous with those of the Borough of West Chester, and the Townships of East Bradford, East Goshen, Thornbury, West Goshen, Westtown and West Whiteland in Chester County and the Township of Thornbury in Delaware County. The Borough of West Chester, located in the geographic center of the School District and is the county seat for Chester County, is approximately 25 miles west of Philadelphia. The Borough of West Chester is the financial and professional center for the surrounding area. The Townships are principally residential in character, with regional shopping centers and industrial parks.

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

The purpose of the District is to provide an education system Kindergarten through 12th grade, including regular instruction, special instruction, vocational education and support services to the approximately 15,500 students that live within the School District boundaries. To accomplish this goal, the District operates eleven (11) elementary schools, three (3) middle schools and three (3) high schools. The District maintains seventeen school buildings that were initially built in the years spanning 1940 through 2021 (for additional information please see the district facilities page in the statistical section of this report). Additionally, the District is required to pay the tuition for the 403 children that live within the District boundaries that attend charter schools. During the year ending June 30, 2023, the District paid \$7,512,125 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 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 Act 1 tax increase above the index for Special Education and State Retirement purposes. In 2022-23, the index allowed for a 3.4% increase in property taxes and the School Board opted to increase property tax by 1.7 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 a 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 2027-28. The District contribution rate has increased from the 2021-22 contribution rate of 34.94% to the contribution rate of 35.26% in 2022-23. State revenue increase moderately during the past year although the District anticipates minimal increases in the upcoming years. The District's experienced an increase in federal revenues during the 2022-23 fiscal year, as the remaining available CARES federal funds were spent down.

Annually, The District compiles student enrollment projections for the upcoming five school years. Enrollment projections are based on cohort survival calculation method and do not include new student growth. The District projects student enrollment to increase from 12,140 in 2023-24 to 12,183 in 2027-28.

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 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 midst of a multiyear elementary school renovation project. The most recent elementary school master plan includes renovations of the District's existing ten (10) elementary schools scheduled to be completed in the 2029-2030 school year. In 2022-2023, the District completed phase II of construction of Glen Acres Elementary School. The original construction and renovation of the District buildings is included in the statistical section of the ACFR under operating information.

Over the past several years, The District has seen an increase in approved residential developments in the school district, totaling about 2,800 new 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 completed construction of Greystone Elementary School, the District's eleventh elementary school, which was opened in the 2021-2022 school year. In light of the current economic outlook, the District is cautiously planning the funding of these projects. The District has always exercised caution and a conservative approach to borrowing.

Independent Audit

The District engages an independent certified public accounting firm to audit the School District's annual financial statements. The auditor's report on the Fiscal 2022-2023 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This award confirms the school business officials' commitment to financial accountability and transparency. Recognition through the COE program can help strengthen a district's presentation for bond issuance statements and promotes a high level of financial reporting.

Acknowledgements

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

Respectfully,



John Scully
Director of Business Affairs

WEST CHESTER AREA SCHOOL DISTRICT

PRINCIPAL OFFICIALS

WEST CHESTER AREA SCHOOL DISTRICT

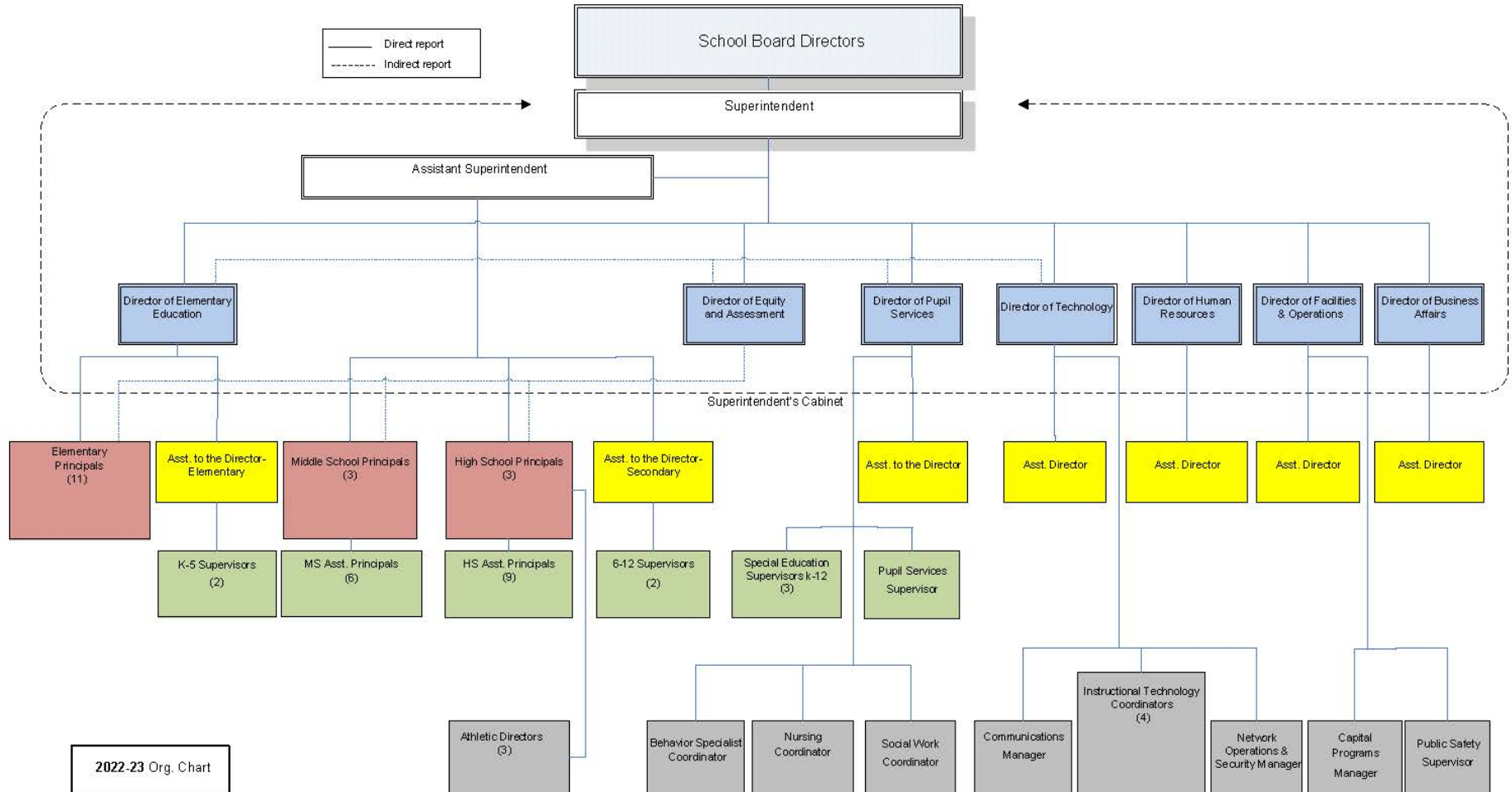
2022-23 School Board Members

Sue Tiernan	School Board President
Gary Bevilacqua	School Board Vice President
Joyce Chester	Member
Alex Christy	Member
Laura Detre	Member
Daryl Durnell	Member
Karen Fleming	Member
Karen Herrmann	Member
Stacey Whomsley	Member

District Administrators

Dr. Kalia Reynolds	Substitute Superintendent
Dr. Cheryl Newtown-Woods	Interim Assistant Superintendent
Dr. Sara Missett	Director of Elementary Education
Wayne Birster	Director of Facilities and Operations
Michael Wagman	Director of Information Technology
Dr. Jeff Ulmer	Director of Human Resources
John Scully	Director of Business Affairs
Melissa Kleiman	Director of Pupil Services
Una Martin	Interim Director of Equity

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

West Chester Area School District

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'.

**John W. Hutchison
President**

A handwritten signature in black ink, reading 'Siobhán McMahon'.

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**

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WEST CHESTER AREA SCHOOL DISTRICT

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Chester Area School District, Exton, Pennsylvania as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise West Chester Area School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Chester Area School District, Exton, Pennsylvania as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Chester Area School District, Exton, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Chester Area School District, Exton, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 West Chester Area School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Chester Area School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability -PSERS and OPEB plan contributions – PSERS on pages 11 through 19 and 60 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Chester Area School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Information Included in the Financial Statements

Management is responsible for the other information in the financial statements. The other information comprises the introductory and statistical sections, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of West Chester Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 West Chester Area School District's 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 West Chester Area School District's internal control over financial reporting and compliance.

BBD, LLP

**Philadelphia, Pennsylvania
December 13, 2023**

WEST CHESTER AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

INTRODUCTION

The discussion and analysis of the financial performance of West Chester Area School District (the "***District***") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers also should review the financial statements and the notes to the financial statements 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 eleven 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 and Thornbury in Chester County and Thornbury Township in Delaware County. The Staff, headed by Substitute Superintendent Dr. Kalia Reynolds, includes more than 1,000 teachers, 70 administrators and 400 support staff. More than 70% of our certified teaching staff, and 100% 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. 2023 recognition includes US News and World Report, and Newsweek's Best Public High Schools in the nation. Niche, a national database of public schools rated our district 20th out of the 496 Pennsylvania school districts, and 341 out of 10,932 School Districts in America. The National Association for Music Education recognized the District as one of the best communities for music education. Also, in 2023, 37 district students were named national merit scholars, and 354 students were named AP scholars.

FINANCIAL HIGHLIGHTS

- The largest District revenue stream is local property tax. In 2022-23, the School Board raised property taxes 1.70 percent or 0.376 mills. The taxpayers in Chester County were assessed for property taxes at 22.4364 mills. (Please note that one mill is equal to one-tenth of a cent or \$0.001 of assessed value.) The 2022-23 Delaware County tax rate was adjusted to reflect the Countywide reassessment. Delaware County tax rate was assessed based upon the equalized millage calculation, which resulted in an increase in tax rate from 9.6967 mills in 2021-22 to 9.9343 mills in 2022-23.
- On a fund level reporting basis, compared to the prior year, the District's General Fund total revenues, excluding other financing sources, increased 4.35 percent or \$12,089,451. This increase was driven by property tax revenue growth, earned income tax revenue growth, Investment income, basic education state funding, property tax reduction state funding and retirement state subsidy revenue.
- On a fund level reporting basis, compared to the prior year, the District's General Fund expenditures increased \$13,122,795 or 5.06 percent. This increase was the result of planned contract increases for salaries for the professional staff, retirement costs and student transportation costs. Salary expense increased by \$5,352,248 or 4.98 percent. Retirement expense increased by \$2,197,761 or 5.96 percent. Student transportation expense increase by \$1,297,447 or 10.66%.
- The statement of Net position reflects the actuarially determined net pension liability of \$322,770,000, deferred outflows of resources of \$58,092,817 comprising contributions made by the District made after the measurement date of June 30, 2022, contribution made in excess of the required contribution made in the year of the measurement date and charges in the District's proportionate share of the net pension liability, and deferred inflows of resources of \$8,268,000 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

June 30, 2023

- On an entity-wide basis, the District's total net position was negative \$98,496,704 at June 30, 2023. This represented an increase of 25.85 percent from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with GASB Statement Number 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.
- **Business-type Activities** - The District operates a food service operation and charges fees to staff and students to cover the costs of the food service operation.

Fund Level Financial Statements

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

- **Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. The District's major governmental funds are the General Fund, the Capital Projects Fund and the Capital Reserve Fund. Governmental funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

WEST CHESTER AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

- **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 \$98,496,704 at June 30, 2023. This represents an increase of \$34,329,391 over the prior year. The table below presents condensed financial information for the net position of the District as of June 30, 2023 and 2022.

Statement of Net Position June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Totals	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
ASSETS						
Current and other assets	\$ 178,964,716	\$ 167,197,522	\$2,846,284	\$2,847,199	\$ 181,811,000	\$ 170,044,721
Noncurrent assets	<u>326,984,993</u>	<u>326,338,282</u>	<u>782,489</u>	<u>614,850</u>	<u>327,767,482</u>	<u>326,953,132</u>
Total assets	<u>505,949,709</u>	<u>493,535,804</u>	<u>3,628,773</u>	<u>3,462,049</u>	<u>509,578,482</u>	<u>496,997,853</u>
Deferred outflows of resources	<u>65,239,690</u>	<u>66,622,701</u>	<u>-</u>	<u>-</u>	<u>65,239,690</u>	<u>66,622,701</u>
LIABILITIES						
Current liabilities	60,566,709	51,903,133	757,366	646,124	61,324,075	52,549,257
Noncurrent liabilities	<u>593,900,409</u>	<u>591,016,176</u>	<u>-</u>	<u>-</u>	<u>593,900,409</u>	<u>591,016,176</u>
Total liabilities	<u>654,467,118</u>	<u>642,919,309</u>	<u>757,366</u>	<u>646,124</u>	<u>655,224,484</u>	<u>643,565,433</u>
Deferred inflows of resources	<u>18,090,392</u>	<u>52,881,216</u>	<u>-</u>	<u>-</u>	<u>18,090,392</u>	<u>52,881,216</u>
NET POSITION (DEFICIT)						
Net investment in capital assets	82,415,067	73,083,096	782,489	614,850	83,197,556	73,697,946
Restricted for capital projects	32,138,400	23,443,492	-	-	32,138,400	23,443,492
Unrestricted (deficit)	<u>(215,921,578)</u>	<u>(232,168,608)</u>	<u>2,088,918</u>	<u>2,201,075</u>	<u>(213,832,660)</u>	<u>(229,967,533)</u>
Total net position (deficit)	<u>\$(101,368,111)</u>	<u>\$(135,642,020)</u>	<u>\$2,871,407</u>	<u>\$2,815,925</u>	<u>\$(98,496,704)</u>	<u>\$(132,826,095)</u>

The governmental activities restricted net position in the amount of \$32,138,400 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 \$213,832,660 included \$2,088,918 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.

WEST CHESTER AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

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 \$10,139,119 or 3.55 percent. The largest changes in revenue occurred in property taxes, other revenues, charges for services, and grants and subsidies not restricted to specific programs. Other revenues increased by \$5,474,653 or 184.24 percent related to increases in investment revenue. Property taxes increased by \$3,582,784 or 1.91%. Charges for services increased by \$2,524,229 or 203.64% due to food service meal charges in the current year which were subsidized with grants in the prior year. Grants and subsidies not restricted to specific programs increased by \$2,041,267 or 15.50 percent due to increases in state subsidy funding.

Expenses increased by \$17,192,404 or 7.03 percent. The largest drivers of this increase were Instructional, Instructional student support services, Administrative and financial support services and Pupil transportation. The main driving factors for the increase were related to contracted salaries increases, retirement expense and contracted professional services.

Statement of Activities For the Years Ended June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues						
Charges for services	\$ 1,381,820	\$ 860,643	\$2,381,987	\$ 378,935	\$ 3,763,807	\$ 1,239,578
Operating grants and contributions	41,272,583	39,957,064	1,928,693	5,369,483	43,201,276	45,326,547
General revenues						
Property taxes	191,214,141	187,631,357	-	-	191,214,141	187,631,357
Other taxes	34,213,757	35,572,300	-	-	34,213,757	35,572,300
Grants and subsidies not restricted to specific programs	15,213,167	13,171,900	-	-	15,213,167	13,171,900
Other revenues	8,326,618	2,967,773	119,571	3,763	8,446,189	2,971,536
Total revenues	<u>291,622,086</u>	<u>280,161,037</u>	<u>4,430,251</u>	<u>5,752,181</u>	<u>296,052,337</u>	<u>285,913,218</u>
EXPENSES						
Instruction	163,696,662	151,301,302	-	-	163,696,662	151,301,302
Instructional student support services	20,769,504	19,179,424	-	-	20,769,504	19,179,424
Administrative and financial support services	23,733,426	22,328,558	-	-	23,733,426	22,328,558
Operation and maintenance of plant services	21,275,695	21,953,333	-	-	21,275,695	21,953,333
Pupil transportation	14,310,797	13,038,802	-	-	14,310,797	13,038,802
Student activities	5,699,023	5,383,162	-	-	5,699,023	5,383,162
Community services	187,223	172,562	-	-	187,223	172,562
Interest on long-term debt	7,675,847	6,907,870	-	-	7,675,847	6,907,870
Food service	-	-	4,374,769	4,265,529	4,374,769	4,265,529
Total expenses	<u>257,348,177</u>	<u>240,265,013</u>	<u>4,374,769</u>	<u>4,265,529</u>	<u>261,722,946</u>	<u>244,530,542</u>
CHANGE IN NET POSITION	34,273,909	39,896,024	55,482	1,486,652	34,329,391	41,382,676
NET POSITION (DEFICIT)						
Beginning of year	(135,642,020)	(175,538,044)	2,815,925	1,329,273	(132,826,095)	(174,208,771)
End of year	<u>\$(101,368,111)</u>	<u>\$(135,642,020)</u>	<u>\$2,871,407</u>	<u>\$2,815,925</u>	<u>\$(98,496,704)</u>	<u>\$(132,826,095)</u>

EXPENSES

The table below presents condensed financial information on the expenses of the District by function. The table illustrates both the gross and net costs of services. Unrestricted grants, subsidies and contributions are deducted to reflect the amount needed to be funded by other revenue sources. The amount needed to be funded by other revenue sources increased by \$13,205,201 or 7.1 percent more than the prior year. The table for business-type activity reflects condensed financial activities of the food service program, the only business-type activity of the District.

WEST CHESTER AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Governmental activities				
Expenses:				
Instruction	\$163,696,662	\$151,301,302	\$134,863,930	\$124,124,201
Instructional student support	20,769,504	19,179,424	16,886,754	15,365,023
Administrative and financial support	23,733,426	22,328,558	21,520,666	20,188,908
Operation and maintenance of plant services	21,275,695	21,953,333	17,474,044	18,404,586
Pupil transportation	14,310,797	13,038,802	11,584,489	9,986,794
Student activities	5,699,023	5,383,162	4,500,845	4,297,495
Community services	187,223	172,562	187,199	172,429
Interest on long-term debt	<u>7,675,847</u>	<u>6,907,870</u>	<u>7,675,847</u>	<u>6,907,870</u>
Total expenses	<u>\$257,348,177</u>	<u>\$240,265,013</u>	214,693,774	199,447,306
Less: Grant, subsidies and contributions not restricted			<u>(15,213,167)</u>	<u>(13,171,900)</u>
Amount needed to be funded by other revenue sources			<u>\$199,480,607</u>	<u>\$186,275,406</u>
Business-type activities				
Food services	<u>\$ 4,374,769</u>	<u>\$ 4,265,529</u>	<u>\$ 64,089</u>	<u>\$ (1,482,889)</u>

THE DISTRICT FUNDS

General Fund

At June 30, 2023, the District reported a General Fund total fund balance of \$88,560,624 which was an increase of \$4,948,614 over the prior year. Of this amount, the District assigned \$60,977,636 of the fund balance towards tax rate stabilization. These funds will be used to offset the 2023-24 budget gaps and eliminate the need for future tax increases. 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, the District established a health insurance rate stabilization fund which is consistent with the prior year. The District assigned \$2,000,000 to fund fluctuations in alternative education cost and \$1,000,000 to help minimize the property assessment fluctuations, which both are consistent with the prior year. In 2023, the District assigned \$1,100,000 to fund future staffing needs. The remaining assigned fund balance of \$143,198 is assigned for athletic activities. There are nonspendable amounts of \$1,908,064 in fund balance for prepaid expenditures. The remaining fund balance of \$17,271,817 is classified as unassigned and represents 6.40% of total expenditures.

The School Board of West Chester Area School District manages the fund balance to respond to unforeseen contingencies and economic conditions. This philosophy was established during a healthy and growing economy within the District and accurate and timely forecasting which allows the District to constantly monitor economic trends within our community. This philosophy conforms to the Board's belief that the tax burden should be aligned with the current funding needs of the District.

REVENUE

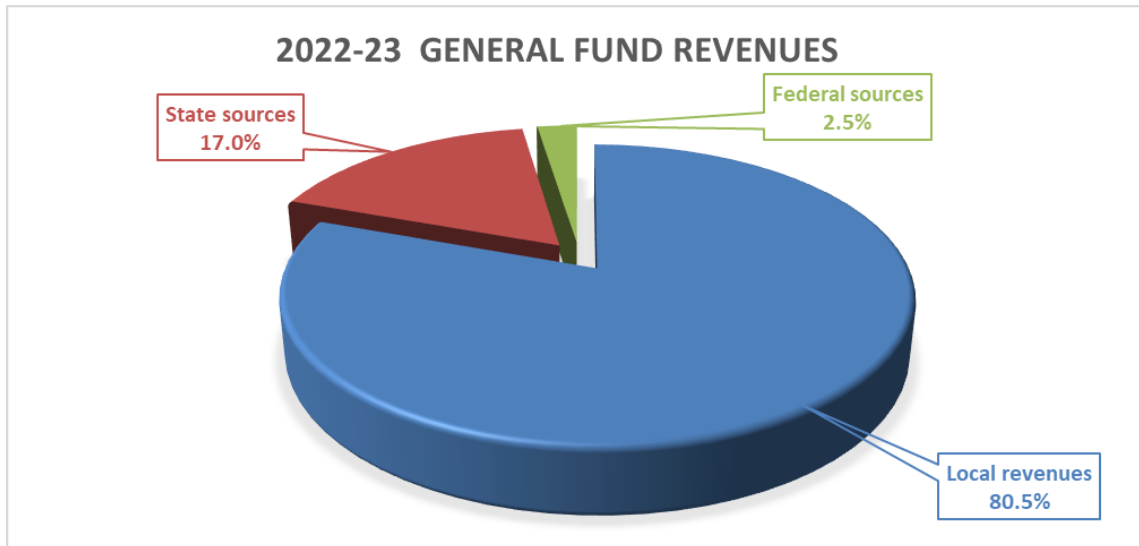
General Fund Revenues, excluding other financing sources, total \$289,798,536 which is an increase from the collections in the prior year. The table below reflects a comparison of current year revenues to prior year revenues:

	<u>General Fund Revenue 2023</u>	<u>Percentage of Total</u>	<u>Increase/ (Decrease) From 2022</u>	<u>Variance Over/(Under) Final Budget</u>
Local revenues	\$233,308,766	80.5%	\$ 8,728,643	\$20,565,061
State sources	49,369,225	17.0%	2,431,442	699,562
Federal sources	<u>7,120,545</u>	<u>2.5%</u>	<u>929,366</u>	<u>5,091,772</u>
	<u>\$289,798,536</u>	<u>100.0%</u>	<u>\$12,089,451</u>	<u>\$26,356,395</u>

WEST CHESTER AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023



Local revenues Increased by \$8,728,643. The District's real estate tax revenue increased \$4,147,785 from the prior year due to a 1.70 percent or 0.3760 mill increase in Chester County and overall property growth within the District. The District's investment revenues increased \$6,479,636, or 8,440.04 percent from the prior year. The District's earned income tax revenues increased \$927,932, or 3.48 percent from the prior year. Additionally, real estate transfer tax revenue decreased by \$2,754,411 or 30.85% from the prior year.

The increase in State revenues is due to increases in basic education funding, property tax reduction funding, retirement subsidy revenue and social security and Medicare subsidy revenue. Basic education funding increased by \$1,358,982 and property tax reduction funding increased by \$686,307. State pension retirement and social security and Medicare subsidies increased by \$724,956 and \$193,127, respectively. The state reimburses the District for 50% of the District's pension and social security and Medicare costs. Offsetting the increases, rental reimbursement funding decreased by \$610,538 from the prior year.

Federal revenues increased by 15.01%, which is the result of the increase in Elementary and Secondary School Emergency Relief (ESSER), Governor's Emergency Education Relief (GEER), Coronavirus Aid, Relief, and Economic Security (CARES), American Rescue Plan (ARP) Funding, and Title IV funding totaling an increase of \$1,521,376. The increases were offset by decreases for the prior year in IDEA funding of \$359,247, Medical access funding of \$62,175, Title II funding of \$87,448, Title III funding of \$49,919, and Title I funding of \$33,221.

EXPENDITURES

General Fund expenditures, excluding transfers to other governmental funds, totaled \$272,394,514. This was an increase of \$13,122,795 or 5.06 percent over the prior year, and it was \$11,814,801 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 2022-23 budget, are as follows:

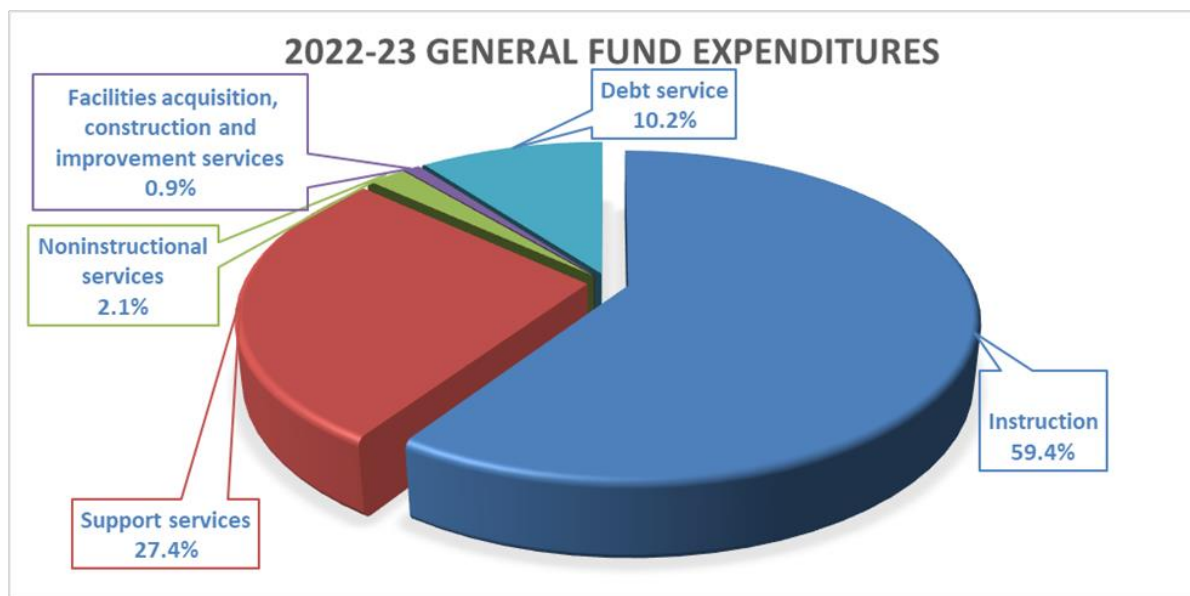
	General Fund Expenditures 2023	Percentage of Total	Increase/ (Decrease) From 2022	Variance Over/(Under) Final Budget
Instruction	\$161,672,224	59.4%	\$ 7,707,561	\$ (5,524,195)
Support services	74,647,786	27.4%	2,371,229	(5,936,204)
Noninstructional services	5,810,138	2.1%	316,854	(279,482)
Facilities acquisition, construction and Improvement services	2,382,380	0.9%	2,382,380	-
Debt service	27,881,986	10.2%	344,771	(74,920)
	<u>\$272,394,514</u>	<u>100.0%</u>	<u>\$13,122,795</u>	<u>\$(11,814,801)</u>

WEST CHESTER AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

The driving factors for the 2022-23 increases in instructional expense, non-instructional support services support services and were contracted salary increases, retirement expense and student transportation costs. Facilities acquisition, construction and improvement services increase were construction costs funded through a federal grant.



Capital Projects Fund

Fiscal 2022-23 represented the thirteenth year of the District's elementary school master plan renovations. By the completion of this plan, all ten existing elementary schools will have been renovated. In 2019 the District identified the need for an eleventh elementary school due to the student growth within the District. As of June 30, 2023, the District had a capital projects fund balance of \$17,851,345. This was a decrease of \$12,092,143 from the prior year. The District also reported expenditures of \$15,856,499 in 2022-23. 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 \$32,138,400 at June 30, 2023. This was a \$8,694,908 increase from the prior year. The Capital Reserve Fund is funded by transfers from the General Fund. In 2022-23, the capital outflows from the Capital Reserve Fund were spent on maintenance projects. The Capital Reserve Fund received a transfer in of \$8,880,717 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 \$26,356,395 over budget or 10.00 percent. Total expenditures were under the amended budget by \$11,814,801 or 4.16 percent.

WEST CHESTER AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

CAPITAL ASSETS

At June 30, 2023, the District had \$327,767,482 invested in a broad range of governmental capital assets, including land, buildings, furniture and equipment, and right-to-use leased equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$1,288,883 or 0.39 percent from the prior year. Additionally, the District's construction in progress balance decreased by \$23,472,487 from the prior year.

The following schedule depicts the capital assets for the period July 1, 2022 through June 30, 2023. 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	17,333,220	-	17,333,220
Buildings	470,640,314	-	470,640,314
Construction-in-progress	47,023,603	-	47,023,603
Furniture and equipment	56,426,141	2,155,098	58,581,239
Right-to-use leased equipment	<u>1,063,021</u>	<u>-</u>	<u>1,063,021</u>
Total capital assets	620,776,215	2,155,098	622,931,313
Total accumulated depreciation	<u>293,791,222</u>	<u>1,372,609</u>	<u>295,163,831</u>
Capital assets, net	<u>\$326,984,993</u>	<u>\$ 782,489</u>	<u>\$327,767,482</u>

DEBT ADMINISTRATION

As of June 30, 2023, the District had total outstanding bonds and related charges of \$262,391,917, a decrease of \$20,776,251 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.

	Principal Outstanding June 30, 2022	Maturities/ Refinancing	Additions	Principal Outstanding June 30, 2023
General obligation bonds and notes	\$259,750,000	\$17,615,000	\$ -	\$242,135,000
Deferred amounts				
Net issuance premiums	<u>23,418,168</u>	<u>3,161,251</u>	<u>-</u>	<u>20,256,917</u>
Long-term debt	<u>\$283,168,168</u>	<u>\$20,776,251</u>	<u>\$ -</u>	<u>\$262,391,917</u>

OTHER LONG-TERM LIABILITIES

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

THE DISTRICT'S FUTURE

West Chester Area School District forecasts budgetary impacts on a rolling five-year cycle. Looking forward, the District is expecting revenues to fall short of anticipated expenditures, creating a budgetary gap. Local revenue is the District's largest budgetary stream and has shown signs of moderate growth over the past year. Earned income tax and growth in real estate tax base both follow local economic trends. The District has seen a large increase in investment earning over the past year which is in line with the current market trend, however the District does recognize the volatility in market return and will continue to be conservative in budgeting in this area. While State funding has increased recently, with increases in basic education funding, property tax reduction subsidy and pension and social security subsidies. Pension and social security subsidy increases are mirrored by the cost and do not assist in addressing budgetary gaps.

WEST CHESTER AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2023

Expense growth in the future will continue to be driven by staffing, pension and employee benefit costs. The District's employer pension contribution rate rose to 35.26% in 2022-2023 and is projected to remain relatively flat moving forward. The District also projects an annual increase of 7.57% 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 staffing needs, 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 health care expenses. The District School Board and staff are working hard to develop methods to address the District's long-term financial needs.

During the past few years, the District has seen a large number of residential development projects approved within the School District's boundaries. In anticipation of the influx of new students, the District has adjusted its long-term elementary school master plan and has completed a new 11th elementary school. The District will continue the renovations and/or additions to each of its existing 10 elementary schools. The District has completed six building renovations and is in progress with the seventh renovation. The remaining three elementary school renovations are estimated to be completed by 2030. As for the financing of the remaining renovations 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 (DEFICIT)

June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 24,846,582	\$ 41,572	\$ 24,888,154
Investments	138,122,350	2,860,485	140,982,835
Internal balances	144,798	(144,798)	-
Due from other governments	8,501,248	59,780	8,561,028
Other receivables	2,002,109	28,603	2,030,712
Taxes receivable	3,389,065	-	3,389,065
Prepaid expenses	1,958,564	-	1,958,564
Inventories	-	642	642
Total current assets	178,964,716	2,846,284	181,811,000
Noncurrent Assets:			
Capital assets			
Land	28,289,916	-	28,289,916
Construction-in-progress	47,023,603	-	47,023,603
Land improvements	17,333,220	-	17,333,220
Buildings	470,640,314	-	470,640,314
Furniture and equipment	56,426,141	2,155,098	58,581,239
Right-to-use leased equipment	1,063,021	-	1,063,021
Less: accumulated depreciation	(293,791,222)	(1,372,609)	(295,163,831)
Total noncurrent assets	326,984,993	782,489	327,767,482
Total assets	505,949,709	3,628,773	509,578,482
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	2,071,995	-	2,071,995
Deferred outflows relating to OPEB	5,074,878	-	5,074,878
Deferred outflows relating to pension	58,092,817	-	58,092,817
Total deferred outflows of resources	65,239,690	-	65,239,690
Total assets and deferred outflows of resources	\$ 571,189,399	\$ 3,628,773	\$ 574,818,172
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)			
LIABILITIES			
Current Liabilities:			
Accounts payable and other current liabilities	\$ 38,531,263	\$ 250,244	\$ 38,781,507
Accrued interest	1,483,652	-	1,483,652
Unearned revenues	112,324	507,122	619,446
Lease liabilities	267,463	-	267,463
Bonds and notes payable, net	20,172,007	-	20,172,007
Total current liabilities	60,566,709	757,366	61,324,075
Noncurrent Liabilities:			
Lease liabilities	350,234	-	350,234
Bonds and notes payable, net	242,219,910	-	242,219,910
Accrued severance and compensated absences	5,506,988	-	5,506,988
Net OPEB liability	23,053,277	-	23,053,277
Net pension liability	322,770,000	-	322,770,000
Total noncurrent liabilities	593,900,409	-	593,900,409
Total liabilities	654,467,118	757,366	655,224,484
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows relating to OPEB	9,822,392	-	9,822,392
Deferred inflows relating to pension	8,268,000	-	8,268,000
Total deferred inflows of resources	18,090,392	-	18,090,392
NET POSITION (DEFICIT)			
Net investment in capital assets	82,415,067	782,489	83,197,556
Restricted for capital projects	32,138,400	-	32,138,400
Unrestricted (deficit)	(215,921,578)	2,088,918	(213,832,660)
Total net position (deficit)	(101,368,111)	2,871,407	(98,496,704)
Total liabilities, deferred inflows of resources, and net position (deficit)	\$ 571,189,399	\$ 3,628,773	\$ 574,818,172

See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)		
		Charges for	Operating	Capital	Governmental	Business-type	Totals
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES							
Instruction	\$ 163,696,662	\$ 132,837	\$ 28,699,895	\$ -	\$ (134,863,930)	\$ -	\$ (134,863,930)
Instructional student support	20,769,504	-	3,882,750	-	(16,886,754)	-	(16,886,754)
Administrative and financial support services	23,733,426	-	2,212,760	-	(21,520,666)	-	(21,520,666)
Operation and maintenance of plant services	21,275,695	702,634	3,099,017	-	(17,474,044)	-	(17,474,044)
Pupil transportation	14,310,797	-	2,726,308	-	(11,584,489)	-	(11,584,489)
Student activities	5,699,023	546,349	651,829	-	(4,500,845)	-	(4,500,845)
Community services	187,223	-	24	-	(187,199)	-	(187,199)
Interest on long-term debt	7,675,847	-	-	-	(7,675,847)	-	(7,675,847)
Total governmental activities	<u>257,348,177</u>	<u>1,381,820</u>	<u>41,272,583</u>	<u>-</u>	<u>(214,693,774)</u>	<u>-</u>	<u>(214,693,774)</u>
BUSINESS-TYPE ACTIVITIES							
Food service	<u>4,374,769</u>	<u>2,381,987</u>	<u>1,928,693</u>	<u>-</u>	<u>-</u>	<u>(64,089)</u>	<u>(64,089)</u>
Total primary government	<u>\$ 261,722,946</u>	<u>\$ 3,763,807</u>	<u>\$ 43,201,276</u>	<u>\$ -</u>	<u>(214,693,774)</u>	<u>(64,089)</u>	<u>(214,757,863)</u>
GENERAL REVENUES							
Property taxes, levied for general purposes					191,214,141	-	191,214,141
Taxes levied for specific purposes					34,213,757	-	34,213,757
Grants, entitlements, and contributions not restricted to specific programs					15,213,167	-	15,213,167
Investment earnings					8,164,702	119,571	8,284,273
Other					<u>161,916</u>	<u>-</u>	<u>161,916</u>
Total general revenues					<u>248,967,683</u>	<u>119,571</u>	<u>249,087,254</u>
CHANGE IN NET POSITION (DEFICIT)					34,273,909	55,482	34,329,391
NET POSITION (DEFICIT)							
Beginning of year					<u>(135,642,020)</u>	<u>2,815,925</u>	<u>(132,826,095)</u>
End of year					<u>\$ (101,368,111)</u>	<u>\$ 2,871,407</u>	<u>\$ (98,496,704)</u>

See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023

	Major Funds			
	General Fund	Capital Project Fund	Capital Reserve Fund	Totals
ASSETS				
Cash and cash equivalents	\$ 12,158,202	\$ 1,324,274	\$11,364,106	\$ 24,846,582
Investments	97,723,259	19,557,609	20,841,482	138,122,350
Taxes receivable	3,389,065	-	-	3,389,065
Due from other funds	144,798	-	-	144,798
Due from other governments	8,501,248	-	-	8,501,248
Other receivables	2,002,109	-	-	2,002,109
Prepaid expenditures	1,908,064	50,500	-	1,958,564
Total assets	\$125,826,745	\$20,932,383	\$32,205,588	\$178,964,716
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 5,417,444	\$ 3,081,038	\$ 67,188	\$ 8,565,670
Unearned revenues	112,324	-	-	112,324
Payroll accruals and withholdings	29,965,593	-	-	29,965,593
Total liabilities	35,495,361	3,081,038	67,188	38,643,587
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	1,770,760	-	-	1,770,760
FUND BALANCES				
Nonspendable	1,908,064	50,500	-	1,958,564
Restricted	-	17,800,845	32,138,400	49,939,245
Committed	4,159,909	-	-	4,159,909
Assigned	65,220,834	-	-	65,220,834
Unassigned	17,271,817	-	-	17,271,817
Total fund balances	88,560,624	17,851,345	32,138,400	138,550,369
Total liabilities, deferred inflows of resources and fund balances	\$125,826,745	\$20,932,383	\$32,205,588	\$178,964,716

See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION (DEFICIT)

June 30, 2023

TOTAL GOVERNMENTAL FUND BALANCES	\$ 138,550,369
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Amounts reported for governmental activities in the statement of net position (deficit) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets was \$620,776,215 and accumulated depreciation was \$293,791,222.

326,984,993

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.

1,770,760

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

2,071,995

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	(1,483,652)	
Bonds and notes payable in future years, net	(262,391,917)	
Accumulated compensated absences	(5,506,988)	
Net pension liability	(322,770,000)	
Net OPEB liability	(23,053,277)	
Lease liabilities	<u>(617,697)</u>	(615,823,531)

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	5,074,878	
Deferred outflows - pension	58,092,817	
Deferred inflows of resources:		
Deferred inflows - OPEB	(9,822,392)	
Deferred inflows - pension	<u>(8,268,000)</u>	45,077,303

NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (101,368,111)</u></u>
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See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended June 30, 2023

	Major Funds			Totals
	General Fund	Capital Project Fund	Capital Reserve Fund	
REVENUES				
Local sources	\$ 233,308,766	\$ -	\$ 1,608,293	\$ 234,917,059
State sources	49,369,225	-	-	49,369,225
Federal sources	7,120,545	-	-	7,120,545
Total revenues	<u>289,798,536</u>	<u>-</u>	<u>1,608,293</u>	<u>291,406,829</u>
EXPENDITURES				
Current:				
Instruction	161,672,224	180,358	-	161,852,582
Support services	74,647,786	4,369,376	-	79,017,162
Operation of noninstructional services	5,810,138	-	-	5,810,138
Debt service:				
Principal	17,615,000	-	-	17,615,000
Interest	10,266,986	-	-	10,266,986
Capital outlay	2,382,380	11,306,765	1,794,102	15,483,247
Total expenditures	<u>272,394,514</u>	<u>15,856,499</u>	<u>1,794,102</u>	<u>290,045,115</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>17,404,022</u>	<u>(15,856,499)</u>	<u>(185,809)</u>	<u>1,361,714</u>
OTHER FINANCING SOURCES (USES)				
Refunds of prior year expenditures	6,110	-	-	6,110
Refunds of prior year receipts	(4,022)	-	-	(4,022)
Proceeds from leases	-	187,577	-	187,577
Transfers in	-	3,576,779	8,880,717	12,457,496
Transfers out	(12,457,496)	-	-	(12,457,496)
Total other financing sources (uses)	<u>(12,455,408)</u>	<u>3,764,356</u>	<u>8,880,717</u>	<u>189,665</u>
NET CHANGES IN FUND BALANCE	4,948,614	(12,092,143)	8,694,908	1,551,379
FUND BALANCES				
Beginning of year	<u>83,612,010</u>	<u>29,943,488</u>	<u>23,443,492</u>	<u>136,998,990</u>
End of year	<u>\$ 88,560,624</u>	<u>\$ 17,851,345</u>	<u>\$ 32,138,400</u>	<u>\$ 138,550,369</u>

See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

Year ended June 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 1,551,379
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures, either as district-wide (capital outlay) or function-specific (i.e. instruction, pupil services). However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay (\$17,719,900) exceeded depreciation (\$16,598,706) in the period.

1,121,194

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. Unavailable revenues decreased by this amount this year.

213,169

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.

20,873,032

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.

(815,258)

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

313,165

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.

(11,680)

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.

245,146

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 organization'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 exists.

10,783,762

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ 34,273,909</u>
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See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

BUDGETARY COMPARISON STATEMENT - GENERAL FUND

Year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 212,743,705	\$ 212,743,705	\$ 233,308,766	\$ 20,565,061
State sources	48,669,663	48,669,663	49,369,225	699,562
Federal sources	2,028,773	2,028,773	7,120,545	5,091,772
Total revenues	<u>263,442,141</u>	<u>263,442,141</u>	<u>289,798,536</u>	<u>26,356,395</u>
EXPENDITURES				
Instruction				
Regular programs	112,771,594	110,896,968	109,254,030	1,642,938
Special programs	46,908,847	47,963,134	44,254,611	3,708,523
Vocational programs	6,828,887	6,951,533	6,842,650	108,883
Other instructional programs	358,691	1,308,902	1,308,225	677
Nonpublic school programs	75,858	75,882	12,708	63,174
Total instruction	<u>166,943,877</u>	<u>167,196,419</u>	<u>161,672,224</u>	<u>5,524,195</u>
Support services				
Pupil personnel services	11,724,562	11,808,441	10,667,933	1,140,508
Instructional staff services	7,686,569	7,710,274	6,940,569	769,705
Administrative services	14,121,624	14,215,272	13,018,620	1,196,652
Pupil health	3,201,782	3,227,114	3,064,317	162,797
Business services	2,108,023	2,161,477	2,085,139	76,338
Operation and maintenance of plant services	20,851,552	21,614,644	20,601,526	1,013,118
Student transportation services	14,331,669	14,731,856	13,489,718	1,242,138
Central support services	4,624,344	4,847,303	4,512,355	334,948
Other support services	230,194	267,609	267,609	-
Total support services	<u>78,880,319</u>	<u>80,583,990</u>	<u>74,647,786</u>	<u>5,936,204</u>
Operation of noninstructional services				
Student activities	5,740,943	5,912,360	5,633,871	278,489
Community services	168,252	177,260	176,267	993
Total operation of noninstructional services	<u>5,909,195</u>	<u>6,089,620</u>	<u>5,810,138</u>	<u>279,482</u>
Facilities acquisition, construction and improvement services	<u>-</u>	<u>2,382,380</u>	<u>2,382,380</u>	<u>-</u>
Debt service				
Principal, interest, and fiscal agent fees	28,011,906	27,956,906	27,881,986	74,920
Total debt service	<u>28,011,906</u>	<u>27,956,906</u>	<u>27,881,986</u>	<u>74,920</u>
Total expenditures	<u>279,745,297</u>	<u>284,209,315</u>	<u>272,394,514</u>	<u>11,814,801</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,303,156)</u>	<u>(20,767,174)</u>	<u>17,404,022</u>	<u>38,171,196</u>
OTHER FINANCING SOURCES (USES)				
Refunds of prior year expenditures	-	-	6,110	6,110
Refunds of prior year receipts	-	(55,000)	(4,022)	50,978
Budgetary reserve	(4,769,123)	(250,105)	-	250,105
Transfers out	(12,457,496)	(12,457,496)	(12,457,496)	-
Total other financing sources (uses)	<u>(17,226,619)</u>	<u>(12,762,601)</u>	<u>(12,455,408)</u>	<u>307,193</u>
NET CHANGE IN FUND BALANCE	<u>(33,529,775)</u>	<u>(33,529,775)</u>	<u>4,948,614</u>	<u>38,478,389</u>
FUND BALANCE				
Beginning of year	<u>83,612,010</u>	<u>83,612,010</u>	<u>83,612,010</u>	<u>-</u>
End of year	<u>\$ 50,082,235</u>	<u>\$ 50,082,235</u>	<u>\$ 88,560,624</u>	<u>\$ 38,478,389</u>

See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2023

	<u>Major Fund</u>
	<u>Food</u>
	<u>Service</u>
	<u>Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 41,572
Investments	2,860,485
Due from other governments	59,780
Other receivables	28,603
Inventories, donated commodities	<u>642</u>
Total current assets	<u>2,991,082</u>
CAPITAL ASSETS	
Furniture and equipment, net	<u>782,489</u>
Total assets	<u>\$3,773,571</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 250,244
Due to other funds	144,798
Unearned revenue	<u>507,122</u>
Total liabilities	<u>902,164</u>
NET POSITION	
Investment in capital assets	782,489
Unrestricted	<u>2,088,918</u>
TOTAL NET POSITION	<u>\$2,871,407</u>

See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND

Year ended June 30, 2023

	<u>Major Fund</u> <u>Food</u> <u>Service</u> <u>Fund</u>
OPERATING REVENUES	
Food service revenues	\$ 2,381,987
OPERATING EXPENSES	
Professional and contract services	4,233,017
Depreciation	139,444
Other operating costs	<u>2,308</u>
Total operating expenses	<u>4,374,769</u>
Operating loss	<u>(1,992,782)</u>
NONOPERATING REVENUES	
State sources	297,308
Federal sources	1,631,385
Interest income	<u>119,571</u>
Total nonoperating revenues	<u>2,048,264</u>
CHANGE IN NET POSITION	55,482
NET POSITION	
Beginning of year	<u>2,815,925</u>
End of year	<u>\$ 2,871,407</u>

See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year ended June 30, 2023

	<u>Major Fund</u> <u>Food</u> <u>Service</u> <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,501,171
Payments to suppliers	<u>(3,989,574)</u>
Net cash used by operating activities	<u>(1,488,403)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	303,342
Federal sources	<u>2,051,502</u>
Net cash provided by noncapital financing activities	<u>2,354,844</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	<u>(307,083)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investment securities and deposits to investment pools	(692,677)
Interest income	<u>119,571</u>
Net cash used by investing activities	<u>(573,106)</u>
Net change in cash and cash equivalents	(13,748)
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>55,320</u>
End of year	<u>\$ 41,572</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (1,992,782)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	139,444
Commodities usage	252,953
Changes in assets and liabilities:	
Increase in other receivables	(5,633)
Decrease in inventory	2,715
Decrease in accounts payable and accrued liabilities	(13,575)
Increase in due to other funds	3,658
Increase in unearned revenue	<u>124,817</u>
Net cash used by operating activities	<u>\$ (1,488,403)</u>
SUPPLEMENTAL DISCLOSURE	
Noncash noncapital financing activity	
USDA donated commodities	<u>\$ 252,953</u>

See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**

June 30, 2023

	<u>Custodial Funds</u>			
	<u>Student Activity Funds</u>	<u>Other Custodial Fund</u>	<u>Total Custodial Funds</u>	<u>Private- Purpose Trust</u>
ASSETS				
Cash and cash equivalents	\$493,430	\$116,535	609,965	\$551,033
Other receivables	-	-	-	123
Total assets	<u>\$493,430</u>	<u>\$116,535</u>	<u>\$609,965</u>	<u>\$551,156</u>
LIABILITIES AND NET POSITION				
LIABILITIES:				
Other current liabilities	15,937	2,798	18,735	9,496
Total liabilities	<u>15,937</u>	<u>2,798</u>	<u>18,735</u>	<u>9,496</u>
NET POSITION:				
Restricted	477,493	113,737	591,230	541,660
Total net position	<u>477,493</u>	<u>113,737</u>	<u>591,230</u>	<u>541,660</u>
Total liabilities and net position	<u>\$493,430</u>	<u>\$116,535</u>	<u>\$609,965</u>	<u>\$551,156</u>

See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

Year ended June 30, 2023

	Custodial Funds		Total Custodial Funds	Private- Purpose Trust
	Student Activity Funds	Other Custodial Fund		
ADDITIONS				
Gifts and contributions	<u>\$ 823,204</u>	<u>\$ 273,604</u>	<u>\$ 1,096,808</u>	<u>\$ 591,045</u>
	<u>823,204</u>	<u>273,604</u>	<u>1,096,808</u>	<u>591,045</u>
DEDUCTIONS				
Activity expense	<u>729,899</u>	<u>269,824</u>	<u>999,723</u>	<u>602,877</u>
Total deductions	<u>729,899</u>	<u>269,824</u>	<u>999,723</u>	<u>602,877</u>
CHANGE IN NET POSITION	93,305	3,780	97,085	(11,832)
NET POSITION				
Beginning of year	<u>384,188</u>	<u>109,957</u>	<u>494,145</u>	<u>553,492</u>
End of year	<u>\$ 477,493</u>	<u>\$ 113,737</u>	<u>\$ 591,230</u>	<u>\$ 541,660</u>

See accompanying notes

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(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. 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.

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.

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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 governmental 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:

- 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 custodial funds. Private-purpose trust funds account for resources, including both principal and earnings, which must be expended in accordance with a trust agreement. Custodial funds are purely custodial in nature.

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:

WEST CHESTER AREA SCHOOL DISTRICT

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June 30, 2023

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth; or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC") or the Federal Savings and Loan Insurance Corporation ("FSLIC") to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

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. 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, 2023.

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

July 1 – August 31	- Discount period, 2% of gross levy
September 1 – October 31	- Flat period
November 1 to collection	- Penalty period, 10% of gross levy
January 15	- Lien date

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.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 are constructed. Interest incurred during construction is not capitalized.

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

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

Compensated Absences

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

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.

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 \$65 per day for every day of accumulated sick and personal days at retirement to a maximum \$10,000 of compensation. Severance pay generally is liquidated by the General Fund.

Long-term Obligations

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Deferred Outflows and Deferred Inflows 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.

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 15 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.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the School Board, Property and Finance Committee, Superintendent, or 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.

Implementation of New Accounting Pronouncements

Effective July 1, 2022, the District adopted the provisions of GASB Statement No. 94 "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" and GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*".

The objective of GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("**PPP**"s). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The implementation of GASB Statement No. 94 had no impact on the financial statements of the District for the year ended June 30, 2023.

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The objective of GASB Statement No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements ("**SBITA**"s) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 had no impact on the financial statements of the District for the year ended June 30, 2023.

New Accounting Pronouncements

GASB Statement No. 100, "*Accounting Changes and Error Corrections*" will be effective for the District for the year ended June 30, 2024. GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Statement No. 101, "*Compensated Absences*" will be effective for the District for the year ended June 30, 2025. GASB Statement No. 101 will update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 will require that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

(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.
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.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(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, 2023, the carrying amount of the District's deposits was \$26,049,152, and the bank balance was \$27,064,882. 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 and, therefore, subject to custodial credit risk.

(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, 2023, 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. 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 value of the pool, is determined by the pool's share price. As of June 30, 2023, PLGIT, PSDLAF and PTIP were rated as AAAM by a nationally recognized statistical rating organization. As of June 30, 2023, the District had \$41,202,124 invested in PLGIT, PSDLAF and PTIP (\$17,792,943 in the General Fund, \$19,557,609 in the Capital Projects Fund, \$991,087 in the Capital Reserve Fund and \$2,860,485 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, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Maturity Less Than One Year</u>	<u>Maturity Greater Than One Year</u>
General Fund					
CRIMS – Agencies	\$19,911,300	\$ -	\$19,911,300	\$19,911,300	\$ -
CRIMS – Money market	<u>60,019,016</u>	<u>60,019,016</u>	<u>-</u>	<u>60,019,016</u>	<u>-</u>
Total General Fund	<u>79,930,316</u>	<u>60,019,016</u>	<u>19,911,300</u>	<u>79,930,316</u>	<u>-</u>
Capital Reserve Fund					
CRIMS – Agencies	2,941,980	-	2,941,980	2,941,980	-
CRIMS – Certificates of deposit	476,585	-	476,585	476,585	-
CRIMS – Commercial paper	3,498,371	-	3,498,371	3,498,371	-
CRIMS – Money market	<u>12,933,459</u>	<u>12,933,459</u>	<u>-</u>	<u>12,933,459</u>	<u>-</u>
Total Capital Reserve Fund	<u>19,850,395</u>	<u>12,933,459</u>	<u>6,916,936</u>	<u>19,850,395</u>	<u>-</u>
Totals	<u>\$99,780,711</u>	<u>\$72,952,475</u>	<u>\$26,828,236</u>	<u>\$99,780,711</u>	<u>\$ -</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 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 one-half years from at any point in time and the maximum maturity of any individual investment will be five 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.

(5) TAXES RECEIVABLE

Unearned revenues in the governmental funds and government-wide financial statements consisted of revenues received but not yet earned.

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

	<u>General Fund</u>
Real estate taxes	\$2,001,401
Transfer taxes	504,264
Earned income taxes	<u>883,400</u>
Total taxes receivable	<u>\$3,389,065</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 \$1,770,760 reported in the governmental funds resulted from delinquent property taxes receivable which was not collected within 60 days of fiscal year end.

(6) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 28,289,916	\$ -	\$ -	\$ 28,289,916
Construction-in-progress	<u>70,496,090</u>	<u>15,931,602</u>	<u>39,404,089</u>	<u>47,023,603</u>
Total capital assets not being depreciated	<u>98,786,006</u>	<u>15,931,602</u>	<u>39,404,089</u>	<u>75,313,519</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Capital assets being depreciated				
Land improvements	17,020,529	312,691	-	17,333,220
Buildings	431,623,868	39,016,446	-	470,640,314
Furniture and equipment	54,750,468	1,675,673	-	56,426,141
Right-to-use leased equipment	<u>875,444</u>	<u>187,577</u>	<u>-</u>	<u>1,063,021</u>
Total capital assets being depreciated	<u>504,270,309</u>	<u>41,192,387</u>	<u>-</u>	<u>545,462,696</u>
Less: accumulated depreciation for				
Land improvements	10,755,717	672,935	-	11,428,652
Buildings	223,383,626	11,035,638	-	234,419,264
Furniture and equipment	42,876,350	4,602,258	-	47,478,608
Right-to-use leased equipment	<u>176,823</u>	<u>287,875</u>	<u>-</u>	<u>464,698</u>
Total accumulated depreciation	<u>277,192,516</u>	<u>16,598,706</u>	<u>-</u>	<u>293,791,222</u>
Total capital assets being depreciated, net	<u>227,077,793</u>	<u>24,593,681</u>	<u>-</u>	<u>251,671,474</u>
Government activities assets, net	<u>\$325,863,799</u>	<u>\$40,525,283</u>	<u>\$39,404,089</u>	<u>\$326,984,993</u>
Business-type activities				
Capital asset being depreciated				
Furniture and equipment	\$ 1,848,015	\$ 307,083	\$ -	\$ 2,155,098
Less: accumulated depreciation	<u>1,233,165</u>	<u>139,444</u>	<u>-</u>	<u>1,372,609</u>
Business-type capital assets, net	<u>\$ 614,850</u>	<u>\$ 167,639</u>	<u>\$ -</u>	<u>\$ 782,489</u>

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

Governmental activities	
Instruction	\$10,353,731
Instructional Student Support	1,287,108
Administrative and Financial Support Services	1,509,570
Operation and Maintenance of Plant Services	2,246,670
Pupil Transportation	839,882
Student Activities	350,770
Community Services	<u>10,975</u>
Total depreciation expense – governmental activities	<u>\$16,598,706</u>
Depreciation expense – business-type activities	<u>\$ 139,444</u>

(7) INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

<u>Receivable To</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$ <u>144,798</u>	Food Service Fund	\$ <u>144,798</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.

<u>Transfers Out</u>	<u>Amount</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	\$ 8,880,717	Capital Reserve Fund	\$ 8,880,717
General Fund	<u>3,576,779</u>	Capital Projects Fund	<u>3,576,779</u>
	<u>\$12,457,496</u>		<u>\$12,457,496</u>

The general fund transferred funds to the capital reserve fund and capital projects fund for the year ended June 30, 2023 to fund future planned capital expenditures.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(8) LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Repayments</u>	<u>Additions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation note, Series of 2009	\$ 8,650,000	\$ 520,000	\$ -	\$ 8,130,000	\$ 645,000
General obligation bonds, Series of 2014	12,000,000	-	-	12,000,000	-
General obligation bonds, Series A of 2014	23,315,000	14,570,000	-	8,745,000	8,745,000
General obligation bonds, Series AA of 2014	55,570,000	315,000	-	55,255,000	325,000
General obligation bonds, Series of 2016	4,365,000	2,130,000	-	2,235,000	2,235,000
General obligation bonds, Series A of 2016	32,000,000	5,000	-	31,995,000	5,875,000
General obligation bonds, Series A of 2017	9,730,000	5,000	-	9,725,000	5,000
General obligation bonds, Series of 2018	9,975,000	5,000	-	9,970,000	5,000
General obligation bonds, Series of 2019	34,740,000	5,000	-	34,735,000	5,000
General obligation bonds, Series of 2020	10,045,000	50,000	-	9,995,000	55,000
General obligation bonds, Series of 2021	29,245,000	5,000	-	29,240,000	5,000
General obligation bonds, Series of 2022	<u>30,115,000</u>	<u>5,000</u>	<u>-</u>	<u>30,110,000</u>	<u>5,000</u>
	259,750,000	17,615,000	-	242,135,000	17,905,000
Deferred amounts:					
Issuance premiums	<u>23,418,168</u>	<u>3,161,251</u>	<u>-</u>	<u>20,256,917</u>	<u>2,267,007</u>
	<u>\$283,168,168</u>	<u>\$20,776,251</u>	<u>\$ -</u>	<u>\$262,391,917</u>	<u>\$20,172,007</u>

General Obligation Bonds:

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 0.30% to 5%, interest payable semi-annually on May 15 and November 15.

8,745,000

Refunding Series AA of 2014, original principal amount of \$57,635,000, maturing May 15, 2016 through May 15, 2030, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on May 15 and November 15.

55,255,000

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.

2,235,000

WEST CHESTER AREA SCHOOL DISTRICT

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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.	31,995,000
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.	9,725,000
Series of 2018, original principal amount of \$9,990,000, maturing May 15, 2020 through May 15, 2039, bearing interest of 4.00%, interest payable semi-annually on May 15 and November 15.	9,970,000
Series of 2019, original principal amount of \$34,750,000, maturing May 15, 2021 through May 15, 2040, bearing interest ranging from 1.25% to 3.50%, interest payable semi-annually on May 15 and November 15.	34,735,000
Series of 2020, original principal amount of \$16,750,000, maturing March 15, 2021 through March 15, 2032, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on March 15 and September 15. The refunding resulted in a cash flow savings of \$1,493,033.	9,995,000
Series of 2021, original principal amount of \$29,250,000, maturing May 1, 2022 through May 1, 2041, bearing interest ranging from 1.50% to 4.00%, interest payable semi-annually on May 1 and November 1.	29,240,000
Series of 2022, original principal amount of \$30,115,000, maturing May 15, 2022 through May 15, 2032, bearing interest ranging from 3.00% to 5.00%, interest payable semi-annually on May 15 and November 15.	<u>30,110,000</u>
Total general obligation bonds	<u>234,005,000</u>
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.	<u>8,130,000</u>
Total general obligation bonds and notes	<u>\$242,135,000</u>

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</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 17,905,000	\$ 9,331,578	\$ 27,236,578
2025	18,730,000	8,449,040	27,179,040
2026	19,760,000	7,519,248	27,279,248
2027	20,275,000	6,986,257	27,261,257
2028	21,790,000	6,292,665	28,082,665
2029-2033	83,345,000	18,812,832	102,157,832
2034-2038	39,980,000	8,870,430	48,850,430
2039-2041	<u>20,350,000</u>	<u>1,391,300</u>	<u>21,741,300</u>
	<u>\$242,135,000</u>	<u>\$67,653,350</u>	<u>\$309,788,350</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(9) CHANGES IN OTHER LONG-TERM LIABILITIES

The following summarizes the changes in other long-term liabilities for the year ended June 30, 2023:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
Accrued compensated absences	\$ 1,988,605	\$ 1,017,543	\$ 909,275	\$ 2,096,873	\$ -
Accrued severance	<u>3,831,548</u>	<u>436,192</u>	<u>857,625</u>	<u>3,410,115</u>	<u>-</u>
Subtotal	5,820,153	1,453,735	1,766,900	5,506,988	-
Right-to-use leases payable	714,478	187,577	284,358	617,697	267,463
Net OPEB liability	30,992,288	1,340,790	9,279,801	23,053,277	-
Net pension liability	291,380,000	31,390,000	-	322,770,000	-
Bonds and notes payable, net	<u>283,168,168</u>	<u>-</u>	<u>20,776,251</u>	<u>262,391,917</u>	<u>20,172,007</u>
Total long-term liabilities	<u>\$612,075,087</u>	<u>\$34,372,102</u>	<u>\$32,107,310</u>	<u>\$614,339,879</u>	<u>\$20,439,470</u>

(10) CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally, the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. The District has accrued for a settlement agreement executed subsequent to yearend. It is not presently possible to determine the ultimate outcome or settlement cost, if any, for the remaining matters.

(11) CONSTRUCTION COMMITMENTS

As of June 30, 2023, the District had construction projects yet to be completed. The commitments and amounts completed to date are as follows:

	<u>Contract</u> <u>Amounts</u>	<u>Completed</u> <u>Through</u> <u>June 30, 2023</u>	<u>Remaining</u> <u>Commitments</u>
Renovations	<u>\$60,895,568</u>	<u>\$46,520,905</u>	<u>\$14,374,663</u>

As of June 30, 2023, the District has incurred costs totaling \$502,698 for project costs that were not under a formal contract.

(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.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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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, 2023 were \$165,701.

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, 2023 were \$23,750,727.

The School 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 School District has purchased various insurance policies to safeguard its assets from risk of loss. There was no change in the level of the School District's insurance coverage and no settlements exceeding insurance coverage during the year ended June 30, 2023, and the three previous fiscal years.

Change in Aggregate Claim Liabilities

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Claims liability - beginning of year	\$ 4,367,740	\$ 3,792,761
Current year claims and changes in estimates	23,517,786	24,170,357
Claim payments by the District	<u>(23,750,727)</u>	<u>(23,595,378)</u>
Claims liability - end of year	<u>\$ 4,134,799</u>	<u>\$ 4,367,740</u>

(13) PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees Retirement System ("**PSERS**") and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

PSERS is 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 PSERS include all full-time public 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. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 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 become new members on or after July 1, 2011. Act 120 created two 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 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally equal to 1.00% or 2.50%, depending upon 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 July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon 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 (ten years 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.

Contributions

Member Contributions

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/-0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2023 was 34.51% 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 pension plan from the District were \$38,066,484 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$322,770,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2021 to June 30, 2022. 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, 2023, the District's proportion was 0.7260 percent, which was an increase of 0.0163 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized net pension expense of \$27,411,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 146,000	\$2,792,000
Changes in assumptions	9,638,000	-
Net difference between projected and actual investment earnings	-	5,476,000
Changes in proportions	10,526,000	-
Difference between employer contributions and proportionate share of total contributions	(283,667)	-
Contributions subsequent to the measurement date	<u>38,066,484</u>	<u>-</u>
	<u>\$58,092,817</u>	<u>\$8,268,000</u>

\$38,066,484 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Year ended June 30,

2024	\$ 5,920,618
2025	4,847,542
2026	(6,600,930)
2027	<u>7,591,103</u>
	<u>\$11,758,333</u>

Actuarial Assumptions

The total pension liability as of June 30, 2022 was determined by rolling forward PSERS' total pension liability at June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – June 30, 2021
- Actuarial cost method – entry age normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.75%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a 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 board. 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

June 30, 2023

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28.0 %	5.3%
Private equity	12.0 %	8.0%
Fixed income	33.0 %	2.3%
Commodities	9.0 %	2.3%
Infrastructure/MLPs	9.0 %	5.4%
Real estate	11.0 %	4.6%
Absolute return	6.0 %	3.5%
Cash	3.0 %	0.5%
Leverage	(11.0)%	0.5%
	<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, 2022.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 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 represents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's proportionate share of the net pension liability	<u>\$417,481,000</u>	<u>\$322,770,000</u>	<u>\$242,917,000</u>

Pension Plan Fiduciary Net Position

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(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, West Chester Service Support Professionals, and 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 the 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 and retired prior to July 1, 2021 were eligible to receive an HRA of \$20,000 and cannot elect coverage under a medical plan provide by the District. Teachers retiring on or after July 1, 2021 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 share for non-bargaining employee coverage at a rate equal to the higher of the maximum reimbursement provided by the PSERS (currently \$100 per month) or active employee contribution. The employee must retire from service to receive the post-employee 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, 2023, the Plan had 1,467 participants, consisting of 1,410 active participants, zero vested former participants, and 57 retired participants. Participant data is based on census information as of July 2022.

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 2023, the District paid \$613,279 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2022, which was the same date of the most recent actuarial valuation.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Discount Rate

The discount rate was 4.06 percent based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2022. The rate changed from 2.28% to 4.06%.

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 25.93 percent for men and 27.46% for women and decrease with age and service.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>	<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.5500%	3.9000%	45	1.4100%	1.6000%
30	4.5500%	3.9000%	50	1.8900%	2.0800%
35	1.6800%	2.8300%	55	3.6300%	3.6600%
40	1.4200%	1.6700%	60	5.4900%	5.9400%

Mortality

PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table includes rates for contingent survivors for all other employees.

Incorporated into the table are rates projected generationally Scale MP-2021 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.

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 2.50 percent cost of living adjustment, 1.50 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 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.

WEST CHESTER AREA SCHOOL DISTRICT

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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:

<u>Age</u>	<u>Medical</u>		<u>Prescription Drug</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
45 – 49	\$ 6,543	\$ 9,450	\$ 760	\$1,098
50 – 54	\$ 8,665	\$10,680	\$1,007	\$1,241
55 – 59	\$10,554	\$11,175	\$1,226	\$1,299
60 – 64	\$13,773	\$12,837	\$1,600	\$1,492
65+	\$11,268	\$11,268	N/A – included with Medical	

Life Insurance

For those receiving a universal life insurance policy, claims are assumed to equal the annual premium. For those under the group life insurance policy, 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. Participant contribution is not required.

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 6.5 percent in 2022, 6.0 percent in 2023, and 5.5 percent in 2024-2025. Rates gradually decrease from 5.4 percent in 2026 to 3.9 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 net OPEB liability, calculated using the valuation discount rate, as well as what the net 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.

	<u>1% Decrease</u> <u>3.06%</u>	<u>Current</u> <u>Discount</u> <u>Rate</u> <u>4.06%</u>	<u>1% Increase</u> <u>5.06%</u>
District's proportionate share of the net OPEB liability	<u>\$10,399,164</u>	<u>\$9,698,277</u>	<u>\$9,035,378</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net 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.

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$8,717,013</u>	<u>\$9,698,277</u>	<u>\$10,848,673</u>
<u>Changes in Total OPEB Liability</u>			
Balances as of July 1, 2021		<u>\$14,195,288</u>	
Changes for the year			
Service cost		1,005,303	
Interest on total OPEB liability		335,487	
Differences between expected and actual experience		(2,080,850)	
Changes in assumptions		(2,859,313)	
Benefit payments		<u>(897,638)</u>	
Net changes		<u>(4,497,011)</u>	
Balances as of July 1, 2022		<u>\$ 9,698,277</u>	

For the year ended June 30, 2023, the District recognized OPEB expense of \$929,004. At June 30, 2023, the District had deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$3,378,431
Changes in assumptions	1,314,508	3,197,961
Payments subsequent to measurement date	<u>613,279</u>	<u>-</u>
	<u>\$1,927,787</u>	<u>\$6,576,392</u>

\$613,279 reported as deferred outflows of resources related to OPEB resulting from District payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	
2024	\$ (411,786)
2025	(411,786)
2026	(411,786)
2027	(411,786)
2028	(411,786)
Thereafter	<u>(3,202,951)</u>
	<u>\$ (5,261,881)</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(15) PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

PSERS provides health insurance premium assistance which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance 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, 2022, there were no assumed future benefit increases to participating eligible retirees.

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

For Class DC members to become eligible for health insurance premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

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.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% 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 \$832,115 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$13,355,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2021 to June 30, 2022. 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, 2023, the District's proportion was 0.7255 percent, which was an increase of 0.0168 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$532,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 123,000	\$ 72,000
Changes in assumptions	1,483,000	3,154,000
Net difference between projected and actual investment earnings	36,000	-
Changes in proportions	675,000	20,000
Difference between employer contributions and proportionate share of total contributions	(2,024)	-
Contributions subsequent to the measurement date	<u>832,115</u>	<u>-</u>
	<u>\$3,147,091</u>	<u>\$3,246,000</u>

\$832,115 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,

2024	\$(195,931)
2025	(80,440)
2026	(159,542)
2027	(211,623)
2028	<u>(283,488)</u>
	<u>\$(931,024)</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2022, was determined by rolling forward the PSERS' total OPEB liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 4.09% – Standard & Poor's 20-year municipal bond rate
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% 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 a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

- Eligible retirees will elect to participate pre age 65 at 50%
- Eligible retirees will elect to participate post age 65 at 70%

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- 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

June 30, 2023

- Asset valuation method: market value.
- Participation rate: the actual data for retirees benefiting under the OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

Investments consist primarily of short-term assets designed to protect the principal of the OPEB 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 health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

<u>OPEB – Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.00%</u>	0.50%

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, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance 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 OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the Standard & Poors 20-year municipal bond rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of District's Proportionate Share of the Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2022, retirees' health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. 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 net OPEB liability for June 30, 2022, calculated using current healthcare cost trends as well as what net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	<u>\$13,353,000</u>	<u>\$13,355,000</u>	<u>\$13,356,000</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
District's proportionate share of the net OPEB liability	<u>\$15,103,000</u>	<u>\$13,355,000</u>	<u>\$11,892,000</u>

OPEB Plan Fiduciary Net Position

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

(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)	\$ 9,698,277	\$1,927,787	\$6,576,392
PSERS Plan (See Note 15)	<u>13,355,000</u>	<u>3,147,091</u>	<u>3,246,000</u>
	<u>\$23,053,277</u>	<u>\$5,074,878</u>	<u>\$9,822,392</u>

(17) FUND BALANCES

As of June 30, 2023, fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects Funds</u>	<u>Capital Reserve Fund</u>	<u>Total Governmental Funds</u>
Nonspendable				
Prepaid expenditures	\$ 1,908,064	\$ 50,500	\$ -	\$ 1,958,564
Restricted for				
Capital projects	-	17,800,845	32,138,400	49,939,245
Committed to				
Healthcare	4,159,909	-	-	4,159,909
Assigned to				
Tax stabilization	60,977,636	-	-	60,977,636
Alternative education	2,000,000	-	-	2,000,000
Property assessment fluctuations	1,000,000	-	-	1,000,000
Future staffing need	1,100,000	-	-	1,100,000
Student activities	143,198	-	-	143,198
Unassigned	<u>17,271,817</u>	<u>-</u>	<u>-</u>	<u>17,271,817</u>
Total fund balances	<u>\$88,560,624</u>	<u>\$17,851,345</u>	<u>\$32,138,400</u>	<u>\$138,550,369</u>

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

(18) ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The District recognizes contributions made by the Commonwealth of Pennsylvania as revenue and expenses to be used for District employees' social security and pension contributions. On-behalf payments to the District totaled \$4,010,940 and \$19,381,746 for social security and retirement contributions for the year ended June 30, 2023, respectively. These contributions are recorded in the General Fund as revenue and expenditures.

(19) NET INVESTMENT IN CAPITAL ASSETS

Net position (deficit) of the governmental activities net investment in capital assets, at June 30, 2023, are as follows:

Capital assets	\$ 620,776,215
Deferred outflows of resources	2,071,995
Unspent debt proceeds	17,851,345
Accumulated depreciation	<u>(293,791,222)</u>
	346,908,333
Lease liabilities	(617,697)
Accrued interest payable	(1,483,652)
Bonds and notes payable, net	<u>(262,391,917)</u>
Net investment in capital assets	<u>\$ 82,415,067</u>

Components of the net position of the business-type activities net investment in capital assets at June 30, 2023 are as follows:

Capital assets	2,155,098
Accumulated depreciation	<u>(1,372,609)</u>
Net investment in capital assets	<u>\$ 782,489</u>

(20) DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$215,921,578 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.

(21) RIGHT-TO-USE LEASES PAYABLE

The District has entered into long-term lease agreements as lessee for the use of premises and equipment. Initial lease liabilities were recorded in the amount of \$1,063,021. As of 6/30/2023, the carrying value of the lease liabilities is \$617,697. The leases have discount rates ranging from 0.31% to 4.00%. The premises and equipment's estimated useful lives were 4 to 5 years as of their contract commencements. The value of the intangible right-to-use assets as of 6/30/2023 is \$598,323, net of accumulated amortization of \$464,698, and is included with noncurrent assets on the statement of net position.

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Future minimum lease payments under these leases are as follows:

Year ending June 30,

2024	\$281,066
2025	224,560
2026	88,722
2027	48,868
Less: amount representing interest	<u>(25,519)</u>
Present value of minimum lease payments	<u>\$617,697</u>

(22) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 13, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in the financial statements.

WEST CHESTER AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION



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WEST CHESTER AREA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PSERS

Year ended June 30

	Measurement Date								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.7260%	0.7097%	0.6938%	0.6849%	0.6868%	0.6802%	0.6812%	0.6766%	0.6629%
District's proportionate share of the net pension liability	\$ 322,770,000	\$ 291,380,000	\$ 341,620,000	\$ 320,414,000	\$ 329,698,000	\$ 335,940,000	\$ 337,581,000	\$ 293,071,000	\$ 262,381,000
District's covered payroll	\$ 106,674,773	\$ 100,469,803	\$ 97,013,811	\$ 94,461,534	\$ 92,486,543	\$ 90,557,920	\$ 88,217,090	\$ 87,061,277	\$ 83,621,635
District's proportionate share of the net pension liability liability as a percentage of its covered payroll	302.57%	290.02%	352.14%	339.20%	356.48%	370.92%	382.67%	336.63%	313.77%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

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In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WEST CHESTER AREA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 38,066,484	\$ 35,926,508	\$ 33,643,257	\$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>\$ 38,066,484</u>	<u>\$ 35,926,508</u>	<u>\$ 33,643,257</u>	<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	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 110,305,662	\$ 106,674,773	\$ 100,469,803	\$ 97,013,811	\$ 94,461,534	\$ 92,486,543	\$ 90,557,920	\$ 88,217,090	\$ 87,061,277
Contributions as a percentage of covered payroll	34.51%	33.68%	33.49%	33.28%	32.62%	31.68%	29.08%	25.00%	20.51%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WEST CHESTER AREA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY -PSERS

Year ended June 30

	Measurement Date					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.7255%	0.7087%	0.6921%	0.6849%	0.6868%	0.6802%
District's proportionate share of the net OPEB liability	\$ 13,355,000	\$ 16,797,000	\$14,935,000	\$14,567,000	\$14,319,000	\$13,858,000
District's covered payroll	\$106,674,773	\$100,469,803	\$97,013,811	\$94,461,534	\$92,486,543	\$90,557,920
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.52%	16.72%	15.39%	15.41%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

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In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WEST CHESTER AREA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 832,115	\$ 845,578	\$ 823,261	\$ 813,058	\$ 784,461	\$ 766,286
Contributions in relation to the contractually required contribution	<u>\$ 832,115</u>	<u>\$ 845,578</u>	<u>\$ 823,261</u>	<u>\$ 813,058</u>	<u>\$ 784,461</u>	<u>\$ 766,286</u>
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered payroll	\$ 110,305,662	\$ 106,674,773	\$ 100,469,803	\$ 97,013,811	\$ 94,461,534	\$ 92,486,543
Contributions as a percentage of covered payroll	0.75%	0.79%	0.82%	0.84%	0.83%	0.83%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WEST CHESTER AREA SCHOOL DISTRICT

SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

	Measurement Date					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TOTAL OPEB LIABILITY						
Service cost	\$ 1,005,303	\$ 1,015,500	\$ 735,880	\$ 739,219	\$ 878,395	\$ 836,027
Interest on total OPEB liability	335,487	273,209	479,114	444,034	507,610	399,221
Changes of assumptions	-	-	(336,349)	-	104,436	-
Differences between expected and actual experience	(2,080,850)	-	(1,006,275)	-	(1,065,299)	-
Effect of assumption changes or inputs	(2,859,313)	(379,061)	1,343,955	(314,852)	32,607	524,653
Benefit payments	<u>(897,638)</u>	<u>(845,522)</u>	<u>(1,327,997)</u>	<u>(1,716,834)</u>	<u>(1,539,717)</u>	<u>(1,709,852)</u>
Net change in total OPEB liability	(4,497,011)	64,126	(111,672)	(848,433)	(1,081,968)	50,049
Total OPEB liability, beginning	<u>14,195,288</u>	<u>14,131,162</u>	<u>14,242,834</u>	<u>15,091,267</u>	<u>16,173,236</u>	<u>16,123,187</u>
Total OPEB liability, ending	<u>\$ 9,698,277</u>	<u>\$14,195,288</u>	<u>\$14,131,162</u>	<u>\$14,242,834</u>	<u>\$15,091,268</u>	<u>\$16,173,236</u>
Covered-employee payroll	\$97,057,148	\$92,399,865	\$92,399,865	\$91,742,174	\$91,742,174	\$86,476,720
Net OPEB liability as a % of covered employee payroll	9.99%	15.36%	15.29%	15.52%	16.45%	18.70%

Notes of Schedule

No assets are accumulated in a trust to pay benefits related to this plan.

The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumption.

This schedule is to present the requirement to show information for ten (10) years. However, until a full ten-year trend is completed, information for only those years for which information is available is shown.

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WEST CHESTER AREA SCHOOL DISTRICT

STATISTICAL SECTION



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WEST CHESTER AREA SCHOOL DISTRICT

STATISTICAL SECTION

The Statistical Section of the West Chester Area School District’s Annual Comprehensive Financial Report (ACFR) 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.

<u>Contents</u>	<u>Pages</u>
Financial Trends	66-72
<i>These schedules contain selected information from current and previous years’ financial statements to allow users to assess financial trends.</i>	
Revenue Capacity	73-78
<i>These schedules contain information useful in assessing the District’s ability to raise own-source revenue.</i>	
Debt Capacity	79-82
<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	83-85
<i>These schedules contain information about the socio-economic environment within which the District’s financial activities take place.</i>	
Operating Information	86-90
<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>	

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WEST CHESTER AREA SCHOOL DISTRICT

FINANCIAL TRENDS



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WEST CHESTER AREA SCHOOL DISTRICT

NET POSITION BY COMPONENT UNIT

Fiscal year ending June 30,
Full accrual method of accounting

	2014	2015 *	2016 *	2017 *	2018 *	2019 *	2020 *	2021 *	2022 *	2023 *
Governmental activities										
Net investment in capital assets	\$ 7,710,407	\$ 20,989,220	\$ 11,063,839	\$ 23,124,893	\$ 29,976,250	\$ 43,699,285	\$ 49,714,318	\$ 63,045,948	\$ 73,083,096	\$ 82,415,067
Restricted: capital projects	17,672,551	22,203,300	27,440,218	22,444,089	22,461,479	20,557,393	21,345,455	23,571,239	23,443,492	32,138,400
Unrestricted	34,101,596	(234,457,232)	(235,432,024)	(246,710,005)	(278,924,988)	(283,616,991)	(268,378,626)	(262,155,231)	(232,168,608)	(215,921,578)
Net position governmental activities	<u>59,484,554</u>	<u>(191,264,712)</u>	<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>	<u>(175,538,044)</u>	<u>(135,642,020)</u>	<u>(101,368,111)</u>
Business-type activities										
Net investment in capital assets	224,324	297,638	402,386	590,353	682,070	702,071	657,609	651,983	614,850	782,489
Restricted: capital projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,088,267	1,110,539	1,042,569	877,036	849,539	937,095	720,258	677,290	2,201,075	2,088,918
Net position business type activities	<u>1,312,591</u>	<u>1,408,177</u>	<u>1,444,955</u>	<u>1,467,389</u>	<u>1,531,609</u>	<u>1,639,166</u>	<u>1,377,867</u>	<u>1,329,273</u>	<u>2,815,925</u>	<u>2,871,407</u>
Total primary government										
Net investment in capital assets	7,934,731	21,286,858	11,466,225	23,715,246	30,658,320	44,401,356	50,371,927	63,697,931	73,697,946	83,197,556
Restricted: capital projects	17,672,551	22,203,300	27,440,218	22,444,089	22,461,479	20,557,393	21,345,455	23,571,239	23,443,492	32,138,400
Unrestricted	35,189,863	(233,346,693)	(234,389,455)	(245,832,969)	(278,075,449)	(282,679,896)	(267,658,368)	(261,477,941)	(229,967,533)	(213,832,660)
Net position primary government	<u>\$ 60,797,145</u>	<u>\$ (189,856,535)</u>	<u>\$ (195,483,012)</u>	<u>\$ (199,673,634)</u>	<u>\$ (224,955,650)</u>	<u>\$ (217,721,147)</u>	<u>\$ (195,940,986)</u>	<u>\$ (174,208,771)</u>	<u>\$ (132,826,095)</u>	<u>\$ (98,496,704)</u>

* 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)

	2014	2015 *	2016 *	2017 *	2018 *	2019 *	2020 *	2021 *	2022 *	2023 *
EXPENSES										
Governmental activities										
Instruction	\$ 121,627,033	\$ 133,218,154	\$ 144,772,158	\$ 155,262,037	\$ 156,086,694	\$ 153,646,716	\$ 148,865,697	\$ 151,333,413	\$ 151,301,302	\$ 163,696,662
Instructional student support	15,311,671	16,718,808	17,710,876	18,519,607	18,314,954	18,205,681	18,695,408	19,348,969	19,179,424	20,769,504
Administrative and financial support services	15,643,360	17,552,768	18,127,334	19,342,370	19,943,338	24,435,957	20,927,142	22,950,358	22,328,558	23,733,426
Operation and maintenance of plant services	18,309,057	17,447,190	17,439,654	18,039,504	17,457,046	18,774,548	18,228,580	19,623,304	21,953,333	21,275,695
Pupil transportation	13,420,543	13,850,307	14,042,517	14,429,271	14,133,742	14,219,229	13,120,151	12,724,832	13,038,802	14,310,797
Student activities	4,377,690	4,855,516	5,132,865	5,214,620	5,367,392	5,444,746	5,117,896	5,186,177	5,383,162	5,699,023
Community services	116,354	140,742	142,350	171,227	151,336	148,357	110,805	97,214	172,562	187,223
Interest on long term debt	10,397,433	8,566,732	8,945,807	8,679,619	8,454,782	8,246,501	8,818,963	8,183,477	6,907,870	7,675,847
Total governmental activities	199,203,141	212,350,217	226,313,561	239,658,255	239,909,284	243,121,735	233,884,642	239,447,744	240,265,013	257,348,177
Business type activities										
Food service	3,493,078	3,182,033	3,229,852	3,294,375	3,465,882	3,482,919	2,946,728	2,766,857	4,265,529	4,374,769
Total primary government activities	202,696,219	215,532,250	229,543,413	242,952,630	243,375,166	246,604,654	236,831,370	242,214,601	244,530,542	261,722,946
PROGRAM REVENUE										
Governmental activities										
Charges for service										
Instruction	437,675	362,760	542,986	280,006	205,288	128,167	120,608	96,563	91,069	132,837
Operation and maintenance of plant services	332,728	347,233	402,308	509,869	481,072	444,124	270,577	212,546	319,729	702,634
Student activities	419,389	423,407	430,050	437,573	515,614	516,532	464,513	1,575	449,845	546,349
Operating grants and contributions	23,727,227	26,309,774	27,743,196	32,894,525	34,373,891	34,458,080	35,297,106	38,013,762	39,957,064	41,272,583
Total governmental program revenue	24,917,019	27,443,174	29,118,540	34,121,973	35,575,865	35,546,903	36,152,804	38,324,446	40,817,707	42,654,403
Business type activities										
Charges for services	2,549,726	2,335,418	2,293,122	2,493,463	2,605,888	2,627,303	1,883,936	74,148	378,935	2,381,987
Operating grants and contributions	904,898	940,701	973,508	823,346	908,238	921,644	779,635	2,643,238	5,369,483	1,928,693
Total business type program revenues	3,454,624	3,276,119	3,266,630	3,316,809	3,514,126	3,548,947	2,663,571	2,717,386	5,748,418	4,310,680
Total primary government revenues	28,371,643	30,719,293	32,385,170	37,438,782	39,089,991	39,095,850	38,816,375	41,041,832	46,566,125	46,965,083
NET REVENUES (EXPENSES)										
Governmental activities	(174,286,122)	(184,907,043)	(197,195,021)	(205,536,282)	(204,333,419)	(207,574,832)	(197,731,838)	(201,123,298)	(199,447,306)	(214,693,774)
Business type activities	(38,454)	94,086	36,778	22,434	48,244	66,028	(283,157)	(49,471)	1,482,889	(64,089)
Total primary government net revenues	(174,324,576)	(184,812,957)	(197,158,243)	(205,513,848)	(204,285,175)	(207,508,804)	(198,014,995)	(201,172,769)	(197,964,417)	(214,757,863)
GENERAL REVENUES										
Property taxes, levied for general purpose	147,270,504	151,649,702	155,710,300	161,164,936	166,944,204	173,161,730	177,781,018	179,522,546	187,631,357	191,214,141
Taxes levied for specific purpose	23,154,723	23,565,368	24,321,396	27,524,533	26,082,351	26,230,460	26,466,353	30,598,582	35,572,300	34,213,757
Grants, entitlements and contributions not restricted to specific programs	10,652,411	10,859,971	10,928,639	11,552,814	11,745,770	11,889,779	12,408,464	12,380,541	13,171,900	15,213,167
Investment earnings	137,174	258,288	392,047	889,980	1,685,449	3,309,319	2,970,687	263,711	34,513	8,284,273
Gain on sale of asset	20,608	70,058	-	9,572	(4,313)	-	-	-	2,750,000	-
Other	146,367	132,287	179,384	181,391	218,346	152,019	168,635	139,604	187,023	161,916
Total general revenues	181,381,787	186,535,674	191,531,766	201,323,226	206,671,807	214,743,307	219,795,157	222,904,984	239,347,093	249,087,254
CHANGE IN NET POSITION	\$ 7,057,211	\$ 1,722,717	\$ (5,626,477)	\$ (4,190,622)	\$ 2,386,632	\$ 7,234,503	\$ 21,780,162	\$ 21,732,215	\$ 41,382,676	\$ 34,329,391

* 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)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General fund										
*Non-spendable	\$ 3,482,456	\$ 4,128,770	\$ 2,066,625	\$ 2,688,371	\$ 2,649,038	\$ 2,748,654	\$ 2,912,426	\$ 2,818,432	\$ 2,232,155	\$ 1,908,064
*Restricted	-	-	-	-	-	-	-	-	-	-
*Committed										
Pension	4,500,000	2,117,000	2,117,000	1,117,000	-	-	-	-	-	-
Healthcare	4,856,190	4,899,442	4,159,909	4,159,909	4,159,909	4,159,909	4,159,909	4,159,909	4,159,909	4,159,909
*Assigned										
Gate receipts	119,782	115,700	89,487	79,324	69,756	83,577	128,904	128,904	150,756	143,198
Alternative education	-	-	-	500,000	676,000	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000
Enrollment growth	-	-	-	-	-	2,500,000	3,500,000	4,500,000	-	-
Property assessment fluctuations	-	-	-	-	-	-	-	1,000,000	1,000,000	1,000,000
Technology/distance learning	-	-	-	-	-	-	-	500,000	500,000	-
Elementary construction	-	-	-	-	-	-	-	-	5,000,000	-
Future staffing needs	-	-	-	-	-	-	-	-	-	1,100,000
Tax stabilization	5,951,300	5,646,426	5,471,005	7,227,366	11,304,138	13,945,496	29,486,832	38,183,867	52,121,467	60,977,636
*Unassigned	<u>14,441,344</u>	<u>14,758,221</u>	<u>14,856,952</u>	<u>13,008,223</u>	<u>13,047,547</u>	<u>14,431,188</u>	<u>14,267,415</u>	<u>15,861,417</u>	<u>16,447,723</u>	<u>17,271,817</u>
Total general fund fund balance	<u>33,351,072</u>	<u>31,665,559</u>	<u>28,760,978</u>	<u>28,780,193</u>	<u>31,906,388</u>	<u>38,868,824</u>	<u>55,455,486</u>	<u>69,152,529</u>	<u>83,612,010</u>	<u>88,560,624</u>
All other funds										
*Non-spendable - capital projects fund	-	-	-	-	3,500	-	3,500	-	-	50,500
*Non-spendable - capital reserve fund	-	-	-	-	304,850	632,750	583,400	425,050	197,500	-
*Restricted - capital projects fund	8,376,597	-	4,038,838	4,354,841	4,841,678	-	24,354,297	37,703,387	29,943,488	17,800,845
*Restricted - capital reserve fund	17,672,551	22,203,300	27,440,218	22,444,089	22,156,629	19,924,643	20,762,055	23,146,189	23,245,992	32,138,400
*Assigned - capital projects fund	-	-	-	-	-	-	-	-	-	-
*Unassigned - capital projects fund	<u>-</u>	<u>(3,451,176)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,309,859)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other funds	<u>26,049,148</u>	<u>18,752,124</u>	<u>31,479,056</u>	<u>26,798,930</u>	<u>27,306,657</u>	<u>19,247,534</u>	<u>45,703,252</u>	<u>61,274,626</u>	<u>53,386,980</u>	<u>49,989,745</u>
TOTAL FUND BALANCE	<u>\$ 59,400,220</u>	<u>\$ 50,417,683</u>	<u>\$ 60,240,034</u>	<u>\$ 55,579,123</u>	<u>\$ 59,213,045</u>	<u>\$ 58,116,358</u>	<u>\$ 101,158,738</u>	<u>\$ 130,427,155</u>	<u>\$ 136,998,990</u>	<u>\$ 138,550,369</u>

Source: District's Audited Financial Statements

WEST CHESTER AREA SCHOOL DISTRICT

CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS

(Modified Accrual Method of Accounting)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Governmental fund revenue										
Local source	\$ 172,123,685	\$ 176,877,190	\$ 182,144,526	\$ 191,077,358	\$ 196,281,802	\$ 203,793,322	\$ 208,166,967	\$ 210,851,588	\$ 224,534,100	\$ 234,917,059
State source	31,717,857	34,209,926	35,806,499	41,156,644	42,747,951	42,679,137	44,089,036	43,625,782	46,937,783	49,369,225
Federal source	2,661,783	2,959,820	2,865,335	3,290,697	3,371,711	3,668,721	3,616,532	6,768,519	6,191,179	7,120,545
Total governmental revenues	<u>206,503,325</u>	<u>214,046,936</u>	<u>220,816,360</u>	<u>235,524,699</u>	<u>242,401,464</u>	<u>250,141,180</u>	<u>255,872,535</u>	<u>261,245,889</u>	<u>277,663,062</u>	<u>291,406,829</u>
Governmental expenditures										
Instruction	117,342,618	124,056,139	132,490,382	139,655,181	143,132,798	142,088,010	139,156,057	144,653,284	154,146,597	161,852,582
Support services	57,581,176	59,939,165	61,755,726	63,322,354	64,116,200	70,070,279	65,817,409	69,251,877	76,325,099	79,017,162
Noninstructional services	4,237,967	4,610,182	4,803,105	4,865,617	5,038,435	5,180,293	4,854,313	4,928,997	5,493,284	5,810,138
Facilities acquisition construction and improvement	11,335,852	13,509,139	8,309,294	16,627,237	11,251,782	18,141,710	16,472,182	22,756,543	10,838,983	15,483,247
Debt service principal	12,602,000	11,620,000	8,176,000	14,160,000	14,695,000	15,690,000	16,290,000	15,830,000	17,710,000	17,615,000
Debt service interest	11,051,792	9,543,869	10,174,433	9,925,387	10,160,902	9,881,842	10,251,652	9,582,925	9,827,215	10,266,986
Bond issuance costs	-	56,166	464,253	327,788	163,150	176,732	388,048	498,947	239,101	-
Total governmental expenditures	<u>214,151,405</u>	<u>223,334,660</u>	<u>226,173,193</u>	<u>248,883,564</u>	<u>248,558,267</u>	<u>261,228,866</u>	<u>253,229,661</u>	<u>267,502,573</u>	<u>274,580,279</u>	<u>290,045,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,648,080)</u>	<u>(9,287,724)</u>	<u>(5,356,833)</u>	<u>(13,358,865)</u>	<u>(6,156,803)</u>	<u>(11,087,686)</u>	<u>2,642,874</u>	<u>(6,256,684)</u>	<u>3,082,783</u>	<u>1,361,714</u>
Governmental other financing sources										
Proceeds from long-term debt	42,890,000	65,485,000	61,900,000	15,995,000	9,750,000	9,990,000	34,750,000	46,050,000	30,115,000	-
Premium on bonds issued	-	-	-	-	-	-	5,643,840	7,283,242	4,880,892	-
Interfund transfers in	4,599,268	8,645,910	9,125,784	6,205,679	5,135,385	5,257,722	5,451,612	7,635,789	6,736,346	12,457,496
Other financing sources (uses)	4,519,556	5,861,632	8,300,311	97,083	-	-	-	-	-	-
Debt service refunded	(35,443,421)	(71,069,921)	(60,135,702)	(7,438,378)	-	-	-	(17,824,521)	(34,751,390)	-
Sale of assets	26,540	94,983	5,077,718	9,572	-	-	-	-	2,750,000	-
Leases right to use	-	-	-	-	-	-	-	-	492,331	187,577
Refund of prior year revenues	(97,744)	(82,898)	-	-	-	-	-	(3,700)	-	(4,022)
Refund of prior year expenditures	14,880	16,391	36,857	34,677	40,726	999	5,666	20,080	2,219	6,110
Interfund transfers out	(4,599,268)	(8,645,910)	(9,125,784)	(6,205,679)	(5,135,385)	(5,257,722)	(5,451,612)	(7,635,789)	(6,736,346)	(12,457,496)
Total governmental other financing sources	<u>11,909,811</u>	<u>305,187</u>	<u>15,179,184</u>	<u>8,697,954</u>	<u>9,790,726</u>	<u>9,990,999</u>	<u>40,399,506</u>	<u>35,525,101</u>	<u>3,489,052</u>	<u>189,665</u>
NET CHANGE IN GOVERNMENTAL FUND BALANCE	<u>4,261,731</u>	<u>(8,982,537)</u>	<u>9,822,351</u>	<u>(4,660,911)</u>	<u>3,633,923</u>	<u>(1,096,687)</u>	<u>43,042,380</u>	<u>29,268,417</u>	<u>6,571,835</u>	<u>1,551,379</u>
GOVERNMENTAL FUND BALANCE										
Beginning of year	<u>55,138,488</u>	<u>59,400,219</u>	<u>50,417,682</u>	<u>60,240,033</u>	<u>55,579,122</u>	<u>59,213,045</u>	<u>58,116,358</u>	<u>101,158,738</u>	<u>130,427,155</u>	<u>136,998,990</u>
End of year	<u>\$ 59,400,219</u>	<u>\$ 50,417,682</u>	<u>\$ 60,240,033</u>	<u>\$ 55,579,122</u>	<u>\$ 59,213,045</u>	<u>\$ 58,116,358</u>	<u>\$ 101,158,738</u>	<u>\$ 130,427,155</u>	<u>\$ 136,998,990</u>	<u>\$ 138,550,369</u>
Debt Service as % of Expenditures	11.0%	9.5%	8.3%	9.8%	10.1%	9.9%	10.6%	9.7%	10.1%	9.6%

Source: District's Audited Financial Statements

WEST CHESTER AREA SCHOOL DISTRICT

GENERAL FUND REVENUES BY SOURCE - MODIFIED ACCRUAL METHOD OF ACCOUNTING (UNAUDITED)

(Thousands)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Local	\$ 172,073.7	\$ 176,800.8	\$ 182,121.6	\$ 190,954.0	\$ 196,055.3	\$ 203,173.8	\$ 207,402.9	\$ 210,829.7	\$ 227,332.3	\$ 233,314.9
Real estate	143,904.6	148,403.7	152,710.0	157,685.1	164,235.5	170,684.5	174,620.8	176,258.1	184,145.8	188,293.6
Current	143,225.1	147,447.7	151,929.0	156,989.6	163,169.6	169,592.6	173,636.8	174,260.5	180,091.7	186,360.1
Interim	679.5	956.0	780.9	695.5	1,065.9	1,092.0	984.1	1,997.6	4,054.2	1,933.5
Earned income	19,460.5	19,360.0	20,118.5	21,336.5	21,121.8	21,510.4	21,583.6	24,213.4	26,695.1	27,623.0
Real estate transfer	3,724.7	4,145.2	4,207.4	6,115.0	4,983.5	4,420.7	4,657.3	6,227.6	8,927.9	6,173.5
Other taxes PURTA	210.8	214.7	198.3	196.7	183.3	192.8	177.6	195.0	203.6	204.1
Delinquent taxes	3,365.9	3,246.0	3,000.3	3,479.8	2,708.7	2,477.2	3,160.2	3,264.4	3,485.5	2,920.5
Investment earnings	71.0	165.5	332.2	731.9	1,402.3	2,657.0	2,179.0	220.9	76.8	6,556.4
Gate receipts	130.7	136.3	152.9	160.6	150.9	162.8	161.9	-	172.0	206.4
Other	1,205.5	1,129.4	1,401.8	1,248.3	1,269.4	1,068.4	862.4	450.3	3,625.6	1,337.4
State	31,717.8	34,209.9	35,806.5	41,156.6	42,748.0	42,679.1	44,089.0	43,625.8	46,937.8	49,369.2
Student subsidies	21,371.8	21,729.3	21,234.5	24,125.8	24,332.1	23,436.2	23,988.4	22,673.9	24,463.2	25,976.5
Basic instruction	7,247.3	7,239.7	7,573.2	8,012.2	8,202.4	8,421.6	8,810.2	8,810.2	9,575.7	10,934.7
Special education	5,311.1	5,413.4	5,801.6	5,902.9	6,454.1	6,128.9	6,125.2	5,077.2	5,914.7	5,966.5
Tuition private home placement	113.9	111.5	179.4	236.2	191.4	231.1	173.7	95.8	103.9	89.5
Transportation	3,750.5	3,637.2	3,671.8	3,674.1	3,736.8	3,313.9	3,260.1	3,087.6	3,008.3	2,684.0
Medical, dental and nurse	256.8	222.3	253.9	256.4	250.3	255.3	252.5	253.6	250.4	251.8
Rent	1,160.4	1,181.7	-	2,104.1	1,554.5	1,163.8	1,121.1	1,051.6	1,596.5	986.0
Charter schools	-	-	-	-	-	-	-	-	-	-
Ready To Learn block grants and accountability grants	126.7	303.2	399.1	399.1	399.1	399.1	399.1	399.1	399.1	399.1
Property tax relief	3,405.1	3,620.3	3,355.4	3,540.6	3,543.4	3,468.1	3,598.3	3,570.3	3,596.2	4,282.5
Other	-	-	-	-	-	54.2	248.3	328.4	18.3	382.5
Teacher subsidies	10,346.1	12,480.7	14,572.0	17,030.9	18,415.8	19,243.0	20,100.6	20,951.8	22,474.6	23,392.7
Social security	3,148.8	3,163.7	3,194.0	3,450.6	3,337.5	3,415.4	3,497.6	3,586.7	3,817.8	4,010.9
Retirement	7,197.3	9,317.0	11,378.0	13,580.3	15,078.3	15,827.6	16,602.9	17,365.1	18,656.8	19,381.7
Federal	2,661.8	2,959.8	2,865.3	3,290.7	3,371.7	3,668.7	3,616.5	6,768.6	6,191.2	7,120.5
Title I	459.6	818.0	828.9	1,013.2	867.6	704.5	598.8	574.7	555.2	522.0
Title II	199.4	293.9	374.0	384.1	247.2	207.9	267.5	313.2	259.0	171.6
Basic Education ARRA funds	-	-	-	-	-	-	-	-	-	-
IDEA - ARRA funds	-	-	-	-	-	-	-	-	-	-
Ed Jobs - ARRA	-	-	-	-	-	-	-	-	-	-
Title I - ARRA	-	-	-	-	-	-	-	-	-	-
IDEA	1,154.7	1,215.8	1,199.7	1,333.6	1,318.1	1,331.4	1,341.0	1,551.6	1,730.8	1,371.5
MA direct services/time study	722.7	516.0	305.5	467.1	803.0	1,251.2	1,021.7	1,030.3	1,156.7	1,094.6
Other	125.5	116.0	157.2	92.7	135.8	173.8	387.6	223.5	178.0	134.8
COVID related grants	-	-	-	-	-	-	-	3,075.3	2,311.4	3,826.1
Local taxes and subsidies	<u>\$ 206,453.4</u>	<u>\$ 213,970.5</u>	<u>\$ 220,793.4</u>	<u>\$ 235,401.3</u>	<u>\$ 242,175.0</u>	<u>\$ 249,521.6</u>	<u>\$ 255,108.4</u>	<u>\$ 261,224.1</u>	<u>\$ 280,461.3</u>	<u>\$ 289,804.6</u>

Source: District Budget Control Forecast Model

WEST CHESTER AREA SCHOOL DISTRICT

GENERAL FUND EXPENDITURES BY TYPE - MODIFIED ACCRUAL METHOD OF ACCOUNTING - UNAUDITED

(Thousands)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Staff	\$ 128,483.3	\$ 134,876.4	\$ 141,123.7	\$ 145,153.0	\$ 149,824.5	\$ 153,661.8	\$ 153,376.6	\$ 160,538.7	\$ 171,700.6	\$ 179,434.3
Total salaries	86,263.3	87,846.4	88,923.5	91,156.6	93,554.7	95,606.4	98,130.0	102,002.8	107,476.0	112,797.9
Administration										
Regular salaries	7,337.7	7,644.7	8,027.5	8,029.5	8,235.3	8,541.5	9,042.3	9,227.4	9,852.7	10,404.3
Teachers										
Regular salaries	60,830.1	61,479.2	61,938.5	64,701.3	66,792.4	68,446.8	70,120.6	73,524.6	75,998.6	79,812.6
Extra duty payments	1,007.6	1,059.6	1,161.3	950.6	979.6	878.6	896.7	1,727.1	2,581.4	2,371.2
Sabbatical payments	35.2	125.0	304.5	209.9	181.9	255.9	294.7	530.3	462.3	311.8
Subject chair payments	346.7	365.9	365.4	363.7	355.5	367.5	358.3	380.1	622.2	625.5
Severance payments	380.6	209.1	142.1	79.9	353.1	205.6	220.1	192.3	194.6	194.7
Supplemental contracts	1,948.3	2,028.1	2,051.4	2,017.0	2,019.0	2,110.8	1,993.0	2,085.1	2,223.0	2,287.7
Total teachers	64,548.5	65,267.0	65,963.1	68,322.4	70,681.6	72,265.2	73,883.5	78,439.4	82,082.2	85,603.5
Technical										
Regular salaries	3,022.6	3,502.0	3,679.7	3,694.7	3,569.3	3,659.6	3,783.4	3,589.1	3,689.9	4,400.0
Office clerical										
Regular salaries	5,932.0	6,179.8	6,058.3	5,983.9	5,745.7	5,778.3	5,958.6	5,495.4	6,246.8	6,771.1
Crafts and trades										
Regular salaries	5,422.6	5,252.9	5,194.9	5,126.1	5,322.9	5,361.8	5,462.2	5,251.4	5,604.4	5,619.0
Benefits										
Medical	17,768.2	17,621.6	18,953.6	17,331.7	16,627.9	17,224.8	13,444.7	15,228.1	15,987.9	15,645.5
Dental	1,108.5	1,180.2	1,259.4	1,103.1	1,184.1	1,180.5	978.2	1,194.2	1,160.7	1,297.3
Vision	113.1	195.9	176.7	180.6	178.1	195.0	149.4	164.8	169.2	141.6
Prescription	4,060.6	5,593.9	5,041.2	4,694.0	4,476.0	4,076.1	3,459.6	3,438.3	5,176.1	5,058.8
Social security	6,322.0	6,387.7	6,451.4	6,609.1	6,733.9	6,891.7	7,057.1	7,313.9	7,757.5	8,139.9
Retirement	14,359.6	18,603.4	22,726.1	27,068.7	30,058.2	31,584.7	33,218.9	34,674.3	37,059.7	39,340.4
Tuition reimbursement	610.0	360.4	196.9	442.4	443.2	427.9	370.6	410.2	476.6	554.2
Life and disability	307.0	417.8	321.1	331.1	361.6	540.4	550.0	531.8	343.9	532.5
Workers compensation/unemployment/other	800.6	823.2	1,461.8	1,307.1	1,344.7	1,079.2	965.8	1,114.6	1,151.4	1,382.7
Total benefits	45,449.6	51,184.0	56,588.2	59,068.0	61,407.8	63,200.4	60,194.3	64,070.3	69,283.0	72,092.8
Less cost sharing	(3,229.5)	(4,154.0)	(4,387.9)	(5,071.6)	(5,138.0)	(5,145.1)	(4,947.7)	(5,534.4)	(5,058.4)	(5,456.4)
Net benefits	42,220.0	47,030.0	52,200.2	53,996.4	56,269.8	58,055.4	55,246.6	58,535.9	64,224.6	66,636.4
Professional and technical services	13,396.4	14,064.2	16,811.9	18,965.1	18,183.6	17,678.1	15,768.5	14,079.1	19,979.3	19,479.3
Substitute service	1,350.9	1,365.9	1,926.4	1,933.7	2,034.1	2,219.1	1,953.2	1,708.6	2,731.5	3,970.3
Contracted therapeutic staff	860.2	1,299.2	1,571.8	1,736.1	1,850.3	1,668.8	1,328.2	1,502.3	1,792.0	2,129.7
Contracted aides - special education	1,123.4	1,138.8	1,496.2	2,213.6	2,194.2	2,046.5	1,228.8	667.1	1,129.9	822.9
Contracted aides - other	-	-	-	126.7	392.3	315.9	136.8	117.0	193.5	170.0
CCIU - special education programs	3,455.2	3,249.5	3,603.2	3,887.2	3,787.5	3,319.0	2,825.6	2,519.0	3,234.5	3,299.0
Occupational/physical therapy	1,004.4	982.0	1,060.0	1,156.0	1,178.4	1,050.1	979.0	982.7	1,102.0	1,254.7
Due process hearings	603.3	496.1	948.7	1,344.1	823.3	645.2	915.5	809.6	1,080.6	1,092.0
Early intervention	260.5	276.5	365.8	348.7	242.5	267.3	231.4	356.8	158.1	144.0

WEST CHESTER AREA SCHOOL DISTRICT

GENERAL FUND EXPENDITURES BY TYPE - MODIFIED ACCRUAL METHOD OF ACCOUNTING - UNAUDITED

(Thousands)

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Extended school year	573.1	502.4	735.9	669.5	695.2	774.0	605.9	412.4	616.1	510.6
Alternative education - special education	1,212.5	1,412.1	1,585.5	2,044.2	1,744.3	1,790.5	2,004.6	1,847.7	2,034.3	2,433.4
Alternative education - reg	426.5	745.9	727.5	797.2	830.4	1,120.7	1,093.1	515.7	-	-
Tax collection	669.7	646.0	672.8	725.4	624.8	593.9	683.8	732.4	915.4	902.2
Legal	441.0	365.2	354.2	396.4	311.8	303.6	246.1	309.7	335.5	388.5
Other	1,415.8	1,584.6	1,763.9	1,586.1	1,474.4	1,563.5	1,536.6	1,598.1	4,655.9	2,361.9
Purchased Property Services	3,365.5	3,299.2	3,447.5	4,002.5	3,675.1	3,558.8	3,600.2	3,096.2	3,643.8	3,898.3
Electricity	1,696.4	1,544.9	1,621.8	1,787.6	1,671.6	1,571.0	1,573.9	1,487.3	1,752.8	1,949.6
Water/sewer	505.4	521.0	502.9	534.1	517.0	581.9	587.2	538.4	640.4	685.2
Trash removal	95.2	89.8	85.8	90.9	81.7	82.9	78.0	88.9	93.1	100.8
Office rental	103.3	134.5	137.6	164.0	185.1	187.4	267.8	266.4	128.6	137.0
Other	965.1	1,009.0	1,099.3	1,425.8	1,219.7	1,135.6	1,093.3	715.2	1,028.8	1,025.7
Other Services	26,284.5	27,466.0	29,050.4	30,952.7	30,751.7	30,128.1	27,847.9	27,060.7	27,412.5	29,909.5
Charter schools	8,114.0	8,079.9	9,455.1	9,818.8	9,574.3	8,277.9	7,775.7	7,868.6	7,812.1	7,512.1
Tuition: special education	2,376.4	2,651.9	2,462.8	3,530.1	3,674.9	4,317.8	3,828.3	3,598.9	3,151.9	4,220.2
Tuition: CAT	1,828.8	2,262.4	2,597.2	2,722.4	2,755.7	2,738.8	2,557.8	2,489.5	2,680.4	2,798.2
Tuition: other	200.7	152.5	130.7	96.0	172.3	294.1	144.3	151.8	156.0	386.8
Bussing: public schools	4,413.3	4,637.8	4,905.4	4,898.1	4,700.3	5,071.3	4,825.6	4,814.6	5,510.6	6,020.7
Bussing: non-public	4,530.5	4,358.6	4,424.3	4,422.4	4,409.5	4,116.7	3,727.9	3,860.0	3,011.5	3,290.8
Bussing: special education	3,370.2	3,675.5	3,495.5	3,848.1	3,855.9	3,867.3	3,503.4	3,062.1	3,391.3	3,813.6
Bussing: extracurricular	284.6	325.5	316.3	327.4	318.0	297.0	216.2	92.8	264.2	344.5
Insurance	478.5	462.6	492.8	501.6	497.4	500.5	519.2	519.0	553.9	592.9
Telephone/postage	390.2	501.0	489.4	492.5	517.2	374.8	495.9	508.8	639.1	575.8
Other services - Glen Mills	-	-	-	-	-	-	-	-	-	-
Other	297.3	358.3	280.9	295.4	276.2	272.0	253.5	94.4	241.5	353.9
Supplies	4,724.8	5,066.2	4,717.5	4,797.8	5,393.6	5,889.2	5,209.7	8,614.2	7,250.9	8,351.5
Heating fuel	978.8	876.5	620.2	605.3	646.7	756.0	568.2	804.6	894.0	1,134.6
Other operations/maintenance supplies	777.4	648.7	652.5	714.6	696.2	845.5	701.4	1,214.5	972.1	1,114.1
Educational	1,651.5	1,881.1	1,925.2	1,828.6	1,870.3	2,046.1	2,024.9	3,274.6	2,639.3	2,520.4
Curriculum proposals	885.1	1,230.0	1,123.3	881.4	1,123.1	1,062.3	777.0	843.3	700.4	1,404.0
Educational/administrative software	327.0	409.9	394.3	680.8	1,006.0	1,082.5	1,115.4	2,421.4	1,926.6	2,141.7
Administration/business	104.9	20.1	2.1	87.1	51.3	96.8	22.7	55.8	118.7	36.7
Other	-	-	-	-	-	-	-	-	-	-
Other objects	359.6	534.1	367.2	411.3	773.7	403.7	337.3	337.3	1,057.1	425.0
Dues and fees - athletics	113.7	140.4	179.1	170.7	160.5	148.9	116.6	-	150.2	213.9
Property	511.4	455.8	542.9	650.3	294.8	261.0	271.8	754.3	540.2	2,804.6
Technology equipment	-	-	-	-	-	-	-	-	-	-
G/F maintenance projects	-	-	-	-	-	-	-	-	-	-
Other equipment	511.4	455.8	542.9	650.3	294.8	261.0	271.8	754.3	540.2	2,804.6
Debt service	23,653.8	21,163.9	18,350.4	24,085.4	24,855.9	25,571.8	26,541.7	25,412.9	27,537.2	27,882.0
Bond payments	23,653.8	21,163.9	18,350.4	24,085.4	24,855.9	25,571.8	26,541.7	25,412.9	27,537.2	27,882.0
TOTAL EXPENSE	<u>\$ 200,892.9</u>	<u>\$ 207,066.3</u>	<u>\$ 214,590.7</u>	<u>\$ 229,188.8</u>	<u>\$ 233,913.4</u>	<u>\$ 237,301.5</u>	<u>\$ 233,070.2</u>	<u>\$ 239,893.5</u>	<u>\$ 259,271.7</u>	<u>\$ 272,398.5</u>

Source: District Budget Control Forecast Model

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WEST CHESTER AREA SCHOOL DISTRICT

REVENUE CAPACITY



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WEST CHESTER AREA SCHOOL DISTRICT

GOVERNMENTAL FUNDS - MOST SIGNIFICANT OWN-SOURCE REVENUES

(Modified Accrual Method of Accounting)

<u>Fiscal Year</u>	<u>Chester County Millage Rate</u>	<u>Delaware County Millage Rate</u>	<u>Current Real Estate Taxes</u>	<u>Interim Real Estate Taxes</u>	<u>Delinquent Real Estate Taxes</u>	<u>Act 511 Taxes *</u>	<u>Other Local Revenues</u>	<u>Total Local Revenues</u>
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
2020-21	21.6622	16.6626	174,260,525	1,997,620	3,264,401	30,440,986	846,107	210,809,638
2021-22**	22.0604	9.5164	180,091,669	4,054,176	3,485,512	35,622,969	1,325,796	224,580,123
2022-23	22.4364	9.9343	186,360,120	1,933,510	2,920,511	33,796,490	8,298,135	233,308,766

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

** Reassessment done in Delaware County

Source: District Annual Financial Report (AFR)

WEST CHESTER AREA SCHOOL DISTRICT

ANALYSIS OF ASSESSED VALUE FOR TAXABLE REAL ESTATE - UNAUDITED

	2013-14	Assessment	2014-15	Assessment	2015-16	Assessment	2016-17	Assessment	2017-18	Assessment
<u>Land Use Description</u>	<u>Number of</u> <u>Parcels</u>	<u>Total</u>	<u>Number of</u> <u>Parcels</u>	<u>Total</u>	<u>Number of</u> <u>Parcels</u>	<u>Total</u>	<u>Number of</u> <u>of Parcels</u>	<u>Total</u>	<u>Number of</u> <u>Parcels</u>	<u>Total</u>
CHESTER COUNTY										
Not identified	-		-		-		-		-	
Commercial properties	1,714	\$ 1,369,224,799	1,712	\$ 1,365,713,429	1,709	\$ 1,367,742,137	1,714	\$ 1,382,831,647	1,722	\$ 1,393,879,547
Farm properties	68	22,066,740	68	22,066,740	69	22,703,280	69	22,730,390	69	23,544,790
Industrial properties	88	146,750,180	88	145,936,270	87	145,405,235	87	145,188,555	87	145,353,765
Residential properties	30,145	6,044,809,459	30,250	6,063,262,560	30,365	6,115,048,985	30,410	6,132,798,573	30,433	6,213,361,838
Vacant land	1,162	50,755,900	1,163	49,319,210	1,090	47,541,320	1,068	45,006,370	1,039	47,346,930
Total Chester County	33,177	7,633,607,078	33,281	7,646,298,209	33,320	7,698,440,957	33,348	7,728,555,535	33,350	7,823,486,870
DELAWARE COUNTY										
Commercial/industrial	14	8,533,463	14	8,533,463	14	8,533,463	14	8,533,463	14	8,008,833
Residential/farms/vacant land	2,193	629,105,934	2,192	633,891,761	2,194	638,801,396	2,199	638,865,520	2,198	639,278,166
Total Delaware County	2,207	637,639,397	2,206	642,425,224	2,208	647,334,859	2,213	647,398,983	2,212	647,286,999
Grand total	35,384	\$ 8,271,246,475	35,487	\$ 8,288,723,433	35,528	\$ 8,345,775,816	35,561	\$ 8,375,954,518	35,562	\$ 8,470,773,869
	2018-19	Assessment	2019-20	Assessment	2020-21	Assessment	2021-22	Assessment	2022-23	Assessment
<u>Land Use Description</u>	<u>Number of</u> <u>Parcels</u>	<u>Total</u>	<u>Number of</u> <u>Parcels</u>	<u>Total</u>	<u>Number of</u> <u>Parcels</u>	<u>Total</u>	<u>Number of</u> <u>of Parcels</u>	<u>Total</u>	<u>Number of</u> <u>of Parcels</u>	<u>Total</u>
CHESTER COUNTY										
Not Identified	-		-		-		-		-	
Commercial Properties	1,724	\$ 1,386,487,480	1,730	\$ 1,419,240,638	1,732	\$ 1,409,206,133	1,749	\$ 1,373,439,443	1,772	\$ 1,373,753,209
Farm Properties	70	23,886,590	67	22,327,250	68	22,616,460	67	22,549,430	58	49,449,030
Industrial Properties	86	145,152,395	86	146,105,675	86	142,070,645	85	139,232,465	75	106,240,475
Residential Properties	30,490	6,239,593,971	30,571	6,286,518,818	30,681	6,333,174,618	30,829	6,419,779,433	31,157	6,658,826,313
Vacant Land	1,089	46,914,600	1,135	47,370,590	1,464	55,803,640	1,421	53,477,760	1,277	43,773,310
Total Chester County	33,459	7,842,035,036	33,589	7,921,562,971	34,031	7,962,871,496	34,151	8,008,478,531	34,339	8,232,042,337
DELAWARE COUNTY										
Commercial/Industrial	14	8,008,833	14	8,008,833	16	9,157,733	14	26,710,280	13	26,433,670
Residential/Farms/Vacant Land	2,199	640,107,224	2,210	640,087,346	2,227	643,408,747	2,229	1,113,758,696	2,227	1,119,984,656
Total Delaware County	2,213	648,116,057	2,224	648,096,179	2,243	652,566,480	2,243	1,140,468,976	2,240	1,146,418,326
Grand total	35,672	\$ 8,490,151,093	35,813	\$ 8,569,659,150	36,274	\$ 8,615,437,976	36,394	\$ 9,148,947,507	36,579	\$ 9,378,460,663

Source: County Land Use Code Report

WEST CHESTER AREA SCHOOL DISTRICT

MARKET VALUE VERSUS ASSESSED VALUE OF TAXABLE REAL ESTATE

	Market Value Chester County (000)	Market Value Delaware County (000)	Total Market Value (000)	Assessed Value (000)	Ratio of Market Value to Assessed Value
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%
2019	13,526,033	840,051	14,366,084	8,615,438	167%
2020	14,129,979	895,234	15,025,213	9,148,948	164%
2021	14,229,894	895,234	15,125,128	9,378,461	161%

Source: State Tax Equalization Board

WEST CHESTER AREA SCHOOL DISTRICT

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

(Mills)

Chester County

<u>Fiscal Year</u>	<u>West Chester Area School District</u>	<u>Chester County</u>	<u>Township of East Bradford</u>	<u>Township of East Goshen</u>	<u>Township of Thornbury</u>	<u>Township of West Goshen</u>	<u>Township of West Whiteland</u>	<u>Township of Westtown</u>	<u>Borough of West Chester</u>
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
2020-21	21.6622	4.369	1.50	1.25	0.995	2.00	0.714	3.50	6.96
2021-22	22.0604	4.551	1.50	1.25	0.995	2.00	0.714	3.50	7.40
2022-23	22.4364	4.551	1.75	1.25	0.995	2.00	0.714	3.50	7.70

Source: Chester County website

Delaware County

	<u>West Chester Area School District</u>	<u>Delaware County</u>	<u>Township of East Thornbury</u>
2013-14	13.62	5.452	0.00
2014-15	13.65	5.604	0.00
2015-16	13.9059	5.604	0.00
2016-17	14.7113	5.604	0.00
2017-18	15.2086	5.604	0.00
2018-19	16.0761	5.604	0.00
2019-20	16.2597	5.461	0.00
2020-21	16.6626	5.461	0.00
2021-22**	9.5164	2.999	0.00
2022-23	9.9343	2.999	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.

** Reassessment done in Delaware County

WEST CHESTER AREA SCHOOL DISTRICT

TEN LARGEST REAL PROPERTY TAXPAYERS - UNAUDITED

			2022-2023			2013-2014		
			Taxable Assessed Value	Percent of District's Total Value	Rank	Taxable Assessed Value	Percent of District's Total Value	Rank
Name	Township	Type of Property						
Main Street At Exton LP	West Whiteland	Shopping Center	\$ 76,172,970	0.81%	1	\$ 28,553,560	0.35%	3
PP Exton Square Owner LLC	West Whiteland	Apartment Complex	37,166,670	0.40%	2			
Exton Square Inc.	West Whiteland	Shopping Mall	35,963,055	0.38%	3	77,784,710	0.94%	1
Keva Flats	West Whiteland	Apartment Complex	31,676,040	0.34%	4			
Bre Rook Sh Bellingham LP	East Goshen	Senior Living Community	30,740,000	0.33%	5			
PP West Chester II Owner LLC	West Goshen	Apartment Complex	27,796,000	0.30%	6			
ARHC WHCCHPA01 LLC	East Goshen	Senior Living Community	27,000,000	0.29%	7			
JAG/OAK Parkview Apartments	West Whiteland	Apartment Complex	25,037,760	0.27%	8			
Westtown Apartments	Westtown	Apartment Complex	24,367,500	0.26%	9	16,636,690	0.20%	8
Pembroke TOM VC LLC	West Whiteland	Business Complex	23,388,088	0.25%	10			
QVC	West Goshen	Indust Bldg/ TV Shopping				35,696,530	0.43%	2
TRC Valley Creek Assoc.	West Whiteland	Business Complex				22,767,180	0.28%	4
Exton Crossing Apts	West Whiteland	Apartment Complex				21,023,480	0.25%	5
Whiteland Investors, LP	West Whiteland	Shopping Center				19,320,000	0.23%	6
Hankin Family Ltd Partnership	East Goshen	Apartment Complex				17,328,750	0.21%	7
Fern Hill LLC	West Goshen	Medical Complex				16,617,370	0.20%	9
Pointe Apartments Owner LP	West Goshen	Apartment Complex				16,444,580	0.20%	10
Total Assessed Value--Ten Largest Taxpayers			<u>\$ 339,308,083</u>			<u>\$ 272,172,850</u>		
Total District Assessed Value			<u>\$ 9,378,460,663</u>			<u>\$ 8,271,246,475</u>		

Source: District Fact Books

WEST CHESTER AREA SCHOOL DISTRICT

REAL ESTATE TAX COLLECTION AS A RATIO OF LEVY

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Mills (2)</u>	<u>Adjusted Levy</u>	<u>Current Collection</u>	
				<u>Amount (1), (3)</u>	<u>Percent</u>
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%
2020-21	8,615,437,976	21.6622	183,366,769	177,830,871	97.0%
2021-22	9,148,947,507	22.0604	187,523,399	183,687,863	98.0%
2022-23	9,378,460,663	22.4364	196,086,258	190,642,621	97.2%

Source: District Tax Records

(1) 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.

WEST CHESTER AREA SCHOOL DISTRICT

DEBT CAPACITY



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WEST CHESTER AREA SCHOOL DISTRICT

COMPUTATION OF NONELECTORAL DEBT MARGIN

June 30,

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Total general fund revenues*	\$ 206,453,328	\$ 213,970,535	\$ 220,793,385	\$ 235,401,340	\$ 242,175,000	\$ 249,521,639	\$ 255,108,419	\$ 261,224,019	\$ 277,711,304	\$ 289,804,646
Less required deductions if included in total										
rental and sinking fund reimbursement	1,160,377	1,181,706	-	2,104,117	1,554,549	1,163,834	1,121,094	1,051,643	1,596,511	985,974
sale of property and non-recurring revenue	-	-	-	-	-	-	-	-	-	-
fund transfer	-	-	-	-	-	-	-	-	-	-
Net Revenues	<u>205,292,951</u>	<u>212,788,829</u>	<u>220,793,385</u>	<u>233,297,223</u>	<u>240,620,451</u>	<u>248,357,805</u>	<u>253,987,325</u>	<u>260,172,376</u>	<u>276,114,793</u>	<u>288,818,672</u>
Annual arithmetic average (borrowing base)**	<u>\$ 202,920,142</u>	<u>\$ 207,482,012</u>	<u>\$ 212,958,388</u>	<u>\$ 222,293,146</u>	<u>\$ 231,570,353</u>	<u>\$ 240,758,493</u>	<u>\$ 247,655,194</u>	<u>\$ 254,172,502</u>	<u>\$ 263,424,831</u>	<u>\$ 275,035,280</u>
Multiplier	225%	225%	225%	225%	225%	225%	225%	225%	225%	225%
Total nonelectoral debt limit	\$ 456,570,320	\$ 466,834,527	\$ 479,156,373	\$ 500,159,579	\$ 521,033,294	\$ 541,706,609	\$ 557,224,187	\$ 571,888,130	\$ 592,705,870	\$ 618,829,380
Less amount debt applicable to debt limit	<u>285,016,000</u>	<u>271,826,000</u>	<u>266,615,000</u>	<u>261,070,000</u>	<u>256,125,000</u>	<u>250,425,000</u>	<u>268,885,000</u>	<u>281,605,000</u>	<u>259,750,000</u>	<u>242,135,000</u>
Total debt margin	<u>\$ 171,554,320</u>	<u>\$ 195,008,527</u>	<u>\$ 212,541,373</u>	<u>\$ 239,089,579</u>	<u>\$ 264,908,294</u>	<u>\$ 291,281,609</u>	<u>\$ 288,339,187</u>	<u>\$ 290,283,130</u>	<u>\$ 332,955,870</u>	<u>\$ 376,694,380</u>
Ratio of debt limit to debt margin	38%	42%	44%	48%	51%	54%	52%	51%	56%	61%

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

June 30,

Fiscal Year	Emmaus Note 2009	Series 2014 GOB	Series A 2014 GOR	Series AA 2014 GOR	Series 2016 GOR	Series A 2016 GOR	Series A 2017 GOB	Series 2018 GOB	Series 2019 GOB	Series 2020 GOB	Series 2021 GOB	Series 2022 GOB	Total
2023-2024	\$ 645,000	\$ -	\$ 8,745,000	\$ 325,000	\$ 2,235,000	\$ 5,875,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 55,000	\$ 5,000	\$ 5,000	\$ 17,905,000
2024-2025	675,000	5,000	-	5,700,000	-	12,270,000	5,000	5,000	5,000	55,000	5,000	5,000	18,730,000
2025-2026	700,000	5,000	-	6,025,000	-	12,850,000	5,000	5,000	5,000	60,000	5,000	100,000	19,760,000
2026-2027	485,000	5,000	-	18,505,000	-	1,000,000	5,000	5,000	5,000	60,000	5,000	200,000	20,275,000
2027-2028	5,625,000	2,010,000	-	7,990,000	-	-	5,000	5,000	5,000	1,875,000	5,000	4,270,000	21,790,000
2028-2033	-	9,975,000	-	16,710,000	-	-	9,700,000	3,005,000	3,765,000	7,890,000	6,770,000	25,530,000	83,345,000
2034-2038	-	-	-	-	-	-	-	5,680,000	21,105,000	-	13,195,000	-	39,980,000
2039-2041	-	-	-	-	-	-	-	1,260,000	9,840,000	-	9,250,000	-	20,350,000
Total principal	<u>\$ 8,130,000</u>	<u>\$ 12,000,000</u>	<u>\$ 8,745,000</u>	<u>\$ 55,255,000</u>	<u>\$ 2,235,000</u>	<u>\$ 31,995,000</u>	<u>\$ 9,725,000</u>	<u>\$ 9,970,000</u>	<u>\$ 34,735,000</u>	<u>\$ 9,995,000</u>	<u>\$ 29,240,000</u>	<u>\$ 30,110,000</u>	<u>\$ 242,135,000</u>

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	\$ 242,135,000	100%	\$ 242,135,000
Overlapping debt			
Township of East Bradford	9,955,000	100%	9,955,000 (1), (2)
Township of East Goshen	15,719,127	100%	15,719,127 (1), (2)
Township of Thornbury	-	100%	- (1), (2)
Township of West Goshen	3,121,000	100%	3,121,000 (1), (2)
Township of West Whiteland	-	100%	- (1), (2)
Township of Westtown	11,305,000	100%	11,305,000 (1), (2)
Borough of West Chester	-	100%	- (1), (2)
Chester County	566,432,704	20%	<u>110,679,572</u> (1), (2), (3)
Total direct and overlapping Chester County debt			<u>\$ 392,914,699</u>
Delaware County			
Direct debt			
West Chester Area School District	242,135,000	100%	\$ 242,135,000
Overlapping debt			
Township of Thornbury	-	100%	- (1), (4)
Delaware County	266,236,384	1%	<u>3,186,547</u> (1), (3), (4)
Total direct and overlapping Delaware County debt			<u>\$ 245,321,547</u>

(1) As of December 31, 2022

(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 ACFR

WEST CHESTER AREA SCHOOL DISTRICT

RATIO OF NET GENERAL DEBT TO ASSESSED VALUE AND DEBT PER CAPITA - UNAUDITED

<u>Fiscal Year</u>	<u>Assessed Value (1)</u>	<u>Gross Bonded Debt (5)</u>	<u>Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed</u>	<u>Population</u>	<u>Net Bonded Debt per Capita</u>	<u>Estimated Personal Income (4)</u>	<u>Percent of Personal Income</u>
2013-14	\$ 8,271,246,475	\$ 272,605,000	\$ -	\$ 272,605,000	3.3%	108,441 ⁽²⁾	2,514	\$ 11,295,323,001	2.4%
2014-15	8,288,723,433	260,605,000	-	260,605,000	3.1%	108,441 ⁽²⁾	2,403	11,295,323,001	2.3%
2015-16	8,345,775,816	256,645,000	-	256,645,000	3.1%	108,441 ⁽²⁾	2,367	11,295,323,001	2.3%
2016-17	8,375,954,518	271,745,378	-	271,745,378	3.2%	108,441 ⁽²⁾	2,506	11,295,323,001	2.4%
2017-18	8,470,773,869	264,042,382	-	264,042,382	3.1%	108,441 ⁽²⁾	2,435	11,295,323,001	2.3%
2018-19	8,490,151,093	255,490,452	-	255,490,452	3.0%	108,441 ⁽²⁾	2,356	11,295,323,001	2.3%
2019-20	8,569,659,150	276,686,539	-	276,686,539	3.2%	108,441 ⁽²⁾	2,551	11,295,323,001	2.4%
2020-21	8,615,437,976	293,972,635	-	293,972,635	3.4%	111,327 ⁽³⁾	2,641	11,595,931,647	2.5%
2021-22	9,148,947,507	274,518,168	-	274,518,168	3.0%	111,327 ⁽³⁾	2,466	11,595,931,647	2.4%
2022-23	9,378,460,663	254,261,917	-	254,261,917	2.7%	111,327 ⁽³⁾	2,284	11,595,931,647	2.2%

(1) Source: District Fact Book

(2) Source: 2010 Census

(3) Source: 2020 Census

(4) Uses 2020 Household Median Income from Chester County Planning Commission

(5) Source: District Audit Report

WEST CHESTER AREA SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC INFORMATION



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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	
2020	\$ 111,327		\$ 534,413		\$ 13,002,700		\$ 331,449,281	
2021 *	\$ 111,603		\$ 538,649		\$ 12,964,056		\$ 331,893,745	
2022 *	\$ 113,600		\$ 545,823		\$ 12,972,008		\$ 333,287,557	

* As estimated by US 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)
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	\$5,616,886,135	\$922,018,498,396	\$395,548,185,123	
2020	\$15,025,213,325	\$5,524,523,899	\$966,037,072,558	\$384,746,553,419	
2021	\$15,125,128,108	\$5,895,568,720	\$975,443,133,973	\$396,109,249,773	
2022	\$16,620,743,291	Not Available	\$1,057,970,532,347	Not Available	

(1) Source: US Census

(2) Source: PA Dept of Education

WEST CHESTER AREA SCHOOL DISTRICT

KEY ECONOMIC AND HOUSING INDICIES

Household Income

	Household Income, 2020				
	Total Households 2020	Less than \$50,000	\$50,000 to \$100,000	\$100,000 or More	Median Household Income, 2020
Chester County	192,951	43,414	49,203	100,334	104,161
West Chester area (2)	40,850	9,935	10,011	20,904	

Labor Force and Employment

	Civilian Labor Force, 2020				
	Population 16 Years and Over, 2020	Total	Employed	Unemployed	Unemployment Rate, 2020
Pennsylvania					7.7%
Chester County	417,628	284,955	273,256	11,699	2.8%
West Chester area (2)	82,718	55,901	53,569	2,332	N/A

Housing Value

	Housing Value (3)				
	Total Owner Occupied Units, 2019	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	143,192	9,260	44,599	31,059	22,809
West Chester area (2)	26,934	812	5,964	6,551	5,661

West Chester Area Median Home Value in 2021 = \$208,238

(1) Source: U S Census Bureau American Community Survey 2016-2020

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

(3) Updated information not available

WEST CHESTER AREA SCHOOL DISTRICT

LARGEST EMPLOYERS WITHIN THE SCHOOL DISTRICT - UNAUDITED

		2022-23			2013-14		
		<u>Approximate Employment</u>	<u>Rank</u>	<u>% of Total</u>	<u>Approximate Employment</u>	<u>Rank</u>	<u>% of Total</u>
<u>Name</u>	<u>Product or Service</u>						
Penn Medicine Chester County Hospital	Health Care Services	2,785	1	5.2%			
West Chester University	Education	2,464	2	4.6%	2,431	2	4.8%
QVC Network, Inc.	Home Shopping Network	2,276	3	4.2%	2,770	1	5.4%
Chester County	County Government	1,665	4	3.1%	1,601	4	3.1%
West Chester Area School District	Education	1,605	5	3.0%	1,553	5	3.0%
United Parcel Services, Inc.	Delivery Services	1,261	6	2.4%	1,087	7	2.1%
Giant Food Stores LLC	Grocery	1,041	7	1.9%	1,054	8	2.1%
The Arc of Chester County	Advocacy Organization	1014	8	1.9%			
Communications Test Design, Inc.	Communication Engineering	867	9	1.6%	678	10	1.3%
Johnson & Johnson Services, Inc.	Drug Research and Testing	<u>844</u>	10	1.6%	1,443	6	2.8%
Chester County Hospital	Health Care Services				2,055	3	4.0%
Comcast Cable Communications	Telecommunication				<u>908</u>	9	1.8%
Total		<u>15,822</u>			<u>15,580</u>		

Note: 2022-23 % of Total Employment uses 2020 Total West Chester Community employed population of 53,569.

2013-14 % 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

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WEST CHESTER AREA SCHOOL DISTRICT

OPERATING INFORMATION



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WEST CHESTER AREA SCHOOL DISTRICT

STAFFING RATIOS FOR PROFESSIONAL STAFF

<u>Fiscal Year</u>	<u>Number of School Staff *</u>	<u>Number of Students</u>	<u>Ratio Students/Staff</u>
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
2020-21	1,032.35	11,968	11.6
2021-22	1,074.22	12,093	11.3
2022-23	1,081.23	12,146	11.2

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

Source: District Fact Book

WEST CHESTER AREA SCHOOL DISTRICT

DISTRICT FACILITIES

-87-

	<u>Original Construction Date</u>	<u>Addition and/or Renovation Date</u>	<u>Grades</u>	<u>Site Area (Acres)</u>	<u>Building Square Feet</u>	<u>September 30, 2022 Enrollment</u>
B. Rustin High School	2003-06	-	9-12	123.20	283,000	1,214
East High School	1973	1976/92/93/04	9-12	62.60	314,453	1,256
East/Fugett Athletic Fields	2004	-	-	43.35	-	-
Henderson High School	1951	1956/64/76/94/98/04	9-12	30.56	287,351	1,439
Henderson-North Campus Athletics	2006	-	-	13.40	**	-
E. N. Peirce Middle School	1963	1998/01/03	6-8	26.70	136,250	1,018
G. A. Stetson Middle School	1959	1961/98/03/07	6-8	38.40	134,857	843
J. R. Fugett Middle School	1969	2009	6-8	*	163,340	910
East Bradford Elementary	1958	1966/70/89/13	K-5	18.20	58,367	469
East Goshen Elementary	1955	1960/64/67/95/01/20	K-5	20.80	77,465	510
Exton Elementary	1940	1953/57/91/92/93/00/19	K-5	13.10	66,265	445
Fern Hill Elementary	1955	1960/89/16	K-5	20.00	64,555	395
Glen Acres Elementary	1966	1997	K-5	11.70	59,931	484
Greystone Elementary	2021	-	K-5	15.00	**	539
Hillsdale Elementary	1976	2007	K-5	19.10	70,631	545
Mary C. Howse Elementary	1962	1965/97	K-5	15.24	65,287	493
Penn Wood Elementary	1966	1970/89/01/12	K-5	18.60	64,350	463
Sarah W. Starkweather Elementary	1991	1998	K-5	37.90	75,094	578
Westtown-Thornbury Elementary	1954	1956/89/12	K-5	11.70	60,976	545
Facilities & Operations Center	1999	-	-	3.20	24,588	-
Spellman Education Center	1988	2017	Admin	3.32	42,000	-
				<u>546.07</u>	<u>2,125,302</u>	<u>12,146</u>

* Fugett acreage included in East HS site area

** In 2021, Henderson-North Campus Athletics' square footage was reduced and Greystone Elementary's square footage was increased.

WEST CHESTER AREA SCHOOL DISTRICT

SCHOOL DISTRICT EMPLOYEES BY FUNCTION

For the 2022-23 Fiscal Year

<u>Functions</u>	<u>Elementary</u>	<u>Middle</u>	<u>High</u>	<u>Other</u>	<u>Total</u>
1100 Regular	356.00	180.21	223.07	21.00	780.28
1200 Special	59.00	34.70	40.90	130.00	264.60
1300 Vocational	-	13.30	18.35	-	31.65
1400 Other Instructional	-	-	4.20	-	4.20
2100 Support Services- Students	21.80	15.20	33.00	15.00	85.00
2200 Support Services- Instructional	16.50	4.00	7.30	14.95	42.75
2300 Support Services- Administration	33.00	15.00	21.00	13.00	82.00
2400 Support Services- Pupil Health	12.20	6.00	6.00	6.00	30.20
2500 Support Services- Business Office	-	-	-	13.00	13.00
2600 Operating & Maintenance of Plant Services	38.00	18.50	36.00	50.50	143.00
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 2022-23 FTEs	<u>536.50</u>	<u>286.91</u>	<u>398.82</u>	<u>292.00</u>	<u>1,514.23</u>

Source: District Personnel Budget Documentation

WEST CHESTER AREA SCHOOL DISTRICT

STUDENT ENROLLMENT SUMMARY

<u>School Year</u>		<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Kindergarten (half-time)	At Sept. 30	557	584	525	599	-	-	-	-	-	-
	End of Year	539	604	532	617	-	-	-	-	-	-
**Kindergarten (full-time)	At Sept. 30	90	79	90	73	891	857	887	807	850	853
	End of Year	107	51	86	81	893	859	902	806	862	861
Grades 1-5	At Sept. 30	4,431	4,363	4,328	4,355	4,449	4,495	4,501	4,418	4,549	4,613
	End of Year	4,434	4,339	4,324	4,376	4,458	4,498	4,513	4,430	4,564	4,644
Grades 6-8	At Sept. 30	2,687	2,790	2,782	2,809	2,824	2,766	2,824	2,843	2,819	2,771
	End of Year	2,670	2,767	2,780	2,825	2,822	2,769	2,817	2,840	2,812	2,755
Grades 9-12	At Sept. 30	3,901	3,808	3,758	3,753	3,764	3,845	3,866	3,900	3,875	3,909
	End of Year	<u>3,853</u>	<u>3,764</u>	<u>3,753</u>	<u>3,740</u>	<u>3,749</u>	<u>3,807</u>	<u>3,860</u>	<u>3,891</u>	<u>3,878</u>	<u>3,875</u>
TOTAL-Sept.30		11,666	11,624	11,483	11,589	11,928	11,963	12,078	11,968	12,093	12,146
TOTAL-End of Year		11,603	11,525	11,475	11,639	11,922	11,933	12,092	11,967	12,116	12,135
Increase/decrease at September 30		<u>(21)</u>	<u>(42)</u>	<u>(141)</u>	<u>106</u>	<u>339</u>	<u>35</u>	<u>115</u>	<u>(110)</u>	<u>125</u>	<u>53</u>

WEST CHESTER AREA SCHOOL DISTRICT

STUDENT MARKET SHARE ANALYSIS

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total Out-of-District	4,073	4,034	4,164	3,978	3,722	3,484	3,347	3,503	3,316	3,174
% of Total	25.9%	25.8%	26.6%	25.6%	23.8%	22.6%	21.7%	22.6%	21.5%	20.7%
Total In-District	11,666	11,624	11,483	11,589	11,928	11,963	12,078	11,968	12,093	12,146
% of Total	74.1%	74.2%	73.4%	74.4%	76.2%	77.4%	78.3%	77.4%	78.5%	79.3%
Total Students	15,739	15,658	15,647	15,567	15,650	15,447	15,425	15,471	15,409	15,320
Share Change Year-to-Year	1.53%	0.16%	-1.14%	1.44%	2.38%	4.03%	1.11%	-1.21%	1.45%	1.02%
WCASD	11,666	11,624	11,483	11,589	11,928	11,963	12,078	11,968	12,093	12,146
Elementary	5,078	5,026	4,943	5,027	5,340	5,352	5,388	5,225	5,399	5,466
% of Total Elementary	62.8%	62.6%	61.4%	63.3%	66.7%	68.6%	69.4%	67.0%	68.7%	70.0%
Secondary	6,588	6,598	6,540	6,562	6,588	6,611	6,690	6,743	6,694	6,680
% of Total Secondary	86.1%	86.5%	86.0%	86.1%	86.2%	86.5%	87.3%	87.9%	88.7%	88.9%
Out-Of-District	4,073	4,034	4,164	3,978	3,722	3,484	3,347	3,503	3,316	3,174
Elementary	3,005	3,007	3,103	2,918	2,670	2,455	2,372	2,576	2,464	2,340
Private	181	227	229	193	193	201	205	209	201	165
% of Total	1.2%	1.4%	1.5%	1.2%	1.2%	1.3%	1.3%	1.4%	1.3%	1.1%
Religious - Catholic	1,682	1,618	1,615	1,476	1,329	1,226	1,158	1,242	1,204	1,139
% of Total	10.7%	10.3%	10.3%	9.5%	8.5%	7.9%	7.5%	8.0%	7.8%	7.4%
Religious - Other	248	270	329	331	303	289	301	317	349	336
% of Total	1.6%	1.7%	2.1%	2.1%	1.9%	1.9%	2.0%	2.0%	2.3%	2.2%
Charter	670	706	717	678	615	510	482	473	434	403
% of Total	4.3%	4.5%	4.6%	4.4%	3.9%	3.3%	3.1%	3.1%	2.8%	2.6%
Special Education	56	36	50	67	62	63	60	48	34	48
% of Total	0.4%	0.2%	0.3%	0.4%	0.4%	0.4%	0.4%	0.3%	0.2%	0.3%
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	168	150	163	173	168	166	166	287	242	249
% of Total	1.1%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	1.9%	1.6%	1.6%
Secondary	1,068	1,027	1,061	1,060	1,052	1,029	975	927	852	834
Private	35	40	38	36	40	44	48	48	45	39
% of Total	0.2%	0.3%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Religious - Catholic	762	725	812	784	768	727	700	663	616	595
% of Total	4.8%	4.6%	5.2%	5.0%	4.9%	4.7%	4.5%	4.3%	4.0%	3.9%
Religious - Other	84	93	82	75	77	73	76	72	79	80
% of Total	0.5%	0.6%	0.5%	0.5%	0.5%	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	125	106	94	107	136	146	129	131	99	120
% of Total	0.8%	0.7%	0.6%	0.7%	0.9%	0.9%	0.8%	0.8%	0.6%	0.8%
Alternative	62	63	35	58	31	39	22	13	13	-
% of Total	0.4%	0.4%	0.2%	0.4%	0.2%	0.3%	0.1%	0.1%	0.1%	0.0%
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	15,739	15,658	15,647	15,567	15,650	15,447	15,425	15,471	15,409	15,320
Elementary	8,083	8,033	8,046	7,945	8,010	7,807	7,760	7,801	7,863	7,806
Secondary	7,656	7,625	7,601	7,622	7,640	7,640	7,665	7,670	7,546	7,514
TOTAL NO OF BIRTHS (AGE 5)	1,123	1,177	1,035	1,049	1,001	1,032	990	1,065	935	1,026
TOTAL NO. STUDENTS	15,739	15,658	15,647	15,567	15,650	15,447	15,425	15,471	15,409	15,320
Elementary	8,083	8,033	8,046	7,945	8,010	7,807	7,760	7,801	7,863	7,806
Secondary	7,656	7,625	7,601	7,622	7,640	7,640	7,665	7,670	7,546	7,514
Facility Breakdown										
% Public	74.1%	74.2%	73.4%	74.4%	76.2%	77.4%	78.3%	77.4%	78.5%	79.3%
Schools Facilities Not WCASD										
% Private	1.4%	1.7%	1.7%	1.5%	1.5%	1.6%	1.6%	1.7%	1.6%	1.3%
% Religious	17.6%	17.3%	18.1%	17.1%	15.8%	15.0%	14.5%	14.8%	14.6%	14.0%
% Charter	4.3%	4.5%	4.6%	4.4%	3.9%	3.3%	3.1%	3.1%	2.8%	2.6%
% Special Education	0.4%	0.2%	0.3%	0.4%	0.4%	0.4%	0.4%	0.3%	0.2%	0.3%
% CCIU	0.8%	0.7%	0.6%	0.7%	0.9%	0.9%	0.8%	0.8%	0.6%	0.8%
% Alternative	0.4%	0.4%	0.2%	0.4%	0.2%	0.3%	0.1%	0.1%	0.1%	0.0%
% Home School	1.1%	1.0%	1.0%	1.1%	1.1%	1.1%	1.1%	1.9%	1.6%	1.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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WEST CHESTER AREA SCHOOL DISTRICT

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WEST CHESTER AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2022	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2023	Passed Through to Subrecipients
U.S. Department of Education											
Passed through the PA Department of Education											
Title I Grants to Local Educational Agencies	I	84.010	013-230470	07/01/22-09/30/23	\$ 547,689	\$ 511,189	\$ -	\$ 522,002	\$ 522,002	\$ 10,813	\$ -
Language Instruction for Limited English Proficient (LEP)	I	84.365	010-220470	07/01/21-09/30/23	101,031	1,256	-	1,256	1,256	-	-
Language Instruction for Limited English Proficient (LEP)	I	84.365	010-230470	07/01/22-09/30/23	97,986	92,410	-	93,056	93,056	646	-
Total ALN 84.365						93,666	-	94,312	94,312	646	-
Improving Teacher Quality State Grants	I	84.367	020-210470	07/01/20-09/30/21	246,440	73	73	-	-	-	-
Improving Teacher Quality State Grants	I	84.367	020-220470	07/01/21-09/30/22	236,327	-	(2,567)	2,567	2,567	-	-
Improving Teacher Quality State Grants	I	84.367	020-230470	07/01/22-09/30/23	233,671	201,646	-	169,023	169,023	(32,623)	-
Total ALN 84.367						201,719	(2,494)	171,590	171,590	(32,623)	-
Student Support and Academic Enrichment Grant	I	84.424	144-210470	07/01/20-09/30/21	45,412	24,220	24,220	-	-	-	-
Student Support and Academic Enrichment Grant	I	84.424	144-220470	07/01/21-09/30/22	43,216	23,061	12,902	10,159	10,159	-	-
Student Support and Academic Enrichment Grant	I	84.424	144-230470	07/01/22-09/30/23	43,565	16,600	-	30,307	30,307	13,707	-
Total ALN 84.424						63,881	37,122	40,466	40,466	13,707	-
COVID-19 ESSER II	I	84.425D	200-210470	03/13/20-09/30/23	2,122,072	443,216	(89,886)	533,102	533,102	-	-
COVID-19 ESSER III	I	84.425U	223-210470	03/13/20-09/30/24	4,292,337	2,887,572	260,949	3,016,836	3,016,836	390,213	-
COVID-19 ARP ESSER Fund 7% Set Asides Consolidated	I	84.425U	225-210470	03/13/20-09/30/24	333,611	60,657	(7,693)	263,317	263,317	194,967	-
COVID-19 ARP ESSER Fund - Homeless Children and Youth	I	84.425W	181-212473	07/01/21-09/30/22	44,304	13,632	68	12,835	12,835	(729)	-
Subtotal						3,405,077	163,438	3,826,090	3,826,090	584,451	-
Passed through the PA Commission on Crime and Delinquency											
COVID-19 School Health and Safety	I	84.425D	2020-ES-01 34997	03/13/20-09/30/22	377,181	11,485	11,485	-	-	-	-
Passed through Intermediate Unit 13											
A Achieve	I	84.027	C189-9035	07/01/18-09/30/22	2,000	-	(2,000)	-	-	(2,000)	-
Passed through the Chester County I.U.											
IDEA Special Education - Grants to States	I	84.027	62-2200024	07/01/21-09/30/22	1,614,144	1,614,144	1,614,144	-	-	-	-
IDEA Special Education - Grants to States	I	84.027	62-2300024	07/01/22-09/30/23	1,609,561	-	-	1,366,031	1,366,031	1,366,031	-
COVID-19 ARP ESSER IDEA	I	84.027X	62-2200024	07/01/21-09/30/22	389,296	389,296	389,296	-	-	-	-
Total ALN 84.027						2,003,440	2,003,440	1,366,031	1,366,031	1,366,031	-

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<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Source Code</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue July 1, 2022</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue June 30, 2023</u>	<u>Passed Through to Subrecipients</u>
<u>Passed through the Chester County I.U. (cont'd)</u>											
IDEA 619 Funds	I	84.173	131-220024B	07/01/21-06/30/22	7,605	7,605	7,605	-	-	-	-
IDEA 619 Funds	I	84.173	131-230024B	07/01/22-06/30/23	5,504	-	-	5,504	5,504	5,504	-
Total ALN 84.173						7,605	7,605	5,504	5,504	5,504	-
Total U.S. Department of Education						<u>6,298,062</u>	<u>2,218,596</u>	<u>6,025,995</u>	<u>6,025,995</u>	<u>1,946,529</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>											
<u>Passed through the Pennsylvania Department of Public Welfare</u>											
Title XIX Medical Assistance Program	I	93.778	N/A	07/01/22-06/30/23	26,098	26,098	-	26,098	26,098	-	-
Total U.S. Department of Health and Human Services						<u>26,098</u>	<u>-</u>	<u>26,098</u>	<u>26,098</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Agriculture</u>											
<u>Passed through the Pennsylvania Department of Agriculture</u>											
National School Lunch Program	I	10.555	N/A	07/01/21-09/30/22	N/A	-	(3,357)	3,357	3,357	-	-
National School Lunch Program	I	10.555	N/A	07/01/22-09/30/23	N/A	250,238	-	249,596	249,596	(642)	-
Subtotal						<u>250,238</u>	<u>(3,357)</u>	<u>252,953</u>	<u>252,953</u>	<u>(642)</u>	<u>-</u>
<u>Passed through the PA Department of Education</u>											
National School Lunch Program	I	10.555	356	07/01/21-06/30/23	N/A	306,345	(207,836)	192,485	192,485	(321,696)	-
National School Lunch Program	I	10.555	362	07/01/21-06/30/22	N/A	592,714	592,714	-	-	-	-
National School Lunch Program	I	10.555	362	07/01/22-06/30/23	N/A	929,539	-	962,978	962,978	33,439	-
Total ALN 10.555						<u>1,828,598</u>	<u>384,878</u>	<u>1,155,463</u>	<u>1,155,463</u>	<u>(288,257)</u>	<u>-</u>
National School Breakfast Program	I	10.553	365	07/01/21-06/30/22	N/A	124,920	124,920	-	-	-	-
National School Breakfast Program	I	10.553	365	07/01/22-06/30/23	N/A	211,844	-	222,969	222,969	11,125	-
Total ALN 10.553						<u>336,764</u>	<u>124,920</u>	<u>222,969</u>	<u>222,969</u>	<u>11,125</u>	<u>-</u>
Total U.S. Department of Agriculture						<u>2,415,600</u>	<u>506,441</u>	<u>1,631,385</u>	<u>1,631,385</u>	<u>(277,774)</u>	<u>-</u>
Total Federal Awards						<u>\$ 8,739,760</u>	<u>\$ 2,725,037</u>	<u>\$ 7,683,478</u>	<u>\$ 7,683,478</u>	<u>\$ 1,668,755</u>	<u>\$ -</u>
EDUCATION STABILIZATION FUND (ALNs 84.425D, 84.425U, and 84.425W)						<u>\$ 3,416,562</u>	<u>\$ 174,923</u>	<u>\$ 3,826,090</u>	<u>\$ 3,826,090</u>	<u>\$ 584,451</u>	<u>\$ -</u>
SPECIAL EDUCATION CLUSTER (IDEA) (ALNs 84.027 and 84.173)						<u>\$ 2,011,045</u>	<u>\$ 2,009,045</u>	<u>\$ 1,371,535</u>	<u>\$ 1,371,535</u>	<u>\$ 1,369,535</u>	<u>\$ -</u>
CHILD NUTRITION CLUSTER (ALNs 10.553 and 10.555)						<u>\$ 2,415,600</u>	<u>\$ 506,441</u>	<u>\$ 1,631,385</u>	<u>\$ 1,631,385</u>	<u>\$ (277,774)</u>	<u>\$ -</u>

Source Codes

I - Indirect Funding

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

(1) BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards reflects federal expenditures for all individual grants which were active during the fiscal year.

(2) BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

(3) 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 Assistance Listing #10.555 includes surplus food consumed by the District during the 2022-2023 fiscal year. The District has food commodities totaling \$642 in inventory as of June 30, 2023.

(4) 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, 2023 was \$1,068,452.

(5) INDIRECT COSTS

The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. For the year ended June 30, 2023, there were no indirect costs included in the Schedule of Expenditures of Federal Awards.

WEST CHESTER AREA SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2023

There were no audit findings for the year ended June 30, 2022.



**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**

**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 West Chester Area School District, Exton, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise West Chester Area School District's basic financial statements, and have issued our report thereon dated December 13, 2023.

Report on Internal Control Over Financial Reporting

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

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

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Chester Area School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

BBD, LLP

Philadelphia, Pennsylvania
December 13, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Chester Area School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of West Chester Area School District's major federal programs for the year ended June 30, 2023. West Chester Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, West Chester Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Chester Area School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of West Chester Area School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to West Chester Area School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on West Chester Area School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about West Chester Area School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding West Chester Area School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of West Chester Area School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 West Chester Area School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

BBD, LLP

Philadelphia, Pennsylvania
December 13, 2023

WEST CHESTER AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the West Chester Area School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of the West Chester Area School District are reported in the 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.
3. No instances of noncompliance material to the financial statements of the West Chester Area School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the West Chester Area School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:
 - Education Stabilization Fund – Elementary and Secondary Education – Assistance Listing 84.425
 - Special Education Cluster (IDEA):
 - Special Education – Grants to States (IDEA, Part B) – ALN 84.027
 - Special Education – Preschool Grants (IDEA Preschool) – ALN 84.173
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The West Chester Area School District did qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

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