



WEST CHESTER AREA SCHOOL DISTRICT

Educating and inspiring students to achieve their personal best

Dr. James R. Scanlon, Superintendent of Schools

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



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



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



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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

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WEST CHESTER AREA SCHOOL DISTRICT

INTRODUCTORY SECTION





WEST CHESTER AREA SCHOOL DISTRICT

Educating and inspiring students to achieve their personal best

Dr. James R. Scanlon, Superintendent of Schools

December 09, 2020

Dear Community Member,

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

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

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

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

Reporting Entity

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

Profile of the District

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

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

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

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

Budget Process

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

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

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

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

Internal Controls

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

Economic Condition and Outlook

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

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

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

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

Long-term Financial Planning and Financial Policies

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

Major Initiatives

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

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

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

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

Independent Audit

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

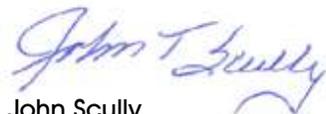
Awards

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

Acknowledgements

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

Respectfully,



John Scully
Director of Business Affairs

WEST CHESTER AREA SCHOOL DISTRICT

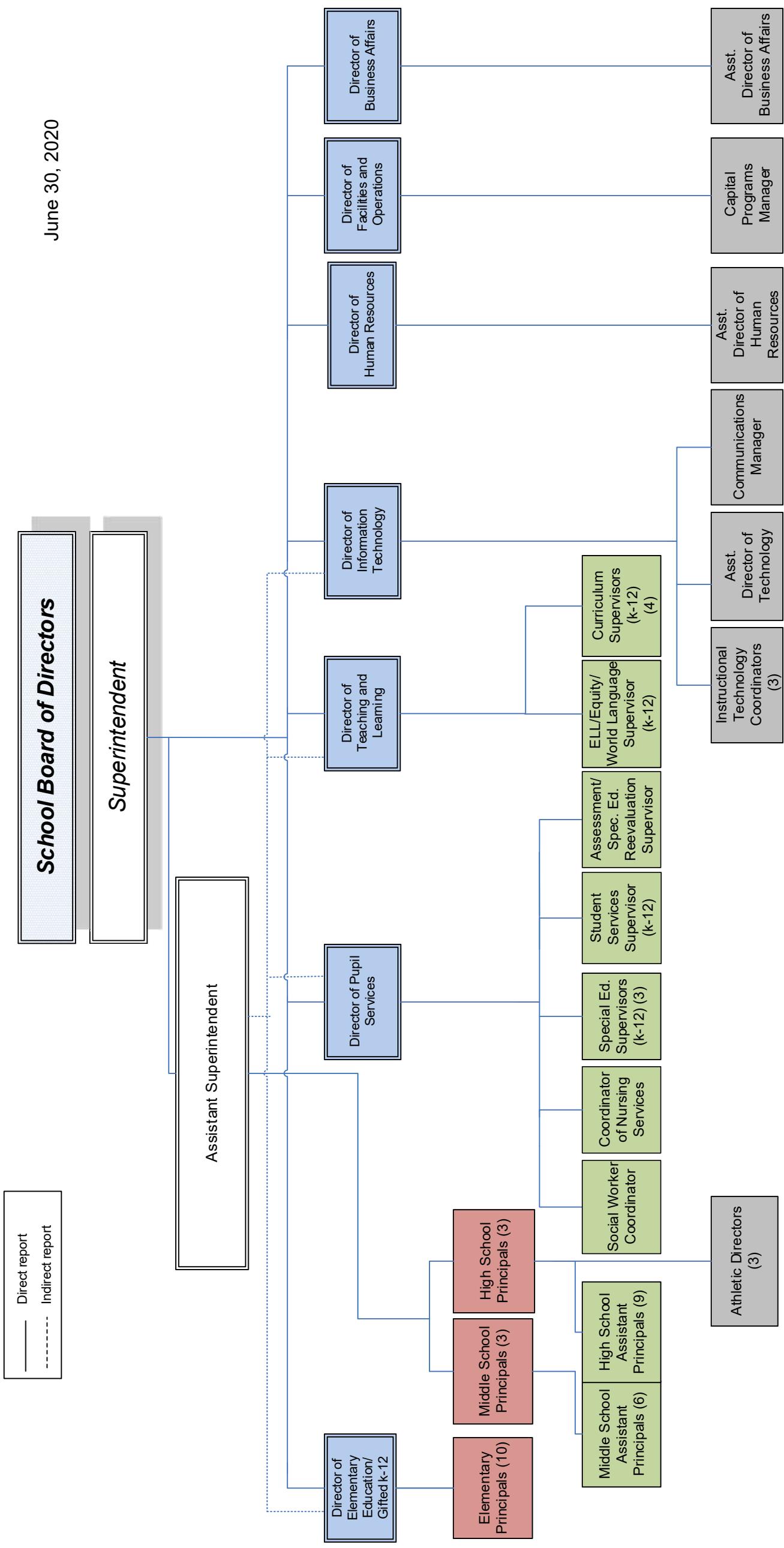
2019-2020 School Board Members

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

District Administrators

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

June 30, 2020



— Direct report
 - - - Indirect report



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

West Chester Area School District

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

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



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

Claire Hertz, SFO
President

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

David J. Lewis
Executive Director

WEST CHESTER AREA SCHOOL DISTRICT

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

December 09, 2020

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Board of School Directors
West Chester Area School District

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 21, and the schedule of the District's proportionate share of the net pension liability - PSERS, schedule of District pension contributions - PSERS, schedule of the District's proportionate share of the net OPEB liability - PSERS, schedule of District OPEB contributions - PSERS, and schedule of changes in the District's net OPEB liability - single employer plan on pages 69 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of School Directors
West Chester Area School District

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

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

INTRODUCTION

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

DISTRICT MISSION STATEMENT

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

DISTRICT PROFILE

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

FINANCIAL HIGHLIGHTS

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

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

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

OVERVIEW OF FINANCIAL STATEMENTS

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

Entity-wide Financial Statements

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

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

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

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

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

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

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

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

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

Fund Level Financial Statements

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT – ENTITY-WIDE STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE DISTRICT FUNDS

General Fund

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

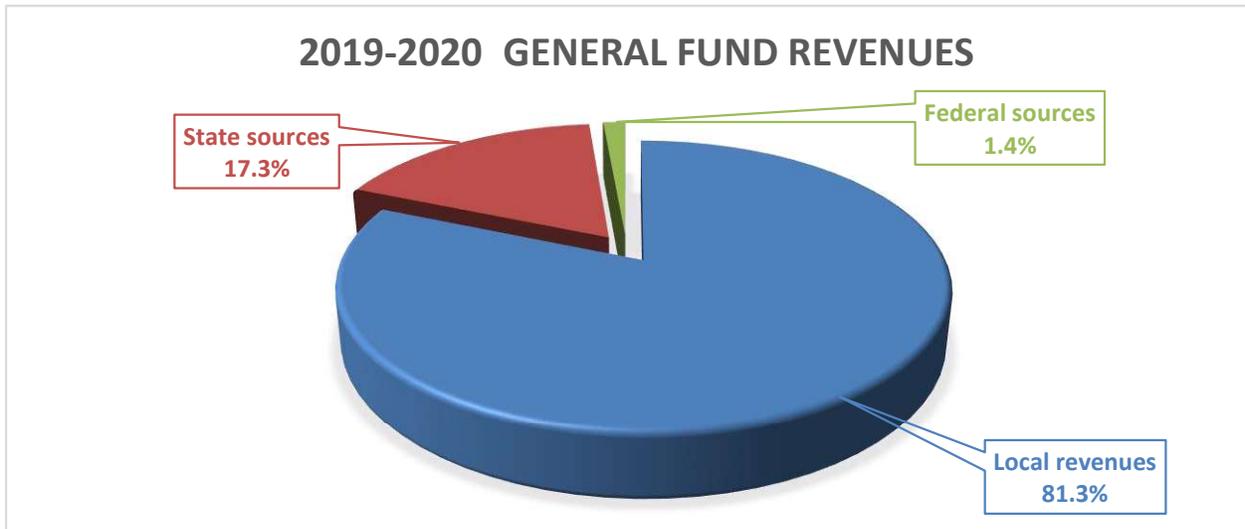
**WEST CHESTER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2020**

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

REVENUE

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

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



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

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

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

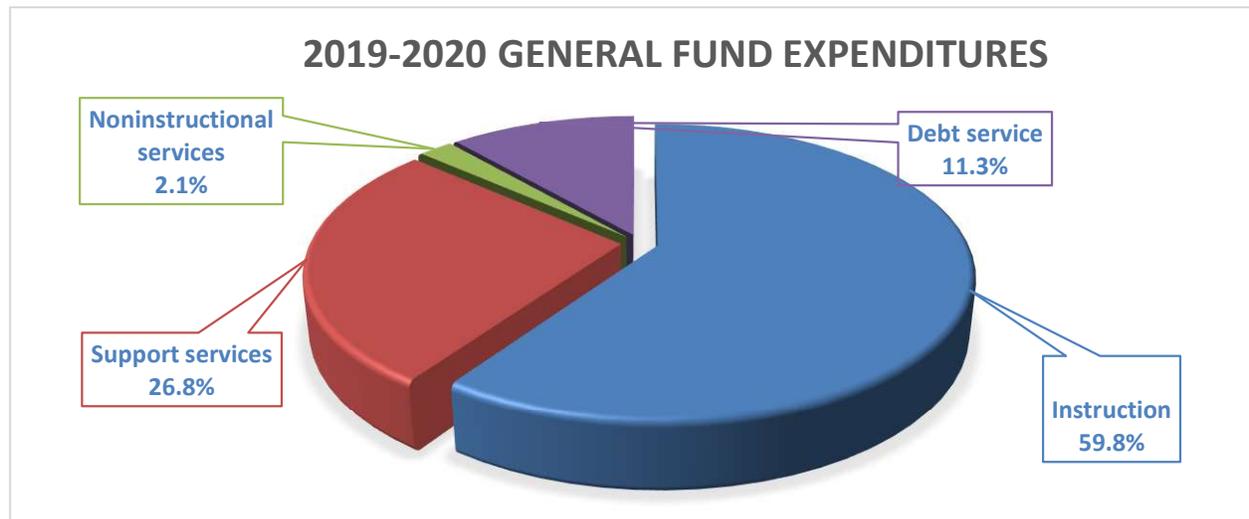
pension rates caused both an increase in the annual pension costs as well as an increase of \$775,349 in the related retirement subsidy reimbursement. In addition to the increase in retirement subsidy, the District had an increase in the Basic Education Fund in the amount of \$388,573.

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

EXPENDITURES

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

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



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

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

Capital Projects Fund

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

Capital Reserve Fund

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

GENERAL FUND BUDGET

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

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

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

CAPITAL ASSETS

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

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

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

DEBT ADMINISTRATION

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

**Debt Service Schedule
June 30, 2020**

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

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

OTHER LONG-TERM LIABILITIES

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

THE DISTRICT'S FUTURE

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

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

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

FINANCIAL MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (55,016)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Entity-wide and Fund Financial Statements

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The District reports the following major government funds:

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

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

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

The District reports the following major proprietary fund:

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenue of the District's enterprise fund is food service charges. Operating expenses for the District's enterprise fund includes food production costs, supplies, and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Additionally, the District reports the following fund types:

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

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Receivables and Payables

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Prepaid Items

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

Inventory

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

Capital Assets

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

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

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

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

Compensated Absences

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Accrued Severance Pay

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

Long-term Obligations

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

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

Deferred Inflows and Deferred Outflows of Resources

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

Fund Equity

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

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

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

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

Net Position

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

Use of Estimates in the Preparation of Financial Statements

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

NOTE 2 BUDGETARY INFORMATION

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 BUDGETARY INFORMATION

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

NOTE 3 DEPOSITS

Custodial Credit Risk

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

NOTE 4 INVESTMENTS

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 INVESTMENTS (cont'd)

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

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

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

Concentration Risk

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

Interest Rate Risk

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 TAXES RECEIVABLE

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

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

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

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

NOTE 6 CAPITAL ASSETS

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS (cont'd)

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

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

Governmental Activities:

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

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable to	Payable from	Amount
General fund	Food service fund	\$ 91,859

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

General Obligation Bonds

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

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

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

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

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

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

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

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

TOTAL BONDS 258,935,000

General Obligation Notes

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

TOTAL NOTES 9,950,000

TOTAL BONDS AND NOTES \$268,885,000

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 LONG-TERM DEBT (cont'd)

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

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

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

NOTE 9 CHANGES IN LONG-TERM LIABILITIES

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

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

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

NOTE 10 CONTINGENT LIABILITIES

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 CONTINGENT LIABILITIES (cont'd)

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

NOTE 11 CONSTRUCTION COMMITMENTS

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

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

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

NOTE 12 RISK MANAGEMENT

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 RISK MANAGEMENT (cont'd)

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

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

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

NOTE 13 PENSION PLAN

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

Benefits Provided

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PENSION PLAN (cont'd)

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

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

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

Member Contributions

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

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

Members who joined the system after June 30, 2001 and before July 1, 2011 contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PENSION PLAN (cont'd)

Employer Contributions

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

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

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

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PENSION PLAN (cont'd)

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

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

Actuarial Assumptions

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PENSION PLAN (cont'd)

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

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

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

Discount Rate

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 PENSION PLAN (cont'd)

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

Pension Plan Fiduciary Net Position

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

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

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

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

Participants

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

Funding Policy

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

Actuarial Assumptions and Other Inputs

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

Discount Rate

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

Withdrawal

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

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

Mortality

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

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

Disability

No disability was assumed.

Retirement

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

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

Salary

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

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

Percent of Eligible Retirees Electing Coverage in Plan

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

Percent Married at Retirement

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

Spouse Age

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

Per Capita Claims Cost

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

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

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

Life Insurance

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Retiree Contributions

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

Healthcare Cost Trend Rate

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

Actuarial Cost Method – Entry Age Normal

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

Sensitivity Analysis

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 POSTEMPLOYMENT HEALTHCARE PLAN (cont'd)

Changes in Total OPEB Liability

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

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

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

OPEB Plan Description

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

Benefits Provided

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

Employer Contributions

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

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

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

Actuarial Assumptions

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

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

The following assumptions were used to determine the contribution rate:

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Discount Rate

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

OPEB Plan Fiduciary Net Position

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

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

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

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

NOTE 17 FUND BALANCES

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

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

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 18 ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

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

NOTE 19 UNCERTAINTIES

COVID-19 Pandemic

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

NOTE 20 DEFICIT NET POSITION

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

NOTE 21 SUBSEQUENT EVENTS

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

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

WEST CHESTER AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION



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

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

WEST CHESTER AREA SCHOOL DISTRICT

STATISTICAL SECTION



STATISTICAL SECTION

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

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

WEST CHESTER AREA SCHOOL DISTRICT

FINANCIAL TRENDS



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

Fiscal Year Ending June 30,	2011	2012	2013	2014	2015 *	2016 *	2017 *	2018 *	2019 *	2020 *
Governmental Activities										
Net investment in capital assets	7,083,089	8,057,190	5,876,233	7,710,407	20,989,220	11,063,839	23,124,893	29,976,250	43,699,285	49,714,318
Restricted: Capital Projects	14,506,078	14,329,759	15,646,701	17,672,551	22,203,300	27,440,218	22,444,089	22,461,479	20,557,393	21,345,455
Unrestricted (deficit)	15,606,135	21,770,088	30,867,282	34,101,596	(234,457,232)	(235,432,024)	(246,710,005)	(278,924,988)	(283,616,991)	(268,378,626)
Net Position Governmental Activities	37,195,302	44,157,037	52,390,216	59,484,554	(191,264,712)	(196,927,967)	(201,141,023)	(226,487,259)	(219,360,313)	(197,318,855)
Business-type Activities										
Net investment in capital assets	184,236	171,996	169,778	224,324	297,638	402,386	590,353	682,070	702,071	657,609
Unrestricted	1,017,896	1,155,906	1,179,940	1,088,267	1,110,539	1,042,569	877,036	849,539	937,095	720,258
Net Position Business-type Activities	1,202,132	1,327,902	1,349,718	1,312,591	1,408,177	1,444,955	1,467,389	1,531,609	1,639,166	1,377,867
Total Primary Government										
Net investment in capital assets	7,267,325	8,229,186	6,046,011	7,934,731	21,286,858	11,466,225	23,715,246	30,658,320	44,401,356	50,371,927
Restricted: Capital Projects	14,506,078	14,329,759	15,646,701	17,672,551	22,203,300	27,440,218	22,444,089	22,461,479	20,557,393	21,345,455
Unrestricted	16,624,031	22,925,994	32,047,222	35,189,863	(233,346,693)	(234,389,455)	(245,832,969)	(278,075,449)	(282,679,896)	(267,658,368)
Net Position Primary Government	38,397,434	45,484,939	53,739,934	60,797,145	(189,856,535)	(195,483,012)	(199,673,634)	(224,955,650)	(217,721,147)	(195,940,986)

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

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

Source: District Audited Financial Statements

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

Fiscal Year Ending June 30,	2011	2012	2013	2014	2015 *	2016 *	2017 *	2018 *	2019 *	2020 *
EXPENSES										
Governmental Activities										
Instruction	117,972,385	119,941,565	121,882,872	121,627,033	133,218,154	144,772,158	155,262,037	156,086,694	153,646,716	148,865,697
Instructional Student Support	15,740,734	14,597,033	14,429,547	15,311,671	16,718,808	17,710,876	18,519,607	18,314,954	18,205,681	18,695,408
Administrative and Financial Support Services	13,956,105	14,211,207	14,417,208	15,643,360	17,552,768	18,127,334	19,342,370	19,943,338	24,435,957	20,927,142
Operation and Maintenance of Plant Services	17,229,991	15,529,375	16,984,316	18,309,057	17,447,190	17,439,654	18,039,504	17,457,046	18,774,548	18,228,580
Pupil Transportation	13,469,612	13,365,853	13,208,001	13,420,543	13,850,307	14,042,517	14,429,271	14,133,742	14,219,229	13,120,151
Student Activities	4,055,872	4,095,132	4,147,431	4,377,690	4,855,516	5,132,865	5,214,620	5,367,392	5,444,746	5,117,896
Community Services	127,041	115,730	145,929	116,354	140,742	142,350	171,227	151,336	148,357	110,805
Interest on Long-term Debt	12,076,323	11,156,020	9,722,107	10,397,433	8,566,732	8,945,807	8,679,619	8,454,782	8,246,501	8,818,963
Total Governmental Activities	195,128,063	193,011,915	194,937,411	199,203,141	212,350,217	226,313,561	239,658,255	239,909,284	243,121,735	233,884,642
Business-type Activities										
Food Service	3,224,517	3,313,442	3,390,811	3,493,078	3,182,033	3,229,852	3,294,375	3,465,882	3,482,919	2,946,728
TOTAL PRIMARY GOVERNMENT ACTIVITIES	198,352,580	196,325,357	198,328,222	202,696,219	215,532,250	229,543,413	242,952,630	243,375,166	246,604,654	236,831,370
PROGRAM REVENUE										
Governmental Activities										
Charges for Service	759,951	846,715	726,912	437,675	362,760	542,986	280,006	205,288	128,167	120,608
Operation and Maintenance of Plant Services	199,984	220,596	298,044	332,728	347,233	402,308	509,869	481,072	444,124	270,577
Student Activities	119,438	123,369	413,737	419,389	423,407	430,050	437,573	515,614	516,532	464,513
Operating Grants and Contributions	22,377,251	22,238,269	23,107,309	23,727,227	26,309,774	27,743,196	32,894,525	34,373,891	34,458,080	35,297,106
Total Governmental Program Revenue	23,456,624	23,428,949	24,546,002	24,917,019	27,443,174	29,118,540	34,121,973	35,573,865	35,546,903	36,152,804
Business-type Activities										
Charges for Services	2,511,962	2,604,560	2,549,584	2,549,726	2,335,418	2,293,122	2,493,463	2,605,888	2,627,303	1,883,936
Operating Grants and Contributions	786,659	832,383	861,272	904,898	940,701	973,508	823,346	908,238	921,644	779,634
Total Business Type Program Revenues	3,298,621	3,436,943	3,410,856	3,454,624	3,276,119	3,266,630	3,316,809	3,514,126	3,548,947	2,663,570
TOTAL PRIMARY GOVERNMENT REVENUES	26,755,245	26,865,892	27,956,858	28,371,643	30,719,293	32,385,170	37,438,782	39,089,991	39,095,850	38,816,374
NET REVENUES (EXPENSES)										
Governmental Activities	(171,671,439)	(169,582,966)	(170,391,409)	(174,286,122)	(184,907,043)	(197,195,021)	(205,536,282)	(204,333,419)	(207,574,832)	(197,731,838)
Business-type Activities	74,104	123,501	20,045	(38,454)	94,086	36,778	22,434	48,244	66,028	(283,188)
TOTAL PRIMARY GOVERNMENT NET REVENUES	(171,597,335)	(169,459,465)	(170,371,364)	(174,324,576)	(184,812,957)	(197,158,243)	(205,513,848)	(204,285,175)	(207,508,804)	(198,014,966)
GENERAL REVENUES										
Property Taxes, Levied for General Purpose	145,008,645	144,010,889	147,198,156	147,270,504	151,649,702	155,710,300	161,164,936	166,944,204	173,161,730	177,781,018
Taxes Levied for Specific Purpose	19,764,970	21,581,847	22,388,938	23,154,723	23,565,368	24,321,396	27,524,533	26,082,351	26,230,460	26,466,353
Grants, Entitlements, and Contributions	12,573,663	10,654,228	10,472,277	10,652,411	10,859,971	10,928,639	11,552,814	11,745,770	11,889,779	12,408,464
Not Restricted to Specific Programs	135,772	196,339	155,424	137,174	258,288	392,047	889,980	1,685,449	3,309,319	2,970,687
Investment Earnings	-	9,929	5,300	20,608	70,058	-	9,572	(4,313)	-	-
Gain on Sale of Asset	103,408	93,938	496,037	146,367	132,287	179,384	181,391	218,346	152,019	168,635
Other	177,586,458	176,546,970	180,716,132	181,381,787	186,535,674	191,531,766	201,323,226	206,671,807	214,743,307	219,795,157
Total General Revenues	5,989,123	7,087,505	10,344,768	7,057,211	1,722,717	(5,626,477)	(4,190,622)	2,388,632	7,234,503	21,780,161

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

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

Source: District Audited Financial Statements

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

Fiscal Year Ending June 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
*Non-spendable	-	1,277,682	1,918,300	3,482,456	4,128,770	2,066,625	2,688,371	2,649,038	2,748,654	2,912,426
*Restricted	-	1,892,658	1,894,735	-	-	-	-	-	-	-
*Committed										
Pension	1,200,000	3,700,000	5,000,000	4,500,000	2,117,000	2,117,000	1,117,000	-	-	-
Healthcare	1,558,100	2,677,700	4,171,100	4,856,190	4,899,442	4,159,909	4,159,909	4,159,909	4,159,909	4,159,909
*Assigned										
Gate Receipts	95,549	124,160	102,739	119,782	115,700	89,487	79,324	69,756	83,577	128,904
Alternative Education	-	-	-	-	-	-	500,000	676,000	1,000,000	1,000,000
Enrollment Growth	-	-	-	-	-	-	-	-	2,500,000	3,500,000
Tax Stabilization	-	3,349,200	6,830,500	5,951,300	5,646,426	5,471,005	7,227,366	11,304,138	13,945,496	29,486,832
Unassigned	15,609,035	12,354,604	12,454,515	14,441,344	14,758,221	14,856,952	13,008,223	13,047,547	14,431,188	14,267,415
Total General Fund Fund Balance	18,462,684	25,376,004	32,371,889	33,351,072	31,665,559	28,760,978	28,780,193	31,906,388	38,866,824	55,455,486
All other funds										
Reserved - Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Reserved - Capital Reserve Fund	-	-	-	-	-	-	-	-	-	-
Unreserved - Non-major Funds	-	-	-	-	-	-	-	-	-	-
*Non-Spendable - Capital Projects Fund	-	-	-	-	-	-	-	3,500	-	3,500
*Non-Spendable - Capital Reserve Fund	-	-	-	-	-	-	-	304,850	632,750	583,400
*Restricted - Capital Projects Fund	5,838,643	793,496	7,119,899	8,376,597	-	4,038,838	4,354,841	4,841,678	-	24,354,297
*Restricted - Capital Reserve Fund	14,506,078	14,329,759	15,646,701	17,672,551	22,203,300	27,440,218	22,444,089	22,156,629	19,924,643	20,762,055
*Assigned - Capital Projects Fund	94,700	-	-	-	-	-	-	-	-	-
*Unassigned - Capital Projects Fund	-	-	-	-	(3,451,176)	-	-	-	(1,309,859)	-
Total Other Funds	20,439,421	15,123,255	22,766,600	26,049,148	18,752,124	31,479,056	26,798,930	27,306,657	19,247,534	45,703,252
TOTAL FUND BALANCE	38,902,105	40,499,259	55,138,489	59,400,220	50,417,683	60,240,034	55,579,123	59,213,045	58,116,358	101,158,738

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

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

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

Source: District's Audited Financial Statements

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Local	165,072.4	167,580.4	171,524.8	172,073.7	176,800.8	182,121.6	190,954.0	196,055.3	203,172.8	207,997.2
Real Estate	141,220.9	140,718.6	143,413.1	143,904.6	148,403.7	152,710.0	157,685.1	164,235.5	170,684.5	174,620.8
Current	140,160.5	139,648.0	141,839.9	143,225.1	147,447.7	151,929.0	156,989.6	163,169.6	169,592.6	173,636.8
Interim	1,060.4	1,070.6	1,573.2	679.5	956.0	780.9	695.5	1,092.0	1,092.0	984.1
Earned Income	17,080.7	18,095.8	18,691.5	19,460.5	19,360.0	20,118.5	21,336.5	21,121.8	21,510.4	21,583.6
Real Estate Transfer	2,466.0	3,260.7	3,473.6	3,724.7	4,145.2	4,207.4	6,115.0	4,983.5	4,420.7	4,657.3
Other Taxes PURTA	218.3	225.3	223.8	210.8	214.7	198.3	196.7	183.3	192.8	177.6
Delinquent Taxes	2,805.7	3,816.1	4,069.9	3,365.9	3,246.0	3,000.3	3,479.8	2,708.7	2,477.2	3,160.2
Investment Earnings	118.4	173.6	129.8	71.0	165.5	332.2	731.9	1,402.3	2,657.0	2,179.0
Gate Receipts	119.4	123.4	122.9	130.7	136.3	152.9	160.6	150.9	162.8	161.9
Other	1,043.0	1,166.8	1,400.2	1,205.5	1,129.4	1,401.8	1,248.3	1,269.4	1,068.4	857.8
State	28,254.9	28,615.9	29,520.4	31,717.8	34,209.9	35,806.5	41,156.6	42,748.0	42,679.1	44,089.0
Student Subsidies	22,424.6	21,754.7	21,204.2	21,371.8	21,729.3	21,234.5	24,125.8	24,332.1	23,436.2	23,988.4
Basic Instruction	6,029.5	7,050.1	7,047.0	7,247.3	7,239.7	7,573.2	8,012.2	8,202.4	8,421.6	8,810.2
Special Education	5,080.8	5,146.9	5,355.9	5,311.1	5,413.4	5,801.6	5,902.9	6,454.1	6,128.9	6,125.2
Tuition Private Home Placement	-	17.6	121.7	113.9	113.5	179.4	236.2	191.4	231.1	173.7
Transportation	4,434.4	4,295.1	3,710.0	3,750.5	3,637.2	3,671.8	3,674.1	3,736.8	3,313.9	3,260.1
Medical, Dental, and Nurse	273.8	273.9	261.5	256.8	222.3	253.9	256.4	250.3	255.3	252.5
Rent	1,074.7	1,224.8	1,151.2	1,160.4	1,181.7	-	2,104.1	1,554.5	1,163.8	1,121.1
Charter Schools	1,478.9	-	-	-	-	-	-	-	-	-
Ready to Learn Block Grants / Accountability Grants	322.4	126.6	126.7	126.7	303.2	399.1	399.1	399.1	399.1	399.1
Property Tax Relief	3,708.3	3,604.0	3,425.3	3,405.1	3,620.3	3,355.4	3,540.6	3,543.4	3,468.1	3,598.3
Other	21.9	15.7	4.9	-	-	-	-	-	54.2	248.3
Teacher Subsidies	5,830.2	6,861.2	8,316.2	10,346.1	12,480.7	14,572.0	17,030.9	18,415.8	19,243.0	20,100.6
Social Security	3,319.2	3,173.0	3,084.5	3,148.8	3,163.7	3,194.0	3,450.6	3,337.5	3,415.4	3,497.6
Retirement	2,511.1	3,688.2	5,231.7	7,197.3	9,317.0	11,378.0	13,580.3	15,078.3	15,827.6	16,602.9
Federal	6,866.5	4,121.7	4,059.2	2,661.8	2,959.8	2,865.3	3,290.7	3,371.7	3,668.7	3,616.5
Title I	1,675.2	1,341.4	1,752.2	459.6	818.0	828.9	1,013.2	867.6	704.5	598.8
Title II	416.8	311.2	249.0	199.4	293.9	374.0	384.1	247.2	207.9	267.5
Basic Education ARRA Funds	834.0	-	-	-	-	-	-	-	-	-
IDEA - ARRA funds	820.7	-	-	-	-	-	-	-	-	-
Ed Jobs - ARRA	494.1	7.3	0.4	-	-	-	-	-	-	-
Title I - ARRA	471.8	249.3	-	-	-	-	-	-	-	-
IDEA	1,235.6	1,310.3	1,282.4	1,154.7	1,215.8	1,199.7	1,333.6	1,318.1	1,331.4	1,341.0
MA Direct Services/Time Study	768.6	773.4	659.4	722.7	516.0	305.5	467.1	803.0	1,251.2	1,021.7
Other	149.6	128.8	115.8	125.5	116.0	157.2	92.7	135.8	173.8	387.6
Local Taxes and Subsidies	200,193.7	200,318.0	205,104.4	206,453.4	213,970.5	220,793.4	235,401.3	242,175.0	249,520.6	255,102.7

Source: District Budget Control Forecast Model

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

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

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

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

Source: District Budget Control Forecast Model

WEST CHESTER AREA SCHOOL DISTRICT

REVENUE CAPACITY



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

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

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

Source: District Annual Financial Report (AFR)

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

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

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

Source: County Land Use Code Report

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

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

Source: State Tax Equalization Board

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

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

Source: Chester County website

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

Source: Delaware County website

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

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

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

Source: District Fact Books

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

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

Source: District Tax Records

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

DEBT CAPACITY



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

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

Source: District Annual Financial Statements PDE 2057

* Includes other financing sources

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

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

Fiscal Year	Emmaus Note 2009	Series AA of 2010		Series A of 2012		Series AA of 2012		Series 2013		Series 2014		Series A 2014		Series AA 2014		Series A 2015		Series AA 2015		Series 2016		Series A 2016		Series AA 2016		Series 2017		Series A 2017		Series 2018		Series 2019		Total
		GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	GOR	GOB	
2020-2021	650,000	3,420,000	-	7,360,000	850,000	-	1,085,000	295,000	5,000	755,000	1,935,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	16,995,000
2021-2022	650,000	4,410,000	-	7,620,000	-	-	1,185,000	305,000	5,000	770,000	2,035,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	17,630,000
2022-2023	520,000	-	5,000	-	-	-	14,570,000	315,000	5,000	-	2,130,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	18,210,000
2023-2024	645,000	-	5,000	-	-	-	8,745,000	325,000	5,000	-	2,235,000	5,875,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	18,515,000
2024-2025	675,000	-	5,000	-	-	5,000	-	5,700,000	5,000	-	-	12,270,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	19,350,000
2025-2030	6,810,000	-	12,220,000	-	-	6,805,000	-	49,230,000	5,640,000	-	-	13,850,000	4,115,000	2,810,000	4,750,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	106,280,000
2030-2035	-	-	8,765,000	-	-	5,190,000	-	-	4,005,000	-	-	-	4,345,000	-	-	4,965,000	5,150,000	11,700,000	44,120,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,120,000
2035-2040	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,785,000	
Total Principal	9,950,000	7,830,000	21,000,000	14,980,000	850,000	12,000,000	25,585,000	56,170,000	9,670,000	1,525,000	8,335,000	32,010,000	8,485,000	6,020,000	9,740,000	9,985,000	34,750,000	268,885,000	9,950,000	9,985,000	34,750,000	268,885,000	9,985,000	9,985,000	34,750,000	268,885,000	9,985,000	9,985,000	34,750,000	268,885,000	9,985,000	9,985,000	34,750,000	268,885,000

Source: District Debt Service Schedules

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

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

(1) As of December 31, 2019

(2) Source: County of Chester

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

(4) Source: County of Delaware CAFR

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

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

(1) Source: District Fact Book

(2) Source: 2010 Census

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

(4) Source: District Audit Report

WEST CHESTER AREA SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC INFORMATION



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

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

* As estimated by U.S. Census Bureau

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

(1) Source: U.S. Census

(2) Source: PA Dept. of Education

WEST CHESTER AREA SCHOOL DISTRICT
Key Economic and Housing Indices

Household Income

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

Labor Force and Employment

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

Housing Value

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

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

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

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

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

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

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

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

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

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

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

Source: *District Fact Book*

**WEST CHESTER AREA SCHOOL DISTRICT
DISTRICT FACILITIES**

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

* Fugett acreage included in East HS site area

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

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

Source: District Personnel Budget Documentation

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

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

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

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

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

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

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

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

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

WEST CHESTER AREA SCHOOL DISTRICT

SINGLE AUDIT





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

December 09, 2020

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Chester Area School District ("the District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 09, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Board of School Directors
West Chester Area School District

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP



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

December 09, 2020

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

Report on Compliance for the Major Federal Program

We have audited the West Chester Area School District's ("the District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Board of School Directors
West Chester Area School District

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

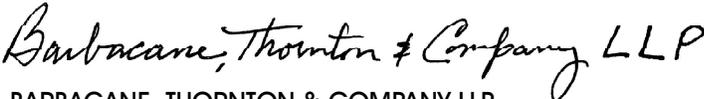
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP

**WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning - Ending	Program or Award Amount	Total Received for Year	Accrued (Unearned) Revenue 07/01/19	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 06/30/20	Passed Through to Subrecipients
U.S. Department of Education										
Passed through Pennsylvania Department of Education										
I	84.010	013-200470	07/01/19-09/30/20	\$ 598,796	\$ 518,957	\$ -	\$ 598,796	\$ 598,796	\$ 79,839	-
I	84.010	013-190470	07/01/18-09/30/19	704,767	93,929	93,929	-	598,796	-	-
					612,886	93,929		598,796	79,839	-
I	84.365	010-200470	07/01/19-09/30/20	91,336	30,446	-	13,563	13,563	(16,883)	-
I	84.365	010-190470	07/01/18-09/30/19	100,578	48,341	3,177	45,164	45,164	-	-
					78,787	3,177	58,727	58,727	(16,883)	-
I	84.367	020-200470	07/01/19-09/30/20	237,878	110,762	-	145,877	145,877	35,115	-
I	84.367	020-190470	07/01/18-09/30/20	263,308	141,515	19,884	121,631	121,631	-	-
					252,277	19,884	267,508	267,508	35,115	-
I	84.424	144-200470	07/01/19-09/30/20	52,725	17,575	-	6,781	6,781	(10,794)	-
I	84.424	144-190470	07/01/18-09/30/20	59,965	3,998	(2,469)	6,467	6,467	-	-
					21,573	(2,469)	13,248	13,248	(10,794)	-
I	84.425	200-200470	03/13/20-09/30/21	491,818	51,770	-	261,754	261,754	209,884	-
I	84.027	C189-9035	07/01/18-09/30/21	2,000	2,000	-	-	-	(2,000)	-
Passed through Chester County IU										
I	84.027	62-1900024	07/01/19-09/30/20	1,423,436	687,482	-	1,334,850	1,334,850	647,368	-
I	84.027	62-1800024	07/01/18-09/30/19	1,326,870	530,748	530,748	-	-	-	-
					1,218,230	530,748	1,334,850	1,334,850	647,368	-
I	84.173	131-200024B	07/01/19-06/30/20	6,100	-	-	6,100	6,100	6,100	-
I	84.173	131-1900024B	07/01/18-06/30/19	4,500	4,500	4,500	-	-	-	-
					4,500	4,500	6,100	6,100	6,100	-
TOTAL U.S. DEPARTMENT OF EDUCATION										
U.S. Department of Health and Human Services										
Passed through Pennsylvania Department of Public Welfare										
I	93.778	N/A	07/01/19-06/30/20	30,027	30,027	-	30,027	30,027	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										

Continued on next page.

**WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning - Ending	Program or Award Amount	Total Received for Year	Accrued (Unearned) Revenue 07/01/19	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 06/30/20	Passed Through to Subrecipients
U.S. Department of the Treasury											
Passed through Pennsylvania Commission on Crime and Delinquency	I	21-019	2020-CS-01-33726	07/01/20-10/30/20	584,868	-	-	53,861	53,861	53,861	-
Maintaining a Healthy Learning Environment											
Total U.S. Department of the Treasury								53,861	53,861	53,861	
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program	I	10-555	N/A	07/01/19-06/30/20	N/A	124,093	(2,004)	121,088	121,088	(3,005)	-
National School Lunch Program	I	10-555	N/A	07/01/18-06/30/19	N/A	-	(2,004)	2,004	2,004	-	-
						124,093	(2,004)	123,082	123,082	(3,005)	-
Passed through Pennsylvania Department of Education											
National School Lunch Program	I	10-555	362	07/01/19-06/30/20	N/A	476,009	-	495,504	495,504	19,495	-
National School Lunch Program	I	10-555	362	07/01/18-06/30/19	N/A	25,130	25,130	-	-	-	-
						501,139	25,130	495,504	495,504	19,495	-
Total CFDA #10-555						625,232	23,126	618,596	618,596	16,490	-
School Breakfast Program	I	10-553	365	07/01/19-06/30/20	N/A	105,262	-	115,570	115,570	10,308	-
School Breakfast Program	I	10-553	365	07/01/18-06/30/19	N/A	6,698	6,698	-	-	-	-
Total CFDA #10-553						111,960	6,698	115,570	115,570	10,308	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						737,192	29,824	734,166	734,166	26,798	-
TOTAL FEDERAL AWARDS						\$ 3,009,242	\$ 679,593	\$ 3,359,037	\$ 3,359,037	\$ 1,029,388	\$ -
SPECIAL EDUCATION CLUSTER (IDEA) (CFDAs #84.027 AND #84.173)						\$ 1,222,730	\$ 535,248	\$ 1,340,950	\$ 1,340,950	\$ 653,468	\$ -
CHILD NUTRITION CLUSTER (CFDAs #10.553 AND #10.555)						\$ 737,192	\$ 29,824	\$ 734,166	\$ 734,166	\$ 26,798	\$ -

Source Code:

I - Indirect Funding

WEST CHESTER AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF PRESENTATION

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

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

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under CFDA #10.555 includes surplus food consumed by the District during the 2019-2020 fiscal year. The District has food commodities totaling \$3,005 in inventory as of June 30, 2020.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2020 was \$991,661.

NOTE E INDIRECT COST

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance. For the year ended June 30, 2020, there were no indirect costs included in the schedule of expenditures of federal awards.

WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major program:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

 Yes X No

Identification of major program:

CFDA Numbers _____

Name of Federal Program or Cluster _____

84.027 and 84.173

Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

WEST CHESTER AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.