



WEST CHESTER AREA SCHOOL DISTRICT

*Inspiring students to achieve their personal best*

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**



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



**WEST CHESTER AREA SCHOOL DISTRICT**

*Inspiring students to achieve their personal best*

**ANNUAL  
COMPREHENSIVE  
FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2022**



**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



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# WEST CHESTER AREA SCHOOL DISTRICT

*Inspiring students to achieve their personal best*

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December 12, 2022

Dear Community Member,

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of West Chester Area School District for the fiscal year ended June 30, 2022. This District's Business Office prepared this report.

The ACFR is published to present complete and accurate financial information on all the funds and financial activities of the District for the 2021-22 fiscal year. The Business Office staff and management are responsible for the accuracy of the statements, notes, schedules and statistical tables. We believe that the information in the report is a fair presentation of the financial position and the results of operations of the District based upon a comprehensive framework of internal controls that have been established for this purpose. The report is prepared in accordance with generally accepted accounting and financial reporting principles applicable to governmental entities in the United States of America. Most importantly, this report will provide the reader with a comprehensive understanding of the District's financial affairs.

BBD, LLP, an independent firm of certified public accountants, have audited the District's financial statements. They have issued an unmodified opinion on the West Chester Area School District's financial statements for the Year ending June 30, 2022. Their report is located at the beginning of the Financial Section of the ACFR.

The Management's Discussion and Analysis (MD&A), which follows the independent auditors' report, provides an overview of the District's financial performance during the fiscal year ending June 30, 2022. It should be read in conjunction with this transmittal letter and the District's basic financial statements.

## **Reporting Entity**

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

## **Profile of the District**

The West Chester Area School District was formed by Pennsylvania state law and began operations on July 1, 1966. The population of the school district is approximately 112,000. The District encompasses several communities in Chester County and one in western Delaware County. The District covers an area of approximately 75-square-miles. The School District's boundaries are coterminous with those of the Borough of West Chester, and the Townships of East Bradford, East Goshen, Thornbury, West Goshen, Westtown and West Whiteland in Chester County and the Township of Thornbury in Delaware County. The Borough of West Chester, located in the geographic center of the School District and is the county seat for Chester County, is approximately 25 miles west of Philadelphia. The Borough of West Chester is the financial and professional center for the surrounding area. The Townships are principally residential in character, with regional shopping centers and industrial parks.

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

The purpose of the District is to provide an education system Kindergarten through 12<sup>th</sup> grade, including regular instruction, special instruction, vocational education and support services to the approximately 15,500 students that live within the School District boundaries. To accomplish this goal, the District operates eleven (11) elementary schools, three (3) middle schools and three (3) high schools. The District maintains seventeen school buildings that were initially built in the years spanning 1940 through 2021 (for additional information please see the district facilities page in the statistical section of this report). Additionally, the District is required to pay the tuition for the 434 children that live within the District boundaries that attend charter schools. During the year ending June 30, 2022, the District paid \$7,812,129 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 continually evaluates these policies and procedures to ensure the adequacy and effectiveness of the internal control structure.

### **Economic Condition and Outlook**

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

December 12, 2022

That having been said, the District has been impacted by a number of factors. In 2006, the Pennsylvania General Assembly passed into law Act 1 of 2006. This law places restrictions on the amount that School Districts can raise property taxes to within a cost of living increase. The law does allow for exceptions to Act 1 tax increase above the index for Special Education and State Retirement purposes. In 2021-22, the index allowed for a 3.0 percent increase in property taxes and the School Board opted to increase property tax 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 a slight growth over the past few years. The District pension program, which is administered by the State, continues to show increases in pension rates through 2026-27. The District contribution rate has increased from the 2020-21 contribution rate of 34.51 percent to the projected rate of 34.94 percent in 2021-22. State revenue increased moderately during the past year although the District anticipates minimal increases in the upcoming years. The District experienced a reduction in federal revenues during the 2021-22 fiscal year, as the available CARES federal funds are winding down.

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

### **Long Term Financial Planning and Financial Policies**

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

### **Major Initiatives**

The District is in the middle of a multiyear elementary school renovation project. The most recent elementary school master plan includes renovations of the District's existing ten (10) elementary schools between 2011-2012 and 2025-2026. In 2021-2022, the District started phase I of construction of Glen Acres Elementary School. The original construction and renovation of the District buildings is included in the statistical section of the ACFR under operating information.

Over the past several years, the District has seen an increase in approved residential developments in the school district, resulting in approximately 2,800 new units. The District believes the strength of our educational programming is attractive to new families, and we expect to see about 750 new students from these homes, 500 of which will attend elementary schools. To accommodate the additional influx of students the District has completed construction of Greystone Elementary School, the District's eleventh elementary school, which was opened for the beginning of 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.

### **Independent Audit**

The District engages an independent certified public accounting firm to audit the School District's annual financial statements. The auditor's report on the Fiscal 2021-2022 financial statements is included in the Financial Section of this report and complies with applicable guidelines.

December 12, 2022

### **Awards**

The Association of School Business Officials International (ASBO) awarded the Certificate of Excellence (COE) in Financial Reporting to the West Chester Area School district for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This award confirms the school business officials' commitment to financial accountability and transparency. Recognition through the COE program can help strengthen a district's presentation for bond issuance statements and promotes a high level of financial reporting.

### **Acknowledgements**

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

Respectfully,



John Scully  
Director of Business Affairs

# WEST CHESTER AREA SCHOOL DISTRICT

## *PRINCIPAL OFFICIALS*

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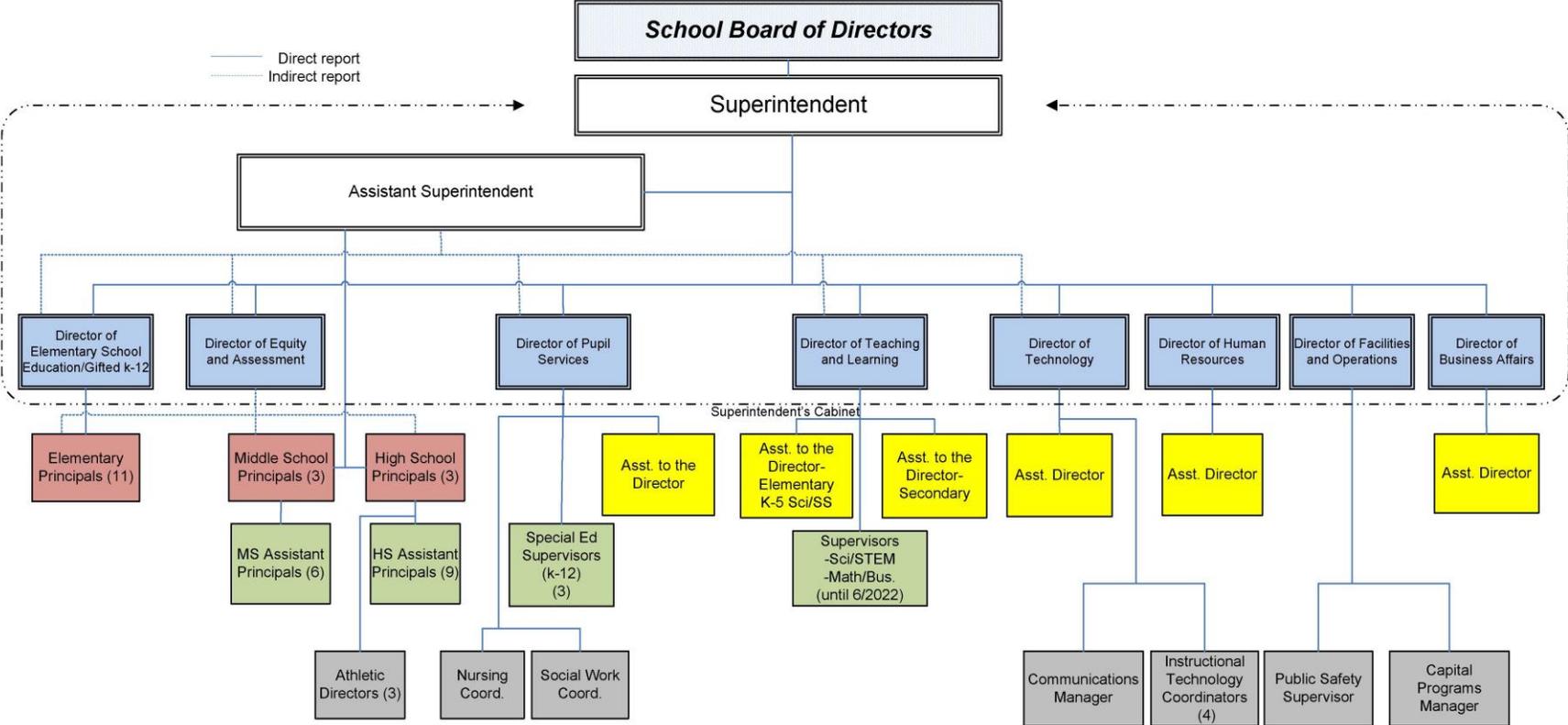
### WEST CHESTER AREA SCHOOL DISTRICT

#### 2021-22 School Board Members

|                 |                             |
|-----------------|-----------------------------|
| Sue Tiernan     | School Board President      |
| Gary Bevilacqua | School Board Vice President |
| Joyce Chester   | Member                      |
| Laura Detre     | Member                      |
| Daryl Durnell   | Member                      |
| Karen Fleming   | Member                      |
| Karen Herrmann  | Member                      |
| Kate Shaw       | Member                      |
| Stacey Whomsley | Member                      |

#### District Administrators

|                       |                                       |
|-----------------------|---------------------------------------|
| Dr. Robert Sokolowski | Superintendent                        |
| Dr. Kalia Reynolds    | Assistant Superintendent              |
| Dr. Tammi Florio      | Director of Teaching and Learning     |
| Dr. Sara Missett      | Director of Elementary Education      |
| Wayne Birster         | Director of Facilities and Operations |
| Michael Wagman        | Director of Information Technology    |
| Dr. Jeff Ulmer        | Director of Human Resources           |
| John Scully           | Director of Business Affairs          |
| Dr. Leigh Ann Ranieri | Director of Pupil Services            |
| Dawn Mader            | Director of Equity and Assessment     |



— Direct report  
- - - Indirect report

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ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

## West Chester Area School District

for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021.

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



A handwritten signature in black ink, appearing to read 'Will Sutter'.

William A. Sutter  
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis  
Executive Director

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# WEST CHESTER AREA SCHOOL DISTRICT

## FINANCIAL SECTION



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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Chester Area School District, Exton, Pennsylvania as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise West Chester Area School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Chester Area School District, Exton, Pennsylvania as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, West Chester Area School District adopted new accounting guidance, GASB Statement No. 87, "Leases". Our opinions are not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Chester Area School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Chester Area School District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability -PSERS and OPEB plan contributions – PSERS on pages 11 through 19 and 60 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

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

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

***Other Information Included in the Financial Statements***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of West Chester Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Chester Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Chester Area School District's internal control over financial reporting and compliance.

BBD LLP

**Philadelphia, Pennsylvania  
December 12, 2022**

# WEST CHESTER AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

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### INTRODUCTION

The discussion and analysis of the financial performance of West Chester Area School District (the "*District*") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers also should review the financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

### DISTRICT MISSION STATEMENT

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

### DISTRICT PROFILE

The District consists of eleven elementary schools, three middle schools and three high schools, serving 12,100 students. The District serves a 75 square-mile suburban, urban and rural area in Chester County, Pennsylvania and is comprised of West Chester Borough and the surrounding townships of East Goshen, West Goshen, East Bradford, West Whiteland, Westtown and Thornbury in Chester County and Thornbury Township in Delaware County. The Staff, headed by Superintendent Dr. Robert Sokolowski, includes more than 950 teachers, 60 administrators and 400 support staff. More than 70% of our certified teaching staff, and 100% of our administrative staff hold advanced degrees. Student achievement is the primary focus in the district as it is consistently ranked among the best in the state and nation. 2022 recognitions include US 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 25 out of 495 Pennsylvania school districts, and The National Music Merchants recognized the District as one of the best communities for music education. In 2022, 29 District students were named national merit scholars and 312 students were named AP scholars.

### FINANCIAL HIGHLIGHTS

- The largest District revenue stream is local property tax. In 2021-22, the School Board raised property taxes 1.80 percent or 0.3982 mills. The taxpayers in Chester County were assessed for property taxes at 22.0604 mills. (Please note that one mill is equal to one-tenth of a cent or \$0.001 of assessed value.) The 2021-22 Delaware County tax rate was adjusted to reflect the Countywide reassessment. Delaware County tax rate was assessed based upon the equalized millage calculation and the Countywide reassessment, which resulted in a decrease in tax rate from 16.6626 mills in 2020-21 to 9.5164 mills in 2021-22.
- On a fund level reporting basis, compared to the prior year, the District's General Fund total revenues, excluding other financing sources, increased 6.32 percent or \$16,505,146. This increase was driven by property tax revenue growth, earned income tax revenue growth, real estate transfer tax revenue growth and retirement state subsidy revenue.
- On a fund level reporting basis, compared to the prior year, the District's General Fund expenditures increased \$19,381,964 or 8.08 percent. This increase was the result of planned contract increases for salaries for the professional staff, retirement costs and medical benefits costs. Salary expense increased by \$5,517,614 or 5.41 percent. Benefits expense increased by \$5,703,035 or 9.74 percent.
- The statement of net position reflects the actuarially determined net pension liability of \$291,380,000, deferred outflows of resources of \$58,085,055 comprising contributions by the District made after the measurement date of June 30, 2021, contributions in excess of the required contribution made in the year of the measurement date and charges in the District's proportionate share of the net pension liability, and deferred inflows of resources of \$50,434,000 comprised of investment returns on pension assets over projected returns and differences between the actuarially expected and actual experience to be recognized as a future reduction in pension expense, and a decrease in the liability until fully recognized.

# WEST CHESTER AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

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- On an entity-wide basis, the District's total net position was negative \$132,826,095 at June 30, 2022. This represented an increase of 23.75 percent from the prior year.

### OVERVIEW OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with GASB Statement Number 34 and present both entity-wide and fund level financial statements using both the accrual basis and modified accrual basis of accounting, respectively.

#### *Entity-Wide Financial Statements*

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

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

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

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

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

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

- **Governmental Activities** - All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-type Activities** - The District operates a food service operation and charges fees to staff and students to cover the costs of the food service operation.

#### *Fund Level Financial Statements*

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

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

# WEST CHESTER AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

- **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 \$132,826,095 at June 30, 2022. This represents an increase of \$41,382,676 over the prior year. The table below presents condensed financial information for the net position of the District as of June 30, 2022 and 2021.

#### Statement of Net Position June 30, 2022 and 2021

|   | Governmental<br>Activities |                        | Business-Type<br>Activities |                    | Totals                 |                        |
|---|----------------------------|------------------------|-----------------------------|--------------------|------------------------|------------------------|
|   | 2022                       | 2021                   | 2022                        | 2021               | 2022                   | 2021                   |
| <b>ASSETS</b>                             |                            |                        |                             |                    |                        |                        |
| Current and other assets                  | \$ 167,197,522             | \$ 154,908,538         | \$2,847,199                 | \$1,151,525        | \$ 170,044,721         | \$ 156,060,063         |
| Noncurrent assets                         | <u>326,338,282</u>         | <u>330,564,757</u>     | <u>614,850</u>              | <u>651,983</u>     | <u>326,953,132</u>     | <u>331,216,740</u>     |
| <b>Total assets</b>                       | <u>493,535,804</u>         | <u>485,473,295</u>     | <u>3,462,049</u>            | <u>1,803,508</u>   | <u>496,997,853</u>     | <u>487,276,803</u>     |
| <b>Deferred outflows of<br/>resources</b> | <u>66,622,701</u>          | <u>60,133,115</u>      | <u>-</u>                    | <u>-</u>           | <u>66,622,701</u>      | <u>60,133,115</u>      |
| <b>LIABILITIES</b>                        |                            |                        |                             |                    |                        |                        |
| Current liabilities                       | 51,903,133                 | 50,792,564             | 646,124                     | 474,235            | 52,549,257             | 51,266,799             |
| Noncurrent liabilities                    | <u>591,016,176</u>         | <u>569,237,617</u>     | <u>-</u>                    | <u>-</u>           | <u>591,016,176</u>     | <u>659,237,617</u>     |
| <b>Total liabilities</b>                  | <u>642,919,309</u>         | <u>710,030,181</u>     | <u>646,124</u>              | <u>474,235</u>     | <u>643,565,433</u>     | <u>710,504,416</u>     |
| <b>Deferred inflows of<br/>resources</b>  | <u>52,881,216</u>          | <u>11,114,273</u>      | <u>-</u>                    | <u>-</u>           | <u>52,881,216</u>      | <u>11,114,273</u>      |
| <b>NET POSITION (DEFICIT)</b>             |                            |                        |                             |                    |                        |                        |
| Net investment in capital<br>assets       | 73,083,096                 | 63,045,948             | 614,850                     | 651,983            | 73,697,946             | 63,697,931             |
| Restricted for capital projects           | 23,443,492                 | 23,571,239             | -                           | -                  | 23,443,492             | 23,571,239             |
| Unrestricted (deficit)                    | <u>(232,168,608)</u>       | <u>(262,155,231)</u>   | <u>2,201,075</u>            | <u>677,290</u>     | <u>(229,967,533)</u>   | <u>(261,477,941)</u>   |
| <b>Total net position (deficit)</b>       | <u>\$(135,642,020)</u>     | <u>\$(175,538,044)</u> | <u>\$2,815,925</u>          | <u>\$1,329,273</u> | <u>\$(132,826,095)</u> | <u>\$(174,208,771)</u> |

The governmental activities restricted net position in the amount of \$23,443,492 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 \$229,967,533 included \$2,201,075 which could be used for capital and other expenditures within the District's food service program.

# WEST CHESTER AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

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 \$21,966,402 or 8.32 percent. The largest changes in revenue occurred in property taxes, other taxes and operating grants and contributions. Property taxes increased by \$8,108,811 or 4.52 percent. Other taxes increased by \$4,973,718 or 16.25 percent related to increases in earned income tax revenues and real estate transfer tax revenue. Operating grants and contributions increased by \$4,669,547 or 11.49 percent due to increases in state subsidy funding and food service federal funding.

Expenses increased by \$2,315,941 or 0.96 percent. The largest drivers of this increase were operation and maintenance of plant and services spending and food services spending. The main driving factors for the increase were related to contracted professional services and contracted food service costs.

### Statement of Activities For the Years Ended June 30, 2022 and 2021

|  | Governmental<br>Activities    |                               | Business-Type<br>Activities |                           | Totals                        |                               |
|--|-------------------------------|-------------------------------|-----------------------------|---------------------------|-------------------------------|-------------------------------|
|  | 2022                          | 2021                          | 2022                        | 2021                      | 2022                          | 2021                          |
| <b>REVENUES</b>  |                               |                               |                             |                           |                               |                               |
| <b>Program revenues</b>                                  |                               |                               |                             |                           |                               |                               |
| Charges for services                                     | \$ 860,643                    | \$ 310,684                    | \$ 378,935                  | \$ 74,148                 | \$ 1,239,578                  | \$ 384,832                    |
| Operating grants and contributions                       | 39,957,064                    | 38,013,762                    | 5,369,483                   | 2,643,238                 | 45,326,547                    | 40,657,000                    |
| <b>General revenues</b>                                  |                               |                               |                             |                           |                               |                               |
| Property taxes   | 187,631,357                   | 179,522,546                   | -                           | -                         | 187,631,357                   | 179,522,546                   |
| Other taxes  | 35,572,300                    | 30,598,582                    | -                           | -                         | 35,572,300                    | 30,598,582                    |
| Grants and subsidies not restricted to specific programs | 13,171,900                    | 12,380,541                    | -                           | -                         | 13,171,900                    | 12,380,541                    |
| Other revenues   | 2,967,773                     | 402,438                       | 3,763                       | 877                       | 2,971,536                     | 403,315                       |
| <b>Total revenues</b>                                    | <u>280,161,037</u>            | <u>261,228,553</u>            | <u>5,752,181</u>            | <u>2,718,263</u>          | <u>285,913,218</u>            | <u>263,946,816</u>            |
| <b>EXPENSES</b>  |                               |                               |                             |                           |                               |                               |
| Instruction  | 151,301,302                   | 151,333,413                   | -                           | -                         | 151,301,302                   | 151,333,413                   |
| Instructional student support services                   | 19,179,424                    | 19,348,969                    | -                           | -                         | 19,179,424                    | 19,348,969                    |
| Administrative and financial support services            | 22,328,558                    | 22,950,358                    | -                           | -                         | 22,328,558                    | 22,950,358                    |
| Operation and maintenance of plant services              | 21,953,333                    | 19,623,304                    | -                           | -                         | 21,953,333                    | 19,623,304                    |
| Pupil transportation                                     | 13,038,802                    | 12,724,832                    | -                           | -                         | 13,038,802                    | 12,724,832                    |
| Student activities                                       | 5,383,162                     | 5,186,177                     | -                           | -                         | 5,383,162                     | 5,186,177                     |
| Community services                                       | 172,562                       | 97,214                        | -                           | -                         | 172,562                       | 97,214                        |
| Interest on long-term debt                               | 6,907,870                     | 8,183,477                     | -                           | -                         | 6,907,870                     | 8,183,477                     |
| Food service   | -                             | -                             | 4,265,529                   | 2,766,857                 | 4,265,529                     | 2,766,857                     |
| <b>Total expenses</b>                                    | <u>240,265,013</u>            | <u>239,447,744</u>            | <u>4,265,529</u>            | <u>2,766,857</u>          | <u>244,530,542</u>            | <u>242,214,601</u>            |
| <b>CHANGE IN NET POSITION (DEFICIT)</b>                  | 38,896,024                    | 21,780,809                    | 1,486,652                   | (48,594)                  | 41,382,676                    | 21,732,215                    |
| <b>NET POSITION (DEFICIT)</b>                            |                               |                               |                             |                           |                               |                               |
| Beginning of year  | <u>(175,538,044)</u>          | <u>(197,318,853)</u>          | <u>1,329,273</u>            | <u>1,377,867</u>          | <u>(174,208,771)</u>          | <u>(195,940,986)</u>          |
| <b>End of year</b>                                       | <u><b>\$(135,642,020)</b></u> | <u><b>\$(175,538,044)</b></u> | <u><b>\$2,815,925</b></u>   | <u><b>\$1,329,273</b></u> | <u><b>\$(132,826,095)</b></u> | <u><b>\$(174,208,771)</b></u> |

# WEST CHESTER AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

### EXPENSES

The table below presents condensed financial information on the expenses of the District by function. The table illustrates both the gross and net costs of services. Unrestricted grants, subsidies and contributions are deducted to reflect the amount needed to be funded by other revenue sources. The amount needed to be funded by other revenue sources decreased by \$2,467,351 or 1.3 percent less than the prior year. The table for business-type activity reflects condensed financial activities of the food service program, the only business-type activity of the District.

|  | <u>Total Cost of Services</u> |                      | <u>Net Cost of Services</u> |                      |
|--|-------------------------------|----------------------|-----------------------------|----------------------|
|  | <u>2022</u>                   | <u>2021</u>          | <u>2022</u>                 | <u>2021</u>          |
| <b>Governmental activities</b>                                 |                               |                      |                             |                      |
| Expenses:  |                               |                      |                             |                      |
| Instruction  | \$151,301,302                 | \$151,333,413        | \$124,124,201               | \$125,190,676        |
| Instructional student support                                  | 19,179,424                    | 19,348,969           | 15,365,023                  | 15,776,602           |
| Administrative and financial support                           | 22,328,558                    | 22,950,358           | 20,188,908                  | 20,942,717           |
| Operation and maintenance of plant services                    | 21,953,333                    | 19,623,304           | 18,404,586                  | 16,724,741           |
| Pupil transportation   | 13,038,802                    | 12,724,832           | 9,986,794                   | 9,603,388            |
| Student activities   | 5,383,162                     | 5,186,177            | 4,297,495                   | 4,604,735            |
| Community services   | 172,562                       | 97,214               | 172,429                     | 96,962               |
| Interest on long-term debt                                     | <u>6,907,870</u>              | <u>8,183,477</u>     | <u>6,907,870</u>            | <u>8,183,477</u>     |
| <b>Total expenses</b>  | <u>\$240,265,013</u>          | <u>\$239,447,744</u> | <u>199,447,306</u>          | <u>201,123,298</u>   |
| Less: Grant, subsidies and contributions<br>not restricted     |                               |                      | <u>(13,171,900)</u>         | <u>(12,380,541)</u>  |
| <b>Amount needed to be funded by other<br/>revenue sources</b> |                               |                      | <u>\$186,275,406</u>        | <u>\$188,742,757</u> |
| <b>Business-type activities</b>                                |                               |                      |                             |                      |
| Food services  | <u>\$ 4,265,529</u>           | <u>\$ 2,766,857</u>  | <u>\$ (1,482,889)</u>       | <u>\$ 49,471</u>     |

### THE DISTRICT FUNDS

#### General Fund

At June 30, 2022, the District reported a total fund balance of \$83,612,010 which was an increase of \$14,459,481 over the prior year. Of this amount, the District assigned \$52,121,467 of the fund balance towards Tax Rate Stabilization. These funds will be used to offset the 2022-23 budget gaps and eliminate the need for future tax increases. The District committed \$4,159,909 for the purpose of healthcare rate stabilization. Due to the nature of self-insuring health insurance claims, the District experiences volatility in annual health insurance costs, to smooth these expenditures, the District established a health insurance rate stabilization fund which is consistent with the prior year. The District assigned \$2,000,000 to fund fluctuations in alternative education cost, which is consistent with the prior year. The District assigned \$1,000,000 to help minimize the property assessment fluctuations and assigned \$500,000 for Technology\Distance learning expenditures both consistent with the prior year. In 2022 the District assigned \$5,000,000 to fund a portion of the Elementary construction projects to help offset the rising building costs. The remaining assigned fund balance of \$150,756 is assigned for athletic activities. There are nonspendable amounts of \$2,232,155 in fund balance for prepaid expenditures. The remaining fund balance of \$16,447,723 is classified as unassigned and represents 6.34 percent of total expenditures.

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

# WEST CHESTER AREA SCHOOL DISTRICT

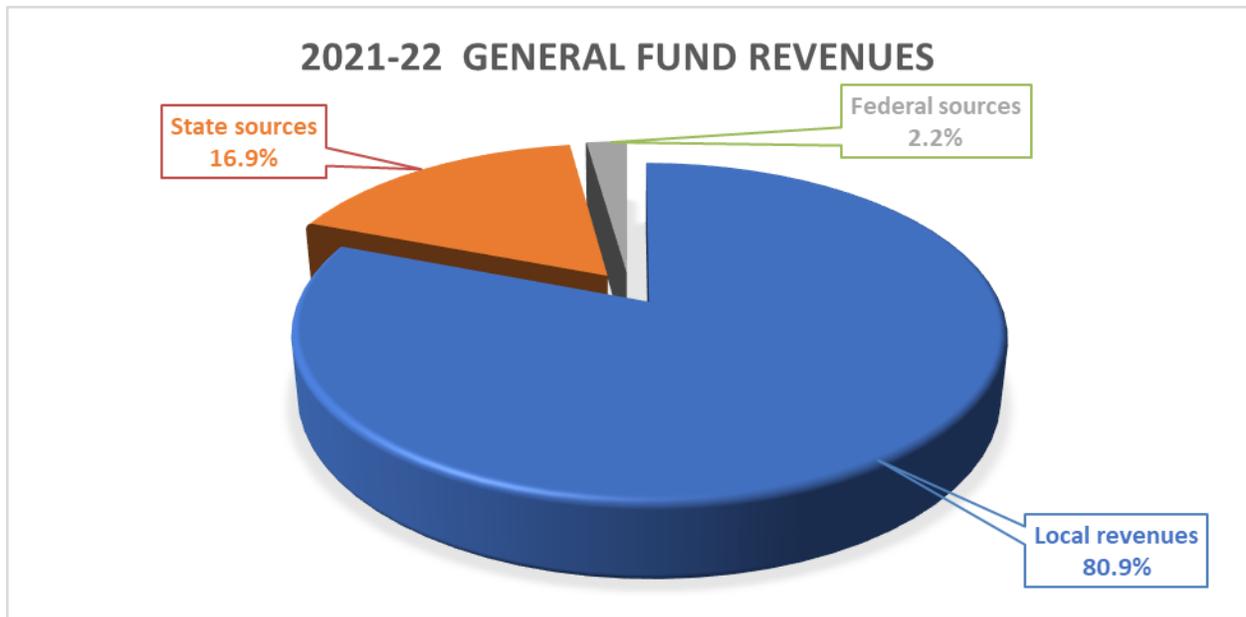
## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

### REVENUE

General Fund Revenues, excluding other financing sources, total \$277,709,085 which is an increase from the collections in the prior year. The table below reflects a comparison of current year revenues to prior year revenues:

|                 | <u>General Fund<br/>Revenue<br/>2022</u> | <u>Percentage<br/>of Total</u> | <u>Increase/<br/>(Decrease)<br/>From 2021</u> | <u>Variance<br/>Over/(Under)<br/>Final Budget</u> |
|-----------------|--|--------------------------------|---|---|
| Local revenues  | \$224,580,123                            | 80.9%                          | \$13,770,485                                  | \$18,514,172                                      |
| State sources   | 46,937,783                               | 16.9%                          | 3,312,001                                     | 975,090   |
| Federal sources | <u>6,191,179</u>                         | <u>2.2%</u>                    | <u>(577,340)</u>                              | <u>4,225,157</u>                                  |
|                 | <u>\$277,709,085</u>                     | <u>100.0%</u>                  | <u>\$16,505,146</u>                           | <u>\$23,714,419</u>                               |



Local revenues Increased by \$13,770,485. The District's real estate tax revenue increased \$7,887,700 from the prior year due to a 1.80 percent or 0.3982 mill increase in Chester County and overall property growth within the District. The District's earned income tax revenues increased \$2,481,659, or 10.25 percent from the prior year. Additionally, real estate transfer tax revenue increased by \$2,700,325 or 43.36 percent from the prior year.

The increase in State revenues is due to increases in special education funding, basic education funding and retirement subsidy revenue. Special education funding increased by \$837,479 and basic education funding increased by \$765,511. State pension retirement subsidy increased by \$1,291,697. The state reimburses the District for 50 percent of the District's pension cost.

Federal revenues decreased by 2.2 percent, which is the result of the decrease in Elementary and Secondary School Emergency Relief (ESSER), Governor's Emergency Education Relief (GEER), Coronavirus Aid, Relief, and Economic Security (CARES) and American Rescue Plan (ARP) Funding totaling a decrease of \$763,824. The decreases were offset by an increase in medical access funding of \$120,438.

# WEST CHESTER AREA SCHOOL DISTRICT

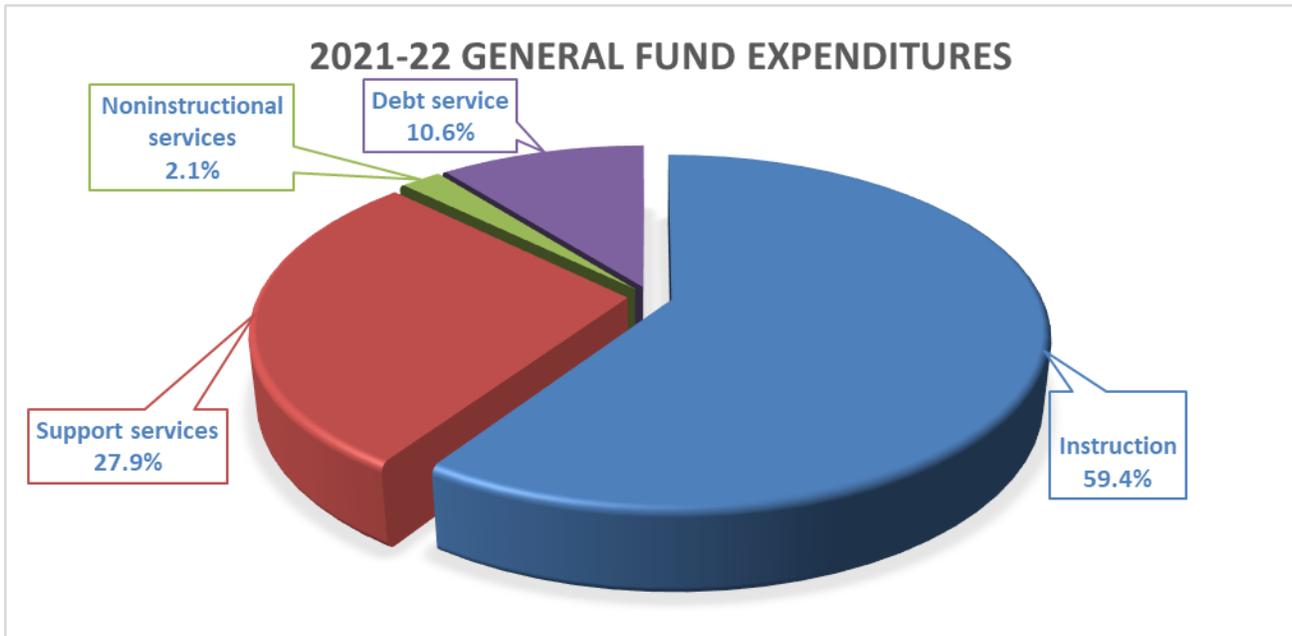
## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

### EXPENDITURES

General Fund expenditures, excluding transfers to other governmental funds, totaled \$259,271,719. This was an increase of \$19,381,965 or 8.08 percent over the prior year, and it was \$9,069,096 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 2021-22 budget, are as follows:

|                           | <u>General Fund Expenditures 2022</u> | <u>Percentage of Total</u> | <u>Increase/ (Decrease) From 2021</u> | <u>Variance Over/(Under) Final Budget</u> |
|---------------------------|---------------------------------------|----------------------------|---------------------------------------|---|
| Instruction               | \$153,964,663                         | 59.4%                      | \$ 9,311,379                          | \$(2,841,518)                             |
| Support services          | 72,276,557                            | 27.9%                      | 7,382,009                             | (4,920,851)                               |
| Noninstructional services | 5,493,284                             | 2.1%                       | 564,287                               | (283,910)                                 |
| Debt service              | <u>27,537,215</u>                     | <u>10.6%</u>               | <u>2,124,290</u>                      | <u>(1,002,817)</u>                        |
|                           | <u>\$259,271,719</u>                  | <u>100.0%</u>              | <u>\$19,381,965</u>                   | <u>\$(9,069,096)</u>                      |



The driving factors for the 2021-22 increases in instructional expense, non-instructional support services expense, and support services were increases in contracted salaries, medical claims, and contracted professional services. Debt service shows an increase over prior year due to a one-time refunding savings recognized in 2021.

### Capital Projects Fund

Fiscal 2021-22 represented the twelfth year of the District's elementary school master plan renovations. By the completion of this plan, all ten existing elementary schools will have been renovated. In 2019 the District identified the need for an eleventh elementary school due to the student growth within the District. During 2021-22, construction was completed on Greystone Elementary School, opened in August 2021. As of June 30, 2022, the District had a capital projects fund balance of \$29,943,488. This was a decrease of \$7,759,899 from the prior year. The District also reported expenditures of \$8,258,472 in 2021-22. These expenditures were primarily related to the design and renovation of the elementary schools.

# WEST CHESTER AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

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### Capital Reserve Fund

The Capital Reserve Fund had a fund balance of \$23,443,492 at June 30, 2022. This was a \$127,747 decrease from the prior year. The Capital Reserve Fund is funded by transfers from the General Fund. In 2021-22, 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 \$6,730,104 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 may 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 \$23,714,419 over budget or 9.34 percent. Total expenditures were under the amended budget by \$9,069,069 or 3.40 percent.

### CAPITAL ASSETS

At June 30, 2022, the District had \$326,478,649 invested in a broad range of governmental capital assets, including land, buildings, furniture and equipment, and right-to-use leased equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$534,085 or 0.16 percent from the prior year. Additionally, the District's construction in progress balance increased by \$6,682,605 from the prior year.

The following schedule depicts the capital assets for the period July 1, 2021 through June 30, 2022. More detailed information about Capital assets is included in the notes to the financial statements.

|                                | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total<br/>Assets</u> |
|--------------------------------|------------------------------------|-------------------------------------|-------------------------|
| <b>Capital assets:</b>         |                                    |                                     |                         |
| Land                           | \$ 28,289,916                      | \$ -                                | \$ 28,289,916           |
| Land improvements              | 17,020,529                         | -                                   | 17,020,529              |
| Buildings                      | 431,623,868                        | -                                   | 431,623,868             |
| Construction-in-progress       | 70,496,090                         | -                                   | 70,496,090              |
| Furniture and equipment        | 54,750,468                         | 1,848,015                           | 56,598,483              |
| Right-to-use leased equipment  | <u>875,444</u>                     | <u>-</u>                            | <u>875,444</u>          |
| <b>Total capital assets</b>    | 603,056,315                        | 1,848,015                           | 604,904,330             |
| Total accumulated depreciation | <u>277,192,516</u>                 | <u>1,233,165</u>                    | <u>278,425,681</u>      |
| <b>Capital assets, net</b>     | <u>\$325,863,799</u>               | <u>\$ 614,850</u>                   | <u>\$326,478,649</u>    |

### DEBT ADMINISTRATION

As of June 30, 2022, the District had total outstanding bonds and related charges of \$283,168,168, a decrease of \$20,104,467 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.

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# WEST CHESTER AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED

June 30, 2022

### Debt Service Schedule June 30, 2022

|                                    | <u>Principal<br/>Outstanding<br/>June 30, 2021</u> | <u>Maturities/<br/>Refinancing</u> | <u>Additions</u>    | <u>Principal<br/>Outstanding<br/>June 30, 2022</u> |
|------------------------------------|--|------------------------------------|---------------------|--|
| General obligation bonds and notes | \$281,605,000                                      | \$51,970,000                       | \$30,115,000        | \$259,750,000                                      |
| Deferred amounts                   |  |                                    |                     |  |
| Net issuance premiums              | <u>21,667,635</u>                                  | <u>3,130,359</u>                   | <u>4,880,892</u>    | <u>23,418,168</u>                                  |
| Long-term debt                     | <u>\$303,272,635</u>                               | <u>\$55,100,359</u>                | <u>\$34,995,892</u> | <u>\$283,168,168</u>                               |

### OTHER LONG-TERM LIABILITIES

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

### THE DISTRICT'S FUTURE

West Chester Area School District forecasts budgetary impacts on a rolling five-year cycle. Looking forward, the District is expecting revenues to fall short of anticipated expenditures, creating a budgetary gap. Local revenue, the District's largest budgetary stream, has shown signs of moderate growth over the past year. 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 staffing, pension and employee benefit costs. The District's employer pension contribution rate rose to 34.94 percent in 2021-2022 and will continue to increase moving 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 elementary construction costs, potential health care costs, alternative education costs and reduce millage impact. The District has changed health care plans for all its labor groups in an attempt to limit health care expenses. 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 School District's boundaries. In anticipation of the influx of new students, the District has adjusted its long-term elementary school master plan and has completed a new 11th elementary school. The District will continue the renovations and/or additions to each of its existing elementary schools. The District has completed six building renovations and is in progress with the seventh renovation. The remaining three elementary school renovations are estimated to be completed through 2030. As for the financing of the remaining renovations plan, the District has always exercised caution in a conservative approach to borrowing, including waiting until long-term bonds (20-year notes) were capable of being sold at advantageous, fixed rates of interest.

### FINANCIAL MANAGEMENT

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

# WEST CHESTER AREA SCHOOL DISTRICT

## STATEMENT OF NET POSITION (DEFICIT)

June 30, 2022

|   | Governmental<br>Activities | Business-type<br>Activities | Total                 |
|---|----------------------------|-----------------------------|-----------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                            |                             |                       |
| <b>ASSETS</b>   |                            |                             |                       |
| Current Assets:   |                            |                             |                       |
| Cash and cash equivalents   | \$ 22,871,678              | \$ 55,320                   | \$ 22,926,998         |
| Investments   | 128,831,956                | 2,167,808                   | 130,999,764           |
| Internal balances   | 141,140                    | (141,140)                   | -                     |
| Due from other governments  | 7,620,991                  | 738,884                     | 8,359,875             |
| Other receivables   | 1,875,545                  | 22,970                      | 1,898,515             |
| Taxes receivable  | 3,426,557                  | -                           | 3,426,557             |
| Prepaid expenses  | 2,429,655                  | -                           | 2,429,655             |
| Inventories   | -                          | 3,357                       | 3,357                 |
| <b>Total current assets</b>   | <b>167,197,522</b>         | <b>2,847,199</b>            | <b>170,044,721</b>    |
| Noncurrent Assets:  |                            |                             |                       |
| Investments   | 474,483                    | -                           | 474,483               |
| Capital assets  |                            |                             |                       |
| Land  | 28,289,916                 | -                           | 28,289,916            |
| Construction-in-progress  | 70,496,090                 | -                           | 70,496,090            |
| Land improvements   | 17,020,529                 | -                           | 17,020,529            |
| Buildings   | 431,623,868                | -                           | 431,623,868           |
| Furniture and equipment   | 54,750,468                 | 1,848,015                   | 56,598,483            |
| Right-to-use leased equipment   | 875,444                    | -                           | 875,444               |
| Less: accumulated depreciation  | (277,192,516)              | (1,233,165)                 | (278,425,681)         |
| <b>Total noncurrent assets</b>  | <b>326,338,282</b>         | <b>614,850</b>              | <b>326,953,132</b>    |
| <b>Total assets</b>   | <b>493,535,804</b>         | <b>3,462,049</b>            | <b>496,997,853</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                            |                             |                       |
| Deferred amounts on refunding   | 2,887,253                  | -                           | 2,887,253             |
| Deferred outflows relating to OPEB  | 5,650,393                  | -                           | 5,650,393             |
| Deferred outflows relating to pension   | 58,085,055                 | -                           | 58,085,055            |
| <b>Total deferred outflows of resources</b>   | <b>66,622,701</b>          | <b>-</b>                    | <b>66,622,701</b>     |
| <b>Total assets and deferred outflows of resources</b>                              | <b>\$ 560,158,505</b>      | <b>\$ 3,462,049</b>         | <b>\$ 563,620,554</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)</b>        |                            |                             |                       |
| <b>LIABILITIES</b>  |                            |                             |                       |
| Current Liabilities:  |                            |                             |                       |
| Accounts payable and other current liabilities                                      | 28,941,067                 | 263,819                     | 29,204,886            |
| Accrued interest  | 1,728,798                  | -                           | 1,728,798             |
| Unearned revenues   | 174,357                    | 382,305                     | 556,662               |
| Lease liabilities   | 282,660                    | -                           | 282,660               |
| Bonds and notes payable, net  | 20,776,251                 | -                           | 20,776,251            |
| <b>Total current liabilities</b>  | <b>51,903,133</b>          | <b>646,124</b>              | <b>52,549,257</b>     |
| Noncurrent Liabilities:   |                            |                             |                       |
| Lease liabilities   | 431,818                    | -                           | 431,818               |
| Bonds and notes payable, net  | 262,391,917                | -                           | 262,391,917           |
| Accrued severance and compensated absences  | 5,820,153                  | -                           | 5,820,153             |
| Net OPEB liability  | 30,992,288                 | -                           | 30,992,288            |
| Net pension liability   | 291,380,000                | -                           | 291,380,000           |
| <b>Total noncurrent liabilities</b>   | <b>591,016,176</b>         | <b>-</b>                    | <b>591,016,176</b>    |
| <b>Total liabilities</b>  | <b>642,919,309</b>         | <b>646,124</b>              | <b>643,565,433</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                            |                             |                       |
| Deferred inflows relating to OPEB   | 2,447,216                  | -                           | 2,447,216             |
| Deferred inflows relating to pension  | 50,434,000                 | -                           | 50,434,000            |
| <b>Total deferred inflows of resources</b>  | <b>52,881,216</b>          | <b>-</b>                    | <b>52,881,216</b>     |
| <b>NET POSITION (DEFICIT)</b>   |                            |                             |                       |
| Net investment in capital assets  | 73,083,096                 | 614,850                     | 73,697,946            |
| Restricted for capital projects   | 23,443,492                 | -                           | 23,443,492            |
| Unrestricted (deficit)  | (232,168,608)              | 2,201,075                   | (229,967,533)         |
| <b>Total net position (deficit)</b>   | <b>(135,642,020)</b>       | <b>2,815,925</b>            | <b>(132,826,095)</b>  |
| <b>Total liabilities, deferred inflows of resources, and net position (deficit)</b> | <b>\$ 560,158,505</b>      | <b>\$ 3,462,049</b>         | <b>\$ 563,620,554</b> |

See accompanying notes

# WEST CHESTER AREA SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

Year ended June 30, 2022

|  | <u>Expenses</u>       | <u>Program Revenues</u>         |   |   | <u>Net (Expense) Revenue and<br/>Changes in Net Position (Deficit)</u> |                                     |                         |
|--|-----------------------|---------------------------------|---|---|--|-------------------------------------|-------------------------|
|  |                       | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Governmental<br/>Activities</u>                                     | <u>Business-type<br/>Activities</u> | <u>Totals</u>           |
| <b>PRIMARY GOVERNMENT</b>  |                       |                                 |   |   |  |                                     |                         |
| <b>GOVERNMENTAL ACTIVITIES</b>   |                       |                                 |   |   |  |                                     |                         |
| Instruction  | \$ 151,301,302        | \$ 91,069                       | \$ 27,086,032                                     | \$ -  | \$ (124,124,201)   | \$ -                                | \$ (124,124,201)        |
| Instructional student support  | 19,179,424            | -                               | 3,814,401   | -   | (15,365,023)   | -                                   | (15,365,023)            |
| Administrative and financial support services                                  | 22,328,558            | -                               | 2,139,650   | -   | (20,188,908)   | -                                   | (20,188,908)            |
| Operation and maintenance of plant services                                    | 21,953,333            | 319,729                         | 3,229,018   | -   | (18,404,586)   | -                                   | (18,404,586)            |
| Pupil transportation   | 13,038,802            | -                               | 3,052,008   | -   | (9,986,794)  | -                                   | (9,986,794)             |
| Student activities   | 5,383,162             | 449,845                         | 635,822   | -   | (4,297,495)  | -                                   | (4,297,495)             |
| Community services   | 172,562               | -                               | 133   | -   | (172,429)  | -                                   | (172,429)               |
| Interest on long-term debt   | 6,907,870             | -                               | -   | -   | (6,907,870)  | -                                   | (6,907,870)             |
| <b>Total governmental activities</b>   | <u>240,265,013</u>    | <u>860,643</u>                  | <u>39,957,064</u>                                 | <u>-</u>  | <u>(199,447,306)</u>   | <u>-</u>                            | <u>(199,447,306)</u>    |
| <b>BUSINESS-TYPE ACTIVITIES</b>  |                       |                                 |   |   |  |                                     |                         |
| Food service   | <u>4,265,529</u>      | <u>378,935</u>                  | <u>5,369,483</u>                                  | <u>-</u>  | <u>-</u>   | <u>1,482,889</u>                    | <u>1,482,889</u>        |
| <b>Total primary government</b>  | <u>\$ 244,530,542</u> | <u>\$ 1,239,578</u>             | <u>\$ 45,326,547</u>                              | <u>\$ -</u>                                     | <u>(199,447,306)</u>   | <u>1,482,889</u>                    | <u>(197,964,417)</u>    |
| <b>GENERAL REVENUES</b>  |                       |                                 |   |   |  |                                     |                         |
| Property taxes, levied for general purposes                                    |                       |                                 |   |   | 187,631,357  | -                                   | 187,631,357             |
| Taxes levied for specific purposes   |                       |                                 |   |   | 35,572,300   | -                                   | 35,572,300              |
| Grants, entitlements, and contributions<br>not restricted to specific programs |                       |                                 |   |   | 13,171,900   | -                                   | 13,171,900              |
| Investment earnings  |                       |                                 |   |   | 30,750   | 3,763                               | 34,513                  |
| Gain on sale of asset  |                       |                                 |   |   | 2,750,000  | -                                   | 2,750,000               |
| Other  |                       |                                 |   |   | 187,023  | -                                   | 187,023                 |
| <b>Total general revenues</b>  |                       |                                 |   |   | <u>239,343,330</u>   | <u>3,763</u>                        | <u>239,347,093</u>      |
| <b>CHANGE IN NET POSITION (DEFICIT)</b>  |                       |                                 |   |   | 39,896,024   | 1,486,652                           | 41,382,676              |
| <b>NET POSITION (DEFICIT)</b>  |                       |                                 |   |   |  |                                     |                         |
| Beginning of year  |                       |                                 |   |   | <u>(175,538,044)</u>   | <u>1,329,273</u>                    | <u>(174,208,771)</u>    |
| <b>End of year</b>   |                       |                                 |   |   | <u>\$ (135,642,020)</u>  | <u>\$ 2,815,925</u>                 | <u>\$ (132,826,095)</u> |

See accompanying notes

# WEST CHESTER AREA SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2022

|   | Major Funds          |                         |                         | Other<br>Governmental<br>Fund | Totals               |
|---|----------------------|-------------------------|-------------------------|-------------------------------|----------------------|
|   | General<br>Fund      | Capital<br>Project Fund | Capital<br>Reserve Fund |                               |                      |
| <b>ASSETS</b>   |                      |                         |                         |                               |                      |
| Cash and cash equivalents   | \$ 16,248,959        | \$ 2,507,331            | \$ 4,115,388            | \$ -                          | \$ 22,871,678        |
| Investments   | 81,015,641           | 29,057,609              | 19,233,189              | -                             | 129,306,439          |
| Taxes receivable  | 3,426,557            | -                       | -                       | -                             | 3,426,557            |
| Due from other funds  | 141,140              | -                       | -                       | -                             | 141,140              |
| Due from other governments  | 7,620,991            | -                       | -                       | -                             | 7,620,991            |
| Other receivables   | 1,628,166            | 2,232                   | 245,147                 | -                             | 1,875,545            |
| Prepaid expenditures  | 2,232,155            | -                       | 197,500                 | -                             | 2,429,655            |
| <b>Total assets</b>   | <b>\$112,313,609</b> | <b>\$31,567,172</b>     | <b>\$23,791,224</b>     | <b>\$ -</b>                   | <b>\$167,672,005</b> |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>           |                      |                         |                         |                               |                      |
| <b>LIABILITIES</b>  |                      |                         |                         |                               |                      |
| Accounts payable and accrued liabilities                                      | \$ 8,762,194         | \$ 1,623,684            | \$ 347,732              | \$ -                          | \$ 10,733,610        |
| Unearned revenues   | 174,357              | -                       | -                       | -                             | 174,357              |
| Payroll accruals and withholdings   | 18,207,457           | -                       | -                       | -                             | 18,207,457           |
| <b>Total liabilities</b>  | <b>27,144,008</b>    | <b>1,623,684</b>        | <b>347,732</b>          | <b>-</b>                      | <b>29,115,424</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                      |                         |                         |                               |                      |
| Unavailable revenues - property taxes   | 1,557,591            | -                       | -                       | -                             | 1,557,591            |
| <b>FUND BALANCES</b>  |                      |                         |                         |                               |                      |
| Nonspendable  | 2,232,155            | -                       | 197,500                 | -                             | 2,429,655            |
| Restricted  | -                    | 29,943,488              | 23,245,992              | -                             | 53,189,480           |
| Committed   | 4,159,909            | -                       | -                       | -                             | 4,159,909            |
| Assigned  | 60,772,223           | -                       | -                       | -                             | 60,772,223           |
| Unassigned  | 16,447,723           | -                       | -                       | -                             | 16,447,723           |
| <b>Total fund balances</b>  | <b>83,612,010</b>    | <b>29,943,488</b>       | <b>23,443,492</b>       | <b>-</b>                      | <b>136,998,990</b>   |
| <b>Total liabilities, deferred inflows<br/>of resources and fund balances</b> | <b>\$112,313,609</b> | <b>\$31,567,172</b>     | <b>\$23,791,224</b>     | <b>\$ -</b>                   | <b>\$167,672,005</b> |

See accompanying notes

# WEST CHESTER AREA SCHOOL DISTRICT

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

June 30, 2022

|  |                     |                                |
|--|---------------------|--------------------------------|
| <b>TOTAL GOVERNMENTAL FUND BALANCES</b>  |                     | \$ 136,998,990                 |
| <p>Amounts reported for governmental activities in the statement of net position (deficit) are different because:</p>  |                     |                                |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets was \$603,056,315 and accumulated depreciation was \$277,192,516.   |                     | 325,863,799                    |
| 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.   |                     | 1,557,591                      |
| Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position (deficit) as deferred outflows of resources and amortized over the life of the refunding debt.  |                     | 2,887,253                      |
| 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   | (1,728,798)         |                                |
| Bonds and notes payable in future years, net   | (283,168,168)       |                                |
| Accumulated compensated absences   | (5,820,153)         |                                |
| Net pension liability  | (291,380,000)       |                                |
| Net OPEB liability   | (30,992,288)        |                                |
| Lease liabilities  | <u>(714,478)</u>    | (613,803,885)                  |
| Deferred inflows and outflows of resources related to the District's net pension and OPEB liabilities are based on the differences between actuarially determined expected and actual investment returns, changes in the actuarially determined proportion of the District's amount of the total pension and OPEB liabilities, differences between actual and expected experience, and pension and OPEB contributions made after the measurement date of the net pension and OPEB liabilities. These amounts will be amortized over the estimated remaining average service life of the employees. |                     |                                |
| Deferred outflows of resources:  |                     |                                |
| Deferred outflows - OPEB   | 5,650,393           |                                |
| Deferred outflows - pension  | 58,085,055          |                                |
| Deferred inflows of resources:   |                     |                                |
| Deferred inflows - OPEB  | (2,447,216)         |                                |
| Deferred inflows - pension   | <u>(50,434,000)</u> | <u>10,854,232</u>              |
| <b>NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES</b>   |                     | <u><u>\$ (135,642,020)</u></u> |

See accompanying notes

# WEST CHESTER AREA SCHOOL DISTRICT

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

Year ended June 30, 2022

|  | Major Funds          |                         |                         | Other<br>Governmental<br>Fund | Totals                |
|--|----------------------|-------------------------|-------------------------|-------------------------------|-----------------------|
|  | General<br>Fund      | Capital<br>Project Fund | Capital<br>Reserve Fund |                               |                       |
| <b>REVENUES</b>  |                      |                         |                         |                               |                       |
| Local sources  | \$ 224,580,123       | \$ -                    | \$ (46,023)             | \$ -                          | \$ 224,534,100        |
| State sources  | 46,937,783           | -                       | -                       | -                             | 46,937,783            |
| Federal sources  | 6,191,179            | -                       | -                       | -                             | 6,191,179             |
| <b>Total revenues</b>  | <u>277,709,085</u>   | <u>-</u>                | <u>(46,023)</u>         | <u>-</u>                      | <u>277,663,062</u>    |
| <b>EXPENDITURES</b>  |                      |                         |                         |                               |                       |
| Current:   |                      |                         |                         |                               |                       |
| Instruction  | 153,964,663          | 181,934                 | -                       | -                             | 154,146,597           |
| Support services   | 72,276,557           | 8,987                   | 4,039,555               | -                             | 76,325,099            |
| Operation of noninstructional services                               | 5,493,284            | -                       | -                       | -                             | 5,493,284             |
| Debt service:  |                      |                         |                         |                               |                       |
| Principal  | 17,710,000           | -                       | -                       | -                             | 17,710,000            |
| Interest   | 9,827,215            | -                       | -                       | -                             | 9,827,215             |
| Bond issuance costs  | -                    | 841                     | -                       | 238,260                       | 239,101               |
| Capital outlay   | -                    | 8,066,710               | 2,772,273               | -                             | 10,838,983            |
| <b>Total expenditures</b>  | <u>259,271,719</u>   | <u>8,258,472</u>        | <u>6,811,828</u>        | <u>238,260</u>                | <u>274,580,279</u>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>18,437,366</u>    | <u>(8,258,472)</u>      | <u>(6,857,851)</u>      | <u>(238,260)</u>              | <u>3,082,783</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                      |                         |                         |                               |                       |
| Refund of prior year expenditures                                    | 2,219                | -                       | -                       | -                             | 2,219                 |
| Bonds issued for refunding   | -                    | -                       | -                       | 30,115,000                    | 30,115,000            |
| Payment to refund bonds  | -                    | -                       | -                       | (34,751,390)                  | (34,751,390)          |
| Premium on bonds issued  | -                    | -                       | -                       | 4,880,892                     | 4,880,892             |
| Proceeds from sale of capital assets                                 | 2,750,000            | -                       | -                       | -                             | 2,750,000             |
| Proceeds from leases   | -                    | 492,331                 | -                       | -                             | 492,331               |
| Transfers in   | -                    | 6,242                   | 6,730,104               | -                             | 6,736,346             |
| Transfers out  | (6,730,104)          | -                       | -                       | (6,242)                       | (6,736,346)           |
| <b>Total other financing sources (uses)</b>                          | <u>(3,977,885)</u>   | <u>498,573</u>          | <u>6,730,104</u>        | <u>238,260</u>                | <u>3,489,052</u>      |
| <b>NET CHANGES IN FUND BALANCE</b>                                   | 14,459,481           | (7,759,899)             | (127,747)               | -                             | 6,571,835             |
| <b>FUND BALANCES</b>   |                      |                         |                         |                               |                       |
| Beginning of year  | <u>69,152,529</u>    | <u>37,703,387</u>       | <u>23,571,239</u>       | <u>-</u>                      | <u>130,427,155</u>    |
| <b>End of year</b>   | <u>\$ 83,612,010</u> | <u>\$ 29,943,488</u>    | <u>\$ 23,443,492</u>    | <u>\$ -</u>                   | <u>\$ 136,998,990</u> |

See accompanying notes

# WEST CHESTER AREA SCHOOL DISTRICT

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

Year ended June 30, 2022

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|   |                     |
|---|---------------------|
| <b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b> | <b>\$ 6,571,835</b> |
|---|---------------------|

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

Capital outlays are reported in governmental funds as expenditures, either as district-wide (capital outlay) or function-specific (i.e. instruction, pupil services). However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay (\$15,469,468) exceeded depreciation (\$15,390,581) in the period. 78,887

Because some amounts will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable revenues decreased by this amount this year. (254,244)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 20,265,433

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. 619,584

In the statement of activities, certain operating expenses - compensated absences (vacations and sick leave) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which current period amounts paid exceeded current period compensated absences earned. 297,703

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. (579,883)

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. (100,107)

Pension expense in the statement of activities differs from the amount reported in the governmental funds because pension expense is recognized in the statement of activities based on the organization's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 12,996,816

|  |                             |
|--|-----------------------------|
| <b>CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES</b> | <b><u>\$ 39,896,024</u></b> |
|--|-----------------------------|

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See accompanying notes

# WEST CHESTER AREA SCHOOL DISTRICT

## BUDGETARY COMPARISON STATEMENT - GENERAL FUND

Year ended June 30, 2022

|  | Budgeted Amounts     |                      | Actual<br>(GAAP Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------|----------------------|------------------------|---|
|  | Original             | Final                |                        |   |
| <b>REVENUES</b>  |                      |                      |                        |   |
| Local sources  | \$ 206,065,951       | \$ 206,065,951       | \$ 224,580,123         | \$ 18,514,172   |
| State sources  | 45,962,693           | 45,962,693           | 46,937,783             | 975,090   |
| Federal sources  | 1,966,022            | 1,966,022            | 6,191,179              | 4,225,157   |
| <b>Total revenues</b>  | <u>253,994,666</u>   | <u>253,994,666</u>   | <u>277,709,085</u>     | <u>23,714,419</u>                                       |
| <b>EXPENDITURES</b>  |                      |                      |                        |   |
| <b>Instruction</b>   |                      |                      |                        |   |
| Regular programs   | 106,430,746          | 104,908,360          | 104,764,896            | 143,464   |
| Special programs   | 43,668,561           | 43,653,460           | 41,627,522             | 2,025,938   |
| Vocational programs  | 6,955,155            | 6,941,593            | 6,269,477              | 672,116   |
| Other instructional programs                                     | 340,861              | 1,165,862            | 1,165,862              | -   |
| Nonpublic school programs  | 81,975               | 136,906              | 136,906                | -   |
| <b>Total instruction</b>   | <u>157,477,298</u>   | <u>156,806,181</u>   | <u>153,964,663</u>     | <u>2,841,518</u>  |
| <b>Support services</b>  |                      |                      |                        |   |
| Pupil personnel services   | 10,925,754           | 10,920,704           | 10,295,221             | 625,483   |
| Instructional staff services                                     | 6,578,807            | 6,565,251            | 6,259,406              | 305,845   |
| Administrative services  | 13,898,933           | 13,908,289           | 12,733,314             | 1,174,975   |
| Pupil health   | 2,975,305            | 2,971,367            | 2,793,028              | 178,339   |
| Business services  | 2,068,847            | 2,063,868            | 1,904,661              | 159,207   |
| Operation and maintenance of plant services                      | 20,367,515           | 22,992,515           | 21,214,876             | 1,777,639   |
| Student transportation services                                  | 15,745,719           | 12,702,880           | 12,304,155             | 398,725   |
| Central support services   | 4,255,729            | 4,347,496            | 4,046,858              | 300,638   |
| Other support services   | 231,221              | 725,038              | 725,038                | -   |
| <b>Total support services</b>                                    | <u>77,047,830</u>    | <u>77,197,408</u>    | <u>72,276,557</u>      | <u>4,920,851</u>  |
| <b>Operation of noninstructional services</b>                    |                      |                      |                        |   |
| Student activities   | 5,590,588            | 5,607,788            | 5,330,670              | 277,118   |
| Community services   | 157,906              | 169,406              | 162,614                | 6,792   |
| <b>Total operation of noninstructional services</b>              | <u>5,748,494</u>     | <u>5,777,194</u>     | <u>5,493,284</u>       | <u>283,910</u>  |
| <b>Debt service</b>  |                      |                      |                        |   |
| Principal, interest, and fiscal agent fees                       | 28,560,032           | 28,560,032           | 27,537,215             | 1,022,817   |
| <b>Total debt service</b>  | <u>28,560,032</u>    | <u>28,560,032</u>    | <u>27,537,215</u>      | <u>1,022,817</u>  |
| <b>Total expenditures</b>  | <u>268,833,654</u>   | <u>268,340,815</u>   | <u>259,271,719</u>     | <u>9,069,096</u>  |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(14,838,988)</u>  | <u>(14,346,149)</u>  | <u>18,437,366</u>      | <u>32,783,515</u>                                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                            |                      |                      |                        |   |
| Refunds of prior year expenditures                               | -                    | -                    | 2,219                  | 2,219   |
| Budgetary reserve  | (4,405,877)          | (4,405,877)          | -                      | 4,405,877   |
| Proceeds from sale of capital assets                             | -                    | -                    | 2,750,000              | 2,750,000   |
| Transfers out  | (6,237,265)          | (6,730,104)          | (6,730,104)            | -   |
| <b>Total other financing sources (uses)</b>                      | <u>(10,643,142)</u>  | <u>(11,135,981)</u>  | <u>(3,977,885)</u>     | <u>7,158,096</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                                | (25,482,130)         | (25,482,130)         | 14,459,481             | 39,941,611  |
| <b>FUND BALANCE</b>  |                      |                      |                        |   |
| Beginning of year  | 69,152,529           | 69,152,529           | 69,152,529             | -   |
| <b>End of year</b>   | <u>\$ 43,670,399</u> | <u>\$ 43,670,399</u> | <u>\$ 83,612,010</u>   | <u>\$ 39,941,611</u>                                    |

See accompanying notes

**WEST CHESTER AREA SCHOOL DISTRICT**

**STATEMENT OF NET POSITION - PROPRIETARY FUND**

**June 30, 2022**

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|  | <u>Major Fund</u>  |
|--|--------------------|
|  | <u>Food</u>        |
|  | <u>Service</u>     |
|  | <u>Fund</u>        |
| <b>ASSETS</b>                            |                    |
| <b>CURRENT ASSETS</b>                    |                    |
| Cash and cash equivalents                | \$ 55,320          |
| Investments                              | 2,167,808          |
| Due from other governments               | 738,884            |
| Due from other funds                     |                    |
| Other receivables                        | 22,970             |
| Inventories, donated commodities         | <u>3,357</u>       |
| <b>Total current assets</b>              | <u>2,988,339</u>   |
| <b>CAPITAL ASSETS</b>                    |                    |
| Furniture and equipment, net             | <u>614,850</u>     |
| <b>Total assets</b>                      | <u>\$3,603,189</u> |
| <b>LIABILITIES AND NET POSITION</b>      |                    |
| <b>CURRENT LIABILITIES</b>               |                    |
| Accounts payable and accrued liabilities | \$ 263,819         |
| Due to other funds                       | 141,140            |
| Unearned revenue                         | <u>382,305</u>     |
| <b>Total liabilities</b>                 | <u>787,264</u>     |
| <b>NET POSITION</b>                      |                    |
| Investment in capital assets             | 614,850            |
| Unrestricted                             | <u>2,201,075</u>   |
| <b>TOTAL NET POSITION</b>                | <u>\$2,815,925</u> |

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*See accompanying notes*

# WEST CHESTER AREA SCHOOL DISTRICT

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

Year ended June 30, 2022

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|                                    | <u>Major Fund</u><br><u>Food</u><br><u>Service</u><br><u>Fund</u> |
|------------------------------------|---|
| <b>OPERATING REVENUES</b>          |   |
| Food service revenues              | \$ <u>378,935</u>   |
| <b>OPERATING EXPENSES</b>          |   |
| Professional and contract services | 4,137,074   |
| Depreciation                       | 130,190   |
| Other operating costs              | <u>(1,735)</u>  |
| <b>Total operating expenses</b>    | <u>4,265,529</u>  |
| <b>Operating loss</b>              | <u>(3,886,594)</u>  |
| <b>NONOPERATING REVENUES</b>       |   |
| State sources                      | 144,303   |
| Federal sources                    | 5,225,180   |
| Interest income                    | <u>3,763</u>  |
| <b>Total nonoperating revenues</b> | <u>5,373,246</u>  |
| <b>CHANGE IN NET POSITION</b>      | 1,486,652   |
| <b>NET POSITION</b>                |   |
| Beginning of year                  | <u>1,329,273</u>  |
| <b>End of year</b>                 | <u><u>\$ 2,815,925</u></u>  |

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See accompanying notes

# WEST CHESTER AREA SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year ended June 30, 2022

|  | <u>Major Fund</u>    |
|--|----------------------|
|  | <u>Food</u>          |
|  | <u>Service</u>       |
|  | <u>Fund</u>          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |
| Receipts from customers  | \$ 515,160           |
| Payments to suppliers  | <u>(3,779,591)</u>   |
| <b>Net cash used by operating activities</b>   | <u>(3,264,431)</u>   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                   |                      |
| State sources  | 147,791              |
| Federal sources  | <u>4,875,680</u>     |
| <b>Net cash provided by noncapital financing activities</b>                              | <u>5,023,471</u>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                          |                      |
| Purchase of capital assets   | <u>(93,057)</u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                      |
| Sale of investment securities and deposits to investment pools                           | (1,732,197)          |
| Interest income  | <u>3,763</u>         |
| <b>Net cash used by investing activities</b>   | <u>(1,728,434)</u>   |
| <b>Net change in cash and cash equivalents</b>   | (62,451)             |
| <b>CASH AND CASH EQUIVALENTS</b>   |                      |
| Beginning of year  | <u>117,771</u>       |
| End of year  | <u>\$ 55,320</u>     |
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>         |                      |
| Operating loss   | \$(3,886,594)        |
| <b>Adjustments to reconcile operating loss to net cash used by operating activities:</b> |                      |
| Depreciation   | 130,190              |
| Commodities usage  | 254,464              |
| Changes in assets and liabilities:   |                      |
| Increase in other receivables  | (11,057)             |
| Decrease in inventory  | 7,137                |
| Increase in accounts payable and accrued liabilities                                     | 24,607               |
| Increase in due to other funds   | 69,540               |
| Increase in unearned revenue   | <u>147,282</u>       |
| <b>Net cash used by operating activities</b>   | <u>\$(3,264,431)</u> |
| <b>SUPPLEMENTAL DISCLOSURE</b>   |                      |
| <b>Noncash noncapital financing activity</b>   |                      |
| USDA donated commodities   | <u>\$ 254,464</u>    |

See accompanying notes

**WEST CHESTER AREA SCHOOL DISTRICT**

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**

June 30, 2022

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|   | <u>Custodial Funds</u>                |                                     |                                      |                                       |
|---|---------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|
|   | <u>Student<br/>Activity<br/>Funds</u> | <u>Other<br/>Custodial<br/>Fund</u> | <u>Total<br/>Custodial<br/>Funds</u> | <u>Private-<br/>Purpose<br/>Trust</u> |
| <b>ASSETS</b>                             |                                       |                                     |                                      |                                       |
| Cash and cash equivalents                 | \$ 393,253                            | \$ 116,841                          | 510,094                              | \$ 555,387                            |
| <b>Total assets</b>                       | <u>\$ 393,253</u>                     | <u>\$ 116,841</u>                   | <u>\$ 510,094</u>                    | <u>\$ 555,387</u>                     |
| <b>LIABILITIES AND NET POSITION</b>       |                                       |                                     |                                      |                                       |
| <b>LIABILITIES:</b>                       |                                       |                                     |                                      |                                       |
| Other current liabilities                 | 9,065                                 | 6,884                               | 15,949                               | 1,895                                 |
| <b>Total liabilities</b>                  | <u>9,065</u>                          | <u>6,884</u>                        | <u>15,949</u>                        | <u>1,895</u>                          |
| <b>NET POSITION:</b>                      |                                       |                                     |                                      |                                       |
| Restricted                                | 384,188                               | 109,957                             | 494,145                              | 553,492                               |
| <b>Total net position</b>                 | <u>384,188</u>                        | <u>109,957</u>                      | <u>494,145</u>                       | <u>553,492</u>                        |
| <b>Total liabilities and net position</b> | <u>\$ 393,253</u>                     | <u>\$ 116,841</u>                   | <u>\$ 510,094</u>                    | <u>\$ 555,387</u>                     |

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See accompanying notes

**WEST CHESTER AREA SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**

Year ended June 30, 2022

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|                               | <u>Custodial Funds</u>                |                                     |                                      |                                       |
|-------------------------------|---------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|
|                               | <u>Student<br/>Activity<br/>Funds</u> | <u>Other<br/>Custodial<br/>Fund</u> | <u>Total<br/>Custodial<br/>Funds</u> | <u>Private-<br/>Purpose<br/>Trust</u> |
| <b>ADDITIONS</b>              |                                       |                                     |                                      |                                       |
| Gifts and contributions       | <u>\$ 615,384</u>                     | <u>\$ 163,564</u>                   | <u>\$ 778,948</u>                    | <u>\$ 339,928</u>                     |
|                               | <u>615,384</u>                        | <u>163,564</u>                      | <u>778,948</u>                       | <u>339,928</u>                        |
| <b>DEDUCTIONS</b>             |                                       |                                     |                                      |                                       |
| Activity expense              | <u>561,244</u>                        | <u>228,008</u>                      | <u>789,252</u>                       | <u>388,457</u>                        |
| <b>Total deductions</b>       | <u>561,244</u>                        | <u>228,008</u>                      | <u>789,252</u>                       | <u>388,457</u>                        |
| <b>CHANGE IN NET POSITION</b> | 54,140                                | (64,444)                            | (10,304)                             | (48,529)                              |
| <b>NET POSITION</b>           |                                       |                                     |                                      |                                       |
| Beginning of year             | <u>330,048</u>                        | <u>174,401</u>                      | <u>504,449</u>                       | <u>602,021</u>                        |
| <b>End of year</b>            | <u>\$ 384,188</u>                     | <u>\$ 109,957</u>                   | <u>\$ 494,145</u>                    | <u>\$ 553,492</u>                     |

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See accompanying notes

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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### (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **Reporting Entity**

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

#### **Entity-Wide and Fund Financial Statements**

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

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

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

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

The District reports the following major governmental funds:

- General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.
- Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital assets other than those financed by enterprise operations.
- Capital Reserve Fund - The Capital Reserve Fund is used for funds set aside that are legally restricted to expenditures for specific purposes.

The District reports one nonmajor fund (debt service) which is used to record certain debt activity.

The District reports the following major proprietary fund:

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

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

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

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

Additionally, the District reports the following fund types:

*Fiduciary Funds* - Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments. These include private-purpose trust funds and custodial funds. Private-purpose trust funds account for resources, including both principal and earnings, which must be expended in accordance with a trust agreement. Custodial funds are purely custodial in nature.

### **Assets, Liabilities, and Net Position or Equity**

#### ***Deposits and Investments***

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

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

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

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

- Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

### **Receivables and Payables**

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

All trade and property tax receivables are shown net of any allowance for uncollectibles. There are no allowances at June 30, 2022.

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

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

### **Prepaid Items**

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

### **Inventory**

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

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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### **Capital Assets**

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

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

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

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

### **Compensated Absences**

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

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

### **Accrued Severance Pay**

Administrative personnel who have completed at least 12 years of credited District service and retire under normal PSERS guidelines receive severance pay in the form of compensation. Instructional, secretarial, and support personnel who have completed at least 15 years of credited District service and retire under the normal PSERS guidelines receive severance pay in the form of compensation. Administrative personnel receive \$45 - \$80 per day for every day of accumulated sick and personal days at retirement. Instructional personnel receive \$45 - \$80 per day. Secretarial and support personnel receive \$65 per day for every day of accumulated sick and personal days at retirement to a maximum \$10,000 of compensation. Severance pay generally is liquidated by the General Fund.

### **Long-term Obligations**

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

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

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# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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### Deferred Outflows and Deferred Inflows of Resources

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

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

The second deferred outflow of resources relates to certain changes to the net pension and OPEB liabilities which are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows of resources in the statement of net position. In the statement of net position, a deferred inflow of resources is recorded for differences related to changes in the net pension and OPEB liabilities which will be amortized over future periods. See Notes 13 through 15 for further analysis of deferred outflows and inflows of resources related to the net pension and OPEB liabilities.

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

### Fund Equity

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

- *Nonspendable* – that portion of the fund balance that cannot be spent because it is either in a nonspendable form or legally or contractually required to be maintained intact.
- *Restricted* – that portion of the fund balance that is constrained to be used for a specific purpose as per an external party or law.
- *Committed* – that portion of the balance that is to be used for a specific purpose as per School Board motion. These constraints can be removed or changed by equal level action. Action to constrain resources should occur prior to the fiscal year end. Direction from the School Board can commit specific dollar amounts, percentages, or funds related to a specific activity.
- *Assigned* – that portion of the fund balance that is intended to be used for specific purposes. The Property and Finance Committee, the Superintendent, or the Director of Business Affairs may assign amounts for specific purposes.
- *Unassigned* – that portion of the fund balance that represents expendable available financial resources. It is the residual after the nonspendable, restricted, committed, and assigned portions are deducted from the total fund balance. A negative unassigned fund balance may be reported in the other governmental funds (not general fund) if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

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

### **Net Position**

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

### **Use of Estimates in the Preparation of Financial Statements**

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

### **Implementation of New Accounting Pronouncements**

Effective July 1, 2021, the District adopted the provisions of GASB Statement No. 87 "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period"; GASB Statement No. 91, "Conduit Debt Obligations", and GASB Statement No. 92, "Omnibus 2020".

The objective of GASB Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. As a result of the implementation of Statement No. 87, the District recognized its right-to-use lease assets and corresponding liabilities for the year ended June 30, 2022.

The objectives of GASB Statement No. 89 are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 establishes accounting required for interest cost incurred before the end of a construction period. Such interest costs include all interest that previously was accounted for in accordance with the requirements of GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", which are superseded by GASB Statement No. 89. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with government fund accounting principles. The implementation of GASB Statement No. 89 had no impact on the financial statements of the District for the year ended June 30, 2022.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 had no impact on the District's financial statements for the year ended June 30, 2022.

GASB Statement No. 92 addresses a variety of topics to enhance comparability in accounting and financial reporting and improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 had no impact on the District's financial statements for the year ended June 30, 2022.

### **New Accounting Pronouncements**

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

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

## **(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.

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

1. The Director of Business Affairs submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the District offices to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted through passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the general fund.
5. Budgeted amounts are as originally adopted, or as amended by the School Board.

### (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, 2022, the carrying amount of the District's deposits was \$23,992,479, and the bank balance was \$26,894,955. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance was fully collateralized. This collateral was held by the depository's agent on a pooled basis not in the District's name and, therefore, subject to custodial credit risk.

### (4) INVESTMENTS

The District purchases money market holdings, certificates of deposit ("**CDs**") and government agency securities through Fulton Financial Advisors. The money market is a federal money market fund and maintains a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of June 30, 2022, it was rated AAA by a nationally recognized statistical rating agency. Fulton Financial Advisors is a registered member of the Securities and Exchange Commission and subject to the Commission's oversight. These investments are held by a third party. Investments are in short-term securities in accordance with the District's investment policy and school district code. All agency securities purchased are highly rated by a nationally recognized rating agency. All CDs are purchased at values to stay within the FDIC insurance limits.

The District also invests in the Pennsylvania Local Government Investment Trust ("**PLGIT**"), the Pennsylvania School District Liquid Asset Fund ("**PSDLAF**"), and the Pennsylvania Treasurer's Investment Program for Local Governments ("**PTIP**"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT, PSDLAF and PTIP act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit. These external investment pools are considered 2a7- like pools and are recorded at amortized cost. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. As of June 30, 2022, PLGIT, PSDLAF and PTIP were rated as AAAM by a nationally recognized statistical rating organization. As of June 30, 2022, the District had \$55,792,604 invested in PLGIT, PSDLAF and PTIP (\$24,454,978 in the General Fund, \$29,057,609 in the Capital Projects Fund, \$112,209 in the Capital Reserve Fund and \$2,167,808 in the Food Service Fund.)

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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, 2022:

|                                   | <u>Fair Value</u>   | <u>Level 1</u>      | <u>Level 2</u>      | <u>Maturity<br/>Less Than<br/>One Year</u> | <u>Maturity<br/>Greater Than<br/>One Year</u> |
|-----------------------------------|---------------------|---------------------|---------------------|--|---|
| <b>General Fund</b>               |                     |                     |                     |  |   |
| CRIMS – Agencies                  | \$ 4,989,225        | \$ -                | \$ 4,989,225        | \$ 4,989,225                               | \$ -  |
| CRIMS – Certificates of deposit   | 1,711,255           | -                   | 1,711,255           | 1,711,255                                  | -   |
| CRIMS – Commercial paper          | 494,990             | -                   | 494,990             | 494,990                                    | -   |
| CRIMS – Money market              | 21,417,742          | 21,417,742          | -                   | 21,417,742                                 | -   |
| CRIMS – U.S. Treasuries           | <u>27,947,451</u>   | <u>-</u>            | <u>27,947,451</u>   | <u>27,947,451</u>                          | <u>-</u>                                      |
| <b>Total General Fund</b>         | <u>56,560,663</u>   | <u>21,417,742</u>   | <u>35,142,921</u>   | <u>56,560,663</u>                          | <u>-</u>                                      |
| <b>Capital Reserve Fund</b>       |                     |                     |                     |  |   |
| CRIMS – Agencies                  | 2,499,129           | -                   | 2,499,129           | 2,499,129                                  | -   |
| CRIMS – Certificates of deposit   | 4,800,512           | -                   | 4,800,512           | 4,326,029                                  | 474,483                                       |
| CRIMS – Commercial paper          | 7,405,063           | -                   | 7,405,063           | 7,405,063                                  | -   |
| CRIMS – Money market              | 1,457,844           | 1,457,844           | -                   | 1,457,844                                  | -   |
| CRIMS – Municipal bonds           | 464,978             | -                   | 464,978             | 464,978                                    | -   |
| CRIMS – U.S. Treasuries           | <u>2,493,454</u>    | <u>-</u>            | <u>2,493,454</u>    | <u>2,493,454</u>                           | <u>-</u>                                      |
| <b>Total Capital Reserve Fund</b> | <u>19,120,980</u>   | <u>1,457,844</u>    | <u>17,663,136</u>   | <u>18,646,497</u>                          | <u>474,483</u>                                |
| <b>Totals</b>                     | <u>\$75,681,643</u> | <u>\$22,875,586</u> | <u>\$52,806,057</u> | <u>\$75,207,160</u>                        | <u>\$474,483</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 months at any point in time, and the maximum maturity of any individual investment will be 397 days from purchase date to maturity date. For reserve funds, the maximum weighted average maturity will be no more than two and one-half years from at any point in time and the maximum maturity of any individual investment will be five years from purchase date to maturity date. Scholarship and other similarly designated funds shall be invested such that the final maturity will be suitable to the expected life of the designated fund.

## (5) TAXES RECEIVABLE

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

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

|                        | <u>General Fund</u> |
|------------------------|---------------------|
| Real estate taxes      | \$1,819,732         |
| Transfer taxes         | 544,586             |
| Earned income taxes    | <u>1,062,239</u>    |
| Total taxes receivable | <u>\$3,426,557</u>  |

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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 \$1,557,591 reported in the governmental funds resulted from delinquent property taxes receivable which was not collected within 60 days of fiscal year end.

### (6) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>   | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|--------------------|---------------------------|
| <b>Governmental activities</b>                     |                              |                     |                    |                           |
| Capital assets not being depreciated               |                              |                     |                    |                           |
| Land   | \$ 28,289,916                | \$ -                | \$ -               | \$ 28,289,916             |
| Construction-in-progress                           | <u>63,813,485</u>            | <u>10,431,250</u>   | <u>3,748,645</u>   | <u>70,496,090</u>         |
| <b>Total capital assets not being depreciated</b>  | <u>92,103,401</u>            | <u>10,431,250</u>   | <u>3,748,645</u>   | <u>98,786,006</u>         |
| Capital assets being depreciated                   |                              |                     |                    |                           |
| Land improvements                                  | 16,502,403                   | 518,126             | -                  | 17,020,529                |
| Buildings  | 428,656,395                  | 3,141,473           | 174,000            | 431,623,868               |
| Furniture and equipment                            | 49,623,204                   | 5,127,264           | -                  | 54,750,468                |
| Right-to-use leased equipment                      | <u>383,113</u>               | <u>492,331</u>      | <u>-</u>           | <u>875,444</u>            |
| <b>Total capital assets being depreciated</b>      | <u>495,165,115</u>           | <u>9,279,194</u>    | <u>174,000</u>     | <u>504,270,309</u>        |
| Less: accumulated depreciation for                 |                              |                     |                    |                           |
| Land improvements                                  | 10,108,689                   | 647,028             | -                  | 10,755,717                |
| Buildings  | 212,648,404                  | 10,909,222          | 174,000            | 223,383,626               |
| Furniture and equipment                            | 39,218,842                   | 3,657,508           | -                  | 42,876,350                |
| Right-to-use leased equipment                      | <u>-</u>                     | <u>176,823</u>      | <u>-</u>           | <u>176,823</u>            |
| <b>Total accumulated depreciation</b>              | <u>261,975,935</u>           | <u>15,390,581</u>   | <u>174,000</u>     | <u>277,192,516</u>        |
| <b>Total capital assets being depreciated, net</b> | <u>233,189,180</u>           | <u>(6,111,387)</u>  | <u>-</u>           | <u>227,077,793</u>        |
| <b>Government activities assets, net</b>           | <u>\$325,292,581</u>         | <u>\$ 4,319,863</u> | <u>\$3,748,645</u> | <u>\$325,863,799</u>      |
| <b>Business-type activities</b>                    |                              |                     |                    |                           |
| Capital asset being depreciated                    |                              |                     |                    |                           |
| Furniture and equipment                            | \$ 1,754,958                 | \$ 93,057           | \$ -               | \$ 1,848,015              |
| Less: accumulated depreciation                     | <u>1,102,975</u>             | <u>130,190</u>      | <u>-</u>           | <u>1,233,165</u>          |
| <b>Business-type capital assets, net</b>           | <u>\$ 651,983</u>            | <u>\$ (37,133)</u>  | <u>\$ -</u>        | <u>\$ 614,850</u>         |

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

|   |                     |
|---|---------------------|
| <b>Governmental activities</b>                              |                     |
| Instruction   | \$ 9,716,509        |
| Instructional Student Support                               | 1,207,534           |
| Administrative and Financial Support Services               | 1,470,222           |
| Operation and Maintenance of Plant Services                 | 1,883,742           |
| Pupil Transportation  | 769,725             |
| Student Activities  | 332,700             |
| Community Services  | <u>10,149</u>       |
| <b>Total depreciation expense – governmental activities</b> | <u>\$15,390,581</u> |
| <b>Depreciation expense – business-type activities</b>      | <u>\$ 130,190</u>   |

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

### (7) INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

| <u>Receivable To</u> | <u>Amount</u>     | <u>Payable From</u> | <u>Amount</u>     |
|----------------------|-------------------|---------------------|-------------------|
| General Fund         | <u>\$ 141,140</u> | Food Service Fund   | <u>\$ 141,140</u> |

Interfund receivables and payables exist as a result of a time lag between dates when goods and services were provided and payments between funds were made. All will be paid within one year.

| <u>Transfers Out</u>       | <u>Amount</u>      | <u>Transfers In</u>   | <u>Amount</u>      |
|----------------------------|--------------------|-----------------------|--------------------|
| General Fund               | \$6,730,104        | Capital Reserve Fund  | \$6,730,104        |
| Nonmajor Governmental Fund | <u>6,242</u>       | Capital Projects Fund | <u>6,242</u>       |
|                            | <u>\$6,736,346</u> |                       | <u>\$6,736,346</u> |

The general fund transferred funds to the capital reserve fund for the year ended June 30, 2022 to fund future planned capital expenditures. The nonmajor governmental fund transferred excess funds related to the bond refunding to the capital projects fund.

### (8) LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2022:

|   | <u>Beginning Balance</u> | <u>Repayments</u> | <u>Additions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|--------------------------|-------------------|------------------|-----------------------|----------------------------|
| General obligation note, Series of 2009     | \$ 9,300,000             | \$ 650,000        | \$ -             | \$ 8,650,000          | \$ 520,000                 |
| General obligation bonds, Series A of 2012  | 21,000,000               | 21,000,000        | -                | -                     | -                          |
| General obligation bonds, Series AA of 2012 | 7,620,000                | 7,620,000         | -                | -                     | -                          |
| General obligation bonds, Series of 2014    | 12,000,000               | -                 | -                | 12,000,000            | -                          |
| General obligation bonds, Series A of 2014  | 24,500,000               | 1,185,000         | -                | 23,315,000            | 14,570,000                 |
| General obligation bonds, Series AA of 2014 | 55,875,000               | 305,000           | -                | 55,570,000            | 315,000                    |
| General obligation bonds, Series AA of 2015 | 770,000                  | 770,000           | -                | -                     | -                          |
| General obligation bonds, Series of 2016    | 6,400,000                | 2,035,000         | -                | 4,365,000             | 2,130,000                  |
| General obligation bonds, Series A of 2016  | 32,005,000               | 5,000             | -                | 32,000,000            | 5,000                      |
| General obligation bonds, Series AA of 2016 | 8,480,000                | 8,480,000         | -                | -                     | -                          |
| General obligation bonds, Series of 2017    | 5,405,000                | 5,405,000         | -                | -                     | -                          |
| General obligation bonds, Series A of 2017  | 9,735,000                | 5,000             | -                | 9,730,000             | 5,000                      |
| General obligation bonds, Series of 2018    | 9,980,000                | 5,000             | -                | 9,975,000             | 5,000                      |
| General obligation bonds, Series of 2019    | 34,745,000               | 5,000             | -                | 34,740,000            | 5,000                      |

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

|   |                      |                     |                     |                      |                     |
|---|----------------------|---------------------|---------------------|----------------------|---------------------|
| General obligation bonds,<br>Series of 2020 | 14,540,000           | 4,495,000           | -                   | 10,045,000           | 50,000              |
| General obligation bonds,<br>Series of 2021 | 29,250,000           | 5,000               | -                   | 29,245,000           | 5,000               |
| General obligation bonds,<br>Series of 2022 | <u>-</u>             | <u>-</u>            | <u>30,115,000</u>   | <u>30,115,000</u>    | <u>5,000</u>        |
|   | 281,605,000          | 51,970,000          | 30,115,000          | 259,750,000          | 17,615,000          |
| Deferred amounts:                           |                      |                     |                     |                      |                     |
| Issuance premiums                           | <u>21,667,635</u>    | <u>3,130,359</u>    | <u>4,880,892</u>    | <u>23,418,168</u>    | <u>3,161,251</u>    |
|   | <u>\$303,272,635</u> | <u>\$55,100,359</u> | <u>\$34,995,892</u> | <u>\$283,168,168</u> | <u>\$20,776,251</u> |

### General Obligation Bonds:

|   |                    |
|---|--------------------|
| Series of 2014, original principal amount of \$12,000,000, maturing May 15, 2025 through May 15, 2032, bearing interest ranging from 3.75% to 4.25%, interest payable semi-annually on May 15 and November 15.  | \$ 12,000,000      |
| Refunding Series A of 2014, original principal amount of \$30,890,000, maturing May 15, 2015 through May 15, 2024, bearing interest ranging from 0.30% to 5%, interest payable semi-annually on May 15 and November 15.   | 23,315,000         |
| Refunding Series AA of 2014, original principal amount of \$57,635,000, maturing May 15, 2016 through May 15, 2030, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on May 15 and November 15.   | 55,570,000         |
| Refunding Series of 2016, original principal amount of \$15,300,000, maturing April 15, 2016 through April 15, 2024, bearing interest ranging from 1.50% to 5.00%, interest payable semi-annually on April 15 and October 15.   | 4,365,000          |
| 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.   | 32,000,000         |
| 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.   | 9,730,000          |
| Series of 2018, original principal amount of \$9,990,000, maturing May 15, 2020 through May 15, 2039, bearing interest of 4.00%, interest payable semi-annually on May 15 and November 15.  | 9,975,000          |
| Series of 2019, original principal amount of \$34,750,000, maturing May 15, 2021 through May 15, 2040, bearing interest ranging from 1.25% to 3.50%, interest payable semi-annually on May 15 and November 15.  | 34,740,000         |
| Series of 2020, original principal amount of \$16,750,000, maturing March 15, 2021 through March 15, 2032, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on March 15 and September 15. The refunding resulted in a cash flow savings of \$1,493,033. | 10,045,000         |
| Series of 2021, original principal amount of \$29,250,000, maturing May 1, 2022 through May 1, 2041, bearing interest ranging from 1.50% to 4.00%, interest payable semi-annually on May 1 and November 1.  | 29,245,000         |
| Series of 2022, original principal amount of \$30,115,000, maturing May 15, 2022 through May 15, 2032, bearing interest ranging from 3.00% to 5.00%, interest payable semi-annually on May 15 and November 15.  | <u>30,115,000</u>  |
| <b>Total general obligation bonds</b>   | <u>251,100,000</u> |

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

### General Obligation Notes:

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

|   |                             |
|---|-----------------------------|
|   | <u>8,650,000</u>            |
| <b>Total general obligation bonds and notes</b> | <b><u>\$259,750,000</u></b> |

Payments of long-term debt are expected to be funded by the General Fund.

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

| <u>Year Ending June 30,</u> | <u>Principal</u>            | <u>Interest</u>            | <u>Total Debt Service</u>   |
|-----------------------------|-----------------------------|----------------------------|-----------------------------|
| 2023                        | \$ 17,615,000               | \$10,341,904               | \$ 27,956,904               |
| 2024                        | 17,905,000                  | 9,331,578                  | 27,236,578                  |
| 2025                        | 18,730,000                  | 8,449,040                  | 27,179,040                  |
| 2026                        | 19,760,000                  | 7,519,248                  | 27,279,248                  |
| 2027                        | 20,275,000                  | 6,986,257                  | 27,261,257                  |
| 2028-2032                   | 98,020,000                  | 22,452,757                 | 120,472,757                 |
| 2033-2037                   | 38,470,000                  | 10,376,545                 | 48,846,545                  |
| 2038-2041                   | <u>28,975,000</u>           | <u>2,537,925</u>           | <u>31,512,925</u>           |
|                             | <b><u>\$259,750,000</u></b> | <b><u>\$77,995,254</u></b> | <b><u>\$337,745,254</u></b> |

### (9) CHANGES IN OTHER LONG-TERM LIABILITIES

The following summarizes the changes in other long-term liabilities for the year ended June 30, 2022:

|                                    | <u>Balance</u>              | <u>Increases</u>           | <u>Decreases</u>            | <u>Balance</u>              | <u>Amount</u>              |
|------------------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|----------------------------|
|                                    | <u>July 1, 2021</u>         |                            |                             | <u>June 30, 2022</u>        | <u>Due Within</u>          |
|                                    |                             |                            |                             |                             | <u>One Year</u>            |
| Accrued compensated absences       | \$ 2,170,858                | \$ 584,054                 | \$ 766,307                  | \$ 1,988,605                | \$ -                       |
| Accrued severance                  | <u>3,946,998</u>            | <u>756,583</u>             | <u>872,033</u>              | <u>3,831,548</u>            | -                          |
| <b>Subtotal</b>                    | 6,117,856                   | 1,340,637                  | 1,638,340                   | 5,820,153                   | -                          |
| Right-to-use leases payable        | 383,113                     | 492,331                    | 160,966                     | 714,478                     | 282,660                    |
| Net OPEB liability                 | 29,066,162                  | 3,150,709                  | 1,224,583                   | 30,992,288                  | -                          |
| Net pension liability              | 341,620,000                 | -                          | 50,240,000                  | 291,380,000                 | -                          |
| Bonds and notes payable, net       | <u>303,272,635</u>          | <u>34,995,892</u>          | <u>55,100,359</u>           | <u>283,168,168</u>          | <u>20,776,251</u>          |
| <b>Total long-term liabilities</b> | <b><u>\$680,459,766</u></b> | <b><u>\$39,979,569</u></b> | <b><u>\$108,364,248</u></b> | <b><u>\$612,075,087</u></b> | <b><u>\$21,058,911</u></b> |

### (10) CONTINGENT LIABILITIES

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

#### Litigation

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

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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### (11) CONSTRUCTION COMMITMENTS

As of June 30, 2022, the District had construction projects yet to be completed. The commitments and amounts completed to date are as follows:

|             | <u>Contract<br/>Amounts</u> | <u>Completed<br/>Through<br/>June 30, 2022</u> | <u>Remaining<br/>Commitments</u> |
|-------------|-----------------------------|--|----------------------------------|
| Renovations | <u>\$97,126,116</u>         | <u>\$69,475,194</u>                            | <u>\$27,650,922</u>              |

As of June 30, 2022, the District has incurred costs totaling \$1,020,896 for project costs that were not under a formal contract.

### (12) RISK MANAGEMENT

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

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, 2022 were \$305,403.

Additionally, the District self-insures group medical, dental, vision, and prescription coverage. The District has accrued a two-month value for potential claims under medical, dental, vision and prescription coverage. Total claims paid for the year ended June 30, 2022 were \$23,595,378.

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 insurance coverage and no settlements exceeding insurance coverage during the year ended June 30, 2022 and the three previous fiscal years.

#### Change in Aggregate Claim Liabilities

|  | <u>June 30, 2022</u> | <u>June 30, 2021</u> |
|--|----------------------|----------------------|
| Claims liability - beginning of year         | \$ 3,792,761         | \$ 4,010,121         |
| Current year claims and changes in estimates | 24,170,357           | 20,650,810           |
| Claim payments by the District               | <u>(23,595,378)</u>  | <u>(20,868,170)</u>  |
| Claims liability - end of year               | <u>\$ 4,367,740</u>  | <u>\$ 3,792,761</u>  |

### (13) PENSION PLAN

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

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# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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### Plan Description

PSERS is a governmental cost-sharing multi-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 employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

### Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year credited service; (b) age 60 with 30 more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

### Contributions

#### Member Contributions

Active members who joined the system prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (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% (Membership Class T-C) or at 7.50% (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% (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% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect T-F membership, contribute at 10.30% (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 of 2010 that in future fiscal years could cause Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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Employees who become an active member of PSERS on or after July 1, 2019, are enrolled in a hybrid plan that has a defined benefit and defined contribution component. Members who joined PSERS after June 30, 2019, automatically contribute at the Membership Class T-G rate of 8.25% (base rate), including a 2.75% defined contribution component of the member's qualifying compensation. All new hires after June 30, 2019, who elect T-H membership, contribute at 7.50% (base rate), including a 3.00% defined contribution component of the member's qualifying compensation. Membership Class T-G and T-H are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-G contribution rate to fluctuate between 5.50% and 8.50% and Membership Class T-H contribution rate to fluctuate between 4.50% and 7.50%. All new members can also elect a DC membership and contribute at 7.50% (base rate) to a defined contribution plan that has no defined benefit component.

### **Employer Contributions**

The District's contractually required contribution rate for fiscal year ended June 30, 2022 was 34.14% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$35,926,508 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$291,380,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. 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, 2022, the District's proportion was 0.7097 percent, which was an increase of 0.0159 percent from its proportion measured as of June 30, 2021. As of June 30, 2022, the net pension liability of \$291,380,000 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2022, the District recognized net pension expense of \$22,896,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|--|--|---|
| Difference between expected and actual experience  | \$ 215,000                                       | \$ 3,828,000                                    |
| Changes in assumptions   | 14,133,000                                       | -   |
| Net difference between projected and actual investment earnings                          | -  | 46,382,000                                      |
| Changes in proportions   | 7,864,000  | 224,000   |
| Difference between employer contributions and proportionate share of total contributions | (53,453)   | -   |
| Contributions subsequent to the measurement date   | <u>35,926,508</u>                                | <u>-</u>  |
|  | <b><u>\$58,085,055</u></b>                       | <b><u>\$50,434,000</u></b>                      |

\$35,926,508 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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### Year ended June 30,

|      |                       |
|------|-----------------------|
| 2023 | \$ (6,810,380)        |
| 2024 | (2,694,483)           |
| 2025 | (3,768,559)           |
| 2026 | <u>(15,002,031)</u>   |
|      | <u>\$(28,275,453)</u> |

### Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward PSERS' total pension liability at June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- The discount rate used to measure the total pension liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial valuation experience study that was performed for the five year period ending June 30, 2020.

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

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

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Global public equity | 27.0 %                   | 5.2%  |
| Private equity       | 12.0 %                   | 7.3%  |
| Fixed income         | 35.0 %                   | 1.8%  |
| Commodities          | 10.0 %                   | 2.0%  |
| Absolute return      | 8.0 %                    | 3.1%  |
| Infrastructure/MLPs  | 8.0 %                    | 5.1%  |
| Real estate          | 10.0 %                   | 4.7%  |
| Cash                 | 3.0 %                    | 0.1%  |
| Leverage             | <u>(13.0)%</u>           | 0.1%  |
|                      | <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, 2021.

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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### Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

|   | <u>1% Decrease</u><br><u>6.00%</u> | <u>Current</u><br><u>Discount</u><br><u>Rate</u><br><u>7.00%</u> | <u>1% Increase</u><br><u>8.00%</u> |
|---|------------------------------------|--|------------------------------------|
| District's proportionate share of the net pension liability | <u>\$382,446,000</u>               | <u>\$291,380,000</u>   | <u>\$214,560,000</u>               |

### Pension Plan Fiduciary Net Position

Detailed information about the PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on the system's website at [www.psers.pa.gov](http://www.psers.pa.gov).

## (14) POSTEMPLOYMENT HEALTHCARE PLAN

### Plan Description

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

Teachers that reached age 50 as of July 1, 2014 and had 20 years of service in the District and retired prior to July 1, 2021 were eligible to receive an HRA of \$20,000 and cannot elect coverage under a medical plan provide by the District. Teachers retiring on or after July 1, 2021 may continue the medical benefits by paying the full COBRA premium.

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

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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Non-bargaining employees that reach age 50 with 15 years of service receive single coverage benefits until Medicare eligible. Non-bargaining staff receiving this benefit are required to cost share for non-bargaining employee coverage at a rate equal to the higher of the maximum reimbursement provided by the PSERS (currently \$100 per month) or active employee contribution. The employee must retire from service to receive the post-employee benefits and not work for another school district.

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

### **Participants**

As of June 30, 2022, the Plan had 1,395 participants, consisting of 1,336 active participants, zero vested former participants, and 59 retired participants. Participant data is based on census information as of July 2020.

### **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 2022, the District paid \$897,638 to plan members eligible for receiving benefits.

### **Actuarial Assumptions and Other Inputs**

The total OPEB liability was measured as of July 1, 2020, which was the same date of the most recent actuarial valuation.

### **Discount Rate**

The discount rate was 2.28 percent based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2021 and increase from the prior measurement date (22.58 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.

| <b><u>Age</u></b> | <b><u>Male Rate</u></b> | <b><u>Female Rate</u></b> | <b><u>Age</u></b> | <b><u>Male Rate</u></b> | <b><u>Female Rate</u></b> |
|-------------------|-------------------------|---------------------------|-------------------|-------------------------|---------------------------|
| 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.

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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### 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 55 and<br/>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 2.50 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 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:

**WEST CHESTER AREA SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2022

| <u>Age</u> | <u>Medical</u> |               | <u>Prescription Drug</u>    |               |
|------------|----------------|---------------|-----------------------------|---------------|
|            | <u>Male</u>    | <u>Female</u> | <u>Male</u>                 | <u>Female</u> |
| 45 – 49    | \$ 6,591       | \$ 9,518      | \$1,266                     | \$1,771       |
| 50 – 54    | \$ 8,729       | \$10,757      | \$1,624                     | \$2,001       |
| 55 – 59    | \$10,631       | \$11,256      | \$1,978                     | \$2,094       |
| 60 – 64    | \$13,873       | \$12,931      | \$2,581                     | \$2,405       |
| 65+        | \$10,516       | \$11,156      | 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.

**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 2020 through 2023. Rates gradually decrease from 5.4 percent in 2024 to 4.0 percent in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**Actuarial Cost Method – Entry Age Normal**

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

**Sensitivity Analysis**

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

|  | <u>1% Decrease</u><br><u>1.28%</u> | <u>Current Discount Rate</u><br><u>2.28%</u> | <u>1% Increase</u><br><u>3.28%</u> |
|--|------------------------------------|--|------------------------------------|
| District's proportionate share of the net OPEB liability | <u>\$15,107,653</u>                | <u>\$14,195,288</u>                          | <u>\$13,319,887</u>                |

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

|  | <u>1% Decrease</u>  | <u>Trend Rate</u>   | <u>1% Increase</u>  |
|--|---------------------|---------------------|---------------------|
| District's proportionate share of the net OPEB liability | <u>\$12,578,096</u> | <u>\$14,195,288</u> | <u>\$16,107,607</u> |

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

### Changes in Total OPEB Liability

|                                    |                     |
|------------------------------------|---------------------|
| <b>Balances as of July 1, 2020</b> | <u>\$14,131,162</u> |
| <b>Changes for the year</b>        |                     |
| Service cost                       | 1,015,500           |
| Interest on total OPEB liability   | 273,209             |
| Changes in assumptions             | (379,061)           |
| Benefit payments                   | <u>(845,522)</u>    |
| <b>Net changes</b>                 | <u>64,126</u>       |
| <b>Balances as of July 1, 2021</b> | <u>\$14,195,288</u> |

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,229,792. At June 30, 2022, the District had deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ -                                      | \$1,600,036                              |
| Changes in assumptions                             | 1,460,709                                 | 594,180                                  |
| Payments subsequent to measurement date            | <u>897,638</u>                            | <u>-</u>                                 |
|  | <u>\$2,358,347</u>                        | <u>\$2,194,216</u>                       |

\$897,638 reported as deferred outflows of resources related to OPEB resulting from District payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

### Year ended June 30,

|            |                    |
|------------|--------------------|
| 2023       | \$ (58,917)        |
| 2024       | (58,917)           |
| 2025       | (58,917)           |
| 2026       | (58,917)           |
| 2027       | (58,917)           |
| Thereafter | <u>(438,922)</u>   |
|            | <u>\$(733,507)</u> |

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

### Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' health options program or employer-sponsored health insurance program.

### **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, 2021, there were no assumed future benefit increases to participating eligible retirees.

### **Employer Contributions**

The District's contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% 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 \$845,578 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$16,797,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2020 to June 30, 2021. 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, 2022, the District's proportion was 0.7087 percent, which was an increase of 0.0175 percent from its proportion measured as of June 30, 2021. As of June 30, 2022, the OPEB liability of \$16,797,000 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,094,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|--|--|---|
| Difference between expected and actual experience  | \$ 156,000                                       | \$ -  |
| Changes in assumptions   | 1,789,000  | 224,000   |
| Net difference between projected and actual investment earnings                          | 33,000   | -   |
| Changes in proportions   | 469,000  | 29,000  |
| Difference between employer contributions and proportionate share of total contributions | (532)  | -   |
| Contributions subsequent to the measurement date   | <u>845,578</u>                                   | <u>-</u>  |
|  | <b><u>\$3,292,046</u></b>                        | <b><u>\$253,000</u></b>                         |

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# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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\$845,578 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30,**

|            |                    |
|------------|--------------------|
| 2023       | \$ 360,307         |
| 2024       | 356,306            |
| 2025       | 468,797            |
| 2026       | 392,695            |
| 2027       | 341,614            |
| Thereafter | <u>273,749</u>     |
|            | <u>\$2,193,468</u> |

**Actuarial Assumptions**

The OPEB liability as of June 30, 2021, was determined by rolling forward the PSERS' OPEB liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - entry age normal - level % of pay
- Investment return – 2.18% - Standard & Poor's 20-year municipal bond rate
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five-year period June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost method - amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

| <u>OPEB – Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|--------------------------|---|
| Cash                      | 79.80%                   | 0.10 %  |
| US Core Fixed Income      | 17.50%                   | 0.70 %  |
| Non-US Developed Fixed    | <u>2.70%</u>             | (0.30)%                                       |
|                           | <u>100.00%</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, 2021.

### Discount Rate

The discount rate used to measure the OPEB liability was 2.18%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 2.18% which represents the Standard & Poor's 20 year municipal bond rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual health insurance premium assistance. As of June 30, 2021, retirees health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2021, calculated using current healthcare cost trends as well as what net OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

|  | <u>1% Decrease</u>  | <u>Trend Rate</u>   | <u>1% Increase</u>  |
|--|---------------------|---------------------|---------------------|
| District's proportionate share of the net OPEB liability | <u>\$16,796,000</u> | <u>\$16,797,000</u> | <u>\$16,799,000</u> |

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

The following presents the net OPEB liability, calculated using the discount rate of 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.18%) or 1-percentage-point higher (3.18%) than the current rate:

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

|  | <u>1% Decrease</u><br><u>1.18%</u> | <u>Current Discount Rate</u><br><u>2.18%</u> | <u>1% Increase</u><br><u>3.18%</u> |
|--|------------------------------------|--|------------------------------------|
| District's proportionate share of the net OPEB liability | <u>\$19,277,000</u>                | <u>\$16,797,000</u>                          | <u>\$14,755,000</u>                |

### **OPEB Plan Fiduciary Net Position**

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on PSERS's website at [www.psers.pa.gov](http://www.psers.pa.gov).

### (16) NET OPEB LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

|                             | <u>Net OPEB Liability</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|-----------------------------|---------------------------|---------------------------------------|--------------------------------------|
| District Plan (See Note 14) | \$ 14,195,288             | \$ 2,358,347                          | \$ 2,194,216                         |
| PSERS Plan (See Note 15)    | <u>16,797,000</u>         | <u>3,292,046</u>                      | <u>253,000</u>                       |
|                             | <u>\$30,992,288</u>       | <u>\$5,650,393</u>                    | <u>\$2,447,216</u>                   |

### (17) FUND BALANCES

As of June 30, 2022, fund balances are composed of the following:

|                                  | <u>General Fund</u> | <u>Capital Projects Funds</u> | <u>Capital Reserve Fund</u> | <u>Total Governmental Funds</u> |
|----------------------------------|---------------------|-------------------------------|-----------------------------|---------------------------------|
| Nonspendable                     |                     |                               |                             |                                 |
| Prepaid expenditures             | \$ 2,232,155        | \$ -                          | \$ 197,500                  | \$ 2,429,655                    |
| Restricted for                   |                     |                               |                             |                                 |
| Capital projects                 | -                   | 29,943,488                    | 23,245,992                  | 53,189,480                      |
| Committed to                     |                     |                               |                             |                                 |
| Healthcare                       | 4,159,909           | -                             | -                           | 4,159,909                       |
| Assigned to                      |                     |                               |                             |                                 |
| Tax stabilization                | 52,121,467          | -                             | -                           | 52,121,467                      |
| Capital projects                 | 5,000,000           | -                             | -                           | 5,000,000                       |
| Alternative education            | 2,000,000           | -                             | -                           | 2,000,000                       |
| Property assessment fluctuations | 1,000,000           | -                             | -                           | 1,000,000                       |
| Technology/distance learning     | 500,000             | -                             | -                           | 500,000                         |
| Student activities               | 150,756             | -                             | -                           | 150,756                         |
| Unassigned                       | <u>16,447,723</u>   | <u>-</u>                      | <u>-</u>                    | <u>16,447,723</u>               |
| <b>Total fund balances</b>       | <u>\$83,612,010</u> | <u>\$29,943,488</u>           | <u>\$23,443,492</u>         | <u>\$136,998,990</u>            |

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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### (18) ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The District recognizes contributions made by the Commonwealth of Pennsylvania as revenue and expenses to be used for District employees' social security and pension contributions. On-behalf payments to the District totaled \$3,817,813 and \$18,656,791 for social security and retirement contributions for the year ended June 30, 2022, respectively. These contributions are recorded in the General Fund as revenue and expenditures.

### (19) NET INVESTMENT IN CAPITAL ASSETS

Net position (deficit) of the governmental activities net investment in capital assets, at June 30, 2022, are as follows:

|   |                             |
|---|-----------------------------|
| Capital assets                          | \$ 603,056,315              |
| Deferred outflows of resources          | 2,887,253                   |
| Unspent debt proceeds                   | 29,943,488                  |
| Accumulated depreciation                | <u>(277,192,516)</u>        |
|   | 358,694,540                 |
| Lease liabilities                       | (714,478)                   |
| Accrued interest payable                | (1,728,798)                 |
| Bonds and notes payable, net            | <u>(283,168,168)</u>        |
| <b>Net investment in capital assets</b> | <b><u>\$ 73,083,096</u></b> |

Components of the net position of the business-type activities net investment in capital assets at June 30, 2022 are as follows:

|   |                          |
|---|--------------------------|
| Capital assets                          | 1,843,363                |
| Accumulated depreciation                | <u>(1,228,513)</u>       |
| <b>Net investment in capital assets</b> | <b><u>\$ 614,850</u></b> |

### (20) DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$232,168,608 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension and OPEB plans, the differences between projected and actual investment earnings, and the deferred outflows resulting from the change in the District's share of the net pension and OPEB liabilities. This is offset by the District's actuarially determined net pension and OPEB liabilities and the deferred inflow resulting from the difference between actual and expected experience.

### (21) RIGHT-TO-USE LEASES PAYABLE

The District has entered into long-term lease agreements as lessee for the use of premises and equipment. Initial lease liabilities were recorded in the amount of \$875,444. As of 6/30/2022, the carrying value of the lease liabilities is \$714,478. The leases have discount rates ranging from 0.31% to 2.54%. The premises and equipment's estimated useful lives were 5 years as of their contract commencements. The value of the intangible right-to-use assets as of 6/30/2022 is \$698,621, net of accumulated amortization of \$176,823, and is included with noncurrent assets on the statement of net position.

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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Future minimum lease payments under these leases are as follows:

**Year ending June 30,**

|   |                  |
|---|------------------|
| 2023                                    | \$294,045        |
| 2024                                    | 230,243          |
| 2025                                    | 173,736          |
| 2026                                    | 37,898           |
| Less: amount representing interest      | <u>(21,444)</u>  |
| Present value of minimum lease payments | <u>\$714,478</u> |

### (22) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 12, 2022, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in the financial statements.

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# WEST CHESTER AREA SCHOOL DISTRICT

## *REQUIRED SUPPLEMENTARY INFORMATION*



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**WEST CHESTER AREA SCHOOL DISTRICT**

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

Year ended June 30

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

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

**WEST CHESTER AREA SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS - PSERS**

**Year ended June 30**

|   | <u>2022</u>          | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution                                     | \$ 35,926,508        | \$ 33,643,257        | \$ 32,290,025        | \$ 30,811,370        | \$ 29,303,512        | \$ 26,330,342        | \$ 22,053,155        | \$ 17,854,136        |
| Contributions in relation to the<br>contractually required contribution | <u>\$ 35,926,508</u> | <u>\$ 33,643,257</u> | <u>\$ 32,290,025</u> | <u>\$ 30,811,370</u> | <u>\$ 29,303,512</u> | <u>\$ 26,330,342</u> | <u>\$ 22,053,155</u> | <u>\$ 17,854,136</u> |
| Contribution excess   | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| District's covered payroll  | \$ 105,232,888       | \$ 100,469,803       | \$ 97,013,811        | \$ 94,461,534        | \$ 92,486,543        | \$ 90,557,920        | \$ 88,217,090        | \$ 87,061,277        |
| Contributions as a percentage of<br>covered payroll                     | 34.14%               | 34.68%               | 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. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WEST CHESTER AREA SCHOOL DISTRICT**

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

**Year ended June 30**

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

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

# WEST CHESTER AREA SCHOOL DISTRICT

## SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS

Year ended June 30

|  | <u>2022</u>       | <u>2021</u>       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually required contribution                                  | \$ 845,578        | \$ 823,261        | \$ 813,058        | \$ 784,461        | \$ 766,286        |
| Contributions in relation to the contractually required contribution | <u>\$ 845,578</u> | <u>\$ 823,261</u> | <u>\$ 813,058</u> | <u>\$ 784,461</u> | <u>\$ 766,286</u> |
| Contribution deficiency (excess)                                     | -                 | -                 | -                 | -                 | -                 |
| District's covered payroll   | \$ 105,232,888    | \$ 100,469,803    | \$ 97,013,811     | \$ 94,461,534     | \$ 92,486,543     |
| Contributions as a percentage of covered payroll                     | 0.80%             | 0.82%             | 0.84%             | 0.83%             | 0.83%             |

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

# WEST CHESTER AREA SCHOOL DISTRICT

## SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN

Year ended June 30

|  | Measurement Date     |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          |
| <b>TOTAL OPEB LIABILITY</b>                                  |                      |                      |                      |                      |                      |
| Service cost   | \$ 1,015,500         | \$ 735,880           | \$ 739,219           | \$ 878,395           | \$ 836,027           |
| Interest on total OPEB liability                             | 273,209              | 479,114              | 444,034              | 507,610              | 399,221              |
| Changes of assumptions                                       | -                    | (336,349)            | -                    | 104,436              | -                    |
| Differences between expected and actual experience           | -                    | (1,006,275)          | -                    | (1,065,299)          | -                    |
| Effect of assumption changes or inputs                       | (379,061)            | 1,343,955            | (314,852)            | 32,607               | 524,653              |
| Benefit payments   | <u>(845,522)</u>     | <u>(1,327,997)</u>   | <u>(1,716,834)</u>   | <u>(1,539,717)</u>   | <u>(1,709,852)</u>   |
| <b>Net change in total OPEB liability</b>                    | 64,126               | (111,672)            | (848,433)            | (1,081,968)          | 50,049               |
| <b>Total OPEB liability, beginning</b>                       | <u>14,131,162</u>    | <u>14,242,834</u>    | <u>15,091,267</u>    | <u>16,173,236</u>    | <u>16,123,187</u>    |
| <b>Total OPEB liability, ending</b>                          | <u>\$ 14,195,288</u> | <u>\$ 14,131,162</u> | <u>\$ 14,242,834</u> | <u>\$ 15,091,268</u> | <u>\$ 16,173,236</u> |
| <b>Covered-employee payroll</b>                              | \$ 92,399,865        | \$ 92,399,865        | \$ 91,742,174        | \$ 91,742,174        | \$ 88,476,720        |
| <b>Net OPEB liability as a % of covered employee payroll</b> | 15.36%               | 15.29%               | 15.52%               | 16.45%               | 18.28%               |

### Notes of Schedule

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

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

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

# WEST CHESTER AREA SCHOOL DISTRICT

## STATISTICAL SECTION



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# WEST CHESTER AREA SCHOOL DISTRICT

## STATISTICAL SECTION

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

| <b><u>Contents</u></b>  | <b><u>Pages</u></b> |
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| <b>Financial Trends</b> .....   | 66-72               |
| <i>These schedules contain selected information from current and previous years' financial statements to allow users to assess financial trends.</i>  |                     |
| <b>Revenue Capacity</b> .....   | 73-78               |
| <i>These schedules contain information useful in assessing the District's ability to raise own-source revenue.</i>  |                     |
| <b>Debt Capacity</b> .....  | 79-82               |
| <i>These schedules contain information useful in assessing the District's ability to afford the existing debt as well as the District's ability to issue new debt.</i>                        |                     |
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| <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



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# WEST CHESTER AREA SCHOOL DISTRICT

## NET POSITION BY COMPONENT UNIT

Fiscal year ending June 30,  
Full accrual method of accounting

|  | 2013                 | 2014                 | 2015 *                  | 2016 *                  | 2017 *                  | 2018 *                  | 2019 *                  | 2020 *                  | 2021 *                  | 2022 *                  |
|--|----------------------|----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Governmental activities</b>               |                      |                      |                         |                         |                         |                         |                         |                         |                         |                         |
| Net investment in capital assets             | \$ 5,876,233         | \$ 7,710,407         | \$ 20,989,220           | \$ 11,063,839           | \$ 23,124,893           | \$ 29,976,250           | \$ 43,699,285           | \$ 49,714,318           | \$ 63,045,948           | \$ 73,083,096           |
| Restricted: capital projects                 | 15,646,701           | 17,672,551           | 22,203,300              | 27,440,218              | 22,444,089              | 22,461,479              | 20,557,393              | 21,345,455              | 23,571,239              | 23,443,492              |
| Unrestricted                                 | <u>30,867,282</u>    | <u>34,101,596</u>    | <u>(234,457,232)</u>    | <u>(235,432,024)</u>    | <u>(246,710,005)</u>    | <u>(278,924,988)</u>    | <u>(283,616,991)</u>    | <u>(268,378,626)</u>    | <u>(262,155,231)</u>    | <u>(232,168,608)</u>    |
| <b>Net position governmental activities</b>  | <u>52,390,216</u>    | <u>59,484,554</u>    | <u>(191,264,712)</u>    | <u>(196,927,967)</u>    | <u>(201,141,023)</u>    | <u>(226,487,259)</u>    | <u>(219,360,313)</u>    | <u>(197,318,853)</u>    | <u>(175,538,044)</u>    | <u>(135,642,020)</u>    |
| <b>Business-type activities</b>              |                      |                      |                         |                         |                         |                         |                         |                         |                         |                         |
| Net investment in capital assets             | 169,778              | 224,324              | 297,638                 | 402,386                 | 590,353                 | 682,070                 | 702,071                 | 657,609                 | 651,983                 | 614,850                 |
| Restricted: capital projects                 | -                    | -                    | -                       | -                       | -                       | -                       | -                       | -                       | -                       | -                       |
| Unrestricted                                 | <u>1,179,940</u>     | <u>1,088,267</u>     | <u>1,110,539</u>        | <u>1,042,569</u>        | <u>877,036</u>          | <u>849,539</u>          | <u>937,095</u>          | <u>720,258</u>          | <u>677,290</u>          | <u>2,201,075</u>        |
| <b>Net position business type activities</b> | <u>1,349,718</u>     | <u>1,312,591</u>     | <u>1,408,177</u>        | <u>1,444,955</u>        | <u>1,467,389</u>        | <u>1,531,609</u>        | <u>1,639,166</u>        | <u>1,377,867</u>        | <u>1,329,273</u>        | <u>2,815,925</u>        |
| <b>Total primary government</b>              |                      |                      |                         |                         |                         |                         |                         |                         |                         |                         |
| Net investment in capital assets             | 6,046,011            | 7,934,731            | 21,286,858              | 11,466,225              | 23,715,246              | 30,658,320              | 44,401,356              | 50,371,927              | 63,697,931              | 73,697,946              |
| Restricted: capital projects                 | 15,646,701           | 17,672,551           | 22,203,300              | 27,440,218              | 22,444,089              | 22,461,479              | 20,557,393              | 21,345,455              | 23,571,239              | 23,443,492              |
| Unrestricted                                 | <u>32,047,222</u>    | <u>35,189,863</u>    | <u>(233,346,693)</u>    | <u>(234,389,455)</u>    | <u>(245,832,969)</u>    | <u>(278,075,449)</u>    | <u>(282,679,896)</u>    | <u>(267,658,368)</u>    | <u>(261,477,941)</u>    | <u>(229,967,533)</u>    |
| <b>Net position primary government</b>       | <u>\$ 53,739,934</u> | <u>\$ 60,797,145</u> | <u>\$ (189,856,535)</u> | <u>\$ (195,483,012)</u> | <u>\$ (199,673,634)</u> | <u>\$ (224,955,650)</u> | <u>\$ (217,721,147)</u> | <u>\$ (195,940,986)</u> | <u>\$ (174,208,771)</u> | <u>\$ (132,826,095)</u> |

\* 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)

|  | 2013                 | 2014                 | 2015 *               | 2016 *                | 2017 *                | 2018 *               | 2019 *               | 2020 *               | 2021 *               | 2022 *               |
|--|----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>EXPENSES</b>  |                      |                      |                      |                       |                       |                      |                      |                      |                      |                      |
| Governmental activities  |                      |                      |                      |                       |                       |                      |                      |                      |                      |                      |
| Instruction  | 121,882,872          | 121,627,033          | 133,218,154          | 144,772,158           | 155,262,037           | 156,086,694          | 153,646,716          | 148,865,697          | 151,333,413          | 151,301,302          |
| Instructional student support  | 14,429,547           | 15,311,671           | 16,718,808           | 17,710,876            | 18,519,607            | 18,314,954           | 18,205,681           | 18,695,408           | 19,348,969           | 19,179,424           |
| Administrative and financial support services                              | 14,417,208           | 15,643,360           | 17,552,768           | 18,127,334            | 19,342,370            | 19,943,338           | 24,435,957           | 20,927,142           | 22,950,358           | 22,328,558           |
| Operation and maintenance of plant services                                | 16,984,316           | 18,309,057           | 17,447,190           | 17,439,654            | 18,039,504            | 17,457,046           | 18,774,548           | 18,228,580           | 19,623,304           | 21,953,333           |
| Pupil transportation   | 13,208,001           | 13,420,543           | 13,850,307           | 14,042,517            | 14,429,271            | 14,133,742           | 14,219,229           | 13,120,151           | 12,724,832           | 13,038,802           |
| Student activities   | 4,147,431            | 4,377,690            | 4,855,516            | 5,132,865             | 5,214,620             | 5,367,392            | 5,444,746            | 5,117,896            | 5,186,177            | 5,383,162            |
| Community services   | 145,929              | 116,354              | 140,742              | 142,350               | 171,227               | 151,336              | 148,357              | 110,805              | 97,214               | 172,562              |
| Interest on long term debt   | 9,722,107            | 10,397,433           | 8,566,732            | 8,945,807             | 8,679,619             | 8,454,782            | 8,246,501            | 8,818,963            | 8,183,477            | 6,907,870            |
| <b>Total governmental activities</b>                                       | <b>194,937,411</b>   | <b>199,203,141</b>   | <b>212,350,217</b>   | <b>226,313,561</b>    | <b>239,658,255</b>    | <b>239,909,284</b>   | <b>243,121,735</b>   | <b>233,884,642</b>   | <b>239,447,744</b>   | <b>240,265,013</b>   |
| Business type activities   |                      |                      |                      |                       |                       |                      |                      |                      |                      |                      |
| Food service   | 3,390,811            | 3,493,078            | 3,182,033            | 3,229,852             | 3,294,375             | 3,465,882            | 3,482,919            | 2,946,728            | 2,766,857            | 4,265,529            |
| <b>Total primary government activities</b>                                 | <b>198,328,222</b>   | <b>202,696,219</b>   | <b>215,532,250</b>   | <b>229,543,413</b>    | <b>242,952,630</b>    | <b>243,375,166</b>   | <b>246,604,654</b>   | <b>236,831,370</b>   | <b>242,214,601</b>   | <b>244,530,542</b>   |
| <b>PROGRAM REVENUE</b>   |                      |                      |                      |                       |                       |                      |                      |                      |                      |                      |
| Governmental activities  |                      |                      |                      |                       |                       |                      |                      |                      |                      |                      |
| Charges for service  |                      |                      |                      |                       |                       |                      |                      |                      |                      |                      |
| Instruction  | 726,912              | 437,675              | 362,760              | 542,986               | 280,006               | 205,288              | 128,167              | 120,608              | 96,563               | 91,069               |
| Operation and maintenance of plant services                                | 298,044              | 332,728              | 347,233              | 402,308               | 509,869               | 481,072              | 444,124              | 270,577              | 212,546              | 319,729              |
| Student activities   | 413,737              | 419,389              | 423,407              | 430,050               | 437,573               | 515,614              | 516,532              | 464,513              | 1,575                | 449,845              |
| Operating grants and contributions   | 23,107,309           | 23,727,227           | 26,309,774           | 27,743,196            | 32,894,525            | 34,373,891           | 34,458,080           | 35,297,106           | 38,013,762           | 39,957,064           |
| <b>Total governmental program revenue</b>                                  | <b>24,546,002</b>    | <b>24,917,019</b>    | <b>27,443,174</b>    | <b>29,118,540</b>     | <b>34,121,973</b>     | <b>35,575,865</b>    | <b>35,546,903</b>    | <b>36,152,804</b>    | <b>38,324,446</b>    | <b>40,817,707</b>    |
| Business type activities   |                      |                      |                      |                       |                       |                      |                      |                      |                      |                      |
| Charges for services   | 2,549,584            | 2,549,726            | 2,335,418            | 2,293,122             | 2,493,463             | 2,605,888            | 2,627,303            | 1,883,936            | 74,148               | 378,935              |
| Operating grants and contributions   | 861,272              | 904,898              | 940,701              | 973,508               | 823,346               | 908,238              | 921,644              | 779,635              | 2,643,238            | 5,369,483            |
| <b>Total business type program revenues</b>                                | <b>3,410,856</b>     | <b>3,454,624</b>     | <b>3,276,119</b>     | <b>3,266,630</b>      | <b>3,316,809</b>      | <b>3,514,126</b>     | <b>3,548,947</b>     | <b>2,663,571</b>     | <b>2,717,386</b>     | <b>5,748,418</b>     |
| <b>Total primary government revenues</b>                                   | <b>27,956,858</b>    | <b>28,371,643</b>    | <b>30,719,293</b>    | <b>32,385,170</b>     | <b>37,438,782</b>     | <b>39,089,991</b>    | <b>39,095,850</b>    | <b>38,816,375</b>    | <b>41,041,832</b>    | <b>46,566,125</b>    |
| <b>NET REVENUES (EXPENSES)</b>   |                      |                      |                      |                       |                       |                      |                      |                      |                      |                      |
| Governmental activities  | (170,391,409)        | (174,286,122)        | (184,907,043)        | (197,195,021)         | (205,536,282)         | (204,333,419)        | (207,574,832)        | (197,731,838)        | (201,123,298)        | (199,447,306)        |
| Business type activities   | 20,045               | (38,454)             | 94,086               | 36,778                | 22,434                | 48,244               | 66,028               | (283,157)            | (49,471)             | 1,482,889            |
| <b>Total primary government net revenues</b>                               | <b>(170,371,364)</b> | <b>(174,324,576)</b> | <b>(184,812,957)</b> | <b>(197,158,243)</b>  | <b>(205,513,848)</b>  | <b>(204,285,175)</b> | <b>(207,508,804)</b> | <b>(198,014,995)</b> | <b>(201,172,769)</b> | <b>(197,964,417)</b> |
| <b>GENERAL REVENUES</b>  |                      |                      |                      |                       |                       |                      |                      |                      |                      |                      |
| Property taxes, levied for general purpose                                 | 147,198,156          | 147,270,504          | 151,649,702          | 155,710,300           | 161,164,936           | 166,944,204          | 173,161,730          | 177,781,018          | 179,522,546          | 187,631,357          |
| Taxes levied for specific purpose  | 22,388,938           | 23,154,723           | 23,565,368           | 24,321,396            | 27,524,533            | 26,082,351           | 26,230,460           | 26,466,353           | 30,598,582           | 35,572,300           |
| Grants, entitlements and contributions not restricted to specific programs | 10,472,277           | 10,652,411           | 10,859,971           | 10,928,639            | 11,552,814            | 11,745,770           | 11,889,779           | 12,408,464           | 12,380,541           | 13,171,900           |
| Investment earnings  | 155,424              | 137,174              | 258,288              | 392,047               | 889,980               | 1,685,449            | 3,309,319            | 2,970,687            | 263,711              | 34,513               |
| Gain on sale of asset  | 5,300                | 20,608               | 70,058               | -                     | 9,572                 | (4,313)              | -                    | -                    | -                    | 2,750,000            |
| Other  | 496,037              | 146,367              | 132,287              | 179,384               | 181,391               | 218,346              | 152,019              | 168,635              | 139,604              | 187,023              |
| <b>Total general revenues</b>  | <b>180,716,132</b>   | <b>181,381,787</b>   | <b>186,535,674</b>   | <b>191,531,766</b>    | <b>201,323,226</b>    | <b>206,671,807</b>   | <b>214,743,307</b>   | <b>219,795,157</b>   | <b>222,904,984</b>   | <b>239,347,093</b>   |
| <b>CHANGE IN NET POSITION</b>  | <b>\$ 10,344,766</b> | <b>\$ 7,057,211</b>  | <b>\$ 1,722,717</b>  | <b>\$ (5,626,477)</b> | <b>\$ (4,190,622)</b> | <b>\$ 2,386,632</b>  | <b>\$ 7,234,503</b>  | <b>\$ 21,780,162</b> | <b>\$ 21,732,215</b> | <b>\$ 41,382,676</b> |

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

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

Source: District Audited Financial Statements

# WEST CHESTER AREA SCHOOL DISTRICT

## FUND BALANCE - GOVERNMENTAL FUNDS

### (Modified Accrual Method of Accounting)

|  | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          | <u>2017</u>          | <u>2018</u>          | <u>2019</u>          | <u>2020</u>           | <u>2021</u>           | <u>2022</u>           |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| <b>General fund</b>                    |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| *Non-spendable                         | \$ 1,918,300         | \$ 3,482,456         | \$ 4,128,770         | \$ 2,066,625         | \$ 2,688,371         | \$ 2,649,038         | \$ 2,748,654         | \$ 2,912,426          | \$ 2,818,432          | \$ 2,232,155          |
| *Restricted                            | 1,894,735            | -                    | -                    | -                    | -                    | -                    | -                    | -                     | -                     | -                     |
| *Committed                             |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Pension                                | 5,000,000            | 4,500,000            | 2,117,000            | 2,117,000            | 1,117,000            | -                    | -                    | -                     | -                     | -                     |
| Healthcare                             | 4,171,100            | 4,856,190            | 4,899,442            | 4,159,909            | 4,159,909            | 4,159,909            | 4,159,909            | 4,159,909             | 4,159,909             | 4,159,909             |
| *Assigned                              |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Gate receipts                          | 102,739              | 119,782              | 115,700              | 89,487               | 79,324               | 69,756               | 83,577               | 128,904               | 128,904               | 150,756               |
| Alternative education                  | -                    | -                    | -                    | -                    | 500,000              | 676,000              | 1,000,000            | 1,000,000             | 2,000,000             | 2,000,000             |
| Enrollment growth                      | -                    | -                    | -                    | -                    | -                    | -                    | 2,500,000            | 3,500,000             | 4,500,000             | -                     |
| Property assessment fluctuations       | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                     | 1,000,000             | 1,000,000             |
| Technology/distance learning           | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                     | 500,000               | 500,000               |
| Elementary construction                | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                     | -                     | 5,000,000             |
| Tax stabilization                      | 6,830,500            | 5,951,300            | 5,646,426            | 5,471,005            | 7,227,366            | 11,304,138           | 13,945,496           | 29,486,832            | 38,183,867            | 52,121,467            |
| *Unassigned                            | <u>12,454,515</u>    | <u>14,441,344</u>    | <u>14,758,221</u>    | <u>14,856,952</u>    | <u>13,008,223</u>    | <u>13,047,547</u>    | <u>14,431,188</u>    | <u>14,267,415</u>     | <u>15,861,417</u>     | <u>16,447,723</u>     |
| <b>Total general fund fund balance</b> | <u>32,371,889</u>    | <u>33,351,072</u>    | <u>31,665,559</u>    | <u>28,760,978</u>    | <u>28,780,193</u>    | <u>31,906,388</u>    | <u>38,868,824</u>    | <u>55,455,486</u>     | <u>69,152,529</u>     | <u>83,612,010</u>     |
| <b>All other funds</b>                 |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| *Non-spendable - capital projects fund | -                    | -                    | -                    | -                    | -                    | 3,500                | -                    | 3,500                 | -                     | -                     |
| *Non-spendable - capital reserve fund  | -                    | -                    | -                    | -                    | -                    | 304,850              | 632,750              | 583,400               | 425,050               | 197,500               |
| *Restricted - capital projects fund    | 7,119,899            | 8,376,597            | -                    | 4,038,838            | 4,354,841            | 4,841,678            | -                    | 24,354,297            | 37,703,387            | 29,943,488            |
| *Restricted - capital reserve fund     | 15,646,701           | 17,672,551           | 22,203,300           | 27,440,218           | 22,444,089           | 22,156,629           | 19,924,643           | 20,762,055            | 23,146,189            | 23,245,992            |
| *Assigned - capital projects fund      | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                     | -                     | -                     |
| *Unassigned - capital projects fund    | -                    | -                    | (3,451,176)          | -                    | -                    | -                    | (1,309,859)          | -                     | -                     | -                     |
| <b>Total other funds</b>               | <u>22,766,600</u>    | <u>26,049,148</u>    | <u>18,752,124</u>    | <u>31,479,056</u>    | <u>26,798,930</u>    | <u>27,306,657</u>    | <u>19,247,534</u>    | <u>45,703,252</u>     | <u>61,274,626</u>     | <u>53,386,980</u>     |
| <b>TOTAL FUND BALANCE</b>              | <u>\$ 55,138,489</u> | <u>\$ 59,400,220</u> | <u>\$ 50,417,683</u> | <u>\$ 60,240,034</u> | <u>\$ 55,579,123</u> | <u>\$ 59,213,045</u> | <u>\$ 58,116,358</u> | <u>\$ 101,158,738</u> | <u>\$ 130,427,155</u> | <u>\$ 136,998,990</u> |

\* Note: In 2010-11, the District changed their fund balance designations to comply with GASB 54.

Source: District's Audited Financial Statements

# WEST CHESTER AREA SCHOOL DISTRICT

## CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS

### (Modified Accrual Method of Accounting)

|  | <u>2012-13</u>       | <u>2013-14</u>       | <u>2014-15</u>       | <u>2015-16</u>       | <u>2016-17</u>       | <u>2017-18</u>       | <u>2018-19</u>       | <u>2019-20</u>        | <u>2020-21</u>        | <u>2021-22</u>        |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental fund revenue</b>                                 |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Local source   | \$ 171,550,034       | \$ 172,123,685       | \$ 176,877,190       | \$ 182,144,526       | \$ 191,077,358       | \$ 196,281,802       | \$ 203,793,322       | \$ 208,166,967        | \$ 210,851,588        | \$ 224,534,100        |
| State source   | 29,530,022           | 31,717,857           | 34,209,926           | 35,806,499           | 41,156,644           | 42,747,951           | 42,679,137           | 44,089,036            | 43,625,782            | 46,937,783            |
| Federal source   | 4,048,275            | 2,661,783            | 2,959,820            | 2,865,335            | 3,290,697            | 3,371,711            | 3,668,721            | 3,616,532             | 6,768,519             | 6,191,179             |
| <b>Total governmental revenues</b>                               | <u>205,128,331</u>   | <u>206,503,325</u>   | <u>214,046,936</u>   | <u>220,816,360</u>   | <u>235,524,699</u>   | <u>242,401,464</u>   | <u>250,141,180</u>   | <u>255,872,535</u>    | <u>261,245,889</u>    | <u>277,663,062</u>    |
| <b>Governmental expenditures</b>                                 |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Instruction  | 114,302,116          | 117,342,618          | 124,056,139          | 132,490,382          | 139,655,181          | 143,132,798          | 142,088,010          | 139,156,057           | 144,653,284           | 154,146,597           |
| Support services   | 56,041,159           | 57,581,176           | 59,939,165           | 61,755,726           | 63,322,354           | 64,116,200           | 70,070,279           | 65,817,409            | 69,251,877            | 76,325,099            |
| Noninstructional services  | 4,159,666            | 4,237,967            | 4,610,182            | 4,803,105            | 4,865,617            | 5,038,435            | 5,180,293            | 4,854,313             | 4,928,997             | 5,493,284             |
| Facilities acquisition construction and improvement              | 15,543,569           | 11,335,852           | 13,509,139           | 8,309,294            | 16,627,237           | 11,251,782           | 18,141,710           | 16,472,182            | 22,756,543            | 10,838,983            |
| Debt service principal   | 11,137,000           | 12,602,000           | 11,620,000           | 8,176,000            | 14,160,000           | 14,695,000           | 15,690,000           | 16,290,000            | 15,830,000            | 17,710,000            |
| Debt service interest  | 10,759,024           | 11,051,792           | 9,543,869            | 10,174,433           | 9,925,387            | 10,160,902           | 9,881,842            | 10,251,652            | 9,582,925             | 9,827,215             |
| Bond issuance costs  | -                    | -                    | 56,166               | 464,253              | 327,788              | 163,150              | 176,732              | 388,048               | 498,947               | 239,101               |
| <b>Total governmental expenditures</b>                           | <u>211,942,534</u>   | <u>214,151,405</u>   | <u>223,334,660</u>   | <u>226,173,193</u>   | <u>248,883,564</u>   | <u>248,558,267</u>   | <u>261,228,866</u>   | <u>253,229,661</u>    | <u>267,502,573</u>    | <u>274,580,279</u>    |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(6,814,203)</u>   | <u>(7,648,080)</u>   | <u>(9,287,724)</u>   | <u>(5,356,833)</u>   | <u>(13,358,865)</u>  | <u>(6,156,803)</u>   | <u>(11,087,686)</u>  | <u>2,642,874</u>      | <u>(6,256,684)</u>    | <u>3,082,783</u>      |
| <b>Governmental other financing sources</b>                      |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Proceeds from long-term debt                                     | 68,545,000           | 42,890,000           | 65,485,000           | 61,900,000           | 15,995,000           | 9,750,000            | 9,990,000            | 34,750,000            | 46,050,000            | 30,115,000            |
| Premium on bonds issued  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 5,643,840             | 7,283,242             | 4,880,892             |
| Interfund transfers in   | 3,806,560            | 4,599,268            | 8,645,910            | 9,125,784            | 6,205,679            | 5,135,385            | 5,257,722            | 5,451,612             | 7,635,789             | 6,736,346             |
| Other financing sources (uses)                                   | 8,688,471            | 4,519,556            | 5,861,632            | 8,300,311            | 97,083               | -                    | -                    | -                     | -                     | -                     |
| Debt service refunded  | (56,196,858)         | (35,443,421)         | (71,069,921)         | (60,135,702)         | (7,438,378)          | -                    | -                    | -                     | (17,824,521)          | (34,751,390)          |
| Sale of assets   | 5,300                | 26,540               | 94,983               | 5,077,718            | 9,572                | -                    | -                    | -                     | -                     | 2,750,000             |
| Leases right to use  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                     | -                     | 492,331               |
| Refund of prior year revenues                                    | -                    | (97,744)             | (82,898)             | -                    | -                    | -                    | -                    | -                     | (3,700)               | -                     |
| Refund of prior year expenditures                                | 411,520              | 14,880               | 16,391               | 36,857               | 34,677               | 40,726               | 999                  | 5,666                 | 20,080                | 2,219                 |
| Interfund transfers out  | (3,806,560)          | (4,599,268)          | (8,645,910)          | (9,125,784)          | (6,205,679)          | (5,135,385)          | (5,257,722)          | (5,451,612)           | (7,635,789)           | (6,736,346)           |
| <b>Total governmental other financing sources</b>                | <u>21,453,433</u>    | <u>11,909,811</u>    | <u>305,187</u>       | <u>15,179,184</u>    | <u>8,697,954</u>     | <u>9,790,726</u>     | <u>9,990,999</u>     | <u>40,399,506</u>     | <u>35,525,101</u>     | <u>3,489,052</u>      |
| <b>NET CHANGE IN GOVERNMENTAL FUND BALANCE</b>                   | 14,639,230           | 4,261,731            | (8,982,537)          | 9,822,351            | (4,660,911)          | 3,633,923            | (1,096,687)          | 43,042,380            | 29,268,417            | 6,571,835             |
| <b>GOVERNMENTAL FUND BALANCE</b>                                 |                      |                      |                      |                      |                      |                      |                      |                       |                       |                       |
| Beginning of year  | 40,499,258           | 55,138,488           | 59,400,219           | 50,417,682           | 60,240,033           | 55,579,122           | 59,213,045           | 58,116,358            | 101,158,738           | 130,427,155           |
| <b>End of year</b>   | <u>\$ 55,138,488</u> | <u>\$ 59,400,219</u> | <u>\$ 50,417,682</u> | <u>\$ 60,240,033</u> | <u>\$ 55,579,122</u> | <u>\$ 59,213,045</u> | <u>\$ 58,116,358</u> | <u>\$ 101,158,738</u> | <u>\$ 130,427,155</u> | <u>\$ 136,998,990</u> |
| Debt Service as % of Expenditures                                | 10.3%                | 11.0%                | 9.5%                 | 8.3%                 | 9.8%                 | 10.1%                | 9.9%                 | 10.6%                 | 9.7%                  | 10.1%                 |

Source: District's Audited Financial Statements

# WEST CHESTER AREA SCHOOL DISTRICT

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

(Thousands)

|   | 2012-13             | 2013-14             | 2014-15             | 2015-16             | 2016-17             | 2017-18             | 2018-19             | 2019-20             | 2020-21             | 2021-22             |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Local</b>  | 171,524.8           | 172,073.7           | 176,800.8           | 182,121.6           | 190,954.0           | 196,055.3           | 203,173.8           | 207,402.9           | 210,829.7           | 227,332.3           |
| Real estate   | 143,413.1           | 143,904.6           | 148,403.7           | 152,710.0           | 157,685.1           | 164,235.5           | 170,684.5           | 174,620.8           | 176,258.1           | 184,145.8           |
| Current   | 141,839.9           | 143,225.1           | 147,447.7           | 151,929.0           | 156,989.6           | 163,169.6           | 169,592.6           | 173,636.8           | 174,260.5           | 180,091.7           |
| Interim   | 1,573.2             | 679.5               | 956.0               | 780.9               | 695.5               | 1,065.9             | 1,092.0             | 984.1               | 1,997.6             | 4,054.2             |
| Earned income   | 18,691.5            | 19,460.5            | 19,360.0            | 20,118.5            | 21,336.5            | 21,121.8            | 21,510.4            | 21,583.6            | 24,213.4            | 26,695.1            |
| Real estate transfer                                  | 3,473.6             | 3,724.7             | 4,145.2             | 4,207.4             | 6,115.0             | 4,983.5             | 4,420.7             | 4,657.3             | 6,227.6             | 8,927.9             |
| Other taxes PURTA                                     | 223.8               | 210.8               | 214.7               | 198.3               | 196.7               | 183.3               | 192.8               | 177.6               | 195.0               | 203.6               |
| Delinquent taxes                                      | 4,069.9             | 3,365.9             | 3,246.0             | 3,000.3             | 3,479.8             | 2,708.7             | 2,477.2             | 3,160.2             | 3,264.4             | 3,485.5             |
| Investment earnings                                   | 129.8               | 71.0                | 165.5               | 332.2               | 731.9               | 1,402.3             | 2,657.0             | 2,179.0             | 220.9               | 76.8                |
| Gate receipts   | 122.9               | 130.7               | 136.3               | 152.9               | 160.6               | 150.9               | 162.8               | 161.9               | -                   | 172.0               |
| Other   | 1,400.2             | 1,205.5             | 1,129.4             | 1,401.8             | 1,248.3             | 1,269.4             | 1,068.4             | 862.4               | 450.3               | 3,625.6             |
| <b>State</b>  | 29,520.4            | 31,717.8            | 34,209.9            | 35,806.5            | 41,156.6            | 42,748.0            | 42,679.1            | 44,089.0            | 43,625.8            | 46,937.8            |
| Student subsidies                                     | 21,204.2            | 21,371.8            | 21,729.3            | 21,234.5            | 24,125.8            | 24,332.1            | 23,436.2            | 23,988.4            | 22,673.9            | 24,463.2            |
| Basic instruction                                     | 7,047.0             | 7,247.3             | 7,239.7             | 7,573.2             | 8,012.2             | 8,202.4             | 8,421.6             | 8,810.2             | 8,810.2             | 9,575.7             |
| Special education                                     | 5,355.9             | 5,311.1             | 5,413.4             | 5,801.6             | 5,902.9             | 6,454.1             | 6,128.9             | 6,125.2             | 5,077.2             | 5,914.7             |
| Tuition private home placement                        | 121.7               | 113.9               | 111.5               | 179.4               | 236.2               | 191.4               | 231.1               | 173.7               | 95.8                | 103.9               |
| Transportation  | 3,710.0             | 3,750.5             | 3,637.2             | 3,671.8             | 3,674.1             | 3,736.8             | 3,313.9             | 3,260.1             | 3,087.6             | 3,008.3             |
| Medical, dental and nurse                             | 261.5               | 256.8               | 222.3               | 253.9               | 256.4               | 250.3               | 255.3               | 252.5               | 253.6               | 250.4               |
| Rent  | 1,151.2             | 1,160.4             | 1,181.7             | -                   | 2,104.1             | 1,554.5             | 1,163.8             | 1,121.1             | 1,051.6             | 1,596.5             |
| Charter schools                                       | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Ready To Learn block grants and accountability grants | 126.7               | 126.7               | 303.2               | 399.1               | 399.1               | 399.1               | 399.1               | 399.1               | 399.1               | 399.1               |
| Property tax relief                                   | 3,425.3             | 3,405.1             | 3,620.3             | 3,355.4             | 3,540.6             | 3,543.4             | 3,468.1             | 3,598.3             | 3,570.3             | 3,596.2             |
| Other   | 4.9                 | -                   | -                   | -                   | -                   | -                   | 54.2                | 248.3               | 328.4               | 18.3                |
| Teacher subsidies                                     | 8,316.2             | 10,346.1            | 12,480.7            | 14,572.0            | 17,030.9            | 18,415.8            | 19,243.0            | 20,100.6            | 20,951.8            | 22,474.6            |
| Social security                                       | 3,084.5             | 3,148.8             | 3,163.7             | 3,194.0             | 3,450.6             | 3,337.5             | 3,415.4             | 3,497.6             | 3,586.7             | 3,817.8             |
| Retirement  | 5,231.7             | 7,197.3             | 9,317.0             | 11,378.0            | 13,580.3            | 15,078.3            | 15,827.6            | 16,602.9            | 17,365.1            | 18,656.8            |
| <b>Federal</b>  | 4,059.2             | 2,661.8             | 2,959.8             | 2,865.3             | 3,290.7             | 3,371.7             | 3,668.7             | 3,616.5             | 6,768.6             | 6,191.2             |
| Title I   | 1,752.2             | 459.6               | 818.0               | 828.9               | 1,013.2             | 867.6               | 704.5               | 598.8               | 574.7               | 555.2               |
| Title II  | 249.0               | 199.4               | 293.9               | 374.0               | 384.1               | 247.2               | 207.9               | 267.5               | 313.2               | 259.0               |
| Basic Education ARRA funds                            | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| IDEA - ARRA funds                                     | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Ed Jobs - ARRA  | 0.4                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Title I - ARRA  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| IDEA  | 1,282.4             | 1,154.7             | 1,215.8             | 1,199.7             | 1,333.6             | 1,318.1             | 1,331.4             | 1,341.0             | 1,551.6             | 1,730.8             |
| MA direct services/time study                         | 659.4               | 722.7               | 516.0               | 305.5               | 467.1               | 803.0               | 1,251.2             | 1,021.7             | 1,030.3             | 1,156.7             |
| Other   | 115.8               | 125.5               | 116.0               | 157.2               | 92.7                | 135.8               | 173.8               | 387.6               | 223.5               | 178.0               |
| COVID related grants                                  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 3,075.3             | 2,311.4             |
| <b>Local taxes and subsidies</b>                      | <u>\$ 205,104.4</u> | <u>\$ 206,453.4</u> | <u>\$ 213,970.5</u> | <u>\$ 220,793.4</u> | <u>\$ 235,401.3</u> | <u>\$ 242,175.0</u> | <u>\$ 249,521.6</u> | <u>\$ 255,108.4</u> | <u>\$ 261,224.1</u> | <u>\$ 280,461.3</u> |

# WEST CHESTER AREA SCHOOL DISTRICT

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

(Thousands)

|  | 2012-13      | 2013-14      | 2014-15      | 2015-16      | 2016-17      | 2017-18      | 2018-19      | 2019-20      | 2020-21      | 2021-22      |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Staff</b>                               | \$ 122,215.9 | \$ 128,483.3 | \$ 134,876.4 | \$ 141,123.7 | \$ 145,153.0 | \$ 149,824.5 | \$ 153,661.8 | \$ 153,376.6 | \$ 160,538.7 | \$ 171,700.6 |
| <b>Total salaries</b>                      | 84,930.4     | 86,263.3     | 87,846.4     | 88,923.5     | 91,156.6     | 93,554.7     | 95,606.4     | 98,130.0     | 102,002.8    | 107,476.0    |
| <b>Administration</b>                      |              |              |              |              |              |              |              |              |              |              |
| Regular salaries                           | 7,328.4      | 7,337.7      | 7,644.7      | 8,027.5      | 8,029.5      | 8,235.3      | 8,541.5      | 9,042.3      | 9,227.4      | 9,852.7      |
| <b>Teachers</b>                            |              |              |              |              |              |              |              |              |              |              |
| Regular salaries                           | 60,035.7     | 60,830.1     | 61,479.2     | 61,938.5     | 64,701.3     | 66,792.4     | 68,446.8     | 70,120.6     | 73,524.6     | 75,998.6     |
| Extra duty payments                        | 992.6        | 1,007.6      | 1,059.6      | 1,161.3      | 950.6        | 979.6        | 878.6        | 896.7        | 1,727.1      | 2,581.4      |
| Sabbatical payments                        | 179.1        | 35.2         | 125.0        | 304.5        | 209.9        | 181.9        | 255.9        | 294.7        | 530.3        | 462.3        |
| Subject chair payments                     | 348.5        | 346.7        | 365.9        | 365.4        | 363.7        | 355.5        | 367.5        | 358.3        | 380.1        | 622.2        |
| Severance payments                         | 144.4        | 380.6        | 209.1        | 142.1        | 79.9         | 353.1        | 205.6        | 220.1        | 192.3        | 194.6        |
| Supplemental contracts                     | 1,899.8      | 1,948.3      | 2,028.1      | 2,051.4      | 2,017.0      | 2,019.0      | 2,110.8      | 1,993.0      | 2,085.1      | 2,223.0      |
| <b>Total teachers</b>                      | 63,600.1     | 64,548.5     | 65,267.0     | 65,963.1     | 68,322.4     | 70,681.6     | 72,265.2     | 73,883.5     | 78,439.4     | 82,082.2     |
| <b>Technical</b>                           |              |              |              |              |              |              |              |              |              |              |
| Regular salaries                           | 2,928.1      | 3,022.6      | 3,502.0      | 3,679.7      | 3,694.7      | 3,569.3      | 3,659.6      | 3,783.4      | 3,589.1      | 3,689.9      |
| <b>Office clerical</b>                     |              |              |              |              |              |              |              |              |              |              |
| Regular salaries                           | 5,860.8      | 5,932.0      | 6,179.8      | 6,058.3      | 5,983.9      | 5,745.7      | 5,778.3      | 5,958.6      | 5,495.4      | 6,246.8      |
| <b>Crafts and trades</b>                   |              |              |              |              |              |              |              |              |              |              |
| Regular salaries                           | 5,213.0      | 5,422.6      | 5,252.9      | 5,194.9      | 5,126.1      | 5,322.9      | 5,361.8      | 5,462.2      | 5,251.4      | 5,604.4      |
| <b>Benefits</b>                            |              |              |              |              |              |              |              |              |              |              |
| Medical                                    | 16,558.1     | 17,768.2     | 17,621.6     | 18,953.6     | 17,331.7     | 16,627.9     | 17,224.8     | 13,444.7     | 15,228.1     | 15,987.9     |
| Dental                                     | 1,236.8      | 1,108.5      | 1,180.2      | 1,259.4      | 1,103.1      | 1,184.1      | 1,180.5      | 978.2        | 1,194.2      | 1,160.7      |
| Vision                                     | 168.0        | 113.1        | 195.9        | 176.7        | 180.6        | 178.1        | 195.0        | 149.4        | 164.8        | 169.2        |
| Prescription                               | 4,037.1      | 4,060.6      | 5,593.9      | 5,041.2      | 4,694.0      | 4,476.0      | 4,076.1      | 3,459.6      | 3,438.3      | 5,176.1      |
| Social security                            | 6,239.8      | 6,322.0      | 6,387.7      | 6,451.4      | 6,609.1      | 6,733.9      | 6,891.7      | 7,057.1      | 7,313.9      | 7,757.5      |
| Retirement                                 | 10,373.6     | 14,359.6     | 18,603.4     | 22,726.1     | 27,068.7     | 30,058.2     | 31,584.7     | 33,218.9     | 34,674.3     | 37,059.7     |
| Tuition reimbursement                      | 733.3        | 610.0        | 360.4        | 196.9        | 442.4        | 443.2        | 427.9        | 370.6        | 410.2        | 476.6        |
| Life and disability                        | 263.1        | 307.0        | 417.8        | 321.1        | 331.1        | 361.6        | 540.4        | 550.0        | 531.8        | 343.9        |
| Workers compensation/unemployment/other    | 654.3        | 800.6        | 823.2        | 1,461.8      | 1,307.1      | 1,344.7      | 1,079.2      | 965.8        | 1,114.6      | 1,151.4      |
| <b>Total benefits</b>                      | 40,264.1     | 45,449.6     | 51,184.0     | 56,588.2     | 59,068.0     | 61,407.8     | 63,200.4     | 60,194.3     | 64,070.3     | 69,283.0     |
| Less cost sharing                          | (2,978.7)    | (3,229.5)    | (4,154.0)    | (4,387.9)    | (5,071.6)    | (5,138.0)    | (5,145.1)    | (4,947.7)    | (5,534.4)    | (5,058.4)    |
| <b>Net benefits</b>                        | 37,285.4     | 42,220.0     | 47,030.0     | 52,200.2     | 53,996.4     | 56,269.8     | 58,055.4     | 55,246.6     | 58,535.9     | 64,224.6     |
| <b>Professional and technical services</b> | 13,149.7     | 13,396.4     | 14,064.2     | 16,811.9     | 18,965.1     | 18,183.6     | 17,678.1     | 15,768.5     | 14,079.1     | 19,979.3     |
| Substitute service                         | 1,447.7      | 1,350.9      | 1,365.9      | 1,926.4      | 1,933.7      | 2,034.1      | 2,219.1      | 1,953.2      | 1,708.6      | 2,731.5      |
| Contracted therapeutic staff               | 666.7        | 860.2        | 1,299.2      | 1,571.8      | 1,736.1      | 1,850.3      | 1,668.8      | 1,328.2      | 1,502.3      | 1,792.0      |
| Contracted aides - special education       | 831.6        | 1,123.4      | 1,138.8      | 1,496.2      | 2,213.6      | 2,194.2      | 2,046.5      | 1,228.8      | 667.1        | 1,129.9      |
| Contracted aides - other                   | -            | -            | -            | -            | 126.7        | 392.3        | 315.9        | 136.8        | 117.0        | 193.5        |
| CCIU - special education programs          | 3,208.9      | 3,455.2      | 3,249.5      | 3,603.2      | 3,887.2      | 3,787.5      | 3,319.0      | 2,825.6      | 2,519.0      | 3,234.5      |
| Occupational/physical therapy              | 1,087.4      | 1,004.4      | 982.0        | 1,060.0      | 1,156.0      | 1,178.4      | 1,050.1      | 979.0        | 982.7        | 1,102.0      |
| Due process hearings                       | 738.2        | 603.3        | 496.1        | 948.7        | 1,344.1      | 823.3        | 645.2        | 915.5        | 809.6        | 1,080.6      |
| Early intervention                         | 353.7        | 260.5        | 276.5        | 365.8        | 348.7        | 242.5        | 267.3        | 231.4        | 356.8        | 158.1        |

# WEST CHESTER AREA SCHOOL DISTRICT

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

(Thousands)

|   | 2012-13             | 2013-14             | 2014-15             | 2015-16             | 2016-17             | 2017-18             | 2018-19             | 2019-20             | 2020-21             | 2021-22             |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Extended school year                      | 564.7               | 573.1               | 502.4               | 735.9               | 669.5               | 695.2               | 774.0               | 605.9               | 412.4               | 616.1               |
| Alternative education - special education | 1,378.6             | 1,212.5             | 1,412.1             | 1,585.5             | 2,044.2             | 1,744.3             | 1,790.5             | 2,004.6             | 1,847.7             | 2,034.3             |
| Alternative education - reg               | 419.4               | 426.5               | 745.9               | 727.5               | 797.2               | 830.4               | 1,120.7             | 1,093.1             | 515.7               | -                   |
| Tax collection                            | 627.7               | 669.7               | 646.0               | 672.8               | 725.4               | 624.8               | 593.9               | 683.8               | 732.4               | 915.4               |
| Legal                                     | 416.2               | 441.0               | 365.2               | 354.2               | 396.4               | 311.8               | 303.6               | 246.1               | 309.7               | 335.5               |
| Other                                     | 1,408.9             | 1,415.8             | 1,584.6             | 1,763.9             | 1,586.1             | 1,474.4             | 1,563.5             | 1,536.6             | 1,598.1             | 4,655.9             |
| <b>Purchased Property Services</b>        | <b>3,616.2</b>      | <b>3,365.5</b>      | <b>3,299.2</b>      | <b>3,447.5</b>      | <b>4,002.5</b>      | <b>3,675.1</b>      | <b>3,558.8</b>      | <b>3,600.2</b>      | <b>3,096.2</b>      | <b>3,643.8</b>      |
| Electricity                               | 1,983.2             | 1,696.4             | 1,544.9             | 1,621.8             | 1,787.6             | 1,671.6             | 1,571.0             | 1,573.9             | 1,487.3             | 1,752.8             |
| Water/sewer                               | 511.6               | 505.4               | 521.0               | 502.9               | 534.1               | 517.0               | 581.9               | 587.2               | 538.4               | 640.4               |
| Trash removal                             | 91.8                | 95.2                | 89.8                | 85.8                | 90.9                | 81.7                | 82.9                | 78.0                | 88.9                | 93.1                |
| Office rental                             | 123.9               | 103.3               | 134.5               | 137.6               | 164.0               | 185.1               | 187.4               | 267.8               | 266.4               | 128.6               |
| Other                                     | 905.7               | 965.1               | 1,009.0             | 1,099.3             | 1,425.8             | 1,219.7             | 1,135.6             | 1,093.3             | 715.2               | 1,028.8             |
| <b>Other Services</b>                     | <b>27,473.0</b>     | <b>26,284.5</b>     | <b>27,466.0</b>     | <b>29,050.4</b>     | <b>30,952.7</b>     | <b>30,751.7</b>     | <b>30,128.1</b>     | <b>27,847.9</b>     | <b>27,060.7</b>     | <b>27,412.5</b>     |
| Charter schools                           | 8,031.7             | 8,114.0             | 8,079.9             | 9,455.1             | 9,818.8             | 9,574.3             | 8,277.9             | 7,775.7             | 7,868.6             | 7,812.1             |
| Tuition: special education                | 2,548.0             | 2,376.4             | 2,651.9             | 2,462.8             | 3,530.1             | 3,674.9             | 4,317.8             | 3,828.3             | 3,598.9             | 3,151.9             |
| Tuition: CAT                              | 1,658.3             | 1,828.8             | 2,262.4             | 2,597.2             | 2,722.4             | 2,755.7             | 2,738.8             | 2,557.8             | 2,489.5             | 2,680.4             |
| Tuition: other                            | 419.5               | 200.7               | 152.5               | 130.7               | 96.0                | 172.3               | 294.1               | 144.3               | 151.8               | 156.0               |
| Bussing: public schools                   | 4,519.8             | 4,413.3             | 4,637.8             | 4,905.4             | 4,898.1             | 4,700.3             | 5,071.3             | 4,825.6             | 4,814.6             | 5,510.6             |
| Bussing: non-public                       | 4,395.9             | 4,530.5             | 4,358.6             | 4,424.3             | 4,422.4             | 4,409.5             | 4,116.7             | 3,727.9             | 3,860.0             | 3,011.5             |
| Bussing: special education                | 3,570.3             | 3,370.2             | 3,675.5             | 3,495.5             | 3,848.1             | 3,855.9             | 3,867.3             | 3,503.4             | 3,062.1             | 3,391.3             |
| Bussing: extracurricular                  | 291.1               | 284.6               | 325.5               | 316.3               | 327.4               | 318.0               | 297.0               | 216.2               | 92.8                | 264.2               |
| Insurance                                 | 416.9               | 478.5               | 462.6               | 492.8               | 501.6               | 497.4               | 500.5               | 519.2               | 519.0               | 553.9               |
| Telephone/postage                         | 462.1               | 390.2               | 501.0               | 489.4               | 492.5               | 517.2               | 374.8               | 495.9               | 508.8               | 639.1               |
| Other services - Glen Mills               | 866.0               | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Other                                     | 293.4               | 297.3               | 358.3               | 280.9               | 295.4               | 276.2               | 272.0               | 253.5               | 94.4                | 241.5               |
| <b>Supplies</b>                           | <b>4,758.0</b>      | <b>4,724.8</b>      | <b>5,066.2</b>      | <b>4,717.5</b>      | <b>4,797.8</b>      | <b>5,393.6</b>      | <b>5,889.2</b>      | <b>5,209.7</b>      | <b>8,614.2</b>      | <b>7,250.9</b>      |
| Heating fuel                              | 695.0               | 978.8               | 876.5               | 620.2               | 605.3               | 646.7               | 756.0               | 568.2               | 804.6               | 894.0               |
| Other operations/maintenance supplies     | 735.4               | 777.4               | 648.7               | 652.5               | 714.6               | 696.2               | 845.5               | 701.4               | 1,214.5             | 972.1               |
| Educational                               | 2,078.2             | 1,651.5             | 1,881.1             | 1,925.2             | 1,828.6             | 1,870.3             | 2,046.1             | 2,024.9             | 3,274.6             | 2,639.3             |
| Curriculum proposals                      | 793.5               | 885.1               | 1,230.0             | 1,123.3             | 881.4               | 1,123.1             | 1,062.3             | 777.0               | 843.3               | 700.4               |
| Educational/administrative software       | 356.9               | 327.0               | 409.9               | 394.3               | 680.8               | 1,006.0             | 1,082.5             | 1,115.4             | 2,421.4             | 1,926.6             |
| Administration/business                   | 99.0                | 104.9               | 20.1                | 2.1                 | 87.1                | 51.3                | 96.8                | 22.7                | 55.8                | 118.7               |
| Other                                     | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Other objects</b>                      | <b>(126.6)</b>      | <b>359.6</b>        | <b>534.1</b>        | <b>367.2</b>        | <b>411.3</b>        | <b>773.7</b>        | <b>403.7</b>        | <b>337.3</b>        | <b>337.3</b>        | <b>1,057.1</b>      |
| <b>Dues and fees - athletics</b>          | <b>144.3</b>        | <b>113.7</b>        | <b>140.4</b>        | <b>179.1</b>        | <b>170.7</b>        | <b>160.5</b>        | <b>148.9</b>        | <b>116.6</b>        | <b>-</b>            | <b>150.2</b>        |
| <b>Property</b>                           | <b>1,313.7</b>      | <b>511.4</b>        | <b>455.8</b>        | <b>542.9</b>        | <b>650.3</b>        | <b>294.8</b>        | <b>261.0</b>        | <b>271.8</b>        | <b>754.3</b>        | <b>540.2</b>        |
| Technology equipment                      | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| G/F maintenance projects                  | 650.3               | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Other equipment                           | 663.4               | 511.4               | 455.8               | 542.9               | 650.3               | 294.8               | 261.0               | 271.8               | 754.3               | 540.2               |
| <b>Debt service</b>                       | <b>21,896.0</b>     | <b>23,653.8</b>     | <b>21,163.9</b>     | <b>18,350.4</b>     | <b>24,085.4</b>     | <b>24,855.9</b>     | <b>25,571.8</b>     | <b>26,541.7</b>     | <b>25,412.9</b>     | <b>27,537.2</b>     |
| Bond payments                             | 21,896.0            | 23,653.8            | 21,163.9            | 18,350.4            | 24,085.4            | 24,855.9            | 25,571.8            | 26,541.7            | 25,412.9            | 27,537.2            |
| <b>TOTAL EXPENSE</b>                      | <b>\$ 194,440.2</b> | <b>\$ 200,892.9</b> | <b>\$ 207,066.3</b> | <b>\$ 214,590.7</b> | <b>\$ 229,188.8</b> | <b>\$ 233,913.4</b> | <b>\$ 237,301.5</b> | <b>\$ 233,070.2</b> | <b>\$ 239,893.5</b> | <b>\$ 259,271.7</b> |

# WEST CHESTER AREA SCHOOL DISTRICT

## REVENUE CAPACITY



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# WEST CHESTER AREA SCHOOL DISTRICT

## GOVERNMENTAL FUNDS - MOST SIGNIFICANT OWN-SOURCE REVENUES

(Modified Accrual Method of Accounting)

| <u>Fiscal Year</u> | <u>Chester County Millage Rate</u> | <u>Delaware County Millage Rate</u> | <u>Current Real Estate Taxes</u> | <u>Interim Real Estate Taxes</u> | <u>Delinquent Real Estate Taxes</u> | <u>Act 511 Taxes *</u> | <u>Other Local Revenues</u> | <u>Total Local Revenues</u> |
|--------------------|------------------------------------|-------------------------------------|----------------------------------|----------------------------------|-------------------------------------|------------------------|-----------------------------|-----------------------------|
| 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                 |
| 2020-21            | 21.6622                            | 16.6626                             | 174,260,525                      | 1,997,620                        | 3,264,401                           | 30,440,986             | 846,107                     | 210,809,638                 |
| 2021-22**          | 22.0604                            | 9.5164                              | 180,091,669                      | 4,054,176                        | 3,485,512                           | 35,622,969             | 1,325,796                   | 224,580,123                 |

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

\*\* Reassessment done in Delaware County

Source: District Annual Financial Report (AFR)

# WEST CHESTER AREA SCHOOL DISTRICT

## ANALYSIS OF ASSESSED VALUE FOR TAXABLE REAL ESTATE - UNAUDITED

| Land Use Description          | 2012-13              | Assessment<br>Total     | 2013-14              | Assessment<br>Total     | 2014-15              | Assessment<br>Total     | 2015-16              | Assessment<br>Total     | 2016-17              | Assessment<br>Total     |
|-------------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|
|                               | Number of<br>Parcels |                         | Number of<br>Parcels |                         | Number of<br>Parcels |                         | Number of<br>Parcels |                         | Number of<br>Parcels |                         |
| <b>CHESTER COUNTY</b>         |                      |                         |                      |                         |                      |                         |                      |                         |                      |                         |
| Not identified                | -                    |                         | -                    |                         | -                    |                         | -                    |                         | -                    |                         |
| Commercial properties         | 1,677                | \$ 1,391,810,649        | 1,714                | \$ 1,369,224,799        | 1,712                | \$ 1,365,713,429        | 1,709                | \$ 1,367,742,137        | 1,714                | \$ 1,382,831,647        |
| Farm properties               | 70                   | 22,769,440              | 68                   | 22,066,740              | 68                   | 22,066,740              | 69                   | 22,703,280              | 69                   | 22,730,390              |
| Industrial properties         | 89                   | 148,943,570             | 88                   | 146,750,180             | 88                   | 145,936,270             | 87                   | 145,405,235             | 87                   | 145,188,555             |
| Residential properties        | 30,033               | 6,012,449,332           | 30,145               | 6,044,809,459           | 30,250               | 6,063,262,560           | 30,365               | 6,115,048,985           | 30,410               | 6,132,798,573           |
| Vacant land                   | 1,308                | 55,913,330              | 1,162                | 50,755,900              | 1,163                | 49,319,210              | 1,090                | 47,541,320              | 1,068                | 45,006,370              |
| <b>Total Chester County</b>   | <b>33,177</b>        | <b>7,631,886,321</b>    | <b>33,177</b>        | <b>7,633,607,078</b>    | <b>33,281</b>        | <b>7,646,298,209</b>    | <b>33,320</b>        | <b>7,698,440,957</b>    | <b>33,348</b>        | <b>7,728,555,535</b>    |
| <b>DELAWARE COUNTY</b>        |                      |                         |                      |                         |                      |                         |                      |                         |                      |                         |
| Commercial/industrial         | 14                   | 8,533,463               | 14                   | 8,533,463               | 14                   | 8,533,463               | 14                   | 8,533,463               | 14                   | 8,533,463               |
| Residential/farms/vacant land | 2,189                | 629,392,646             | 2,193                | 629,105,934             | 2,192                | 633,891,761             | 2,194                | 638,801,396             | 2,199                | 638,865,520             |
| <b>Total Delaware County</b>  | <b>2,203</b>         | <b>637,926,109</b>      | <b>2,207</b>         | <b>637,639,397</b>      | <b>2,206</b>         | <b>642,425,224</b>      | <b>2,208</b>         | <b>647,334,859</b>      | <b>2,213</b>         | <b>647,398,983</b>      |
| <b>Grand total</b>            | <b>35,380</b>        | <b>\$ 8,269,812,430</b> | <b>35,384</b>        | <b>\$ 8,271,246,475</b> | <b>35,487</b>        | <b>\$ 8,288,723,433</b> | <b>35,528</b>        | <b>\$ 8,345,775,816</b> | <b>35,561</b>        | <b>\$ 8,375,954,518</b> |
| <b>2017-18</b>                |                      |                         |                      |                         |                      |                         |                      |                         |                      |                         |
| Land Use Description          | 2017-18              | Assessment<br>Total     | 2018-19              | Assessment<br>Total     | 2019-20              | Assessment<br>Total     | 2020-21              | Assessment<br>Total     | 2021-22              | Assessment<br>Total     |
|                               | Number of<br>Parcels |                         | Number of<br>Parcels |                         | Number of<br>Parcels |                         | Number of<br>Parcels |                         | Number of<br>Parcels |                         |
| <b>CHESTER COUNTY</b>         |                      |                         |                      |                         |                      |                         |                      |                         |                      |                         |
| Not Identified                | -                    |                         | -                    |                         | -                    |                         | -                    |                         | -                    |                         |
| Commercial Properties         | 1,722                | \$ 1,393,879,547        | 1,724                | \$ 1,386,487,480        | 1,730                | \$ 1,419,240,638        | 1,732                | \$ 1,409,206,133        | 1,749                | \$ 1,373,439,443        |
| Farm Properties               | 69                   | 23,544,790              | 70                   | 23,886,590              | 67                   | 22,327,250              | 68                   | 22,616,460              | 67                   | 22,549,430              |
| Industrial Properties         | 87                   | 145,353,765             | 86                   | 145,152,395             | 86                   | 146,105,675             | 86                   | 142,070,645             | 85                   | 139,232,465             |
| Residential Properties        | 30,433               | 6,213,361,838           | 30,490               | 6,239,593,971           | 30,571               | 6,286,518,818           | 30,681               | 6,333,174,618           | 30,829               | 6,419,779,433           |
| Vacant Land                   | 1,039                | 47,346,930              | 1,089                | 46,914,600              | 1,135                | 47,370,590              | 1,464                | 55,803,640              | 1,421                | 53,477,760              |
| <b>Total Chester County</b>   | <b>33,350</b>        | <b>7,823,486,870</b>    | <b>33,459</b>        | <b>7,842,035,036</b>    | <b>33,589</b>        | <b>7,921,562,971</b>    | <b>34,031</b>        | <b>7,962,871,496</b>    | <b>34,151</b>        | <b>8,008,478,531</b>    |
| <b>DELAWARE COUNTY</b>        |                      |                         |                      |                         |                      |                         |                      |                         |                      |                         |
| Commercial/Industrial         | 14                   | 8,008,833               | 14                   | 8,008,833               | 14                   | 8,008,833               | 16                   | 9,157,733               | 14                   | 26,710,280              |
| Residential/Farms/Vacant Land | 2,198                | 639,278,166             | 2,199                | 640,107,224             | 2,210                | 640,087,346             | 2,227                | 643,408,747             | 2,229                | 1,113,758,696           |
| <b>Total Delaware County</b>  | <b>2,212</b>         | <b>647,286,999</b>      | <b>2,213</b>         | <b>648,116,057</b>      | <b>2,224</b>         | <b>648,096,179</b>      | <b>2,243</b>         | <b>652,566,480</b>      | <b>2,243</b>         | <b>1,140,468,976</b>    |
| <b>Grand total</b>            | <b>35,562</b>        | <b>\$ 8,470,773,869</b> | <b>35,672</b>        | <b>\$ 8,490,151,093</b> | <b>35,813</b>        | <b>\$ 8,569,659,150</b> | <b>36,274</b>        | <b>\$ 8,615,437,976</b> | <b>36,394</b>        | <b>\$ 9,148,947,507</b> |

Source: County Land Use Code Report

# WEST CHESTER AREA SCHOOL DISTRICT

## MARKET VALUE VERSUS ASSESSED VALUE OF TAXABLE REAL ESTATE

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|      | <b>Market<br/>Value<br/>Chester<br/>County<br/><u>(000)</u></b> | <b>Market<br/>Value<br/>Delaware<br/>County<br/><u>(000)</u></b> | <b>Total<br/>Market<br/>Value<br/><u>(000)</u></b> | <b>Assessed<br/>Value<br/><u>(000)</u></b> | <b>Ratio of<br/>Market<br/>Value to<br/>Assessed<br/>Value</b> |
|------|---|--|--|--|--|
| 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%   |
| 2019 | 13,526,033  | 840,051  | 14,366,084   | 8,615,438                                  | 167%   |
| 2020 | 14,129,979  | 895,234  | 15,025,213   | 9,148,948                                  | 164%   |

Source: State Tax Equalization Board

# WEST CHESTER AREA SCHOOL DISTRICT

## PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

### (Mills)

#### Chester County

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

Source: Chester County website

#### Delaware County

|           | <u>West Chester Area School District</u> | <u>Delaware County</u> | <u>Township of East Thornbury</u> |
|-----------|--|------------------------|-----------------------------------|
| 2012-13   | 13.78                                    | 5.300                  | 0.00                              |
| 2013-14   | 13.62                                    | 5.452                  | 0.00                              |
| 2014-15   | 13.65                                    | 5.604                  | 0.00                              |
| 2015-16   | 13.9059                                  | 5.604                  | 0.00                              |
| 2016-17   | 14.7113                                  | 5.604                  | 0.00                              |
| 2017-18   | 15.2086                                  | 5.604                  | 0.00                              |
| 2018-19   | 16.0761                                  | 5.604                  | 0.00                              |
| 2019-20   | 16.2597                                  | 5.461                  | 0.00                              |
| 2020-21   | 16.6626                                  | 5.461                  | 0.00                              |
| 2021-22** | 9.5164                                   | 2.999                  | 0.00                              |

Source: Delaware County website

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

\*\* Reassessment done in Delaware County

# WEST CHESTER AREA SCHOOL DISTRICT

## TEN LARGEST REAL PROPERTY TAXPAYERS - UNAUDITED

-77-

| <u>Name</u>  | <u>Township</u> | <u>Type of Property</u> | <u>Taxable Assessed Value</u> | <u>Percent of District's Total Value</u> | <u>Rank</u> | <u>Taxable Assessed Value</u> | <u>Percent of District's Total Value</u> | <u>Rank</u> |
|--|-----------------|-------------------------|-------------------------------|--|-------------|-------------------------------|--|-------------|
| Main Street At Exton LP                            | West Whiteland  | Shopping Center         | \$ 75,944,590                 | 0.83%                                    | 1           | \$ 28,553,560                 | 0.35%                                    | 3           |
| ARHC WHCCHPAO1 LC                                  | East Goshen     | Senior Living Community | 41,434,200                    | 0.45%                                    | 2           |                               |  |             |
| Exton Square Inc.                                  | West Whiteland  | Shopping Mall           | 38,183,155                    | 0.42%                                    | 3           | 77,784,710                    | 0.94%                                    | 1           |
| NWHAN Exton PA Development                         | West Whiteland  | Apartment Complex       | 37,166,670                    | 0.41%                                    | 4           |                               |  |             |
| Keva Flats   | West Whiteland  | Apartment Complex       | 31,676,040                    | 0.35%                                    | 5           |                               |  |             |
| Bre Rook Sh Bellingham LP                          | East Goshen     | Senior Living Community | 30,740,000                    | 0.34%                                    | 6           |                               |  |             |
| QVS Inc.   | West Goshen     | Indus. Bldg/TV Shopping | 30,435,870                    | 0.33%                                    | 7           | 35,696,530                    | 0.43%                                    | 2           |
| SPUS8 West Chester LP                              | West Goshen     | Apartment Complex       | 27,976,000                    | 0.31%                                    | 8           |                               |  |             |
| JAG/OAK Parkview Apartments                        | West Whiteland  | Apartment Complex       | 25,037,760                    | 0.27%                                    | 9           |                               |  |             |
| Westtown Apartments                                | Westtown        | Apartment Complex       | <u>24,367,500</u>             | 0.27%                                    | 10          | 16,636,690                    | 0.20%                                    | 8           |
| TRC Valley Creek Assoc.                            | West Whiteland  | Business Complex        |                               |  |             | 28,500,000                    | 0.34%                                    | 4           |
| Exton Crossing Apts                                | West Whiteland  | Apartment Complex       |                               |  |             | 21,023,480                    | 0.25%                                    | 5           |
| Whiteland Investors LP                             | West Whiteland  | Shopping Center         |                               |  |             | 19,320,000                    | 0.23%                                    | 6           |
| Comcast Cable                                      | East Goshen     | Commercial Buildings    |                               |  |             | 17,636,080                    | 0.21%                                    | 7           |
| Fern Hill LLC                                      | West Goshen     | Medical Complex         |                               |  |             | 16,617,370                    | 0.20%                                    | 9           |
| Hankin Group                                       | East Goshen     | Apartment Complex       |                               |  |             | <u>16,216,110</u>             | 0.20%                                    | 10          |
| <b>Total Assessed Value--Ten Largest Taxpayers</b> |                 |                         | <u>\$ 362,961,785</u>         |  |             | <u>\$ 277,984,530</u>         |  |             |
| <b>Total District Assessed Value</b>               |                 |                         | <u>\$ 9,148,947,507</u>       |  |             | <u>\$ 8,269,812,430</u>       |  |             |

Source: District Fact Books

# WEST CHESTER AREA SCHOOL DISTRICT

## REAL ESTATE TAX COLLECTION AS A RATIO OF LEVY

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| <u>Fiscal Year</u> | <u>Assessed Valuation</u> | <u>Mills (2)</u> | <u>Adjusted Levy</u> | <u>Current Collection</u> |                |
|--------------------|---------------------------|------------------|----------------------|---------------------------|----------------|
|                    |                           |                  |                      | <u>Amount (1), (3)</u>    | <u>Percent</u> |
| 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%          |
| 2020-21            | 8,615,437,976             | 21.6622          | 183,366,769          | 177,830,871               | 97.0%          |
| 2021-22            | 9,148,947,507             | 22.0604          | 187,523,399          | 183,687,863               | 98.0%          |

Source: District Tax Records

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

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

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

# WEST CHESTER AREA SCHOOL DISTRICT

## DEBT CAPACITY



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# WEST CHESTER AREA SCHOOL DISTRICT

## COMPUTATION OF NONELECTORAL DEBT MARGIN

June 30,

|  | <u>2012-13</u>        | <u>2013-14</u>        | <u>2014-15</u>        | <u>2015-16</u>        | <u>2016-17</u>        | <u>2017-18</u>        | <u>2018-19</u>        | <u>2019-20</u>        | <u>2020-21</u>        | <u>2021-22</u>        |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total general fund revenues*</b>  | \$ 205,516,382        | \$ 206,453,328        | \$ 213,970,535        | \$ 220,793,385        | \$ 235,401,340        | \$ 242,175,000        | \$ 249,521,639        | \$ 255,108,419        | \$ 261,224,019        | \$ 277,711,304        |
| Less required deductions if included in total<br>rental and sinking fund reimbursement | 1,151,153             | 1,160,377             | 1,181,706             | -                     | 2,104,117             | 1,554,549             | 1,163,834             | 1,121,094             | 1,051,643             | 1,596,511             |
| sale of property and non-recurring revenue   | 973                   | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| fund transfer  | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| <b>Net Revenues</b>  | <u>204,364,256</u>    | <u>205,292,951</u>    | <u>212,788,829</u>    | <u>220,793,385</u>    | <u>233,297,223</u>    | <u>240,620,451</u>    | <u>248,357,805</u>    | <u>253,987,325</u>    | <u>260,172,376</u>    | <u>276,114,793</u>    |
| <b>Annual arithmetic average (borrowing base)**</b>                                    | <u>\$ 200,862,211</u> | <u>\$ 202,920,142</u> | <u>\$ 207,482,012</u> | <u>\$ 212,958,388</u> | <u>\$ 222,293,146</u> | <u>\$ 231,570,353</u> | <u>\$ 240,758,493</u> | <u>\$ 247,655,194</u> | <u>\$ 254,172,502</u> | <u>\$ 263,424,831</u> |
| Multiplier   | 225%                  | 225%                  | 225%                  | 225%                  | 225%                  | 225%                  | 225%                  | 225%                  | 225%                  | 225%                  |
| <b>Total nonelectoral debt limit</b>   | \$ 451,939,975        | \$ 456,570,320        | \$ 466,834,527        | \$ 479,156,373        | \$ 500,159,579        | \$ 521,033,294        | \$ 541,706,609        | \$ 557,224,187        | \$ 571,888,130        | \$ 592,705,870        |
| Less amount debt applicable to debt limit  | <u>287,443,000</u>    | <u>285,016,000</u>    | <u>271,826,000</u>    | <u>266,615,000</u>    | <u>261,070,000</u>    | <u>256,125,000</u>    | <u>250,425,000</u>    | <u>268,885,000</u>    | <u>281,605,000</u>    | <u>259,750,000</u>    |
| <b>Total debt margin</b>   | <u>\$ 164,496,975</u> | <u>\$ 171,554,320</u> | <u>\$ 195,008,527</u> | <u>\$ 212,541,373</u> | <u>\$ 239,089,579</u> | <u>\$ 264,908,294</u> | <u>\$ 291,281,609</u> | <u>\$ 288,339,187</u> | <u>\$ 290,283,130</u> | <u>\$ 332,955,870</u> |
| Ratio of debt limit to debt margin   | 36%                   | 38%                   | 42%                   | 44%                   | 48%                   | 51%                   | 54%                   | 52%                   | 51%                   | 56%                   |

Source: District Annual Financial Statements PDE 2057

\* Includes other financing sources

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

# WEST CHESTER AREA SCHOOL DISTRICT

## GROSS PRINCIPAL DEBT OUTSTANDING

June 30,

| Fiscal Year            | Emmaus Note 2009    | Series 2014 GOB      | Series A 2014 GOR    | Series AA 2014 GOR   | Series 2016 GOR     | Series A 2016 GOR    | Series A 2017 GOB   | Series 2018 GOB     | Series 2019 GOB      | Series 2020 GOB      | Series 2021 GOB      | Series 2022 GOB      | Total                 |
|------------------------|---------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| 2022-2023              | \$ 520,000          | \$ -                 | \$ 14,570,000        | \$ 315,000           | \$ 2,130,000        | \$ 5,000             | \$ 5,000            | \$ 5,000            | \$ 5,000             | \$ 50,000            | \$ 5,000             | \$ 5,000             | \$ 17,615,000         |
| 2023-2024              | 645,000             | -                    | 8,745,000            | 325,000              | 2,235,000           | 5,875,000            | 5,000               | 5,000               | 5,000                | 55,000               | 5,000                | 5,000                | 17,905,000            |
| 2024-2025              | 675,000             | 5,000                | -                    | 5,700,000            | -                   | 12,270,000           | 5,000               | 5,000               | 5,000                | 55,000               | 5,000                | 5,000                | 18,730,000            |
| 2025-2026              | 700,000             | 5,000                | -                    | 6,025,000            | -                   | 12,850,000           | 5,000               | 5,000               | 5,000                | 60,000               | 5,000                | 100,000              | 19,760,000            |
| 2026-2027              | 485,000             | 5,000                | -                    | 18,505,000           | -                   | 1,000,000            | 5,000               | 5,000               | 5,000                | 60,000               | 5,000                | 200,000              | 20,275,000            |
| 2027-2032              | 5,625,000           | 11,985,000           | -                    | 24,700,000           | -                   | -                    | 9,705,000           | 1,980,000           | 25,000               | 9,765,000            | 4,435,000            | 29,800,000           | 98,020,000            |
| 2032-2037              | -                   | -                    | -                    | -                    | -                   | -                    | -                   | 5,495,000           | 20,290,000           | -                    | 12,685,000           | -                    | 38,470,000            |
| 2037-2041              | -                   | -                    | -                    | -                    | -                   | -                    | -                   | 2,475,000           | 14,400,000           | -                    | 12,100,000           | -                    | 28,975,000            |
| <b>Total principal</b> | <b>\$ 8,650,000</b> | <b>\$ 12,000,000</b> | <b>\$ 23,315,000</b> | <b>\$ 55,570,000</b> | <b>\$ 4,365,000</b> | <b>\$ 32,000,000</b> | <b>\$ 9,730,000</b> | <b>\$ 9,975,000</b> | <b>\$ 34,740,000</b> | <b>\$ 10,045,000</b> | <b>\$ 29,245,000</b> | <b>\$ 30,115,000</b> | <b>\$ 259,750,000</b> |

Source: District Debt Service Schedules

# WEST CHESTER AREA SCHOOL DISTRICT

## SCHEDULE OF DIRECT AND OVERLAPPING DEBT

|  | <u>Gross<br/>Debt<br/>Outstanding</u> | <u>Percentage<br/>Applicable<br/>to this<br/>Governmental<br/>Unit</u> | <u>Net<br/>Share of<br/>Debt</u> |
|--|---------------------------------------|--|----------------------------------|
| <b>Chester County</b>                                    |                                       |  |                                  |
| Direct debt  |                                       |  |                                  |
| West Chester Area School District                        | \$ 251,100,000                        | 100%   | \$ 251,100,000                   |
| Overlapping debt   |                                       |  |                                  |
| Township of East Bradford                                | 10,824,000                            | 100%   | 10,824,000 (1), (2)              |
| Township of East Goshen                                  | 15,906,594                            | 100%   | 15,906,594 (1), (2)              |
| Township of Thornbury                                    | -                                     | 100%   | - (1), (2)                       |
| Township of West Goshen                                  | 3,612,000                             | 100%   | 3,612,000 (1), (2)               |
| Township of West Whiteland                               | 15,528,303                            | 100%   | 15,528,303 (1), (2)              |
| Township of Westtown                                     | 9,051,525                             | 100%   | 9,051,525 (1), (2)               |
| Borough of West Chester                                  | -                                     | 100%   | - (1), (2)                       |
| Chester County   | 582,044,394                           | 20%  | <u>113,730,059</u> (1), (2), (3) |
| <b>Total direct and overlapping Chester County debt</b>  |                                       |  | <u>\$ 419,752,481</u>            |
| <b>Delaware County</b>                                   |                                       |  |                                  |
| Direct debt  |                                       |  |                                  |
| West Chester Area School District                        | 251,100,000                           | 100%   | \$ 251,100,000                   |
| Overlapping debt   |                                       |  |                                  |
| Township of Thornbury                                    | -                                     | 100%   | - (1), (4)                       |
| Delaware County  | 254,274,300                           | 1%   | <u>3,043,375</u> (1), (3), (4)   |
| <b>Total direct and overlapping Delaware County debt</b> |                                       |  | <u>\$ 254,143,375</u>            |

(1) As of December 31, 2021

(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

| <u>Fiscal Year</u> | <u>Assessed Value (1)</u> | <u>Gross Bonded Debt (5)</u> | <u>Debt Service Monies Available</u> | <u>Net Bonded Debt</u> | <u>Ratio of Net Bonded Debt to Assessed</u> | <u>Population</u>      | <u>Net Bonded Debt per Capita</u> | <u>Estimated Personal Income (4)</u> | <u>Percent of Personal Income</u> |
|--------------------|---------------------------|------------------------------|--------------------------------------|------------------------|---|------------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| 2012-13            | \$ 8,269,812,430          | \$ 273,900,000               | \$ -                                 | \$ 273,900,000         | 3.3%  | 108,441 <sup>(2)</sup> | \$ 2,526                          | \$ 11,295,323,001                    | 2.4%                              |
| 2013-14            | 8,271,246,475             | 272,605,000                  | -                                    | 272,605,000            | 3.3%  | 108,441 <sup>(2)</sup> | 2,514                             | 11,295,323,001                       | 2.4%                              |
| 2014-15            | 8,288,723,433             | 260,605,000                  | -                                    | 260,605,000            | 3.1%  | 108,441 <sup>(2)</sup> | 2,403                             | 11,295,323,001                       | 2.3%                              |
| 2015-16            | 8,345,775,816             | 256,645,000                  | -                                    | 256,645,000            | 3.1%  | 108,441 <sup>(2)</sup> | 2,367                             | 11,295,323,001                       | 2.3%                              |
| 2016-17            | 8,375,954,518             | 271,745,378                  | -                                    | 271,745,378            | 3.2%  | 108,441 <sup>(2)</sup> | 2,506                             | 11,295,323,001                       | 2.4%                              |
| 2017-18            | 8,470,773,869             | 264,042,382                  | -                                    | 264,042,382            | 3.1%  | 108,441 <sup>(2)</sup> | 2,435                             | 11,295,323,001                       | 2.3%                              |
| 2018-19            | 8,490,151,093             | 255,490,452                  | -                                    | 255,490,452            | 3.0%  | 108,441 <sup>(2)</sup> | 2,356                             | 11,295,323,001                       | 2.3%                              |
| 2019-20            | 8,569,659,150             | 276,686,539                  | -                                    | 276,686,539            | 3.2%  | 108,441 <sup>(2)</sup> | 2,551                             | 11,295,323,001                       | 2.4%                              |
| 2020-21            | 8,615,437,976             | 293,972,635                  | -                                    | 293,972,635            | 3.4%  | 111,327 <sup>(3)</sup> | 2,641                             | 11,595,931,647                       | 2.5%                              |
| 2021-22            | 9,148,947,507             | 274,518,168                  | -                                    | 274,518,168            | 3.0%  | 111,327 <sup>(3)</sup> | 2,466                             | 11,595,931,647                       | 2.4%                              |

(1) Source: District Fact Book

(2) Source: 2010 Census

(3) Source: 2020 Census

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

(5) Source: District Audit Report

# WEST CHESTER AREA SCHOOL DISTRICT

## DEMOGRAPHIC AND ECONOMIC INFORMATION



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# WEST CHESTER AREA SCHOOL DISTRICT

## TRENDS IN POPULATION, MARKET VALUE, AND PERSONAL INCOME

|        | <b>West Chester Area<br/>School District<br/>Population</b> | (1) | <b>Chester County<br/>Population</b> | (1) | <b>Pennsylvania<br/>Population</b> | (1) | <b>United States<br/>Population</b> | (1) |
|--------|---|-----|--------------------------------------|-----|------------------------------------|-----|-------------------------------------|-----|
| 1970   | Not Available   |     | \$ 278,311                           |     | \$ 11,758,458                      |     | \$ 203,302,031                      |     |
| 1980   | \$ 68,170   |     | \$ 316,660                           |     | \$ 11,855,687                      |     | \$ 226,542,199                      |     |
| 1990   | \$ 81,172   |     | \$ 376,396                           |     | \$ 11,881,643                      |     | \$ 248,709,873                      |     |
| 2000   | \$ 94,114   |     | \$ 433,501                           |     | \$ 12,281,054                      |     | \$ 281,421,906                      |     |
| 2010   | \$ 100,413  |     | \$ 498,886                           |     | \$ 12,702,379                      |     | \$ 308,745,538                      |     |
| 2020   | \$ 111,327  |     | \$ 534,413                           |     | \$ 13,002,700                      |     | \$ 331,449,281                      |     |
| 2021 * | \$ 111,603  |     | \$ 538,649                           |     | \$ 12,964,056                      |     | \$ 331,893,745                      |     |

\* As estimated by US Census Bureau

|      | <b>West Chester<br/>Area<br/>School District<br/>Market Value</b> | <b>West Chester<br/>Area<br/>School District<br/>Adjusted<br/>Personal Income</b> | <b>Pennsylvania<br/>Market Value</b> | <b>Pennsylvania<br/>Adjusted<br/>Personal Income</b> | (2) |
|------|---|---|--------------------------------------|--|-----|
| 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  | \$5,616,886,135   | \$922,018,498,396                    | \$395,548,185,123                                    |     |
| 2020 | \$15,025,213,325  | \$5,524,523,899   | \$966,037,072,558                    | \$384,746,553,419                                    |     |
| 2021 | \$15,125,128,108  | Not Available   | \$975,443,133,973                    | Not Available  |     |

(1) Source: US Census

(2) Source: PA Dept of Education

# WEST CHESTER AREA SCHOOL DISTRICT

## KEY ECONOMIC AND HOUSING INDICIES

### Household Income

|                       | Household Income, 2020 |                    |                       |                   | Median Household Income, 2020 <sup>(1)</sup> |
|-----------------------|------------------------|--------------------|-----------------------|-------------------|--|
|                       | Total Households 2020  | Less than \$50,000 | \$50,000 to \$100,000 | \$100,000 or More |  |
|                       | Chester County         | 192,951            | 43,414                | 49,203            |  |
| West Chester area (2) | 40,850                 | 9,935              | 10,011                | 20,904            |  |

### Labor Force and Employment

|                       | Civilian Labor Force, 2020         |         |          |            | Unemployment Rate, 2020 <sup>(1)</sup> |
|-----------------------|------------------------------------|---------|----------|------------|--|
|                       | Population 16 Years and Over, 2020 | Total   | Employed | Unemployed |  |
|                       | Pennsylvania                       |         |          |            |  |
| Chester County        | 417,628                            | 284,955 | 273,256  | 11,699     | 2.8%                                   |
| West Chester area (2) | 82,718                             | 55,901  | 53,569   | 2,332      | N/A                                    |

### Housing Value

|                       | Housing Value (3)                |                     |                        |                        |                        |                                  |
|-----------------------|----------------------------------|---------------------|------------------------|------------------------|------------------------|----------------------------------|
|                       | Total Owner Occupied Units, 2019 | Less than \$150,000 | \$150,000 to \$300,000 | \$300,001 to \$400,000 | \$400,001 to \$500,000 | \$500,001 or More <sup>(1)</sup> |
|                       | Chester County                   | 143,192             | 9,260                  | 44,599                 | 31,059                 | 22,809                           |
| West Chester area (2) | 26,934                           | 812                 | 5,964                  | 6,551                  | 5,661                  | 7,946                            |

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

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

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

(3) Updated information not available

# WEST CHESTER AREA SCHOOL DISTRICT

## LARGEST EMPLOYERS WITHIN THE SCHOOL DISTRICT - UNAUDITED

| <b>Name</b>                           | <b>Product or Service</b> | <b>2021-22</b>                |             |                   | <b>2012-13</b>                |             |                   |
|---------------------------------------|---------------------------|-------------------------------|-------------|-------------------|-------------------------------|-------------|-------------------|
|                                       |                           | <b>Approximate Employment</b> | <b>Rank</b> | <b>% of Total</b> | <b>Approximate Employment</b> | <b>Rank</b> | <b>% of Total</b> |
| Penn Medicine Chester County Hospital | Health Care Services      | 2,656                         | 1           | 5.0%              |                               |             |                   |
| West Chester University               | Education                 | 2,374                         | 2           | 4.4%              | 2,980                         | 1           | 5.8%              |
| QVC Network, Inc.                     | Home Shopping Network     | 2,301                         | 3           | 4.3%              | 2,867                         | 2           | 5.6%              |
| Chester County                        | County Government         | 1,753                         | 4           | 3.3%              | 1,820                         | 4           | 3.6%              |
| West Chester Area School District     | Education                 | 1,532                         | 5           | 2.9%              | 1,675                         | 5           | 3.3%              |
| United Parcel Services, Inc.          | Delivery Services         | 1,313                         | 6           | 2.5%              | 1,086                         | 7           | 2.1%              |
| Giant Food Stores LLC                 | Grocery                   | 1,059                         | 7           | 2.0%              | 1,097                         | 6           | 2.1%              |
| The Arc of Chester County             | Advocacy Organization     | 865                           | 8           | 1.6%              |                               |             |                   |
| Johnson & Johnson Services Inc.       | Drug Research and Testing | 857                           | 9           | 1.6%              |                               |             |                   |
| Communications Test Design, Inc.      | Communication Engineering | <u>841</u>                    | 10          | 1.6%              |                               |             |                   |
| Chester County Hospital               | Health Care Services      |                               |             |                   | 2,177                         | 3           | 4.3%              |
| Comcast Cable Communications          | Telecommunication         |                               |             |                   | 981                           | 8           | 1.9%              |
| Brians House Inc.                     | Human Services            |                               |             |                   | 864                           | 9           | 1.7%              |
| Synthes USA                           | Medical Supplies          |                               |             |                   | <u>806</u>                    | 10          | 1.6%              |
| <b>Total</b>                          |                           | <b><u>15,551</u></b>          |             |                   | <b><u>16,353</u></b>          |             |                   |

Note: 2021-22 % of Total Employment uses 2020 Total West Chester Community employed population of 53,569.

2012-13 % of Total Employment uses 2010 Total West Chester Community employed population of 51,129

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

# WEST CHESTER AREA SCHOOL DISTRICT

## OPERATING INFORMATION



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# WEST CHESTER AREA SCHOOL DISTRICT

## STAFFING RATIOS FOR PROFESSIONAL STAFF

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

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

Source: District Fact Book

# WEST CHESTER AREA SCHOOL DISTRICT

## DISTRICT FACILITIES

|   | <u>Original<br/>Construction<br/>Date</u> | <u>Addition<br/>and/or<br/>Renovation Date</u> | <u>Grades</u> | <u>Site<br/>Area<br/>(Acres)</u> | <u>Building<br/>Square<br/>Feet</u> | <u>September<br/>30, 2021<br/>Enrollment</u> |
|---|---|--|---------------|----------------------------------|-------------------------------------|--|
| B. Rustin High School                     | 2003-06                                   | -  | 9-12          | 123.20                           | 283,000                             | 1,216  |
| East High School                          | 1973                                      | 1976/92/93/04                                  | 9-12          | 62.60                            | 314,453                             | 1,226  |
| East/Fugett Athletic Fields               | 2004                                      | -  | -             | 43.35                            | -                                   | -  |
| Henderson High School                     | 1951                                      | 1956/64/76/94/98/04                            | 9-12          | 30.56                            | 287,351                             | 1,433  |
| Henderson-North Campus Athletics          | 2006                                      | -  | -             | 13.40                            | **                                  | -  |
| E. N. Peirce Middle School                | 1963                                      | 1998/01/03                                     | 6-8           | 26.70                            | 136,250                             | 1,038  |
| G. A. Stetson Middle School               | 1959                                      | 1961/98/03/07                                  | 6-8           | 38.40                            | 134,857                             | 869  |
| J. R. Fugett Middle School                | 1969                                      | 2009   | 6-8           | *                                | 163,340                             | 912  |
| East Bradford Elementary                  | 1958                                      | 1966/70/89/13                                  | K-5           | 18.20                            | 58,367                              | 456  |
| East Goshen Elementary                    | 1955                                      | 1960/64/67/95/01/20                            | K-5           | 20.80                            | 77,465                              | 504  |
| Exton Elementary                          | 1940                                      | 1953/57/91/92/93/00/19                         | K-5           | 13.10                            | 66,265                              | 447  |
| Fern Hill Elementary                      | 1955                                      | 1960/89/16                                     | K-5           | 20.00                            | 64,555                              | 401  |
| Glen Acres Elementary                     | 1966                                      | 1997   | K-5           | 11.70                            | 59,931                              | 474  |
| Greystone Elementary                      | 2021                                      | -  | K-5           | 15.00                            | **                                  | 76,542                                       |
| Hillsdale Elementary                      | 1976                                      | 2007   | K-5           | 19.10                            | 70,631                              | 554  |
| Mary C. Howse Elementary                  | 1962                                      | 1965/97  | K-5           | 15.24                            | 65,287                              | 481  |
| Penn Wood Elementary                      | 1966                                      | 1970/89/01/12                                  | K-5           | 18.60                            | 64,350                              | 490  |
| Sarah W. Starkweather Elementary          | 1991                                      | 1998   | K-5           | 37.90                            | 75,094                              | 557  |
| Westtown-Thornbury Elementary             | 1954                                      | 1956/89/12                                     | K-5           | 11.70                            | 55,556                              | 545  |
| <b>Facilities &amp; Operations Center</b> | 1999                                      | -  | -             | 3.20                             | 24,588                              | -  |
| <b>Spellman Education Center</b>          | 1988                                      | 2017   | Admin         | 3.32                             | 42,000                              | -  |
|   |   |  |               | <u>546.07</u>                    | <u>2,119,882</u>                    | <u>12,093</u>                                |

\* Fugett acreage included in East HS site area

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

# WEST CHESTER AREA SCHOOL DISTRICT

## SCHOOL DISTRICT EMPLOYEES BY FUNCTION

For the 2021-22 Fiscal Year

| <u>Functions</u>                               | <u>Elementary</u> | <u>Middle</u> | <u>High</u>   | <u>Other</u>  | <u>Total</u>    |
|--|-------------------|---------------|---------------|---------------|-----------------|
| 1100 Regular                                   | 361.30            | 171.01        | 226.05        | 20.00         | 778.36          |
| 1200 Special                                   | 58.00             | 33.95         | 44.20         | 129.00        | 265.15          |
| 1300 Vocational                                | -                 | 13.90         | 14.90         | -             | 28.80           |
| 2100 Support Services- Students                | 22.00             | 15.51         | 34.50         | 16.00         | 88.01           |
| 2200 Support Services- Instructional           | 16.50             | 4.00          | 7.70          | 11.00         | 39.20           |
| 2300 Support Services- Administration          | 33.00             | 15.00         | 21.00         | 11.95         | 80.95           |
| 2400 Support Services- Pupil Health            | 12.00             | 6.00          | 6.00          | 6.20          | 30.20           |
| 2500 Support Services- Business Office         | -                 | -             | -             | 13.00         | 13.00           |
| 2600 Operating & Maintenance of Plant Services | 35.50             | 18.50         | 34.00         | 48.00         | 136.00          |
| 2700 Student Transportation Services           | -                 | -             | -             | 3.50          | 3.50            |
| 2800 Support Services- Central                 | -                 | -             | -             | 22.05         | 22.05           |
| 3000 Operation of Non-Instructional Services   | -                 | -             | 9.00          | -             | 9.00            |
| <b>Total 2021-22 FTEs</b>                      | <u>538.30</u>     | <u>277.87</u> | <u>397.35</u> | <u>280.70</u> | <u>1,494.22</u> |

Source: District Personnel Budget Documentation

# WEST CHESTER AREA SCHOOL DISTRICT

## STUDENT ENROLLMENT SUMMARY

| <u>School Year</u>                   |             | <u>2012-13</u> | <u>2013-14</u> | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> |
|--------------------------------------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Special education                    | At Sept. 30 | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
|                                      | End of Year | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Kindergarten<br>(half-time)          | At Sept. 30 | 616            | 557            | 584            | 525            | 599            | -              | -              | -              | -              | -              |
|                                      | End of Year | 609            | 539            | 604            | 532            | 617            | -              | -              | -              | -              | -              |
| **Kindergarten<br>(full-time)        | At Sept. 30 | 76             | 90             | 79             | 90             | 73             | 891            | 857            | 887            | 807            | 850            |
|                                      | End of Year | 76             | 107            | 51             | 86             | 81             | 893            | 859            | 902            | 806            | 862            |
| Grades 1-5                           | At Sept. 30 | 4,377          | 4,431          | 4,363          | 4,328          | 4,355          | 4,449          | 4,495          | 4,501          | 4,418          | 4,549          |
|                                      | End of Year | 4,327          | 4,434          | 4,339          | 4,324          | 4,376          | 4,458          | 4,498          | 4,513          | 4,430          | 4,564          |
| Grades 6-8                           | At Sept. 30 | 2,763          | 2,687          | 2,790          | 2,782          | 2,809          | 2,824          | 2,766          | 2,824          | 2,843          | 2,819          |
|                                      | End of Year | 2,728          | 2,670          | 2,767          | 2,780          | 2,825          | 2,822          | 2,769          | 2,817          | 2,840          | 2,812          |
| Grades 9-12                          | At Sept. 30 | 3,855          | 3,901          | 3,808          | 3,758          | 3,753          | 3,764          | 3,845          | 3,866          | 3,900          | 3,875          |
|                                      | End of Year | <u>3,815</u>   | <u>3,853</u>   | <u>3,764</u>   | <u>3,753</u>   | <u>3,740</u>   | <u>3,749</u>   | <u>3,807</u>   | <u>3,860</u>   | <u>3,891</u>   | <u>3,878</u>   |
| TOTAL-Sept.30                        |             | 11,687         | 11,666         | 11,624         | 11,483         | 11,589         | 11,928         | 11,963         | 12,078         | 11,968         | 12,093         |
| TOTAL-End of Year                    |             | 11,555         | 11,603         | 11,525         | 11,475         | 11,639         | 11,922         | 11,933         | 12,092         | 11,967         | 12,116         |
| Increase/decrease<br>at September 30 |             | <u>(135)</u>   | <u>(21)</u>    | <u>(42)</u>    | <u>(141)</u>   | <u>106</u>     | <u>339</u>     | <u>35</u>      | <u>115</u>     | <u>(110)</u>   | <u>125</u>     |

# WEST CHESTER AREA SCHOOL DISTRICT

## STUDENT MARKET SHARE ANALYSIS

|                                     | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|-------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Total Out-of-District</b>        | 4,322   | 4,073   | 4,034   | 4,164   | 3,978   | 3,722   | 3,484   | 3,347   | 3,503   | 3,316   |
| <b>% of Total</b>                   | 27.0%   | 25.9%   | 25.8%   | 26.6%   | 25.6%   | 23.8%   | 22.6%   | 21.7%   | 22.6%   | 21.5%   |
| <b>Total In-District</b>            | 11,687  | 11,666  | 11,624  | 11,483  | 11,589  | 11,928  | 11,963  | 12,078  | 11,968  | 12,093  |
| <b>% of Total</b>                   | 73.0%   | 74.1%   | 74.2%   | 73.4%   | 74.4%   | 76.2%   | 77.4%   | 78.3%   | 77.4%   | 78.5%   |
| <b>Total Students</b>               | 16,009  | 15,739  | 15,658  | 15,647  | 15,567  | 15,650  | 15,447  | 15,425  | 15,471  | 15,409  |
| <b>Share Change Year-to-Year</b>    | -0.23%  | 1.53%   | 0.16%   | -1.14%  | 1.44%   | 2.38%   | 4.03%   | 1.11%   | -1.21%  | 1.45%   |
| <b>WCASD</b>                        | 11,687  | 11,666  | 11,624  | 11,483  | 11,589  | 11,928  | 11,963  | 12,078  | 11,968  | 12,093  |
| <b>Elementary</b>                   | 5,069   | 5,078   | 5,026   | 4,943   | 5,027   | 5,340   | 5,352   | 5,388   | 5,225   | 5,399   |
| <b>% of Total Elementary</b>        | 61.2%   | 62.8%   | 62.6%   | 61.4%   | 63.3%   | 66.7%   | 68.6%   | 69.4%   | 67.0%   | 68.7%   |
| <b>Secondary</b>                    | 6,618   | 6,588   | 6,598   | 6,540   | 6,562   | 6,588   | 6,611   | 6,690   | 6,743   | 6,694   |
| <b>% of Total Secondary</b>         | 85.7%   | 86.1%   | 86.5%   | 86.0%   | 86.1%   | 86.2%   | 86.5%   | 87.3%   | 87.9%   | 88.7%   |
| <b>Out-Of-District</b>              | 4,322   | 4,073   | 4,034   | 4,164   | 3,978   | 3,722   | 3,484   | 3,347   | 3,503   | 3,316   |
| <b>Elementary</b>                   | 3,216   | 3,005   | 3,007   | 3,103   | 2,918   | 2,670   | 2,455   | 2,372   | 2,576   | 2,464   |
| <b>Private</b>                      | 188     | 181     | 227     | 229     | 193     | 193     | 201     | 205     | 209     | 201     |
| <b>% of Total</b>                   | 1.2%    | 1.2%    | 1.4%    | 1.5%    | 1.2%    | 1.2%    | 1.3%    | 1.3%    | 1.4%    | 1.3%    |
| <b>Religious - Catholic</b>         | 1,805   | 1,682   | 1,618   | 1,615   | 1,476   | 1,329   | 1,226   | 1,158   | 1,242   | 1,204   |
| <b>% of Total</b>                   | 11.3%   | 10.7%   | 10.3%   | 10.3%   | 9.5%    | 8.5%    | 7.9%    | 7.5%    | 8.0%    | 7.8%    |
| <b>Religious - Other</b>            | 336     | 248     | 270     | 329     | 331     | 303     | 289     | 301     | 317     | 349     |
| <b>% of Total</b>                   | 2.1%    | 1.6%    | 1.7%    | 2.1%    | 2.1%    | 1.9%    | 1.9%    | 2.0%    | 2.0%    | 2.3%    |
| <b>Charter</b>                      | 656     | 670     | 706     | 717     | 678     | 615     | 510     | 482     | 473     | 434     |
| <b>% of Total</b>                   | 4.1%    | 4.3%    | 4.5%    | 4.6%    | 4.4%    | 3.9%    | 3.3%    | 3.1%    | 3.1%    | 2.8%    |
| <b>Special Education</b>            | 55      | 56      | 36      | 50      | 67      | 62      | 63      | 60      | 48      | 34      |
| <b>% of Total</b>                   | 0.3%    | 0.4%    | 0.2%    | 0.3%    | 0.4%    | 0.4%    | 0.4%    | 0.4%    | 0.3%    | 0.2%    |
| <b>CCIU</b>                         | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| <b>% of Total</b>                   | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| <b>Alternative</b>                  | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| <b>% of Total</b>                   | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| <b>Home School</b>                  | 176     | 168     | 150     | 163     | 173     | 168     | 166     | 166     | 287     | 242     |
| <b>% of Total</b>                   | 1.1%    | 1.1%    | 1.0%    | 1.0%    | 1.1%    | 1.1%    | 1.1%    | 1.1%    | 1.9%    | 1.6%    |
| <b>Secondary</b>                    | 1,106   | 1,068   | 1,027   | 1,061   | 1,060   | 1,052   | 1,029   | 975     | 927     | 852     |
| <b>Private</b>                      | 46      | 35      | 40      | 38      | 36      | 40      | 44      | 48      | 48      | 45      |
| <b>% of Total</b>                   | 0.3%    | 0.2%    | 0.3%    | 0.2%    | 0.2%    | 0.3%    | 0.3%    | 0.3%    | 0.3%    | 0.3%    |
| <b>Religious - Catholic</b>         | 819     | 762     | 725     | 812     | 784     | 768     | 727     | 700     | 663     | 616     |
| <b>% of Total</b>                   | 5.1%    | 4.8%    | 4.6%    | 5.2%    | 5.0%    | 4.9%    | 4.7%    | 4.5%    | 4.3%    | 4.0%    |
| <b>Religious - Other</b>            | 98      | 84      | 93      | 82      | 75      | 77      | 73      | 76      | 72      | 79      |
| <b>% of Total</b>                   | 0.6%    | 0.5%    | 0.6%    | 0.5%    | 0.5%    | 0.5%    | 0.5%    | 0.5%    | 0.5%    | 0.5%    |
| <b>Charter</b>                      | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| <b>% of Total</b>                   | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| <b>Special Education</b>            | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| <b>% of Total</b>                   | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| <b>CCIU</b>                         | 84      | 125     | 106     | 94      | 107     | 136     | 146     | 129     | 131     | 99      |
| <b>% of Total</b>                   | 0.5%    | 0.8%    | 0.7%    | 0.6%    | 0.7%    | 0.9%    | 0.9%    | 0.8%    | 0.8%    | 0.6%    |
| <b>Alternative</b>                  | 59      | 62      | 63      | 35      | 58      | 31      | 39      | 22      | 13      | 13      |
| <b>% of Total</b>                   | 0.4%    | 0.4%    | 0.4%    | 0.2%    | 0.4%    | 0.2%    | 0.3%    | 0.1%    | 0.1%    | 0.1%    |
| <b>Home School</b>                  | -       | -       | -       | -       | -       | -       | -       | -       | -       | -       |
| <b>% of Total</b>                   | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| <b>TOTAL NO. STUDENTS</b>           | 16,009  | 15,739  | 15,658  | 15,647  | 15,567  | 15,650  | 15,447  | 15,425  | 15,471  | 15,409  |
| <b>Elementary</b>                   | 8,285   | 8,083   | 8,033   | 8,046   | 7,945   | 8,010   | 7,807   | 7,760   | 7,801   | 7,863   |
| <b>Secondary</b>                    | 7,724   | 7,656   | 7,625   | 7,601   | 7,622   | 7,640   | 7,640   | 7,665   | 7,670   | 7,546   |
| <b>TOTAL NO OF BIRTHS (AGE 5)</b>   | 1,155   | 1,123   | 1,177   | 1,035   | 1,049   | 1,001   | 1,032   | 990     | 1,065   | 935     |
| <b>TOTAL NO. STUDENTS</b>           | 16,009  | 15,739  | 15,658  | 15,647  | 15,567  | 15,650  | 15,447  | 15,425  | 15,471  | 15,409  |
| <b>Elementary</b>                   | 8,285   | 8,083   | 8,033   | 8,046   | 7,945   | 8,010   | 7,807   | 7,760   | 7,801   | 7,863   |
| <b>Secondary</b>                    | 7,724   | 7,656   | 7,625   | 7,601   | 7,622   | 7,640   | 7,640   | 7,665   | 7,670   | 7,546   |
| <b>Facility Breakdown</b>           |         |         |         |         |         |         |         |         |         |         |
| <b>% Public</b>                     | 73.0%   | 74.1%   | 74.2%   | 73.4%   | 74.4%   | 76.2%   | 77.4%   | 78.3%   | 77.4%   | 78.5%   |
| <b>Schools Facilities Not WCASD</b> |         |         |         |         |         |         |         |         |         |         |
| <b>% Private</b>                    | 1.5%    | 1.4%    | 1.7%    | 1.7%    | 1.5%    | 1.5%    | 1.6%    | 1.6%    | 1.7%    | 1.6%    |
| <b>% Religious</b>                  | 19.1%   | 17.6%   | 17.3%   | 18.1%   | 17.1%   | 15.8%   | 15.0%   | 14.5%   | 14.8%   | 14.6%   |
| <b>% Charter</b>                    | 4.1%    | 4.3%    | 4.5%    | 4.6%    | 4.4%    | 3.9%    | 3.3%    | 3.1%    | 3.1%    | 2.8%    |
| <b>% Special Education</b>          | 0.3%    | 0.4%    | 0.2%    | 0.3%    | 0.4%    | 0.4%    | 0.4%    | 0.4%    | 0.3%    | 0.2%    |
| <b>% CCIU</b>                       | 0.5%    | 0.8%    | 0.7%    | 0.6%    | 0.7%    | 0.9%    | 0.9%    | 0.8%    | 0.8%    | 0.6%    |
| <b>% Alternative</b>                | 0.4%    | 0.4%    | 0.4%    | 0.2%    | 0.4%    | 0.2%    | 0.3%    | 0.1%    | 0.1%    | 0.1%    |
| <b>% Home School</b>                | 1.1%    | 1.1%    | 1.0%    | 1.0%    | 1.1%    | 1.1%    | 1.1%    | 1.1%    | 1.9%    | 1.6%    |
| <b>Total</b>                        | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  |

# WEST CHESTER AREA SCHOOL DISTRICT

## SINGLE AUDIT



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# WEST CHESTER AREA SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Project Title               | Source Code | Assistance Listing Number | Pass-Through Grantor's Number | Grant Period Beginning/Ending Dates | Grant Amount | Total Received for Year | Accrued (Deferred) Revenue July 1, 2021 | Revenue Recognized | Expenditures | Accrued (Deferred) Revenue June 30, 2022 | Passed Through to Subrecipients |
|--|-------------|---------------------------|-------------------------------|-------------------------------------|--------------|-------------------------|---|--------------------|--------------|--|---------------------------------|
| <b>U.S. Department of Education</b>                              |             |                           |                               |                                     |              |                         |   |                    |              |  |                                 |
| <b>Passed through the PA Department of Education</b>             |             |                           |                               |                                     |              |                         |   |                    |              |  |                                 |
| Title I Grants to Local Educational Agencies                     | I           | 84.010                    | 013-220470                    | 07/01/21-09/30/22                   | \$ 555,223   | \$ 555,223              | \$ -                                    | \$ 555,223         | \$ 555,223   | \$ -                                     | \$ -                            |
| Language Instruction for Limited English Proficient (LEP)        | I           | 84.365                    | 010-200470                    | 07/01/19-09/30/22                   | 91,336       | 6,089                   | 6,089                                   | -                  | -            | -  | -                               |
| Language Instruction for Limited English Proficient (LEP)        | I           | 84.365                    | 010-210470                    | 07/01/20-09/30/22                   | 97,027       | 66,335                  | 21,879                                  | 44,456             | 44,456       | -  | -                               |
| Language Instruction for Limited English Proficient (LEP)        | I           | 84.365                    | 010-220470                    | 07/01/21-09/30/22                   | 101,031      | 99,775                  | -                                       | 99,775             | 99,775       | -  | -                               |
| Total ALN 84.365   |             |                           |                               |                                     |              | 172,199                 | 27,968                                  | 144,231            | 144,231      | -  | -                               |
| Improving Teacher Quality State Grants                           | I           | 84.367                    | 020-210470                    | 07/01/20-09/30/22                   | 246,440      | -                       | (25,205)                                | 25,278             | 25,278       | 73                                       | -                               |
| Improving Teacher Quality State Grants                           | I           | 84.367                    | 020-220470                    | 07/01/21-09/30/22                   | 236,327      | 236,327                 | -                                       | 233,760            | 233,760      | (2,567)                                  | -                               |
| Total ALN 84.367   |             |                           |                               |                                     |              | 236,327                 | (25,205)                                | 259,038            | 259,038      | (2,494)                                  | -                               |
| Sudent Support and Academic Enrichment Grant                     | I           | 84.424                    | 144-200470                    | 07/01/19-09/30/20                   | 52,725       | 31,635                  | 31,635                                  | -                  | -            | -  | -                               |
| Sudent Support and Academic Enrichment Grant                     | I           | 84.424                    | 144-210470                    | 07/01/20-09/30/21                   | 45,412       | -                       | 23,541                                  | 679                | 679          | 24,220                                   | -                               |
| Sudent Support and Academic Enrichment Grant                     | I           | 84.424                    | 144-220470                    | 07/01/21-09/30/22                   | 43,216       | 20,155                  | -                                       | 33,057             | 33,057       | 12,902                                   | -                               |
| Total ALN 84.424   |             |                           |                               |                                     |              | 51,790                  | 55,176                                  | 33,736             | 33,736       | 37,122                                   | -                               |
| COVID-19 ESSER I   | I           | 84.425D                   | 200-200470                    | 03/13/20-09/30/22                   | 491,818      | -                       | (21,645)                                | 21,645             | 21,645       | -  | -                               |
| COVID-19 ESSER II  | I           | 84.425D                   | 200-210470                    | 03/13/20-09/30/23                   | 2,122,072    | 1,527,754               | 884,034                                 | 553,834            | 553,834      | (89,886)                                 | -                               |
| COVID-19 ESSER III   | I           | 84.425D                   | 223-210470                    | 03/13/20-09/30/24                   | 4,292,337    | 1,014,552               | 161,573                                 | 1,113,928          | 1,113,928    | 260,949                                  | -                               |
| COVID-19 GEER Fund   | I           | 84.425C                   | 363-200470                    | 03/13/20-09/30/22                   | 101,799      | 75,010                  | (12,783)                                | 87,793             | 87,793       | -  | -                               |
| ARP ESSER Fund 7% Set Asides Consolidated                        | I           | 84.425U                   | 225-210470                    | 03/13/20-09/30/24                   | 333,611      | 30,328                  | -                                       | 22,635             | 22,635       | (7,693)                                  | -                               |
| ARP ESSER Fund - Homeless Children and Youth                     | I           | 84.425W                   | 181-212473                    | 07/01/21-09/30/21                   | 44,304       | 2,272                   | -                                       | 2,340              | 2,340        | 68                                       | -                               |
| Subtotal   |             |                           |                               |                                     |              | 2,649,916               | 1,011,179                               | 1,802,175          | 1,802,175    | 163,438                                  | -                               |
| <b>Passed through the PA Commission on Crime and Delinquency</b> |             |                           |                               |                                     |              |                         |   |                    |              |  |                                 |
| COVID-19 School Health and Safety                                | I           | 84.425D                   | 2020-ES-01 34997              | 03/13/20-09/30/22                   | 377,181      | 310,856                 | 202,369                                 | 119,972            | 119,972      | 11,485                                   | -                               |
| <b>Passed through Intermediate Unit 13</b>                       |             |                           |                               |                                     |              |                         |   |                    |              |  |                                 |
| A Achieve  | I           | 84.027                    | C189-9035                     | 07/01/18-09/30/21                   | 2,000        | -                       | (2,000)                                 | -                  | -            | (2,000)                                  | -                               |
| <b>Passed through the PA Department of Education</b>             |             |                           |                               |                                     |              |                         |   |                    |              |  |                                 |
| IDEA Special Education - Grants to States                        | I           | 84.027                    | 62-2100024                    | 07/01/20-09/30/21                   | 1,565,639    | 1,565,639               | 1,456,605                               | 109,034            | 109,034      | -  | -                               |
| IDEA Special Education - Grants to States                        | I           | 84.027                    | 62-2200024                    | 07/01/21-09/30/22                   | 1,614,144    | -                       | -                                       | 1,614,144          | 1,614,144    | 1,614,144                                | -                               |
| ARP ESSER IDEA   | I           | 84.027X                   | 62-2200024                    | 07/01/21-09/30/23                   | 389,296      | -                       | -                                       | 389,296            | 389,296      | 389,296                                  | -                               |
| Total ALN 84.027   |             |                           |                               |                                     |              | 1,565,639               | 1,456,605                               | 2,112,474          | 2,112,474    | 2,003,440                                | -                               |

Continued on next page

| <u>Federal Grantor/Pass-Through Grantor/Project Title</u>                  | <u>Source Code</u> | <u>Assistance Listing Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Grant Period Beginning/Ending Dates</u> | <u>Grant Amount</u> | <u>Total Received for Year</u> | <u>Accrued (Deferred) Revenue July 1, 2021</u> | <u>Revenue Recognized</u> | <u>Expenditures</u>  | <u>Accrued (Deferred) Revenue June 30, 2022</u> | <u>Passed Through to Subrecipients</u> |
|--|--------------------|----------------------------------|--------------------------------------|--|---------------------|--------------------------------|--|---------------------------|----------------------|---|--|
| <b><u>Passed through the PA Department of Education (cont'd)</u></b>       |                    |                                  |                                      |  |                     |                                |  |                           |                      |   |  |
| IDEA 619 Funds   | I                  | 84.173                           | 131-210024B                          | 07/01/20-06/30/21                          | 6,448               | 6,448                          | 6,448  | -                         | -                    | -   | -                                      |
| IDEA 619 Funds   | I                  | 84.173                           | 131-220024B                          | 07/01/21-06/30/22                          | 7,605               | -                              | -  | 7,605                     | 7,605                | 7,605   | -                                      |
| Total ALN 84.173   |                    |                                  |                                      |  |                     | 6,448                          | 6,448  | 7,605                     | 7,605                | 7,605   | -                                      |
| <b>Total passed through PA Department of Education</b>                     |                    |                                  |                                      |  |                     | <u>5,548,398</u>               | <u>2,732,540</u>                               | <u>5,034,454</u>          | <u>5,034,454</u>     | <u>2,218,596</u>                                | <u>-</u>                               |
| <b><u>U.S. Department of Health and Human Services</u></b>                 |                    |                                  |                                      |  |                     |                                |  |                           |                      |   |  |
| <b><u>Passed through the Pennsylvania Department of Public Welfare</u></b> |                    |                                  |                                      |  |                     |                                |  |                           |                      |   |  |
| Title XIX Medical Assistance Program                                       | I                  | 93.778                           | N/A                                  | 07/01/21-06/30/22                          | 40,378              | 40,378                         | -  | 40,378                    | 40,378               | -   | -                                      |
| <b>Total passed through PA Department of Public Welfare</b>                |                    |                                  |                                      |  |                     | <u>40,378</u>                  | <u>-</u>                                       | <u>40,378</u>             | <u>40,378</u>        | <u>-</u>  | <u>-</u>                               |
| <b><u>U.S. Department of Agriculture</u></b>                               |                    |                                  |                                      |  |                     |                                |  |                           |                      |   |  |
| <b><u>Passed through the Pennsylvania Department of Agriculture</u></b>    |                    |                                  |                                      |  |                     |                                |  |                           |                      |   |  |
| National School Lunch Program  | I                  | 10.555                           | N/A                                  | 07/01/20-06/30/21                          | N/A                 | -                              | (10,494)                                       | 10,494                    | 10,494               | -   | -                                      |
| National School Lunch Program  | I                  | 10.555                           | N/A                                  | 07/01/21-06/30/22                          | N/A                 | 247,327                        | -  | 243,970                   | 243,970              | (3,357)   | -                                      |
| Subtotal   |                    |                                  |                                      |  |                     | <u>247,327</u>                 | <u>(10,494)</u>                                | <u>254,464</u>            | <u>254,464</u>       | <u>(3,357)</u>                                  | <u>-</u>                               |
| <b><u>Passed through the PA Department of Education</u></b>                |                    |                                  |                                      |  |                     |                                |  |                           |                      |   |  |
| National School Lunch Program  | I                  | 10.555                           | 356                                  | 07/01/21-06/30/22                          | N/A                 | 230,816                        | -  | 22,980                    | 22,980               | (207,836)                                       | -                                      |
| National School Lunch Program  | I                  | 10.555                           | 357                                  | 07/01/21-06/30/22                          | N/A                 | 72,393                         | -  | 72,393                    | 72,393               | -   | -                                      |
| National School Lunch Program  | I                  | 10.555                           | 362                                  | 07/01/20-06/30/21                          | N/A                 | 464,337                        | 464,337  | -                         | -                    | -   | -                                      |
| National School Lunch Program  | I                  | 10.555                           | 362                                  | 07/01/21-06/30/22                          | N/A                 | 3,534,067                      | -  | 4,126,782                 | 4,126,782            | 592,715   | -                                      |
| Total ALN 10.555   |                    |                                  |                                      |  |                     | <u>4,301,613</u>               | <u>464,337</u>                                 | <u>4,222,155</u>          | <u>4,222,155</u>     | <u>384,879</u>                                  | <u>-</u>                               |
| National School Breakfast Program  | I                  | 10.553                           | 365                                  | 07/01/20-06/30/21                          | N/A                 | 158,261                        | 158,261  | -                         | -                    | -   | -                                      |
| National School Breakfast Program  | I                  | 10.553                           | 365                                  | 07/01/21-06/30/22                          | N/A                 | 623,640                        | -  | 748,561                   | 748,561              | 124,921   | -                                      |
| Total ALN 10.553   |                    |                                  |                                      |  |                     | <u>781,901</u>                 | <u>158,261</u>                                 | <u>748,561</u>            | <u>748,561</u>       | <u>124,921</u>                                  | <u>-</u>                               |
| <b>Total U.S. Department of Agriculture</b>                                |                    |                                  |                                      |  |                     | <u>5,330,841</u>               | <u>612,104</u>                                 | <u>5,225,180</u>          | <u>5,225,180</u>     | <u>506,443</u>                                  | <u>-</u>                               |
| <b>Total Federal Awards</b>  |                    |                                  |                                      |  |                     | <u>\$ 10,919,617</u>           | <u>\$ 3,344,644</u>                            | <u>\$ 10,300,012</u>      | <u>\$ 10,300,012</u> | <u>\$ 2,725,039</u>                             | <u>\$ -</u>                            |
| EDUCATION STABILIZATION FUND (ALNs 84.425C, 84.425D, 84.425U, and 84.425W) |                    |                                  |                                      |  |                     | <u>\$ 2,960,772</u>            | <u>\$ 1,213,548</u>                            | <u>\$ 1,922,147</u>       | <u>\$ 1,922,147</u>  | <u>\$ 174,923</u>                               | <u>\$ -</u>                            |
| SPECIAL EDUCATION CLUSTER (IDEA) (ALNs 84.027 and 84.173)                  |                    |                                  |                                      |  |                     | <u>\$ 1,572,087</u>            | <u>\$ 1,461,053</u>                            | <u>\$ 2,120,079</u>       | <u>\$ 2,120,079</u>  | <u>\$ 2,009,045</u>                             | <u>\$ -</u>                            |
| CHILD NUTRITION CLUSTER (ALNs 10.553 and 10.555)                           |                    |                                  |                                      |  |                     | <u>\$ 5,330,841</u>            | <u>\$ 612,104</u>                              | <u>\$ 5,225,180</u>       | <u>\$ 5,225,180</u>  | <u>\$ 506,443</u>                               | <u>\$ -</u>                            |

**Source Codes**

I - Indirect Funding

# WEST CHESTER AREA SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

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### (1) BASIS OF PRESENTATION

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

### (2) BASIS OF ACCOUNTING

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

### (3) NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards under Assistance Listing #10.555 includes surplus food consumed by the District during the 2021-2022 fiscal year. The District has food commodities totaling \$3,357 in inventory as of June 30, 2022.

### (4) ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2022 was \$1,116,347.

### (5) INDIRECT COSTS

The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. For the year ended June 30, 2022, there were no indirect costs included in the Schedule of Expenditures of Federal Awards.

**WEST CHESTER AREA SCHOOL DISTRICT**

***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

**Year ended June 30, 2022**

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There were no audit findings for the year ended June 30, 2021.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Chester Area School District, Exton, Pennsylvania, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise West Chester Area School District's basic financial statements, and have issued our report thereon dated December 12, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

BBO LLP

**Philadelphia, Pennsylvania  
December 12, 2022**



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited West Chester Area School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of West Chester Area School District's major federal programs for the year ended June 30, 2022. West Chester Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, West Chester Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding West Chester Area School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of West Chester Area School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of West Chester Area School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

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

BBD LLP

**Philadelphia, Pennsylvania**  
**December 12, 2022**

# WEST CHESTER AREA SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2022

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### SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the West Chester Area School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of the West Chester Area School District are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the West Chester Area School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the West Chester Area School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:
  - Education Stabilization Fund – Elementary and Secondary Education – Assistance Listing 84.425
  - Child Nutrition Cluster:
  - School Breakfast Program – Assistance Listing 10.553
  - National School Lunch Program – Assistance Listing 10.555
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The West Chester Area School District did qualify as a low-risk auditee.

### FINDINGS—FINANCIAL STATEMENT AUDIT

None

### FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

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