

In the opinion of Bond Counsel, assuming compliance with certain covenants of the School District, interest on the Bonds is excluded from gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations as more fully described under the caption "Tax Exemption" herein. Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from Pennsylvania personal income tax.

\$9,345,000

**West Chester Area School District
Chester and Delaware Counties, Pennsylvania
General Obligation Bonds, Series A of 2002**

Dated: September 1, 2002

Principal Due: December 1, as shown on
inside front cover

Interest Due: June 1 and December 1

First Interest Payment: December 1, 2002

The General Obligation Bonds, Series A of 2002 (the "Bonds") in the aggregate principal amount of \$9,345,000 will be issued in registered book-entry form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration or transfer, exchange and payment as described herein. The principal of the Bonds will be paid to the registered owners or assigns, when due, upon presentation and surrender of the Bonds to Commerce Bank/Pennsylvania, National Association (the "Paying Agent"), acting as paying agent, registrar and sinking fund depository, at its corporate trust office in Philadelphia, Pennsylvania. Interest on the Bonds is payable initially on December 1, 2002, and thereafter semiannually on June 1 and December 1 of each year, until the principal sum thereof is paid. DTC Participants and Indirect Participants will be responsible for remitting such payments to Beneficial Owners of the Bonds.

The Bonds are not subject to optional redemption prior to maturity as described herein.

The Bonds are general obligations of the West Chester Area School District, Chester and Delaware Counties, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy *ad valorem* taxes on all taxable real property within the School District presently unlimited as to rate or amount for such purpose (see "Security" and "Act 50 and Alternative Local Taxing Powers" herein).

Proceeds of the Bonds will be used to refund a portion of the School District's General Obligation Bonds, Series A of 1993, and to pay the cost of issuing the Bonds.

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

**MATURITIES, AMOUNTS, RATES AND PRICES
{As Shown on Inside Front Cover}**

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Pepper Hamilton LLP, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Ross A. Unruh, Esquire, of Unruh, Turner, Burke & Frees, P.C., of West Chester, Pennsylvania, School District Solicitor. Public Financial Management of Harrisburg, Pennsylvania, will serve as the School District's Financial Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about September 4, 2002.

Boenning & Scattergood, Inc.

\$9,345,000
West Chester Area School District
Chester and Delaware Counties, Pennsylvania
General Obligation Bonds, Series A of 2002

Dated: September 1, 2002
Interest Due: June 1 and December 1

Principal Due: December 1, as shown below
First Interest Payment: December 1, 2002

<u>Dec. 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Prices</u>
2003	\$2,985,000	1.500%	100.000%
2004	3,130,000	1.700%	99.889%
2005	3,230,000	2.100%	99.687%

WEST CHESTER AREA SCHOOL DISTRICT
Chester and Delaware Counties, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Jeffrey T. Seagraves.....	President
Thomas G. Wolpert, Esquire	Vice President
Pauline A. Bachtle	Secretary*
Suzanne K. Moore	Treasurer*
Cynthia Benzing	Member
June L. Cardosi	Member
Terri Clark	Member
Joseph P. Green, Jr., Esquire.....	Member
Jessie Pincus	Member
Gail Tomassini	Member
Rogers Vaughn	Member

*Non-Member

SUPERINTENDENT
DR. ALAN G. ELKO

DIRECTOR OF BUSINESS AFFAIRS
SUZANNE K. MOORE

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

BOND COUNSEL
PEPPER HAMILTON LLP

FINANCIAL ADVISOR
PUBLIC FINANCIAL MANAGEMENT
Harrisburg, Pennsylvania

PAYING AGENT
COMMERCE BANK/PENNSYLVANIA, NATIONAL ASSOCIATION
Devon, Pennsylvania

UNDERWRITER
BOENNING & SCATTERGOOD, INC.
West Conshohocken, Pennsylvania

SCHOOL DISTRICT ADDRESS
829 Paoli Pike
West Chester, Pennsylvania

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

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OFFICIAL STATEMENT

\$9,345,000

**West Chester Area School District
Chester and Delaware Counties, Pennsylvania
General Obligation Bonds, Series A of 2002**

INTRODUCTION

This Official Statement, including the cover page and inside cover page hereof, is furnished by West Chester Area School District, Chester and Delaware Counties, Pennsylvania (the "School District"), in connection with the offering \$9,345,000 aggregate principal amount of its General Obligation Bonds, Series A of 2002, dated as of September 1, 2002 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on July 29, 2002 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. Cons. Stat. § 8001 et seq., as amended (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to refund a portion of the School District's outstanding General Obligation Bonds, Series A of 1993 (the "1993 A Bonds") currently outstanding in the aggregate principal amount of \$9,070,000 (the "Refunded 1993 A Bonds"), and to pay the costs of issuing the Bonds.

Upon issuance of the Bonds, a portion of the proceeds will be deposited with Wachovia Bank, National Association, formerly First Union National Bank, Philadelphia, Pennsylvania, as Paying Agent for the 1993 A Bonds, which will be used to redeem the outstanding Refunded 1993 A Bonds, at a redemption price of 100% of principal amount plus accrued interest, pursuant to the optional redemption provisions applicable to the 1993 A Bonds, on or about December 1, 2002.

Sources and Uses of Bond Proceeds

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

Sources of Funds

Bond Proceeds	\$ 9,345,000.00
Accrued Interest	<u>1,381.79</u>
Total Sources of Funds	<u>\$ 9,346,381.79</u>

Uses of Funds

Amount Required to Call the 1993 A Bonds	\$ 9,243,000.00
Issuance Costs ⁽¹⁾	<u>103,381.79</u>
Total Uses of Funds	<u>\$ 9,346,381.79</u>

⁽¹⁾Includes legal, financial advisor, printing, rating, underwriter's discount, CUSIP, paying agent, escrow agent, and miscellaneous costs.

THE BONDS

Description

The Bonds will be issued only as fully registered book-entry only form in the denominations of \$5,000 and integral multiples thereof. The Bonds will be issued as one fully registered Bond for each maturity of the Bonds in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. The Bonds will be dated September 1, 2002, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover of this Official Statement. Interest on the Bonds will be payable initially on December 1, 2002, and semiannually thereafter on June 1 and December 1 until the principal sum thereof is paid.

Payment of Principal and Interest

Subject to the provisions described under "BOOK-ENTRY ONLY SYSTEM" herein, principal of the Bonds will be paid to the registered owners thereof or assigns, when due, upon surrender of the Bonds at the designated office of the Paying Agent.

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of authentication of the Bond, unless: (a) such Bond is authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is authenticated after a Regular Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such succeeding interest payment date, or (c) such Bond is authenticated on or prior to the Regular Record Date preceding December 1, 2002, in which event such Bond shall bear interest from September 1, 2002, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bonds shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially on December 1, 2002, and thereafter, semiannually on June 1 and December 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day of the calendar month (whether or not a business day) immediately preceding each interest payment date (the "Regular Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Regular Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date (which shall be a business day) for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds at least ten (10) days preceding such special record date but not more than thirty (30) days prior to the payment date of such defaulted interest.

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

Transfer, Exchange and Registration of Bonds

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

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

State Enforcement of Debt Service Payments

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

There can be no assurance, however, that any payments pursuant to such withholding provisions will be made by the date on which such payments are due to the Bondholders.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers' salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally.

Security

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

Neither the credit nor the taxing power of the Commonwealth of Pennsylvania or of any political subdivision thereof, other than the School District, is pledged for the payment of interest or principal payable upon the Bonds.

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund, West Chester Area School District General Obligation Bonds, Series A of 2002" (the "Sinking Fund"), has been created under the Resolution and is maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

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

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

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS, BONDOWNERS OR REGISTERED OWNERS OF THE BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DTC, the world's largest depository, is a limited-purpose trust company organized under the laws of the State of New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. So long as the Bonds are maintained in book-entry form with DTC, the following procedures will be applicable with respect to the Bonds

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

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

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

So long as a nominee of DTC is the registered owner of the Bonds, references herein to the Bondholders or the holders or owners of the Bonds shall mean DTC and shall not mean the Beneficial Owners of the Bonds. The School District and the Paying Agent will recognize DTC or its nominee as the holder of all of the Bonds for all purposes, including the payment of the principal or Redemption Price of and interest on the Bonds, as well as the giving of notices and any consent or direction required or permitted to be given to or on behalf of the Bondholders under the Resolution. Neither the School District nor the Paying Agent will have any responsibility or obligation to Participants or Beneficial Owners with respect to payments or notices to Participants or Beneficial Owners.

Discontinuation of Book-Entry Only System. DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the School District and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. In addition, the School District may discontinue the book-entry only system for the Bonds at any time if it provides thirty (30) days' notice of such discontinuation to the Paying Agent and DTC that continuation of the book-entry only system is not in the best interests of the School District. Upon the giving of such notice, the book-entry only system for the Bonds will be discontinued unless a successor securities depository is appointed by the School District.

THE SCHOOL DISTRICT AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS, (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN BONDS, OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DTC PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

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

REDEMPTION OF BONDS

Optional Redemption

The Bonds are not subject to redemption prior to maturity.

Manner of Redemption

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

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

THE SCHOOL DISTRICT

Introduction

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

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

Administration

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

School Facilities

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

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

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Rated Pupil Capacity	2001-02 Enrollment
Elementary:					
Mary C. Howse.....	1962	1965/97	K-5	700	505
Exton.....	1940	1953/57/91/92-93/00	K-5	920	698
East Goshen.....	1955	1960/64/67/95/01	K-5	858	533
Fern Hill.....	1955	1960/89	K-5	827	457
Glen Acres.....	1966	1997	K-5	664	502
Westtown-Thornbury.....	1954	1962/89	K-5	595	405
Penn Wood.....	1966	1970/89/01	K-5	827	514
East Bradford.....	1955	1966/70/89	K-5	764	522
Hillsdale.....	1976	---	K-5	796	491
Sarah W. Starkweather.....	1991	1998	K-5	764	547
Peirce Middle.....	1963	1997/01	6-8	930	1,026
Stetson Middle.....	1959	1961/97	6-8	930	826
Fugett Middle.....	1969	---	6-8	1,063	946
East High.....	1973	1976/92/93	9-12	1,727	1,594
Henderson High.....	1951	1956/64/76/94/98	9-12	1,981	1,866
Facilities and Operation Center ..	1999	---	---	---	---
Education Center.....	1924	1952/55/77/99	Admin/Gifted	---	---

Source: School District Officials. Enrollments do not include vo-tech students.

Enrollment Trends

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

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

Actual Enrollments as of September 30					Projected Enrollments				
School Year	K-5	6-8	9-12	Total	School Year	K-5	6-8	9-12	Total
1997-98	5,699	2,528	3,529	11,756	2002-03	5,165	2,785	3,549	11,499
1998-99	5,665	2,644	3,329	11,638	2003-04	5,032	2,782	3,751	11,565
1999-00	5,645	2,778	3,288	11,711	2004-05	5,125	2,683	3,910	11,718
2000-01	5,430	2,826	3,357	11,613	2005-06	5,190	2,665	3,929	11,784
2001-02	5,174	2,798	3,460	11,432	2006-07	5,315	2,534	4,073	11,922

Source: School District officials.

SCHOOL DISTRICT FINANCES

Introduction

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

Financial Reporting

The School District has organized its accounts on the basis of funds or groups of funds, each of which is a separate accounting entity. It maintains a General Fund for instructional, operation and administrative expenses, a Food Service Fund, Capital Fund, Debt Service Fund, and various school activity funds. Federal funds are appropriated by the School District during the fiscal year after grant commitments and project approvals are received. The School District keeps the books and prepares the financial reports for the General Fund according to a modified accrual basis of accounting. Major accrual items are payrolls, payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. Taxes are credited when received. The School District financial statements are audited annually by an independent certified public accountant, as required by State law. The firm of Rainer & Company, Newtown Square, Pennsylvania, currently serves as the School District's auditor.

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past four years, estimated 2001-02 and the balanced budget for 2002-03.

TABLE 3
WEST CHESTER AREA SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years ending June 30)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
ASSETS					
Cash and Cash Equivalents.....	\$14,037	\$14,037	\$1,092,892	\$7,080,580	\$2,279,380
Investments.....	13,059,380	9,831,440	13,384,680	5,480,484	12,660,162
Taxes Receivable.....	2,751,871	3,018,186	3,596,150	4,044,839	3,613,482
Due from other Funds	554,823	3,920,912	2,843,894	5,044,063	1,896,699
Due from other Governments.....	776,021	758,832	555,903	530,159	512,855
Other Receivables.....	200,215	47,335	357,319	152,530	160,613
Prepaid Expenditures	0	0	0	439,771	997,927
Other.....	8,280	500	1,140	0	0
TOTAL ASSETS	<u>\$17,364,627</u>	<u>\$17,591,242</u>	<u>\$21,831,978</u>	<u>\$22,772,426</u>	<u>\$22,121,118</u>
LIABILITIES					
Due to Other Funds.....	\$1,582,530	\$1,389,546	\$4,647,769	\$1,256,566	\$343,382
Due to Other Governments.....	0	0	0	0	0
Accounts Payable.....	1,947,893	3,555,718	3,603,182	4,209,735	4,052,073
Post Retirement Health Care Benefits.....	0	0	0	1,601,118	1,601,118
Accrued Salaries & Benefits.....	6,657,388	5,735,815	5,517,180	3,183,587	2,545,749
Accrued Compensated Absences.....	0	0	0	544,034	615,260
Accrued Severance Pay	0	0	0	427,597	444,120
Deferred Revenues.....	2,195,021	2,358,995	2,964,671	3,338,212	2,772,963
TOTAL LIABILITIES	<u>\$12,382,832</u>	<u>\$13,040,074</u>	<u>\$16,732,802</u>	<u>\$14,560,849</u>	<u>\$12,374,665</u>
FUND EQUITIES					
Unreserved – Designated.....	\$1,287,904	\$1,354,658	\$2,618,133	\$2,924,248	\$3,121,082
Unreserved – Undesignated.....	3,693,891	3,196,510	2,481,043	5,287,329	6,625,371
TOTAL FUND EQUITIES	<u>\$4,981,795</u>	<u>\$4,551,168</u>	<u>\$5,099,176</u>	<u>\$8,211,577</u>	<u>\$9,746,453</u>
TOTAL LIABILITIES AND FUND EQUITIES	<u>\$17,364,627</u>	<u>\$17,591,242</u>	<u>\$21,831,978</u>	<u>\$22,772,426</u>	<u>\$22,121,118</u>

Source: School District Annual Financial Reports

TABLE 4
WEST CHESTER AREA SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*
(For years ending June 30)

	Actual				Estimated	Budget
	1998	1999	2000	2001	2002 ⁽¹⁾	2003 ⁽²⁾
Beginning Fund Balance	\$4,981,795	\$4,551,169	\$5,099,177	\$8,211,577	\$9,746,452	\$6,932,653
Revenues over (under) Expenditure	(430,626)	548,008	3,112,400	1,534,875	(2,813,799)	(6,932,653)
Ending Fund Balance	<u>\$4,551,169</u>	<u>\$5,099,177</u>	<u>\$8,211,577</u>	<u>\$9,746,452</u>	<u>\$6,932,653</u>	<u>\$0</u>

*Totals may not add due to rounding.

⁽¹⁾Estimated, subject to change and final audit.

⁽²⁾Budget as adopted June 3, 2002.

Source: School District Annual Financial Reports and Budget.

Revenue

The School District received an estimated \$125,435,261 in revenue in 2001-02 and has budgeted revenue of \$132,322,541 in 2002-03. Local sources increased as a share of total revenue in the past five years, from 79.5 percent in 1997-98 to an estimated 81.3 percent in 2001-02. Revenue from State sources decreased as a share of the total revenue from 18.3 percent to an estimated 15.4 percent over this period. Federal revenue increased as a share of total revenue at 1.2 percent during this to an estimated 1.7 percent over this period. Other revenue increased as a share of total revenue from 1.0 percent to an estimated 1.7 percent over this period.

Taxing Powers

The School District is empowered by the Pennsylvania Public School Code and other statutes to levy the following taxes:

1. An ad valorem tax on all property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on all property taxable for school purposes to provide funds for:
 - (a) minimum salaries and increments for the teaching and supervisory staff;
 - (b) rentals due any municipality authority, or non-profit corporation, or due the State Public School Building Authority;
 - (c) interest and principal on any indebtedness incurred under the Act or any prior or subsequent act governing the incurrence of indebtedness of the School District; and
 - (d) amortization of bonds to finance construction of school facilities, if issued prior to the first Monday in July, 1959.
3. An annual per capita tax on each resident over eighteen years old of not more than \$5.00.
4. Additional taxes levied under the Local Tax Enabling Act (Act 511 of 1965), including per capita, wage and other earned income, real estate transfer gross receipts and occupation taxes, subject to sharing with other political subdivisions authorized to levy similar taxes on the same person, property, transaction or income. A school district cannot levy these taxes in an amount which exceeds the equivalent of 12 mills on the market value of taxable real estate (such market value to be certified by the State Tax Equalization Board).

Act 50 and Alternative Local Taxing Powers

Under Act No. 1998-50, signed into law on May 5, 1998 (hereinafter "Act 50"), school districts are granted the option to levy an earned income and net profits tax of up to 1.5% to replace certain occupation, occupational privilege, per capita and other "nuisance" taxes authorized under Act 511 of 1965 and the Public School Code as well as to reduce real property taxes through a homestead (and farmstead) exclusion and a reduction in the real estate millage rate. No earned income and net profits tax may be imposed under the provisions of Act 50, however, unless approved by voter referendum. The earliest such a referendum could appear on the ballot in any school district was November, 2000, and if the board of school directors does not place such a referendum on the ballot within 2 years from the effective date of Act 50, Act 50 provides for such a referendum to be placed on the ballot in a subsequent year upon petition of at least 5% of the voters.

For the first fiscal year in which an earned income and net profits tax is implemented in accordance with Act 50, all revenue received from such tax is to be used first to offset any lost revenue from the taxes replaced, second to provide for an increase in budgeted revenues over the preceding year in accordance with the amount, if any, specified in the approved referendum, and third to reduce the school district real property tax by means of a homestead (and farmstead) exclusion – a fixed dollar amount of the assessed value of each homestead or farmstead property, not to exceed one-half the median assessed value of all homestead properties in the school district, may be excluded from taxation – and, to the extent necessary, a reduction in the real estate tax millage rate.

Once an earned income and net profits tax is implemented under Act 50, the school district may not increase the rate of its tax on real property without the approval of the voters in a referendum (a so-called "back-end referendum"), unless the rate increase can be certified as not causing local school tax revenue (excluding taxes levied on newly constructed buildings or improvements to existing buildings) to increase by more than the percentage increase in the statewide average weekly wage in the preceding year. Act 50 provides exceptions to the back-end referendum for real property tax increases that are necessary to fund the response to a declared emergency or disaster, to implement court or administrative orders, to pay interest and principal on indebtedness incurred under the Local Government Unit Debt Act (but no new debt may be incurred under this exception for purposes other than refinancing), to respond to conditions posing an immediate threat of physical harm, to special purpose tax levies approved by the voters, and to maintain per-student local tax revenue, adjusted by the percentage increase in the statewide average weekly wage, in a school district experiencing rapid student enrollment growth (as defined by Act 50).

Until a school district implements the earned income and net profits tax authorized by Act 50, with the approval of the voters in a referendum, the school district retains the taxing powers granted by Act 511 of 1965 and the Public School Code, but certain restrictions have been placed by Act 50 upon the levy of amusement taxes, sign privilege taxes and motor vehicle transfer taxes, irrespective of whether a school district implements the earned income and net profits tax authorized by Act 50.

A school district's power to levy and collect real estate transfer taxes or business and mercantile privilege taxes on gross receipts is unaffected by Act 50.

Current Status of Act 50 Process

The School District has not placed a referendum question on the ballot. In addition, the School District has no knowledge of the circulation by voters of a referendum petition.

Recent State Law Authorizing Replacement of the School District's Occupation Tax With an Increase in the Local Earned Income Tax

Act 24 of 2001 of the Commonwealth of Pennsylvania, which became law on June 22, 2001, authorizes a Board of School Directors to schedule a public hearing and conduct a ballot referendum on replacing the school district's occupation tax with an increase in the local earned income tax. Currently, school districts in Pennsylvania share a 1.0% tax on the annual amount of residents' wages and other earned income (which excludes unearned or investment income), with the resident municipality. Under the new law, this tax could be increased by the percentage necessary to generate revenue equal to what was collected during the preceding year on the occupation tax. The occupation tax is a flat amount for all employed individuals, or assessed by various trade, occupation and professional titles, regardless of income. The restructured tax is designed to be revenue neutral to the school district.

TABLE 5

**WEST CHESTER AREA SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES***
(For years ending June 30)

REVENUE:	Actual				Estimated	Budget
	1998	1999	2000	2001	2002 ⁽¹⁾	2003 ⁽²⁾
Local Sources:						
Real Estate Taxes (Current).....	\$58,768,657	\$62,601,970	\$67,096,790	\$72,202,462	\$77,885,792	\$85,465,372
Interim Real Estate Taxes.....	1,464,650	2,835,825	4,659,395	4,680,143	4,200,000	2,800,000
Total Act 511 Taxes.....	12,499,101	13,717,931	14,620,479	15,768,720	16,200,000	16,150,000
Public Utility Realty Tax.....	871,340	905,285	776,630	305,976	186,000	139,500
Delinquencies on Taxes Levied.....	1,777,549	1,766,671	2,015,631	2,645,454	2,200,000	1,900,000
Earnings from Temporary Deposits & Investments.....	1,818,688	1,736,933	2,134,463	2,476,104	869,770	858,123
State Revenue Rec'd from Other Intermediate Sources.....	0	0	105,051	60,000	0	0
Federal Revenue Rec'd from Other Intermediate Sources.....	0	0	60,469	103,056	0	0
Payment in Lieu of Taxes.....	16,289	0	3,303	6,463	5,000	0
Tuition from Patrons.....	131,242	138,863	186,851	69,989	320,000	320,000
Other Sources.....	69,499	96,798	28,645	28,471	50,000	126,000
Total Local Sources.....	\$77,417,015	\$83,800,276	\$91,687,705	\$98,346,838	\$101,916,562	\$107,758,995
State Sources:						
Total State Sources.....	\$17,834,074	\$18,109,052	\$18,894,840	\$18,870,883	\$19,278,632	\$19,987,885
Federal Sources:						
Total Federal Sources.....	\$1,216,483	\$1,323,219	\$1,595,658	\$1,370,912	\$2,129,381	\$2,563,147
Other Sources:						
Total Other Sources.....	\$933,707	\$1,679,088	\$2,582,653	\$1,771,283	\$2,110,686	\$2,012,514
TOTAL REVENUE.....	\$97,401,279	\$104,911,635	\$114,760,857	\$120,359,915	\$125,435,261	\$132,322,541
EXPENDITURES:						
Instruction.....	\$60,248,214	\$63,224,822	\$67,427,687	\$70,040,083	\$72,526,595	\$76,813,864
Pupil Personnel.....	2,624,310	2,777,199	3,348,152	3,930,016	4,501,163	4,900,871
Support Services - Administration.....	5,502,225	5,426,769	5,830,558	3,653,320	7,037,487	7,587,610
Support Services - Pupil Health.....	1,106,464	1,128,490	1,164,931	6,084,838	1,399,964	1,556,343
Support Services - Other.....	3,978,497	4,080,494	134,814	1,286,858	0	0
Business.....	0	0	831,573	849,630	1,040,748	1,090,029
Instructional Staff.....	0	0	3,128,586	0	4,053,011	4,175,786
Central Support Services.....	0	0	726,445	1,042,813	1,513,367	1,784,421
Pupil Transportation.....	6,775,445	7,548,326	8,131,163	8,764,706	8,848,986	9,382,290
Community Services.....	0	0	0	0	44,000	53,500
Operation & Maintenance.....	8,844,818	9,074,666	9,173,211	9,476,315	10,167,216	10,922,102
Non-instructional Services.....	1,809,801	1,965,942	1,982,352	2,001,260	1,964,054	2,100,021
Facilities Acquisition.....	148,738	96,489	213,135	248,256	577,000	371,582
Budgetary Reserves & Transfers.....	384,000	329,125	0	308,392	243,642	2,605,600
Debt Service.....	6,409,393	8,711,305	9,555,848	11,001,922	12,064,446	13,207,686
Other (Federal).....	0	0	0	0	2,129,381	2,563,147
Other Support Services.....	0	0	0	136,631	138,000	140,340
TOTAL EXPENDITURES.....	\$97,831,905	\$104,363,627	\$111,648,455	\$118,825,040	\$128,249,060	\$139,255,192
SURPLUS (DEFICIT) OF REVENUES						
OVER EXPENDITURES.....	(\$430,626)	\$548,008	\$3,112,402	\$1,534,875	(\$2,813,799)	(\$6,932,651)

*Totals may not add due to rounding.

⁽¹⁾Estimated, subject to change and final audit.

⁽²⁾Budget as adopted June 3, 2002. See "Summary and Discussion of Financial Results" herein.

Source: School District Annual Financials Reports and Budget.

Tax Levy Trends

Table 6 which follows shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District, the Borough and seven Townships and the County.

TABLE 6

WEST CHESTER AREA SCHOOL DISTRICT TAX RATES

<u>Year</u>	<u>Chester County (mills)</u>	<u>Delaware County (mills)</u>	<u>Real Estate Transfer⁽¹⁾ (%)</u>	<u>Wage and Income⁽¹⁾ (%)</u>
1998-99.....	10.69 ⁽²⁾	408.60	1.00	1.00
1999-00.....	11.06	433.10	1.00	1.00
2000-01.....	11.38	10.56 ⁽²⁾	1.00	1.00
2001-02.....	11.63	11.50	1.00	1.00
2002-03.....	12.30	11.30	1.00	1.00

⁽¹⁾Subject to sharing at the rate of 50% providing the municipality.

⁽²⁾Based on countywide reassessment in Chester County, which became effective in 1998, and on countywide reassessment in Delaware County, which became effective in 2000. See "Real Property Tax" below.

Source: School District officials.

TABLE 7

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

	<u>1998⁽¹⁾</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
School District.....	10.690	11.060	11.380	11.630	12.300
East Bradford Township.....	0.071	0.071	0.071	0.071	0.071
East Goshen Township.....	0.000	0.000	0.000	0.000	0.000
Thornbury Township.....	0.760	0.680	0.680	0.680	0.680
Thornbury Township (Delaware County).....	0.000	0.000	0.000	0.000	0.000
West Chester Borough.....	3.949	3.949	3.949	3.949	3.949
West Goshen Township.....	0.850	0.850	0.850	0.850	0.850
West Whiteland Township.....	0.600	0.600	0.600	0.600	0.600
Westtown Township.....	0.410	0.410	0.410	0.410	0.410
Chester County.....	2.348	2.348	3.014	3.014	3.014

Source: Local Government officials.

⁽¹⁾Based on countywide reassessment which became effective in 1998.

Real Property Tax

The real property tax including interim collections (excluding delinquent collections) produced an estimated \$77,885,792 in 2001-02, approximately 62.1 percent of overall revenue.

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

TABLE 8

WEST CHESTER AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Ratio
2003*	\$7,622,439,021	\$7,622,439,021	100.00%
2002*	6,953,494,103	6,953,494,103	100.00%
2001	5,783,080,125	6,642,295,082	114.86%
2000	5,796,677,500	6,657,912,673	114.86%
1999	5,148,238,400	6,003,071,075	116.60%
1998	4,976,951,300	5,811,244,260	116.76%
Compound Average Annual Percentage Change	8.90%	5.58%	

* Budget, subject to change.
Source: Pennsylvania State Tax Equalization Board.

TABLE 9

WEST CHESTER AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	1999 Market Value	1999 Assessed Value	2000 Market Value	2000 Assessed Value
<i>School District</i>	\$ 5,148,238,400	\$ 6,003,071,075	\$ 5,796,677,500	\$ 6,657,912,673
<i>Chester County</i>	22,730,328,300	26,977,914,030	25,421,029,200	28,771,165,760
East Bradford Township	502,257,000	623,583,927	595,284,300	682,976,469
East Goshen Township	1,036,600,000	1,270,290,955	1,170,363,500	1,326,372,945
Thornbury Township	154,208,400	172,168,680	205,299,700	208,858,379
Thornbury Township (Delaware County)	262,950,500	7,682,083	282,253,000	359,376,970
West Chester Borough	497,731,100	605,403,250	543,810,700	608,976,370
West Goshen Township	1,159,490,300	1,428,537,020	1,298,952,000	1,491,952,450
West Whiteland Township	543,817,300	647,377,760	600,063,100	672,531,700
Westtown Township	991,183,800	1,248,027,400	1,100,651,200	1,306,867,390

Source: Pennsylvania State Tax Equalization Board.

TABLE 10

WEST CHESTER AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	1996	1997	1998 ⁽¹⁾	1999	2000
Residential	\$293,189,180	\$286,411,600	\$4,546,199,600	\$4,377,714,885	\$4,929,047,554
Lots	346,620	0	114,400	79,202,640	100,715,929
Industrial	16,251,840	15,965,720	147,131,560	151,991,970	159,545,580
Commercial	59,662,740	70,941,520	931,406,240	1,369,400,530	1,446,513,770
Agriculture	5,359,310	5,937,190	28,686,040	24,761,050	22,089,840
Land/Other	5,524,820	6,463,600	157,706,420	0	0
Total	\$380,334,510	\$385,719,630	\$5,811,244,260	\$6,003,071,075	\$6,657,912,673

Source: Pennsylvania State Tax Equalization Board.

⁽¹⁾Based on county-wide reassessment.

TABLE 11

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

<u>Year</u>	<u>Assessed Valuation</u>	<u>Mills</u>	<u>Adjusted Levied⁽¹⁾</u>	<u>Current Collections Amount</u>	<u>Current Year Collections as Percent</u>	<u>Total Collections Amount⁽²⁾</u>	<u>Total Collections as Percent</u>
1997-98.....	\$ 383,583,710	154.6	\$61,021,853	\$58,827,590	96.4%	\$60,605,139	99.3%
1998-99 ⁽³⁾	5,805,803,365	10.69	64,981,410	62,648,143	96.4%	64,416,791	99.1%
1999-00.....	5,995,335,520	11.06	69,543,474	67,111,411	96.5%	69,127,042	99.4%
2000-01.....	6,642,295,082	11.38	75,298,979	72,202,462	95.9%	74,847,916	99.4%
2001-02(est.)....	6,953,494,103	11.63	80,794,392	77,885,794	96.4%	80,085,794	99.1%

Source: School District officials.

⁽¹⁾Plus penalties, less discounts and exonerations.

⁽²⁾Includes real property assessments plus delinquent collections.

⁽³⁾Reassessment became effective in Chester County.

The ten largest real property taxpayers, together with 2002 assessed values, are shown on Table 12 which follows. The aggregate assessed value of these ten taxpayers totals approximately 4.1 percent of total assessed value.

TABLE 12

**WEST CHESTER AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2001-02**

<u>Owner</u>	<u>Property</u>	<u>2002 Assessed Value</u>
Exton Square, Inc. ⁽¹⁾	Shopping Mall	\$110,601,320
QVC	Industrial Building	35,970,270
Hankin Family Ltd.	Farm, Apartments, Office	22,048,750
National Properties	Apartment Complex	19,603,270
Exton Whiteland Dev. Co.	Shopping Center	19,416,880
Whiteland Associates	Shopping Center	17,272,140
Westtown Apts. Inc.	Apartment Complex	16,667,750
Hankin Group	Apartment Building	16,453,180
Thomas Meeting Assoc.	Apartment Complex	16,294,020
Capital Enterprises	Shopping Center	15,100,000
Total		\$289,427,580

Source: School District officials.

⁽¹⁾Subject to tax appeal before the Chester County Board of Assessment Appeals, includes anchor department stores.

Other Taxes

Under Act 511, the School District collected an estimated \$16,200,000 in taxes in 2001-02. Among the taxes authorized by Act 511, the Real Estate Transfer Tax and Wage and Income Taxes are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was approximately \$91,469,268.

Real Estate Transfer. The School District levies a tax of one-half percent of the value of real estate transfers. In 2001-02 the School District's collected portion of this tax yielded an estimated \$3,200,000, or 2.6 percent of total revenue.

Wage and Income Tax. The School District levies a tax of one-half percent of the earned income of residents. In 2001-02 the collected portion of this tax yielded an estimated \$13,000,000 or 10.7 percent of total revenue.

State Aid to School Districts

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

A basic instructional subsidy is allocated to all school districts based on (1) the per pupil market value of assessable real property in the school district; (2) the per pupil earned income in the school district; and (3) the school district's tax effort, as compared with the tax effort of other school districts in the State. School districts also receive subsidies for special education, pupil transportation, vocational education, health service and debt service are also received by the school district.

State law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of debt service on the Bonds upon final approval of the Department of Education. Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Capital Account Reimbursement Fraction ("CARF"). The School District officials have estimated that the "Reimbursable Percentage" of the Bonds will be an estimated maximum of 39.95 percent. The School District CARF for the 2002-03 school year is currently 27.54 percent. The product of these two factors is 11.00 percent, which is the maximum potential percentage of debt service which will be reimbursed by the Commonwealth. In future years, this percentage may change as the School District's CARF changes, or as a result of future legislation. CARF is a function of the market value per weighted average daily membership of the School District relative to that of other school districts in the Commonwealth.

DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the debt of the West Chester Area School District as of July 30, 2002 and the Bonds.

TABLE 13

**WEST CHESTER AREA SCHOOL DISTRICT
DEBT STATEMENT
(As of July 30 2002)***

	Gross Outstanding
NET NONELECTORAL DEBT	
General Obligation Bonds, Series A of 2002 (last maturity 2005).....	\$9,345,000
General Obligation Bonds, Series of 2002 (last maturity 2023)	30,000,000
General Obligation Bonds, Refunding Series of 2001 (last maturity 2022).....	10,400,000
General Obligation Notes, Series of 2001 (last maturity 2004)	
Delaware Valley Regional Finance Authority	20,000,000
General Obligation Bonds, Series of 2001 (last maturity 2022)	9,995,000
General Obligation Note, Series of 2000 (last maturity 2002)	
Dauphin County General Authority	15,250,000
General Obligation Note, Series B of 2000 (last maturity 2015)	
Delaware Valley Regional Finance Authority	12,844,000
General Obligation Bonds, Series of 1999 (last maturity 2016)	8,805,000
General Obligation Bonds, Series A of 1998 (last maturity 2017).....	15,670,000
General Obligation Bonds, Series of 1998 (last maturity 2016)	21,635,000
General Obligation Bonds, Series of 1996 (last maturity 2014)	12,640,000
General Obligation Bonds, Series of 1993 (last maturity 2011)	15,910,000
General Obligation Bonds, Series A of 1993 (last maturity 2002) ⁽¹⁾	2,755,000
GROSS NONELECTORAL DEBT	\$185,249,000
LEASE RENTAL DEBT	
NET LEASE RENTAL DEBT	\$ 0
TOTAL NET NONELECTORAL AND LEASE RENTAL DEBT	\$185,249,000

*Includes the Bonds offered through this Official Statement. Excludes the portion of the 1993 A Bonds being refunded.

⁽¹⁾Remaining portion.

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$185,249,000. After adjustment for available funds and estimated State aid, the local effort of direct debt will total \$173,466,954.

TABLE 14
WEST CHESTER AREA SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of July 30, 2002)

	Gross	Local Effort or Net of Available Funds and Estimated
	Outstanding	State Aid⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt	\$185,249,000	\$173,466,954
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	\$185,249,000	\$173,466,954
 OVERLAPPING DEBT		
Chester County, General Obligation ⁽²⁾	\$55,073,960	\$55,073,960
Delaware County, General Obligation ⁽³⁾	86,194,521	86,194,521
Municipal Debt	65,361,149	65,361,149
TOTAL OVERLAPPING DEBT	\$206,629,630	\$120,435,109
 TOTAL DIRECT AND OVERLAPPING DEBT	\$391,878,630	\$293,902,063
 DEBT RATIOS		
Per Capita	\$3,872.05	\$2,903.97
Percent 2001-02 Assessed Value	5.64%	4.23%
Percent 2001-02 Market Value (estimated)	5.64%	4.23%
Debt retired within 10 years (estimated)	87.10%	

*Includes the Bonds offered through this Official Statement. Excludes the portion of the 1993 A Bonds being refunded.

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current CARF. See "State Aid to School Districts". The School District may, at any time, claim a credit against the gross principal of debt outstanding.

Does not include self-supporting debt of the County or local municipalities.

⁽²⁾Pro rata 22.8 percent share of \$241,524,000 principal outstanding.

⁽³⁾Pro rata 27.6 percent share of \$312,298,990 principal outstanding.

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 1999-00	\$111,111,242
Total Revenues for 2000-01	117,522,475
Total Revenues for 2001-02 (unaudited)	<u>122,784,740</u>
 Total Revenues, Past Three Years	 <u>\$351,418,457</u>
 Annual Arithmetic Average (Borrowing Base)	 \$117,139,486

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

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral Debt Limit:			
225% of Borrowing Base	\$ 263,563,843	\$185,249,000	\$78,314,843

*Includes the Bonds described herein, excludes the portion of the 1993 A Bonds being refunded; does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by State aid.

Debt Service Requirements

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

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

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

TABLE 15

WEST CHESTER AREA SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

Year	Other General Obligation Debt ⁽¹⁾	Series A of 2002			Total Requirements
		Principal	Interest	Subtotal	
2002-03	\$ 13,783,054	\$ 0	\$ 124,361	\$ 124,361	\$ 13,907,415
2003-04	11,334,258	2,985,000	143,428	3,128,428	14,462,685
2004-05	11,870,450	3,130,000	94,435	3,224,435	15,094,885
2005-06	11,799,526	3,230,000	33,915	3,263,915	15,063,441
2006-07	15,055,119				15,055,119
2007-08	15,040,173				15,040,173
2008-09	15,046,437				15,046,437
2009-10	14,902,495				14,902,495
2010-11	11,122,532				11,122,532
2011-12	10,783,505				10,783,505
2012-13	10,779,028				10,779,028
2013-14	10,784,298				10,784,298
2014-15	10,770,234				10,770,234
2015-16	9,460,568				9,460,568
2016-17	8,184,588				8,184,588
2017-18	5,340,836				5,340,836
2018-19	3,963,623				3,963,623
2019-20	3,961,248				3,961,248
2020-21	3,970,873				3,970,873
2021-22	3,138,123				3,138,123
2022-23	2,353,750				2,353,750
2023-24	2,352,000				2,352,000
Total	\$205,796,717	\$9,345,000	\$396,139	\$9,741,139	\$215,537,856

*Totals may not add due to rounding.

⁽¹⁾Does not include the Dauphin County General Authority Note, Series of 2000 as well as the Delaware Valley Regional Finance Authority Note, Series of 2001. The interest earnings on these Notes will be sufficient to pay the interest expense until the proceeds are spent, at which time permanent financing will be put in place.

TABLE 16

WEST CHESTER AREA SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY STATE AID*

2001-02 Estimated State Aid Received.....	\$16,145,771
2001-02 Estimated Debt Service Requirements.....	12,064,446
Maximum Future Debt Service Requirements after Issuance of Bonds.....	15,094,885
Coverage of 2001-02 Estimated Debt Service Requirements	1.34 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	1.07 times

*Assumes current State Aid Ratio. See "State Aid to School Districts."

Future Financing

The School District anticipates issuing additional debt in the future to complete its Capital Improvement Program.

LABOR RELATIONS

School District Employees

There are approximately 1,257 employees of the School District.

The School District has a contract through June 30, 2003 with the West Chester Education Association (the "Association"), which is affiliated with the Pennsylvania State Education Association (PSEA), covering the professional employees of the School District other than administrators. The PSEA acts as a bargaining agent for such employees under the conditions of Pennsylvania Law (Act 195) providing for collective bargaining. Professional employees have a right to strike under Act 195, as amended, if bargaining, fact-finding and mediation do not result in agreement on a new contract. Secretarial and clerical personnel are represented by the Pennsylvania Education Association under a contract which expired June 30, 2002. The secretarial and clerical personnel are currently working under the expired contract during negotiations. Custodial and maintenance personnel are represented by P.E.A. under a contract which expires June 30, 2004.

Pension Program

School Districts in Pennsylvania are required to participate in a statewide pension program administered by the State Public School Employees Retirement Board. All of the School District's full-time employees, part-time employees who work more than 80 days in a school year, and hourly employees who work over 500 hours a year participate in the program.

The School District contribution rate for the 2000-01 school year was 1.94 percent of the employer's payroll and decreased to 1.09 percent for the 2001-2002 school year. The PSERS Board of Trustees has set the fiscal year 2002-2003 employer retirement contribution rate. The new rate will be 1.15 percent of payroll. The new rate applies to salary and wages paid from July 1, 2002 through June 30, 2003. Both the School District and the Commonwealth are responsible for paying a portion of the employer's share. Employers are divided into two groups; school entities and non-school entities. School entities are responsible for paying 100 percent of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. Recent School District payments have been as follows:

1997-98	.....	\$ 4,738,067
1998-99	.....	\$ 3,385,955
1999-00	.....	\$ 2,702,255
2000-01	.....	\$ 1,205,700
2001-02	.....	\$ 720,000

Benefits for retirees are established by the Pennsylvania General Assembly, and may be changed from time to time. The Public School Employees' Retirement System (the "PSERS"), as computed by an independent actuarial valuation, was fully funded as of June 30, 2001. Since no unfunded liabilities remain, all employer contributions will be supporting current service of active members. The Funds' net assets held in trust for pension benefits on June 30, 2001 totaled \$48.2 billion at fair value. Using the fair value measurement basis in compliance with the Government Accounting Standards Board's Statement No. 25 and Statement No. 26, the decrease in net assets held in trust for pension benefits from June 30, 2000 to June 30, 2001 was \$5.3 billion.

Source: PSERS

LITIGATION

There is no litigation pending or threatened with respect to the Bonds or the Resolution or the right of the School District to issue the Bonds.

DEFAULTS AND REMEDIES

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

TAX EXEMPTION

In the opinion of Bond Counsel, assuming compliance with certain covenants of the School District, interest on the Bonds is excluded from gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds will not be an item of tax preference under the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on a Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on a Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

Ownership of the Bonds may give rise to collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion as to any such collateral federal income tax consequences. Purchasers of the Bonds should consult their own tax advisors as to collateral federal income tax consequences.

The initial public offering price of Bonds of certain maturities is less than the amount payable at maturity. The difference between the initial public offering price and the amount payable at maturity constitutes original issue discount. Bond Counsel is of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder will, upon sale, exchange, redemption, or payment at maturity, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as the stated interest on the Bonds.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to remain excludable from the gross income of the owners of the Bonds for federal income tax purposes. The School District has covenanted in the Resolution to comply with such requirements. Noncompliance with such requirements may cause the interest on the Bonds to be includible in the gross income of the owners of the Bonds for federal income tax purposes, retroactive to the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with such covenants and Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Bond Counsel is of the opinion that, under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from Pennsylvania personal income tax.

The Bonds have not been designated as "qualified tax-exempt obligations".

Pursuant to the provisions of Act 68 of 1993 of the Commonwealth of Pennsylvania ("Act 68"), gain from the sale of obligations of the Commonwealth of Pennsylvania or any agency or governmental unit or political subdivision thereof or Authority created thereby issued after February 1, 1994, shall be subject to Pennsylvania personal income tax. Bond Counsel expresses no opinion as to the treatment of original issue discount in the computation of gain from the sale of the Bonds pursuant to Act 68.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the School District will agree:

- (i) to file annually, with each nationally recognized municipal securities information repository ("NRMSIR") and with the state information depository, if any, for the Commonwealth of Pennsylvania ("SID") (there is no SID as of the date of this Official Statement), not later than 180 days following the end of each fiscal year of the School District, beginning with the fiscal year ending June 30, 2002, the following financial information and operating data with respect to the School District:
 - the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards
 - a summary of the budget for the new fiscal year
 - the assessed value and aggregate market value of all taxable real estate for the new fiscal year
 - the taxes and millage rates imposed for the new fiscal year

- the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount)
 - a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the new fiscal year
 - pupil enrollment figures, including enrollment at the end of the most recent fiscal year, current enrollment and projected enrollment for the beginning of the next fiscal year, including a breakdown between elementary and secondary enrollment (to the extent reasonably feasible)
- (ii) in a timely manner, to file with each NRMSIR or with the Municipal Securities Rulemaking Board ("MSRB") and with the SID, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; (11) rating changes; and (12) failure to provide annual financial information as required.

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

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

The School District has complied with all prior written undertakings under the Rule to provide timely ongoing disclosure of annual financial information and notice of material events affecting its securities.

RATING

Moody's Investors Service has assigned its municipal bond rating of "Aa1" to this issue of Bonds. Any explanation of the significance of such rating may only be obtained from the rating agency furnishing the rating. The rating reflects only the view of such rating agency and the School District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased at a total discount of \$41,619.20 (consisting of the underwriter's discount of \$28,035.00 and original issued discount of \$13,584.20) plus accrued interest to the date of closing.

LEGAL OPINION

The Bonds are offered subject to the receipt of the approving legal opinion of Pepper Hamilton LLP, Bond Counsel. Certain other legal matters will be passed upon for the School District by Ross Unruh, Esquire, of Unruh, Turner, Burke & Frees, P.C, of West Chester, Pennsylvania, School District Solicitor.

FINANCIAL ADVISOR

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

MISCELLANEOUS

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

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

WEST CHESTER AREA SCHOOL DISTRICT
Chester and Delaware Counties, Pennsylvania

By:/s/ Jeffrey T. Seagraves
President, Board of School Directors

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

Introduction

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

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

Population

Table A-1 which follows shows recent population trends for the School District, Chester and Delaware Counties and the Commonwealth of Pennsylvania. The School District's population increased between 1990 and 2000 from 86,228 to 101,207 residents or 17 percent. Table A-2 shows 2000 age composition and average number of persons per household in Chester County and for the State. Average household size was higher for Chester County than the Statewide average.

**TABLE A-1
RECENT POPULATION TRENDS**

<u>Area</u>	<u>1990</u>	<u>2000</u>	<u>Compound Average Annual Percentage Change 1990-2000</u>
School District	86,228	101,207	1.61
Chester County	376,396	433,501	1.42
Pennsylvania	11,881,643	12,281,054	0.33

Source: U.S. Bureau of the Census, Decennial Census and Pennsylvania State Data Center, 1990 & 2000 General Population and Housing Characteristics: Pennsylvania.

**TABLE A-2
AGE COMPOSITION**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	<u>Persons Per Household</u>
Chester County	26.2%	62.1%	11.7%	2.7
Pennsylvania	23.8%	60.6%	15.6%	2.5

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

Employment

Overall employment data are not compiled for the School District, but such data are compiled for the Philadelphia, PA-NJ Primary Metropolitan Statistical Area (the "MSA"), (an area which includes the School District).

Table A-3 shows the distribution of employment for the MSA for April 1997 and April 2002. For MSA as a whole, construction and mining, transportation, wholesale, retail trade, finance, real estate and other service sectors showed an increase during this period while durable and non-durable goods and insurance showed a decrease during this period.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT*
Philadelphia, PA-NJ Primary Metropolitan Statistical Area

	<u>April 1997</u>	<u>Distribution of 1997 Employment</u>	<u>April 2002</u>	<u>Distribution of 2002 Employment</u>
<i>MANUFACTURING INDUSTRIES</i>				
Durable Goods.....	146,500	6.50%	128,700	5.39%
Non-Durable Goods.....	157,700	7.00%	146,200	6.12%
<i>NON-MANUFACTURING INDUSTRIES</i>				
Construction and Mining.....	85,600	3.80%	101,800	4.26%
Transportation.....	71,200	3.16%	72,600	3.04%
Communications & Public Utilities.....	35,600	1.58%	38,400	1.61%
Wholesale Trade.....	124,300	5.51%	129,500	5.42%
Retail Trade.....	367,200	16.29%	391,100	16.37%
Finance.....	70,400	3.12%	81,600	3.42%
Insurance.....	63,500	2.82%	61,300	2.57%
Real Estate.....	21,700	0.96%	25,000	1.05%
Services.....	808,500	35.87%	898,900	37.63%
Government.....	301,800	13.39%	313,500	13.12%
Total	<u>2,254,000</u>	<u>100.00%</u>	<u>2,388,600</u>	<u>100.00%</u>

*Non-Agricultural Wage and Salary Employment; establishment data.
Source: Pennsylvania State Employment Service.

The largest employers located within the School District include:

<u>Name</u>	<u>Product or Service</u>	<u>Approximate Employment</u>
Chester County	County Government	3,298
QVC Corp	Home Shopping (Video)	2,008
Chester County Hospital	Health Care	1,690
QVC Realty, Inc.	Div. QVC Network	1,663
Volt Human Resources, Inc.	Employment Services	1,399
West Chester University	Higher Education	1,298
United Parcel Service	Delivery Services	1,224
West Chester Area School District	Education	1,257
Communications Test	Communications Hardware	910
A. Duie Pyle Inc.	Trucking	807

Source: School District officials

Industries located in nearby communities include:

<u>Name</u>	<u>Community</u>
DuPont Corporation	Wilmington
Hercules Corporation	Wilmington
S.M.S. Corporation	Great Valley
Lockheed Martin	Valley Forge
S.E.I. Corporation	Valley Forge
Vanguard Group	Great Valley

Source: School District officials.

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

TABLE A-4

RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT*

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002⁽¹⁾</u>	<u>Annual % Rate</u>
<i>Chester County</i>							
Civilian Labor Force (000) .	223.9	227.5	230.8	235.8	240.4	238.7	1.29
Employment (000)	216.8	221.2	225.0	230.8	233.3	230.9	1.27
Unemployment (000)	7.2	6.3	5.8	5.0	7.1	7.8	1.61
Unemployment Rate	3.2	2.7	2.5	2.1	3.0	3.3	
<i>Pennsylvania</i>							
Civilian Labor Force (000) .	5,984.0	5,936.0	5,971.0	5,959.0	6,073.0	6,045.0	0.20
Employment (000)	5,673.0	5,661.0	5,730.0	5,732.0	5,786.0	5,742.0	0.24
Unemployment (000)	311.0	275.0	242.0	227.0	287.0	304.0	-0.45
Unemployment Rate	5.2	4.6	4.0	3.8	4.7	5.0	

*Residence Data.

⁽¹⁾As of April 2002.

Source: Pennsylvania State Employment Service.

Income

The data on Table A-5 shows recent trends in per capita income for the School District, Chester County and Pennsylvania over the 1980-1990 period. Per capita income in the School District is higher than average per capita income for the State and the County. Both the School District and County per capita income is higher than the State per capita and both the School District and County per capita income increased at a faster rate than the State.

TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME*

	<u>1980</u>	<u>1990</u>	<u>Percentage Change</u> <u>1980-90</u>
School District	\$8,565	\$20,775	9.27
Chester County	8,763	20,601	8.92
Pennsylvania	7,077	14,068	7.11

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

Source: 1980 Census, Pennsylvania State Data Center, 1990 General Income Characteristics: Pennsylvania.

Commercial Activity

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

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

Table A-6 shows retail sales over a recent five-year period for the County and the State.

TABLE A-6
TOTAL RETAIL SALES
(Millions of Dollars)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Chester County	\$4,534.70	\$5,106.20	\$5,239.60	\$5,600.30	\$7,181.30
Pennsylvania	104,470.90	113,491.90	116,303.60	121,274.00	141,940.70

Source: Sales and Marketing Management Magazine

Financial Institutions

As of June 30, 2001, Chester County contained 162 branch offices of various commercial banks with total deposits of \$4,095,827,000, 46 savings and loans with deposits of \$1,218,853,000, 11 FDIC Savings Banks with deposits of \$228,646,000, and 9 credit unions with deposits of \$508,992,000.

Housing

Housing construction has progressed in an orderly fashion during the past decade as former agricultural land has been developed in accordance with strict zoning guidelines. The School District contains some of the finest single-family residential housing in the Delaware Valley area. Most new home construction taking place in the School District is in the \$350,000 to \$400,000 range. The average selling price of all housing within the School District during 1990 was \$202,274, as compared with Chester County as a whole of \$166,486, according to the Chester County Planning Commission.

Educational Institutions

West Chester University and Cheyney University are located within the School District. Both universities are run by the Commonwealth of Pennsylvania. West Chester University, which is located in the Borough and West Goshen Township, is a multi-purpose university with a student body of more than 9,000 full-time undergraduates. Cheyney University is located in Thornbury Township, Delaware and Chester Counties, and has a student body population in excess of 2,400 full-time students. Both universities provide a liberal arts education.

Medical Facilities

Medical care facilities are provided by Chester County Hospital (approximately 230 beds) in West Chester. The hospital provides complete professional, medical and surgical treatment to the central and eastern portions of Chester County. Paoli Memorial Hospital, while outside the School District, is within easy reach.

Transportation

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

Passenger railroad services are provided by two lines (Main Line and West Chester Branch) by Southeastern Pennsylvania Transportation Authority (SEPTA). Freight services are provided by two branch lines of Conrail.

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

Recreation

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

Utilities

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

Water: Philadelphia Suburban Water Company and other private water companies supply water service to the Borough and developed portions of the various Townships. Other residents of the Townships are served by on-site wells.

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

Telephone: Verizon supplies telephone service to residents of the School District.

Municipal Services

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