

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

\$34,750,000
West Chester Area School District
(Chester and Delaware Counties, Pennsylvania)
General Obligation Bonds, Series of 2019

Bonds Dated: Date of Delivery**Principal Due:** May 15, as shown on inside cover**Interest Due:** May 15 and November 15**First Interest Payment:** May 15, 2020

The bonds described herein will be issued in the aggregate principal amount of \$34,750,000 and will be designated as the General Obligation Bonds, Series of 2019 (the "Bonds"). The Bonds will be issued in denominations of \$5,000 and integral multiples thereof, and will be registered in the name of Cede & Co., as the owner and nominee of The Depository Trust Company ("DTC"), New York, New York, under its book-entry only system maintained through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. A purchaser of the Bonds must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "**BOOK-ENTRY ONLY SYSTEM**" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, such Bonds will be subject to registration or transfer, exchange and payment as described herein. The principal of any certificated Bonds will be paid to the registered owners or assigns, when due, upon presentation and surrender of such Bonds to Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent, registrar and sinking fund depository, at its designated corporate trust office. Interest on the Bonds is payable initially on May 15, 2020 and thereafter semiannually on May 15 and November 15 of each year, until the principal sum thereof is paid. DTC Participants and Indirect Participants will be responsible for remitting interest and principal payments to Beneficial Owners of the Bonds.

The Bonds are general obligations of the West Chester Area School District, a public school district located in portions of Chester and Delaware Counties, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution (herein defined) or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy an annual ad valorem tax on all taxable real property within the School District, within the limits provided by law. (See "**THE BONDS – "Security"**" and "**TAXING POWERS OF THE SCHOOL DISTRICT**" *infra*).

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

Proceeds of the Bonds will be used to pay the costs of planning, designing, acquiring, constructing, furnishing and equipping new and additions and improvements to School District's existing elementary schools and, to the extent of remaining funds, other buildings and facilities of the School District, and pay the costs of issuing the Bonds.

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

MATURITIES, AMOUNTS, RATES, YIELDS/PRICES AND CUSIPS
[As Shown on Inside Front Cover]

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Unruh, Turner, Burke & Frees, P.C., West Chester, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, will serve as the School District's Financial Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through DTC, on or about September 30, 2019.



\$34,750,000

West Chester Area School District
(Chester and Delaware Counties, Pennsylvania)
General Obligation Bonds, Series of 2019

Bonds Dated: Date of Delivery
Interest Due: May 15 and November 15
Denomination: Integral multiples of \$5,000

Principal Due: May 15 (as shown below)
First Interest Payment: May 15, 2020
Form: DTC Book-Entry Only

BOND MATURITY SCHEDULE:

Maturity Date	Principal	Interest	Initial Offering	Initial Offering	
(May 15)	Amounts	Rates	Yields	Prices	CUSIP⁽¹⁾
Year					
2023**	\$15,000	4.000%	1.250%	109.715%	9520303Y8
2024	5,000	4.000	1.250	112.319	9520303Z5
2025	5,000	4.000	1.270	114.774	9520304A9
2026	5,000	4.000	1.300	117.084	9520304B7
2027	5,000	4.000	1.350	119.138	9520304C5
2028	5,000	4.000	1.400*	119.900*	9520304D3
2029	5,000	4.000	1.450*	119.477*	9520304E1
2030	5,000	4.000	1.500*	119.054*	9520304F8
2031	5,000	4.000	1.550*	118.634*	9520304G6
2032	5,000	4.000	1.600*	118.216*	9520304H4
2033	3,745,000	4.000	1.600*	118.216*	9520304J0
2034	3,895,000	4.000	1.650*	117.799*	9520304K7
2035	4,050,000	4.000	1.690*	117.466*	9520304L5
2036	4,215,000	4.000	1.780*	116.723*	9520304M3
2037	4,385,000	4.000	1.870*	115.984*	9520304N1
2038	4,560,000	4.000	1.910*	115.658*	9520304P6
2039	4,740,000	4.000	2.000*	114.927*	9520304Q4
2040	5,100,000	4.000	2.090*	114.202*	9520304R2

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

*Yield/Priced to Optional Redemption Date of November 15, 2027.

**Term Bond.

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

BOARD OF SCHOOL DIRECTORS

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

*Non-Voting Member

SUPERINTENDENT
DR. JAMES R. SCANLON

DIRECTOR OF BUSINESS AFFAIRS
JOHN T. SCULLY

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

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

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER
JANNEY MONTGOMERY SCOTT LLC
Philadelphia, Pennsylvania

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

SCHOOL DISTRICT ADDRESS
782 Springdale Drive
Exton, Pennsylvania

No dealer, broker, salesman or other person has been authorized by the School District to give information or to make any representations, other than those contained in this 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.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Debt Statement	21
PURPOSE OF THE ISSUE	1	Debt Limit and Remaining Borrowing Capacity	23
Sources and Uses of Bond Proceeds	1	Debt Service Requirements	24
THE BONDS	2	Future Financing	25
Description	2	LABOR RELATIONS	25
Payment of Principal and Interest	2	School District Employees	25
Transfer, Exchange and Registration of Bonds	3	Pension Program	25
Security	3	Other Post-Employment Benefits (“OPEB”)	26
Commonwealth Enforcement of Debt Service Payments	3	LITIGATION	26
Pennsylvania Budget Adoption	4	DEFAULTS AND REMEDIES	26
Act 85 of 2016 – State Enforcement of Debt Service	4	TAX MATTERS	27
During Budget Impasses	4	CONTINUING DISCLOSURE UNDERTAKING	27
Sinking Fund	5	Continuing Disclosure Filing History	28
BOOK-ENTRY ONLY SYSTEM	5	Future Continuing Disclosure Compliance	28
REDEMPTION OF BONDS	7	RATING	29
Optional Redemption	7	UNDERWRITING	29
Mandatory Redemption	7	LEGAL OPINIONS	29
Notice of Redemption	7	FINANCIAL ADVISOR	29
Manner of Redemption	7	MISCELLANEOUS	30
THE SCHOOL DISTRICT	8	APPENDIX A - DEMOGRAPHIC AND ECONOMIC	
Introduction	8	INFORMATION RELATING TO THE WEST CHESTER AREA	
Administration	8	SCHOOL DISTRICT	
School District Facilities	9	Introduction	A-1
Enrollment Trends	9	Employment	A-2
SCHOOL DISTRICT FINANCES	10	Income	A-4
Introduction	10	Commercial Activity	A-4
Financial Reporting	10	Housing	A-4
Budgeting Process as modified by Act 1 of 2006		Educational Institutions	A-4
(Taxpayer Relief Act)	10	Medical Facilities	A-5
Summary and Discussion of Financial Results	12	Transportation	A-5
General Fund Revenue	13	Recreation	A-5
General Fund Expenditures	14	Utilities	A-5
TAXING POWERS OF THE SCHOOL DISTRICT	15	Municipal Services	A-5
In General	15	APPENDIX B - FORM OF OPINION OF BOND COUNSEL	
The Taxpayer Relief Act (Act 1)	15	APPENDIX C - FORM OF CONTINUING DISCLOSURE	
Status of the Bonds Under Act 1	16	CERTIFICATE	
Legislation Limiting Unreserved Fund Balances	16	APPENDIX D - FINANCIAL STATEMENTS WEST	
Tax Levy Trends	17	CHESTER AREA SCHOOL DISTRICT WEST CHESTER,	
Real Property Tax	18	PENNSYLVANIA JUNE 30, 2018	
Other Taxes	19		
COMMONWEALTH AID TO SCHOOL DISTRICTS ..	20		
DEBT AND DEBT LIMITS	21		

OFFICIAL STATEMENT

\$34,750,000

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

General Obligation Bonds, Series of 2019

INTRODUCTION

This Official Statement, including the cover page and inside cover page hereof, and Appendices hereto, is furnished by the West Chester Area School District, a public school district that consists of portions of Chester and Delaware Counties, Pennsylvania (the "School District"), in connection with the offering of \$34,750,000 aggregate principal amount, of its General Obligation Bonds, Series of 2019 (the "Bonds"). The Bonds are being issued pursuant to, and are secured by, a Resolution of the Board of School Directors of the School District adopted on August 26, 2019 (the "Resolution"), and in accordance with the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Debt Act"), of the Commonwealth of Pennsylvania (the "Commonwealth" or "State").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to pay the costs of planning, designing, acquiring, constructing, furnishing and equipping a new elementary school, and additions and improvements to the School District's existing elementary schools and, to the extent of remaining funds, other buildings and facilities of the School District, and pay the costs of issuing the Bonds.

Sources and Uses of Bond Proceeds

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

<u>Sources of Funds:</u>	Total
Bond Proceeds	\$34,750,000.00
Original Issue Premium	5,643,839.75
<i>Total</i>	\$40,393,839.75

<u>Uses of Funds:</u>	
Construction Fund Deposit	\$40,000,000.00
Costs of Issuance ⁽¹⁾	393,839.75
<i>Total</i>	\$40,393,839.75

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

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 principal amount and integral multiples thereof, in the aggregate principal amount of \$34,750,000. The Bonds will be dated as of the date of the original issuance and delivery thereof (the "Date of Delivery"), and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on each of the Bonds will be payable initially on May 15, 2020, and, thereafter, semiannually on May 15 and November 15 of each year until the maturity date of such Bond or, if such Bond is redeemable and is called for redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of Bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See "BOOK – ENTRY ONLY SYSTEM" herein.

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC, and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid. If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:

The principal of any certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of such Bonds to Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its designated corporate trust offices (or to any successor paying agent at its designated office(s)).

Interest on any certificated Bonds will be payable to the registered owner of such Bond from the interest payment date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding May 15, 2020, in which event such Bond shall bear interest from the Date of Delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on a certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of each Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the certificated Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of such Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name such Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

Transfer, Exchange and Registration of Bonds

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

The School District and the Paying Agent shall not be required (a) to register the transfer or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

Security

The Bonds will be general obligations of the School District, payable on a parity basis with all existing and future general obligation debt of the School District, from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power includes the power to levy an annual ad valorem tax on all taxable property within the School District, within the limits provided by law (see "TAXING POWERS OF THE SCHOOL DISTRICT" herein). The Debt Act presently provides for the enforcement of debt service payments as hereinafter described (see "DEFAULTS AND REMEDIES" herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (See "Commonwealth Enforcement of Debt Service Payments" below).

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the "Public School Code"), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

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

Pennsylvania Budget Adoption

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

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

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

The budgets for the 2018-19 fiscal year and the 2019-20 fiscal year were adopted on a timely basis.

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

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

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

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

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

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

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

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

Act 85 of 2016 requires that each school district with bonds or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District

intends on submitting this information with respect to the Bonds to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

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

Sinking Fund

The sinking fund for the payment of debt service on the Bonds, designated "General Obligation Bonds, Series of 2019 - Sinking Fund" (the "Sinking Fund"), created under the Resolution shall be held by the Paying Agent as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay in full interest and/or principal then due on the Bonds.

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

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

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the "Issuer") and the Underwriter do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriter.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC the world's largest securities depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds: DTC's records reflect only the identity of the

Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds of any particular maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal, interest and redemption premium, if any, on the Bonds, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Issuer or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of Principal, interest and redemption premium, if any, on the Bonds, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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

The Issuer and the Paying Agent cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

REDEMPTION OF BONDS

Optional Redemption

The Bonds stated to mature on or after May 15, 2028, shall be subject to redemption prior to maturity, at the option of the School District, as a whole or on any date thereafter, or from time to time, in part (and if in part, in any order of maturities designated by the School District and within a maturity by lot) on November 15, 2027, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

Mandatory Redemption

The Bonds stated to mature on May 15, 2023 are subject to redemption prior to maturity as required by the Resolution, in the amounts and on May 15 of the years shown below, from money in the Mandatory Sinking Fund created pursuant to the Resolution, upon payment of the principal amount being redeemed, together with interest accrued to the date fixed for redemption.

Bonds stated to mature May 15, 2023:

<u>Year</u>	<u>Amount</u>
2021	\$5,000
2022	5,000
2023*	5,000

* Stated maturity.

Notice of Redemption

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

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

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect thereto, except to receive payment of the principal thereof and accrued interest thereon to the date fixed for redemption.

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

Manner of Redemption

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

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

of the same series, maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

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

If any maturity of the Bonds which is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds of any such maturity required to be called for mandatory sinking fund redemption on any particular future date or dates, or shall be credited against the principal amount of such Bonds to be due and payable at stated maturity, in each case in a whole multiple of \$5,000 principal amount.

THE SCHOOL DISTRICT

Introduction

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

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

Administration

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

School District Facilities

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

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

Building	Original Construction Date	Addition and/or Renovation Date	Grades	2018-19 Enrollment
High Schools				
B. Rustin High School	2003-06	-	9-12	1,295
East High School	1973	1976/92/93/04	9-12	1,253
Henderson High School	1951	1956/64/76/94/98/04	9-12	1,297
Middle Schools				
E. N. Peirce Middle School	1963	1998/01/03	6-8	1,020
G. A. Stetson Middle School	1959	1961/98/03/07	6-8	877
J. R. Fugett Middle School	1969	2009	6-8	869
Elementary Schools				
East Bradford Elementary	1958	1966/70/89/13	K-5	434
East Goshen Elementary	1955	1960/64/67/95/01	K-5	415
Exton Elementary	1940	1953/57/91/92/93/00	K-5	564
Fern Hill Elementary	1955	1960/89/2016	K-5	538
Glen Acres Elementary	1966	1997	K-5	583
Hillsdale Elementary	1976	2007	K-5	595
Mary C. Howse Elementary	1962	1965/97	K-5	621
Penn Wood Elementary	1966	1970/89/01/12	K-5	502
Sarah W. Starkweather Elementary	1991	1998	K-5	580
Westtown-Thornbury Elementary	1954	1956/89/12	K-5	520
Other				
Facilities & Operations Center	1999	-	-	
Spellman Administration*	1924	1952/55/77/99	-	
Spellman Education Center	1988	2017	Admin	
East/Fugett Athletic Fields	2004	-	-	
Henderson-North Campus Athletics	2006	-	-	
			Totals	11,963

* School District still currently owns existing Spellman Administration Building described above, although the School District does intend to sell the building once a sale agreement has been finalized with a purchaser. In June 2017, the School District purchase a new office building in Exton and relocated its administrative offices. The new building is also called the Spellman Administration Building.

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

Enrollment Trends

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

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

School Year	Actual Enrollments				School Year	Projected Enrollments			
	K-5	6-8	9-12	Total		K-5	6-8	9-12	Total
2014-15	5,026	2,790	3,808	11,624	2019-20	5,365	2,832	3,839	12,036
2015-16	4,943	2,782	3,758	11,483	2020-21	5,446	2,895	3,850	12,191
2016-17	5,027	2,809	3,753	11,589	2021-22	5,502	2,845	3,812	12,159
2017-18	5,340	2,824	3,764	11,928	2022-23	5,588	2,809	3,846	12,243
2018-19	5,352	2,766	3,845	11,963	2023-24	5,583	2,869	3,912	12,364

Source: School District officials.

SCHOOL DISTRICT FINANCES

Introduction

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

Financial Reporting

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

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

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

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

Budgeting Process as modified by Act 1 of 2006 (Taxpayer Relief Act)

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education ("PDE"). An annual operating budget is prepared by school district administrative officials on a uniform form furnished by PDE and submitted to the board of school directors for approval prior to the beginning of the fiscal year on July 1.

Procedures for Adoption of the Annual Budget. Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (the "Taxpayer Relief Act" or "Act 1"), all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to PDE no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (see "The Taxpayer Relief Act" herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under The Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see "The Taxpayer Relief Act (Act 1)" herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under the Taxpayer Relief Act, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Status of FY 2019-20 Budget Under Act 1. On May 28, 2019, at its regular monthly meeting the School Board of the School District adopted a FY 2019-20 Final Budget, which calls for a tax millage rate increase of 1.8%, up .3899 mills over the previous approved FY budget, to 21.6622 mills for Chester County residents and a tax millage rate increase of 1.1%, up 0.1836 mills to 16.2597 mills for Delaware County residents. This budget relies heavily on School District spending reductions and the use of approximately \$9.2 million of the School District's accumulated fund balance. Property tax millage rates in the School District will remain the lowest of any school district in Chester County or Delaware County, Pennsylvania.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Summary and Discussion of Financial Results

A summary of the comparative governmental fund balance sheets is presented in Table 3 and Table 4 shows historic changes in the general fund balances of the School District. Table 5 summarizes revenues and expenditures for the past four years, estimated 2018-19 and the 2019-20 budget.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
ASSETS				
Current:				
Cash and Cash Equivalents	\$23,439,719	\$18,762,949	\$21,543,609	\$21,987,478
Investments	44,283,458	53,490,542	44,994,605	46,406,465
Internal Balances	(492)	(585)	(4,933)	(10,892)
Property Taxes Receivable, Net	3,651,985	3,615,153	3,856,980	3,280,667
Due from other Governments	3,557,838	4,598,096	6,881,636	7,509,937
Other Receivables	814,784	1,709,901	1,207,413	1,038,135
Prepaid Expenditures	4,413,770	2,434,975	3,046,271	2,957,388
TOTAL CURRENT ASSETS	<u>\$80,161,062</u>	<u>\$84,611,031</u>	<u>\$81,525,581</u>	<u>\$83,169,178</u>
Noncurrent Assets				
Capital Assets:				
Investments	\$0	\$0	\$0	\$1,458,629
Land	33,159,800	28,289,916	28,289,916	28,289,916
Land Improvements	15,387,038	15,770,266	16,416,508	16,416,508
Buildings	396,169,432	398,442,243	417,377,413	422,006,008
Construction in Progress	8,544,126	13,850,498	10,856,578	16,123,716
Furniture and Equipment	35,366,723	35,726,095	36,659,286	38,915,013
NET OF DEPRECIATION	<u>\$488,627,119</u>	<u>\$492,079,018</u>	<u>\$509,599,701</u>	<u>\$523,209,790</u>
Less: Accumulated depreciation	(\$185,790,681)	(\$198,539,706)	(\$211,334,325)	(\$223,354,041)
TOTAL ASSETS	<u>\$382,997,500</u>	<u>\$378,150,343</u>	<u>\$379,790,957</u>	<u>\$383,024,927</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred amount on refunding	\$7,591,636	\$7,550,581	\$6,569,895	\$5,581,512
Deferred Pension Contributions	18,609,908	22,053,155	26,330,342	55,472,159
Deferred Pension	4,661,632	9,097,787	39,493,958	0
Deferred OPEB				2,801,019
TOTAL DEFERRED OUTFLOWS	<u>\$30,863,176</u>	<u>\$38,701,523</u>	<u>\$72,394,195</u>	<u>\$63,854,690</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$413,860,676</u>	<u>\$416,851,866</u>	<u>\$452,185,152</u>	<u>\$446,879,617</u>
LIABILITIES				
Current:				
Accounts Payable and other current liabilities	\$27,410,251	\$22,202,118	\$23,961,822	\$23,634,731
Bond and Notes Payable Due Within One Year	11,835,240	16,976,211	17,515,062	18,412,234
Accrued Interest	1,933,474	1,500,949	1,756,088	1,661,431
Deferred Revenues	105,440	144,102	83,608	85,184
TOTAL CURRENT LIABILITIES	<u>\$41,284,405</u>	<u>\$40,823,380</u>	<u>\$43,316,580</u>	<u>\$43,793,580</u>
Long-Term:				
Bonds and Notes Payable Due After One Year	\$277,603,614	\$273,049,843	\$264,195,316	\$255,590,148
Accrued Severance and Compensated Absences	4,805,853	4,626,439	4,752,023	4,955,912
Other post-employment benefits	293,516	406,171	669,256	30,031,236
Net pension liability	262,381,000	293,071,000	337,581,000	335,940,000
TOTAL LONG-TERM LIABILITIES	<u>\$545,083,983</u>	<u>\$571,153,453</u>	<u>\$607,197,595</u>	<u>\$626,517,296</u>
TOTAL LIABILITIES	<u>\$586,368,388</u>	<u>\$611,976,833</u>	<u>\$650,514,175</u>	<u>\$670,310,876</u>
DEFERRED INFLOW OF RESOURCES				
Deferred pension	\$18,757,000	\$1,803,000	\$2,812,000	\$2,393,000
Deferred OPEB	\$0	\$0	\$0	\$663,000
	<u>\$18,757,000</u>	<u>\$1,803,000</u>	<u>\$2,812,000</u>	<u>\$3,056,000</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	\$20,989,220	\$11,063,839	\$23,124,893	\$29,976,250
Restricted for Capital Projects	22,203,300	27,440,218	22,444,089	22,461,479
Unrestricted (Deficit)	(\$234,457,232)	(\$235,432,024)	(\$246,710,005)	(\$278,924,988)
TOTAL FUND EQUITIES	<u>(\$191,264,712)</u>	<u>(\$196,927,967)</u>	<u>(\$201,141,023)</u>	<u>(\$226,487,259)</u>
TOTAL LIABILITIES AND FUND EQUITIES/NET ASSETS	<u>\$413,860,676</u>	<u>\$416,851,866</u>	<u>\$452,185,152</u>	<u>\$446,879,617</u>

Source: School District's Annual Financial Reports.

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

	<u>Actual</u>				<u>Estimated</u>	<u>Budgeted</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019⁽¹⁾</u>	<u>2020⁽²⁾</u>
Beginning Fund Balance	\$33,351,072	\$31,665,559	\$28,760,978	\$28,780,193	\$31,906,389	\$31,816,687
Revenues over (under) Expenditure	<u>(1,685,514)</u>	<u>(2,904,581)</u>	<u>\$19,217</u>	<u>\$3,126,196</u>	<u>(\$89,702)</u>	<u>(\$9,214,436)</u>
Ending Fund Balance	<u>\$31,665,558</u>	<u>\$28,760,978</u>	<u>\$28,780,195</u>	<u>\$31,906,389</u>	<u>\$31,816,687</u>	<u>\$22,602,251</u>

*Totals may not add due to rounding.

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

⁽²⁾Budget, as adopted May 28, 2019.

Source: School District Annual Financial Reports and Budget.

General Fund Revenue

The School District received an estimated \$249,294,044 in total revenue in FY 2018-19, and has budgeted total revenue of \$252,594,967 in FY 2019-20. Local sources decreased as a share of total revenue in the past five years, from 83.20% in FY 2014-15 to an estimated 81.67% in FY 2018-19. Revenue from Commonwealth sources increased slightly as a share of the total revenue from 15.99% to a budgeted 17.46% over this period. Federal and other revenue increased slightly as a share of the total revenue from 0.82% to 0.85% over this period.

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

REVENUE:	<u>Actual</u>				<u>Estimated</u>	<u>Budgeted</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019⁽¹⁾</u>	<u>2020⁽²⁾</u>
Local Sources:						
Real Estate Taxes (Current)	\$147,447,717	\$151,929,043	\$156,989,628	\$163,169,638	\$168,551,224	\$171,871,693
Interim Real Estate Taxes	955,973	780,930	695,464	1,065,856	1,391,092	1,186,171
Total Act 511 Taxes	23,505,224	24,325,967	27,451,544	26,105,252	26,103,631	26,161,477
Public Utility Realty Tax	214,682	198,340	196,738	183,280	200,000	200,000
Delinquencies on Taxes Levied	3,246,013	3,000,329	3,479,843	2,708,709	2,858,800	2,858,800
Earnings from Temporary Deposits & Investments	165,496	332,215	731,944	1,402,283	1,949,990	1,000,000
PA Revenue Rec'd.-Other Intermediate Sources	136,281	152,905	0	0	191,500	191,500
Fed. Rev. Rec'd.-Other Intermediate/PA Sources	1,215,754	1,199,740	1,328,361	1,314,410	1,315,640	1,333,370
Tuition from Patrons	149,291	157,428	161,773	116,998	116,540	193,140
Rentals	347,233	402,308	509,869	481,072	360,000	360,000
Contributions and Donations	5,000	13,381	17,602	27,126	20,000	11,000
Receipts from Other LEAs	213,468	385,557	350,622	305,084	78,000	0
Refund of Prior Years' Expenditures	16,391	36,859	34,677	40,726	25,000	481,485
All Other Local Revenues Not Specified	398,020	406,289	276,995	368,449	456,485	0
Other Sources	<u>0</u>	<u>0</u>	<u>62,497</u>	<u>84,591</u>	<u>0</u>	<u>0</u>
Total Local Sources	<u>\$178,016,542</u>	<u>\$183,321,291</u>	<u>\$192,287,557</u>	<u>\$197,373,473</u>	<u>\$203,617,902</u>	<u>\$205,848,636</u>
State Sources:						
Total State Sources	\$34,209,926	\$35,806,499	\$41,156,644	\$42,747,951	\$43,547,863	\$45,112,671
Federal Sources:						
Total Federal Sources	\$1,744,067	\$1,665,595	\$1,957,139	\$2,053,577	\$2,128,279	\$1,633,660
Other Sources:						
Total Other Sources	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL REVENUE	<u>\$213,970,536</u>	<u>\$220,793,385</u>	<u>\$235,401,340</u>	<u>\$242,175,000</u>	<u>\$249,294,044</u>	<u>\$252,594,967</u>

*Totals may not add due to rounding.

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

⁽²⁾Budget, as adopted May 29, 2018.

Source: School District Annual Financial Reports and Budget.

General Fund Expenditures

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

EXPENDITURES:	Actual				Estimated	Budgeted
	2015	2016	2017	2018	2019 ⁽¹⁾	2020 ⁽²⁾
Instruction	\$122,147,058	\$130,495,364	\$137,794,289	\$140,801,561	\$142,046,551	\$148,574,219
Pupil Personnel	8,265,336	8,637,182	8,686,873	8,967,198	9,592,310	9,798,248
Instructional Staff	4,873,550	5,213,154	5,481,670	5,207,701	5,825,678	6,237,853
Support Services - Administration	10,279,965	10,569,909	11,040,270	11,215,067	12,296,795	12,893,993
Support Services - Pupil Health	2,075,995	2,165,522	2,256,872	2,348,603	2,367,759	2,337,099
Business	1,711,746	1,859,038	1,790,607	1,827,625	1,896,548	1,969,353
Operation & Maintenance	15,377,641	15,696,512	15,996,618	16,215,303	17,668,815	18,554,224
Pupil Transportation	13,005,903	13,183,652	13,606,727	13,365,718	13,653,117	14,164,872
Central Support Services	3,209,406	3,489,068	3,354,191	3,456,610	3,782,159	3,936,835
Support Services - Other	262,755	127,780	229,674	613,696	230,218	226,867
Community Services	0	0	0	0	153,477	0
Non-instructional Services	4,610,182	4,803,105	4,865,617	5,038,436	5,383,324	5,643,341
Debt Service	21,246,767	18,350,433	24,085,387	24,855,902	25,660,872	26,555,503
Budgetary Reserves & Transfers	8,589,744	9,107,247	6,193,328	5,135,385	8,826,123	10,916,996
TOTAL EXPENDITURES	<u>\$215,656,048</u>	<u>\$223,697,966</u>	<u>\$235,382,124</u>	<u>\$239,048,804</u>	<u>\$249,383,746</u>	<u>\$261,809,403</u>
SURPLUS (DEFICIT) OF REVENUES						
OVER EXPENDITURES	<u>(\$1,685,512)</u>	<u>(\$2,904,581)</u>	<u>\$19,217</u>	<u>\$3,126,196</u>	<u>(\$89,702)</u>	<u>(\$9,214,436)</u>

*Totals may not add due to rounding.

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

⁽²⁾Budget, as adopted May 28, 2019.

Source: School District Annual Financial Reports and Budget.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

TAXING POWERS OF THE SCHOOL DISTRICT

In General

Subject to statutory limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see “The Taxpayer Relief Act (Act 1)” herein), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

Under Act 1, a school district may not levy any new tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (PDE):

1. to pay interest and principal on indebtedness approved (“incurred” as defined by Act 1) (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
3. to make payments into the State Public School Employees’ Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Act 1 Index applicable to the School District in the current and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Index %</u>
2019-20	2.3
2018-19	2.4
2017-18	2.5
2016-17	2.4
2015-16	1.9

Source: Pennsylvania Department of Education website.

In accordance with Act 1, the School District put a referendum question on the ballot at the May, 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax ("EIT") or a personal income tax ("PIT") and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. This referendum question was not approved by the voters. A board of school directors may submit, but is not required to submit, a referendum question to the voters at the municipal election in any later year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

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

Status of the Bonds Under Act 1

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

Legislation Limiting Unreserved Fund Balances

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

<u>Total Budgeted Expenditures</u>	<u>Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

"Estimated ending unreserved fund balance" is defined in Act 2003-48 as that portion of the fund balance which is appropriate for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district's budget was adopted and held in the general fund accounts of the school district.

*Applicable to the School District.

Tax Levy Trends

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

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

	Chester County (mills)	Delaware County (mills)	Real Estate Transfer⁽¹⁾ (%)	Wage and Income⁽¹⁾ (%)
2015-16	19.5779	13.9059	1.00	1.00
2016-17	20.0982	14.7113	1.00	1.00
2017-18	20.6841	15.2086	1.00	1.00
2018-19	21.2723	16.0761	1.00	1.00
2019-20	21.6622	16.2597	1.00	1.00

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

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

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
<i>School District</i>					
Chester County	19.5779	20.0982	20.0982	21.2723	21.6622
Delaware County	13.9059	14.7113	15.2086	16.0761	16.2597
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
East Bradford Township	0.3400	1.0000	1.0000	1.0000	1.0000
East Goshen Township	1.2500	1.2500	1.2500	1.2500	1.2500
Thornbury Township	0.9950	0.9950	0.9950	0.9950	0.9950
Thornbury Township (Delaware County)	0.0000	0.0000	0.0000	0.0000	0.0000
West Chester Borough	6.9600	6.9600	6.9600	6.9600	6.9600
West Goshen Township	2.0000	2.0000	2.0000	2.0000	2.0000
West Whiteland Township	0.7190	0.7190	0.7190	0.7190	0.7190
Westtown Township	3.5000	3.5000	3.5000	3.5000	3.5000
Chester County	4.1630	4.1630	4.3690	4.3690	4.3690

Source: Chester County and Delaware County websites.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Real Property Tax

The real property tax including interim collections (excluding delinquent collections) produced an estimated \$173,410,457 in FY 2018-19, approximately 69.56% of overall revenue.

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

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

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

<u>Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2018-19	\$14,207,175,901	\$8,491,497,863	59.77%
2017-18	13,559,785,462	8,471,217,579	62.47%
2016-17	13,370,341,642	8,376,073,418	62.64%
2015-16	12,891,822,543	8,345,996,336	64.74%
2014-15	12,786,398,938	8,283,779,633	64.79%

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

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

	<u>2017</u>		<u>2018</u>	
	<u>Market Value</u>	<u>Assessed Value</u>	<u>Market Value</u>	<u>Assessed Value</u>
<i>School District</i>	\$13,559,785,462	\$8,471,217,579	\$14,207,175,901	\$8,491,497,863
<i>Chester County</i>	58,830,683,735	37,595,989,177	61,672,249,583	37,989,733,317
East Bradford Township	1,251,832,420	806,309,734	1,291,181,796	806,261,704
East Goshen Township	2,526,201,224	1,646,038,006	2,624,749,363	1,649,937,856
Thornbury Township	465,205,367	316,276,439	482,635,520	315,660,309
Thornbury Township (Del County)	785,726,934	647,286,999	841,145,975	648,116,057
West Chester Borough	1,575,611,359	741,569,295	1,644,061,562	746,330,495
West Goshen Township	3,056,797,339	1,844,979,763	3,258,970,167	1,855,849,603
West Whiteland Township	2,634,615,386	1,707,836,075	2,735,081,261	1,696,315,218
Westtown Township	1,263,795,432	760,921,268	1,329,350,257	773,026,621

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Residential	\$6,284,258,852	\$6,320,020,535	\$6,332,365,407	\$6,346,077,548	\$6,371,243,079
Lots	40,040,064	37,835,275	23,518,106	25,250,126	26,377,666
Industrial	147,601,360	147,070,325	146,853,645	147,018,855	146,817,485
Commercial	1,773,571,079	1,802,557,370	1,847,331,000	1,924,988,410	1,919,867,803
Agriculture	22,066,740	22,703,280	22,730,390	23,544,790	23,886,590
Trailers	1,447,630	1,464,810	1,471,450	1,471,450	1,471,450
Land	14,793,890	14,344,741	1,801,420	2,866,400	1,833,790
Total	\$8,283,779,615	\$8,345,996,336	\$8,376,071,418	\$8,471,217,579	\$8,491,497,863

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

**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>
2014-15	\$8,322,991,732	19.2100	\$156,297,569	\$151,076,254	96.66%	\$154,322,267	98.74%
2015-16	8,364,493,464	19.5779	160,086,202	155,266,376	96.99%	158,266,705	98.86%
2016-17	8,438,369,400	20.0982	166,104,714	160,634,511	96.71%	164,114,354	98.80%
2017-18	8,477,054,324	20.6841	171,795,817	166,613,977	96.98%	169,322,685	98.56%
2018-19(est.)	8,527,897,939	21.2723	178,033,597	169,539,862	95.23%	175,485,183	98.57%

⁽¹⁾Plus penalties, less discounts and exonerations.

⁽²⁾Includes real property assessments plus delinquent collections.

Source: School District officials.

The ten largest real property taxpayers, together with 2019-20 assessed values, are shown on Table 12 which follows. The aggregate assessed value of these ten taxpayers totals approximately 3.82% of total assessed value.

**TABLE 12
WEST CHESTER AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2019-20**

<u>Owner</u>	<u>Property</u>	<u>2019-20 Assessed Value</u>
Exton Square Inc.*	Shopping Mall	\$70,951,510
ARHC Whcchpao1 LC	Wellington Senior Living	41,550,000
Main Street At Exton LP	Shopping Center	33,532,420
BRE Rook SH Bellingham LP	Bellingham Senior Living	30,740,000
QVC Realty	Industrial Bldg./TV Shopping	30,397,000
SPUS8 West Chester LP	Apartment Complex	27,976,000
Westtown Apartments	Apartment Complex	24,367,500
Pembroke Tom VC LLC	Business Complex	23,388,088
Exton Gardens LLC	Apartment Complex	21,023,480
WTC LLC	Shopping Center	20,424,840
Total		\$324,350,838

*Taxpayer assessment appeal pending on 3 of 8 parcels. Total assessment of the 3 parcels is \$63,385,150.

Other Taxes

Under Act 511, the School District collected an estimated \$26,103,631 in taxes in FY 2018-19. 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 \$170,486,111.

Real Estate Transfer. The School District levies a tax of 0.5% of the value of real estate transfers. In FY 2018-19 the School District's collected portion of this tax yielded an estimated \$4,658,364 of total revenue.

Wage and Income Tax. The School District levies a tax of 0.5% of the earned income of residents. In FY 2018-19 the School District's collected portion of this tax yielded \$21,445,267 of total revenue.

COMMONWEALTH AID TO SCHOOL DISTRICTS

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

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

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

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

Current Lack of State Appropriations for Debt Service Subsidies

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

Based on the current PlanCon program, School District officials have estimated that the Reimbursable Percentage of the Bonds will be 0.00% (there has been no determination by the PDE). The School District's CARF (which is higher than the MVAR) is 27.54%. The product of these two factors is 0.00%, which is the estimated percentage of debt service which may be reimbursed by the Commonwealth, subject to annual appropriation. In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

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

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

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

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

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

DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the debt of the West Chester Area School District as of August 27, 2019 and includes the new issuance of the Bonds.

TABLE 13
WEST CHESTER AREA SCHOOL DISTRICT
DEBT STATEMENT
(As of August 27, 2019)*

NONELECTORAL DEBT	Gross Outstanding
General Obligation Bonds, Series of 2019 (last maturity 2040)	\$34,750,000
General Obligation Bonds, Series of 2018 (last maturity 2039)	9,990,000
General Obligation Bonds, Series A of 2017 (last maturity 2032)	9,745,000
General Obligation Bonds, Series of 2017 (last maturity 2029)	6,625,000
General Obligation Bonds, Series AA of 2016 (last maturity 2032)	8,490,000
General Obligation Bonds, Series A of 2016 (last maturity 2027)	32,015,000
General Obligation Bonds, Series of 2016 (last maturity 2024)	10,175,000
General Obligation Bonds, Series AA of 2015 (last maturity 2021)	2,260,000
General Obligation Bonds, Series A of 2015 (last maturity 2032)	9,675,000
General Obligation Bonds, Series AA of 2014 (last maturity 2030)	56,460,000
General Obligation Bonds, Series A of 2014 (last maturity 2024)	26,385,000
General Obligation Bonds, Series of 2014 (last maturity 2032)	12,000,000
General Obligation Bonds, Series of 2013 (last maturity 2020)	1,675,000
General Obligation Bonds, Series AA of 2012 (last maturity 2022)	22,855,000
General Obligation Bonds, Series A of 2012 (last maturity 2032)	21,000,000
General Obligation Bonds, Series AA of 2010 (last maturity 2022)	11,120,000
General Obligation Note, Series of 2009 (last maturity 2027)	9,955,000
<i>NONELECTORAL DEBT</i>	<i>\$285,175,000</i>
<i>LEASE RENTAL DEBT</i>	
<i>NET LEASE RENTAL DEBT</i>	<i>\$0</i>
<i>TOTAL NET NONELECTORAL AND LEASE RENTAL DEBT</i>	<i>\$285,175,000</i>

*Includes the Bonds offered through this Official Statement.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After the issuance of the Bonds, the principal of direct debt of the School District will total \$285,175,000. After adjustment for available funds and estimated Commonwealth aid, the local effort of direct debt will total \$275,962,942.

TABLE 14
WEST CHESTER AREA SCHOOL DISTRICT
OVERLAPPING INDEBTEDNESS AND DEBT RATIOS*
(As of August 27, 2019) *

	Gross	Local Effort or Net of Available Funds and Estimated Commonwealth Aid⁽¹⁾
DIRECT DEBT	Outstanding	
Nonelectoral Debt.....	\$285,175,000	\$275,962,942
Lease Rental Debt	0	0
TOTAL DIRECT DEBT.....	\$285,175,000	\$275,962,942
OVERLAPPING DEBT		
Chester County, General Obligation ⁽²⁾	\$114,536,063	\$114,536,063
Delaware County, General Obligation ⁽³⁾	5,740,383	5,740,383
Municipal Debt.....	120,869,911	120,869,911
TOTAL OVERLAPPING DEBT.....	\$241,146,357	\$241,146,357
TOTAL DIRECT AND OVERLAPPING DEBT	\$526,321,357	\$517,109,299
DEBT RATIOS		
Per Capita	\$4,853.53	\$4,768.58
Percent 2018-19 Assessed Value.....	6.20%	6.09%
Percent 2018-19 Market Value.....	3.70%	3.64%

*Includes the Bonds offered through this Official Statement.

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

⁽²⁾Pro rata 20.65% share of \$554,760,000 principal outstanding, including self-supporting debt of the County or local municipalities.

⁽³⁾Pro rata 1.84% share of \$311,180,000 principal outstanding, including self-supporting debt of the County or local municipalities.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for FY 2016-17	\$233,297,223
Total Revenues for FY 2017-18	240,620,451
Total Revenues for FY 2018-19 (est.)	248,181,291
<i>Total Revenues, All Three Fiscal Years</i>	<u>\$722,098,965</u>
Annual Arithmetic Average (Borrowing Base)	<u><u>\$240,699,655</u></u>

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

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$541,574,223	\$285,175,000	\$256,399,223

*Includes the Bonds described herein, and does not reflect credits against gross indebtedness that may be claimed for a portion of principal of any debt to be reimbursed by Commonwealth aid.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Debt Service Requirements

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

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

TABLE 15

**WEST CHESTER AREA SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

Year	Other General Obligation	Series of 2019			Total Requirements
	Debt	Principal	Interest	Subtotal	
2019-20	\$25,905,058	\$0	\$868,750	\$868,750	\$26,773,808
2020-21	25,887,788	5,000	1,390,000	1,395,000	27,282,788
2021-22	25,831,658	5,000	1,389,800	1,394,800	27,226,458
2022-23	25,669,990	5,000	1,389,600	1,394,600	27,064,590
2023-24	25,089,723	5,000	1,389,400	1,394,400	26,484,123
2024-25	25,028,328	5,000	1,389,200	1,394,200	26,422,528
2025-26	25,024,345	5,000	1,389,000	1,394,000	26,418,345
2026-27	24,917,638	5,000	1,388,800	1,393,800	26,311,438
2027-28	25,190,873	5,000	1,388,600	1,393,600	26,584,473
2028-29	24,081,930	5,000	1,388,400	1,393,400	25,475,330
2029-30	23,359,818	5,000	1,388,200	1,393,200	24,753,018
2030-31	15,577,118	5,000	1,388,000	1,393,000	16,970,118
2031-32	15,576,923	5,000	1,387,800	1,392,800	16,969,723
2032-33	1,303,740	3,745,000	1,387,600	5,132,600	6,436,340
2033-34	1,300,780	3,895,000	1,237,800	5,132,800	6,433,580
2034-35	1,300,800	4,050,000	1,082,000	5,132,000	6,432,800
2035-36	1,302,475	4,215,000	920,000	5,135,000	6,437,475
2036-37	1,302,750	4,385,000	751,400	5,136,400	6,439,150
2037-38	1,301,625	4,560,000	576,000	5,136,000	6,437,625
2038-39	1,304,100	4,740,000	393,600	5,133,600	6,437,700
2039-40	0	5,100,000	204,000	5,304,000	5,304,000
2040-41	0	0	0	0	0
2041-42	0	0	0	0	0
Total	\$316,257,455	\$34,750,000	\$24,087,950	\$58,837,950	375,095,405

*Totals may not add due to rounding.

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

TABLE 16

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

2018-19 (estimated) Commonwealth Aid Received	\$40,079,722
2018-19 (estimated) Debt Service Requirements	25,660,872
Maximum Future Debt Service Requirements after Issuance of Bonds	27,282,788
2018-19 (estimated) Coverage of Debt Service Requirements	1.56 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	1.47 times

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

Future Financing

The School District anticipates issuing additional long-term debt of approximately \$10-20 million in the next 2-3 years.

LABOR RELATIONS

School District Employees

There are approximately 1,395 employees of the School District.

The West Chester Area Education Association (the "Association"), which is affiliated with the Pennsylvania State Education Association (PSEA), covering the professional employees of the School District other than administrators is under a contract which expires June 30, 2022. Secretarial and clerical personnel are represented by the Pennsylvania Education Association (ESPA-PSEA-NEA) under a contract which expired June 30, 2019. Contract negotiations are ongoing. Custodial and maintenance personnel are represented by ESPA-PSEA under a contract which expires June 30, 2024.

Pension Program

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

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 33.43% for the fiscal year 2018-19. Current financial projections indicate the possibility of increases in the contribution rate in the next five years.

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

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

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

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

Annual School District contributions have been as follows:

2014-15	\$18,609,908
2015-16	22,726,052
2016-17	27,068,705
2017-18	30,058,231
2018-19 (budgeted)	32,019,484
2019-20 (budgeted)	33,950,860

At June 30, 2018, the School District reported a liability of \$335,940,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2016 to June 30, 2017. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2017, the School District's proportion as 0.6802% which was an increase of 0.0010% from its proportion measured as of June 30, 2016.

As of June 30, 2017, the PSERS plan was 56.3% funded, with an unfunded actuarial accrued liability of approximately \$44.5 billion. PSERS' rate of return for fiscal year ended June 30, 2018 was 9.27%. The Fund had plan net assets of \$56.7 billion at June 30, 2018. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits (“OPEB”)

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

The Multiple Employer OPEB Plan, known as the Health Insurance Premium Assistance Program, is provided by PSERS to all eligible retirees who qualify and elect to participate. At June 30, 2018, the District reported a liability of \$13,858,000 for its proportionate share of the net OPEB liability. The School District recognized OPEB expense of \$578,373 for June 30, 2018.

The Single Employer OPEB Plan, in accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until the age of 65. The District's total OPEB liability under the Single Employer OPEB Plan was \$16,173,236, measured as of June 30, 2017. The District recognized OPEB expense of \$1,539,717 for year ended June 30, 2018.

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

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

LITIGATION

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

DEFAULTS AND REMEDIES

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

TAX MATTERS

Federal

Exclusion of Interest from Gross Income

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

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

Other Federal Tax Matters

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

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

Pennsylvania

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

Other

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

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

CONTINUING DISCLOSURE UNDERTAKING

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

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

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

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

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

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

Continuing Disclosure Filing History

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

Fiscal Year Ending	Filing Deadline ^[1]	Financial Statements		Budget		Operating Data	
		Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]
6/30/2014	12/27/2014	12/16/2014	EP674031	12/16/2014	EP674036	12/16/2014	EP674039
6/30/2015	12/27/2015	12/10/2015	EP709068	12/10/2015	EP709080	12/10/2015	EP709075
6/30/2016	12/27/2016	12/12/2016	ES786315	12/12/2016	ES786317	12/12/2016	ES786316
6/30/2017	12/27/2017	12/12/2017	ER862938	12/12/2017	ER862925	12/12/2017	ER862931
6/30/2018	12/27/2018	12/19/2018	ES944363	12/19/2018	ES944363	12/19/2018	ES944363

Notes:

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

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

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

Future Continuing Disclosure Compliance

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

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

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

RATING

Moody's Investors Service has assigned an underlying municipal Bond rating of "Aaa" (Stable Outlook) to the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds for a purchase price of \$40,132,519.75, equal to the par value of the Bonds less an underwriters' discount of \$261,320.00, plus original issue premium of \$5,643,839.75.

LEGAL OPINIONS

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Unruh, Turner, Burke & Frees, P.C, of West Chester, Pennsylvania, School District Solicitor.

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

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

FINANCIAL ADVISOR

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

MISCELLANEOUS

This Official Statement has been prepared under the direction of the School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Financial Advisor to the School District. The information set forth in this 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/ Chris McCune
President, Board of School Directors

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

Introduction

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

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

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

TABLE A-1
RECENT POPULATION TRENDS

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

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

TABLE A-2
AGE COMPOSITION

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

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

Employment

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

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

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

Establishment Data	Industry Employment				Net Change From:	
	Apr 2019	Mar 2019	Feb 2019	Apr 2018	Mar 2019	Apr 2018
TOTAL NONFARM	1,080,700	1,070,700	1,063,000	1,070,600	10,000	10,100
TOTAL PRIVATE	996,100	986,400	978,600	986,700	9,700	9,400
GOODS PRODUCING	144,700	142,100	142,300	142,600	2,600	2,100
Construction, Natural Resources, and Mining	55,000	52,600	52,500	53,200	-	2,400
Manufacturing	89,700	89,500	89,800	89,400	-	200
Durable Goods	46,200	46,000	46,300	46,100	-	200
Non-Durable Goods	43,500	43,500	43,500	43,300	-	0
Chemical Manufacturing	19,400	19,500	19,500	19,000	-	-100
SERVICE-PROVIDING	936,000	928,600	920,700	928,000	7,400	8,000
PRIVATE SERVICE-PROVIDING	851,400	844,300	836,300	844,100	7,100	7,300
Trade, Transportation, and Utilities	196,700	196,600	196,400	199,600	100	-2,900
Wholesale Trade	53,700	54,100	54,100	54,100	-400	-400
Retail Trade	113,600	113,100	112,700	116,300	500	-2,700
General merchandise stores	16,400	16,400	16,600	17,200	0	-800
Transportation, Warehousing, and Utilities	29,400	29,400	29,600	29,200	0	200
Information	23,500	23,300	23,300	23,300	200	200
Financial Activities	82,500	82,800	83,400	82,800	-300	-300
Finance and insurance	68,100	68,300	69,000	68,300	-200	-200
Credit Intermediation and Related Activities	15,600	15,700	15,800	16,400	-100	-800
Depository Credit Intermediation	8,900	9,000	9,100	9,300	-100	-400
Insurance carriers and related activities	28,700	28,800	28,800	28,200	-100	500
Real estate and rental and leasing	14,400	14,500	14,400	14,500	-100	-100
Professional and Business Services	209,100	203,600	201,600	204,500	5,500	4,600
Professional and technical services	113,300	111,700	111,800	108,300	1,600	5,000
Scientific research and development services	18,500	18,500	18,500	18,200	0	300
Management of companies and enterprises	26,800	27,100	27,100	27,700	-300	-900
Administrative and waste services	69,000	64,800	62,700	68,500	4,200	500
Education and Health Services	201,600	202,200	199,700	196,400	-600	5,200
Educational services	29,200	28,700	28,900	29,400	500	-200
Health care and social assistance	172,400	173,500	170,800	167,000	-1,100	5,400
Ambulatory health care services	65,800	66,100	65,200	63,300	-300	2,500
Hospitals	31,300	31,500	31,300	31,100	-200	200
Nursing and residential care facilities	38,300	38,800	37,900	37,500	-500	800
Social assistance	37,000	37,100	36,400	35,100	-100	1,900
Leisure and Hospitality	88,900	86,900	83,700	89,500	2,000	-600
Accommodation and food services	72,600	72,400	71,100	71,700	200	900
Other Services	49,100	48,900	48,200	48,000	200	1,100
Government	84,600	84,300	84,400	83,900	300	700
Federal Government	6,000	6,000	6,000	5,900	0	100
State Government	9,900	10,000	10,000	10,200	-100	-300
Local Government	68,700	68,300	68,400	67,800	400	900
Local Government educational services	47,900	47,700	47,900	47,400	200	500
Local Government excluding educational services	20,800	20,600	20,500	20,400	200	400
Data benchmarked to March 2018	***Data changes of 100 may be due to rounding***					

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

**Chester County
Top 25 Employers
4th Quarter 2018
Initial Data**

Federal and State Government Entities Aggregated

1. Vanguard Group Inc
2. QVC Network Inc
3. County of Chester
4. Federal Government
5. The Chester County Hospital
6. Giant Food Stores LLC
7. Main Line Hospitals Inc
8. PA State System of Higher Education
9. United Parcel Service Inc
10. The Devereux Foundation
11. Downingtown Area School District
12. YMCA of Greater Brandywine Valley
13. Chester County Intermediate
14. West Chester Area School District
15. Janssen Research & Development LLC
16. Wawa Inc
17. Comcast Cablevision Corp (PA)
18. Communications Test Design Inc
19. State Government
20. Cerner Health Services Inc
21. Wal-Mart Associates Inc
22. George Krapf Jr & Sons Inc
23. Wegmans Food Markets Inc
24. ACME Markets Inc
25. De Lage Landen Financial Services

Source: Center for Workforce Information & Analysis

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019⁽¹⁾</u>	Compound Average Annual % Rate
Chester County							
Civilian Labor Force (000)	272.3	276.4	281.1	281.1	281.6	280.9	0.62%
Employment (000)	261.0	266.2	270.1	271.1	272.6	274.4	1.01%
Unemployment (000)	11.2	10.2	11.0	10.1	8.9	6.5	-10.31%
Unemployment Rate	4.10%	3.70%	3.90%	3.60%	3.20%	2.30%	
Pennsylvania							
Civilian Labor Force (000)	6,378.0	6,424.0	6,472.0	6,427.0	6,424.0	6,421.0	0.13%
Employment (000)	6,009.0	6,094.0	6,120.0	6,112.0	6,149.0	6,215.0	0.68%
Unemployment (000)	370.0	330.0	352.0	316.0	276.0	206.0	-11.05%
Unemployment Rate	5.80%	5.10%	5.40%	4.90%	4.30%	3.20%	

⁽¹⁾As of April 2019.

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

Income

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

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

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

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

Source: 2000: U.S. Census Bureau, Summary File 1 (SF 1) and Summary File 3 (SF 3) & 2009: U.S. Census Bureau, 2005-2009 American Community Survey.

Commercial Activity

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

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

Table A-6 shows retail sales for the 2013-2017 period for the County and the Commonwealth.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Chester County	\$ 8,705,297	\$ 12,708,571	\$ 12,869,709	\$ 11,499,691	\$ 13,969,322
Pennsylvania.....	187,412,600	199,975,257	198,215,135	207,887,941	213,005,475

Source: The Nielsen Company.

Housing

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

Educational Institutions

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

Medical Facilities

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

Transportation

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

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

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

Recreation

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

Utilities

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

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

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

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

Municipal Services

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B
Form of Opinion of Bond Counsel

[THIS PAGE INTENTIONALLY LEFT BLANK]

[FORM OF BOND COUNSEL OPINION]

[Date of Delivery]

Re: \$34,750,000 aggregate principal amount
West Chester Area School District, Chester and Delaware Counties, Pennsylvania
General Obligation Bonds, Series of 2019

To the Purchasers of the Within-Described Bonds:

We have served as Bond Counsel to the West Chester Area School District, in Chester and Delaware Counties, Pennsylvania (“Issuer”), in connection with the issuance of its \$34,750,000 aggregate principal amount General Obligation Bonds, Series of 2019 (the “Bonds”). The Bonds are issued pursuant to, and are secured by, the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (“Act”), and a Resolution (“Resolution”) adopted on August 26, 2019, by the Board of School Directors of the Issuer.

The proceeds of the Bonds will finance capital projects consisting of planning, designing, acquiring, constructing, furnishing and equipping a new, and additions and improvements to existing, elementary schools and, to the extent of available funds, other buildings and facilities of the Issuer, and pay the costs of issuing the Bonds.

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

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

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

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

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

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

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

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

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

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

not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

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

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

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C
Form of Continuing Disclosure Certificate

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE CERTIFICATE

Re: WEST CHESTER AREA SCHOOL DISTRICT,
Chester and Delaware Counties, Pennsylvania
\$34,750,000 Aggregate Principal Amount
General Obligation Bonds, Series of 2019
Dated [Date of Delivery]

[Date of Delivery]

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by West Chester Area School District, in Chester and Delaware Counties, Pennsylvania (the “School District”), in connection with the issuance of its General Obligation Bonds, Series of 2019 (the “Bonds”), dated the date of delivery of the Bonds. The Bonds are being issued pursuant to a resolution adopted by the Board of School Directors of the School District (the “Resolution”). The School District makes the following certifications and representations as an inducement to the Participating Underwriter and others to purchase the Bonds:

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

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

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

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

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

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

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